



EL CENTRO REGIONAL MEDICAL CENTER  
BOARD OF TRUSTEES – REGULAR MEETING

**MONDAY, June 23, 2025**  
**5:30 PM**

**MOB CONFERENCE ROOM 1&2**  
**1271 ROSS AVENUE, EL CENTRO, CA**  
**&**

**TELECONFERENCE LOCATION** *NOTE: Pursuant to Government Code Section 54953(b) Trustee Patty Maysent- CEO, UCSD Health will be attending the Regular Meeting via teleconference from:*

**JACOBS MEDICAL CENTER, Suite 1-620**  
**9300 CAMPUS POINT DR.**  
**SAN DIEGO, CA 92037**

**ACTING-PRESIDENT:** Sylvia Marroquin

**MEMBERS:** Sonia Carter; Claudia Camarena; Marty Ellett; Michael Crankshaw; Patty Maysent-CEO, UCSD Health; Christian Tomaszewski-M.D.-CMO, UCSD; Pablo Velez-CEO ECRMC

**CLERK:** Belen Gonzalez

**ATTORNEY:** Douglas Habig, ECRMC Attorney  
Elizabeth Martyn, City Attorney

*This is a public meeting. If you are attending in person, and there is an item on the agenda on which you wish to be heard, please come forward to the microphone. Address yourself to the president. You may be asked to complete a speaker slip; while persons wishing to address the Board are not required to identify themselves (Gov't. Code § 54953.3), this information assists the Board by ensuring that all persons wishing to address the Board are recognized and it assists the Board Executive Secretary in preparing the Board meeting minutes. The president reserves the right to place a time limit on each person asking to be heard. If you wish to address the board concerning any other matter within the board's jurisdiction, you may do so during the public comment portion of the agenda.*

**BOARD MEMBERS, STAFF AND THE PUBLIC MAY ATTEND VIA ZOOM.**

To participate and make a public comment in person, via Zoom or telephone, please raise your hand, speak up and introduce yourself.

**Join Zoom Meeting:** <https://ecrmc.zoom.us/j/83260022458?pwd=bPywcLCIMwhHtSY6py6WneNd1mat9L.1>

**Optional dial-in number:** (669) 444-9171

**Meeting ID:** 832 6002 2458 **Passcode:** 841480

Public comments via zoom are subject to the same time limits as those in person.

**OPEN SESSION AGENDA**

**ROLL CALL:**

**PLEDGE OF ALLEGIANCE:**

**PUBLIC COMMENTS:** Any member of the public wishing to address the Board concerning matters within its jurisdiction may do so at this time. Three minutes is allowed per speaker with a cumulative total of 15 minutes per group, which time may be extended by the President. Additional information regarding the format for public comments may be provided at the meeting.

**BOARD MEMBER COMMENTS:**

**CONSENT AGENDA:** *(Items 1-6)*

All items appearing here will be acted upon for approval by one motion, without discussion. Should any Board member or other person request that any item be considered separately, that item will be taken up at a time as determined by the President.

1. Review and Approval of Board of Trustees Minutes of Regular Meeting of April 28, 2025.

2. Review and Approval of Board of Trustees Minutes of SPECIAL Meeting May 22, 2025.
3. Review and Approval of New Triennial Policy: Tenecteplase (TNKase) for Acute Ischemic Stroke.
4. Review and Approval of Triennial Policy: Purchase of Capital Equipment, Furniture and Services.
5. Review and Approval of Triennial Policy: Asthma Wellness Program Standardized Procedures.
6. Review and Approval of Amendments to Medical Staff Bylaws.

#### **NEW BUSINESS:**

7. Review and Approval of Ophthalmology Eye Surgery Management Services Agreement.
8. Review and Approval of the Asset Transfer Agreement between the City of El Centro, El Centro Regional Medical Center (ECRMC), and the Imperial Valley Healthcare District (IVHD)

RESOLUTION NO. 25-02 A RESOLUTION OF THE EL CENTRO REGIONAL MEDICAL CENTER BOARD OF TRUSTEES APPROVING THE ASSET TRANSFER AGREEMENT BY AND AMONG THE CITY OF EL CENTRO, EL CENTRO REGIONAL MEDICAL CENTER, AND IMPERIAL VALLEY HEALTHCARE DISTRICT

#### **CHIEF EXECUTIVE OFFICER UPDATE**

9. Verbal Report from the CEO to the Board of Trustees—**Informational**
10. Manager Update—Patty Maysent—**Informational**

#### **FINANCE and OPERATIONAL UPDATE**

11. Review and Approval of the Financial Statements for Month and Year-to-Date as of April 2025.
12. Review and Approval of the Financial Statements for Month and Year-to-Date as of May 2025.
13. Review and Approval of the Fiscal Year 2026 Budget.

**A. HEARING/DELIBERATIONS RE MEDICAL QUALITY COMMITTEE REPORTS/STAFF PRIVILEGES.** The Hospital Board will recess to closed session pursuant to Government Code Section 37624.3 for a hearing and/or deliberations concerning reports of the \_\_\_ hospital medical audit committee, or X quality assurance committees, or X staff privileges.

**B. TRADE SECRETS.** The Hospital Board will recess to closed session pursuant to Govt. Code Section 37606(b) for the purpose of discussion and/or deliberation of reports involving hospital trade secret(s) as defined in subdivision (d) of Section 3426.1 of the Civil Code and which is necessary, and would, if prematurely disclosed create a substantial probability of depriving the hospital of a substantial economic benefit:

<u>Discussion of:</u>	<u>Number of Items:</u>
<u>X</u> hospital service;	<u>1</u>
<u>X</u> program;	<u>1</u>
<u>X</u> hospital facility	<u>1</u>

#### **RECONVENE TO OPEN SESSION – BOARD PRESIDENT**

#### **ANNOUNCEMENT OF CLOSED SESSION ACTIONS, IF ANY – GENERAL COUNSEL**

14. Approval of Report of Medical Executive Committee's Credentials Recommendations Report for Appointments, Reappointments, Resignations and Other Credentialing/Privileging Actions of Medical Staff and/or AHP Staff (*Approved in Closed Session*)

**ADJOURNMENT:** Adjourn. (Time: ) Subject to additions, deletions, or changes.



**El Centro Regional Medical Center**  
**BOARD OF TRUSTEES – REGULAR MINUTES**  
**OPEN SESSION MINUTES**  
MOB CONFERENCE ROOMS 1 & 2  
1271 Ross Avenue, El Centro, CA 92243

Zoom Meeting link: <https://ecrmc.zoom.us/j/88335408953?pwd=8qbCKhN6nuOjbmHI1HEakNGwJF06Rf.1>

**Monday, April 28, 2025**

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
<b>ROLL CALL</b>	<p><b>PRESENT:</b> Marroquin; Camarena (<i>present @ 5:41pm</i>); Ellett; Crankshaw; Tomaszewski; Morita; Chief Executive Officer Pablo Velez; and Executive Board Secretary Belen Gonzalez</p> <p><b>ABSENT:</b> Carter; Maysent (<i>Morita acting as proxy for Maysent</i>);</p> <p><b>VIA Zoom:</b> City of El Centro Attorney Elizabeth Martyn; UCSD Chief Health Counsel Veronica Marsich; UCSD Tammy Morita; City Clerk Norma Wyles;</p> <p><b>ALSO PRESENT:</b> ECRMC Attorney Douglas Habig; ECRMC Chief of Staff Andrew Lafree, MD; ECRMC Chief Medical Officer Seung Gwon, MD</p> <p><b>Hospital Administrative Staff:</b> David Momberg-CFO; Luis Castro-CHRO; Kimberly Probus-CNO; Matthew Nilsen-Marketing Director</p>	
<b>CALL TO ORDER</b>		The Board of Trustees convened in open session at 5:30 p.m. Acting Board President Marroquin called the meeting to order.

Regular Meeting  
April 28, 2025, 5:30 p.m.

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
<b>OPENING CEREMONY</b>	The Pledge of Allegiance was recited in unison.	None
<b>NOTICE OF MEETING</b>	Notice of meeting was posted and mailed consistent with legal requirements.	None
<b>PUBLIC COMMENTS</b>		None
<b>BOARD MEMBER COMMENTS</b>		None
<b>CONSENT AGENDA</b> <i>(Items 1-3)</i> <b>Item 1. Review and Approval of Board of Trustees Minutes of Regular Meeting of March 24, 2025.</b>  <b>Item 2. Review and Approval of Board of Trustees Minutes of SPECIAL Joint Meeting April 1, 2025.</b>  <b>Item 3. Review and Approval of Annual Policy: Defined Benefit Plan (Pension) Investment Policy and Procedure.</b>	All items appearing here were acted upon for approval by one motion (or as to information reports, acknowledged receipt by the Board and directed to be appropriately filed) without discussion.	<b>MOTION:</b> by Crankshaw, second by Ellet and carried to approve the Consent Agenda.  All present in favor; none opposed.
<b>CHIEF EXECUTIVE OFFICER UPDATE</b> <b>Item 4. Verbal Report from the CEO to the Board of Trustees—Informational</b>	Item to be discussed in Closed Session	Informational
<b>Item 5. Manager Update—Patty Maysent—Informational</b>	Item to be discussed in Closed Session	Informational.



TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
<b>FINANCE and OPERATIONAL UPDATE</b> <b>Item 6. Review and Approval of the Financial Statements for Month and Year-to-Date as of March 2025.</b>	<p>David Momberg presented the Financial Statements for Month and Year-to-Date as of March 2025 report and answered questions.</p> <p>Presentation included:</p> <ul style="list-style-type: none"> <li>• Comparative volumes vs. Prior Month/Year</li> <li>• Balance Sheet vs. Prior Month comparison</li> <li>• Operating Statement vs. Prior Month comparison</li> <li>• Monthly Cash Flow (Fiscal Year to Date)</li> </ul>	<p>MOTION: by Ellett, second by Tomaszewski and carried to approve the Financial Statements for Month and Year-to-Date as of March 2025.</p>
<b>Item 7. Review and Approval of the Distressed Hospital Loan Program Loan Modification Resolution.</b>	<p>Pablo explained to the Board of Trustees the resolution proposed to amend terms and extend the repayment to the Distressed Hospital Loan Program loan to begin May 1, 2026.</p>	<p>MOTION: by Ellett, second by Crankshaw and carried to approve the Distressed Hospital Loan Program Loan Modification Resolution.</p> <p>All present in favor; none opposed.</p>
<b>Item 8. Review and Approval of US Bank Signatory Update</b>	<p>Item to be discussed in Closed Session.</p>	<p>MOTION: by Ellett, second by Crankshaw and carried to approve the US Bank Signatory Update.</p> <p>All present in favor; none opposed.</p>
<b>RECESS TO CLOSED SESSION</b>		<p>MOTION: by Ellett, second by Marroquin and carried to recess to Closed Session at 6:07 p.m. for HEARING/DELIBERATIONS RE MEDICAL QUALITY COMMITTEE REPORTS/STAFF PRIVILEGES, TRADE SECRETS, and CONFERENCE WITH LEGAL COUNSEL.</p>

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
		All present in favor to recess to Closed Session. None opposed.
<b>RECONVENE TO OPEN SESSION</b>		The Board of Trustees reconvened to Open Session at 7:03 p.m.
<b>ANNOUNCEMENT OF CLOSED SESSION ACTIONS, IF ANY— GENERAL COUNSEL</b>		<p><b>[A. HEARING/DELIBERATIONS RE MEDICAL QUALITY COMMITTEE REPORTS/STAFF PRIVILEGES—GOVERNMENT CODE SECTION 37624.3]</b></p> <p>MOTION: by, Ellett second by Crankshaw and carried to approve the Report of Medical Executive Committee’s Credentials Recommendations Report for Appointments, Reappointments, Resignations and Other Credentialing/Privileging Actions of Medical Staff and/or AHP Staff.</p> <p>All present in favor; none opposed.</p> <p><b>[C. CONFERENCE WITH LEGAL COUNSEL—GOVERNMENT CODE SECTION 54956.9(d)(1)] RE: Awizsus Claim</b></p> <p>MOTION: by Ellett, second by Tomaszewski and carried to approve the response from ECRMC to the demand regarding Awizsus Claim.</p>

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
		All present in favor; none opposed.
ADJOURNMENT		There being no further business, meeting was adjourned at approximately 7:04 p.m.

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BELEN GONZALEZ, BOARD EXECUTIVE SECRETARY

APPROVED BY

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SILVIA MARROQUIN, ACTING-BOARD PRESIDENT



**El Centro Regional Medical Center  
BOARD OF TRUSTEES – SPECIAL MINUTES**

**OPEN SESSION MINUTES**

MOB CONFERENCE ROOMS 1 & 2  
1271 Ross Avenue, El Centro, CA 92243

Zoom Meeting link: <https://ecrmc.zoom.us/j/83900744536?pwd=u4NpudRby2pIDFlhG6aNHdWZnabEZp.1>

**Thursday, May 22, 2025**

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
ROLL CALL	<p><b>PRESENT:</b> Marroquin; Carter; Camarena; Ellett; Crankshaw; Chief Executive Officer Pablo Velez; and Executive Board Secretary Belen Gonzalez</p> <p><b>ABSENT:</b> Maysent, Tomaszewski</p> <p><b>Via Zoom:</b> ECRMC Chief of Staff Andrew Lafree, MD; City Clerk Norma Wyles</p> <p><b>Hospital Administrative Staff:</b> Kimberly Probus-CNO; Matthew Nilsen-Marketing Director</p>	
CALL TO ORDER		The Board of Trustees convened in open session at 5:30 p.m. Acting Board President Marroquin called the meeting to order.
OPENING CEREMONY	The Pledge of Allegiance was recited in unison.	None
NOTICE OF MEETING	Notice of meeting was posted and mailed consistent with legal requirements.	None
PUBLIC COMMENTS	<i>Trustee Ellett</i>	None

Special Meeting  
May 22, 2025, 5:30 p.m.

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
	Thanked ECRMC for the opportunity to participate in the Hospital Week activity: <i>Hot Wing Eating Contest</i> as the Master of Ceremonies.	
<b>BOARD MEMBER COMMENTS</b>	None	None
<b>RECESS TO CLOSED SESSION</b>		<p>MOTION: by Ellett, second by Carter and carried to recess to Closed Session at 5:34 p.m. for HEARING/DELIBERATIONS RE MEDICAL QUALITY COMMITTEE REPORTS/STAFF PRIVILEGES, TRADE SECRETS, and CONFERENCE WITH LEGAL COUNSEL.</p> <p>All present in favor to recess to Closed Session. None opposed.</p>
<b>RECONVENE TO OPEN SESSION</b>		The Board of Trustees reconvened to Open Session at 5:46 p.m.
<b>ANNOUNCEMENT OF CLOSED SESSION ACTIONS, IF ANY— GENERAL COUNSEL</b>		<p><b>[A. HEARING/DELIBERATIONS RE MEDICAL QUALITY COMMITTEE REPORTS/STAFF PRIVILEGES—GOVERNMENT CODE SECTION 37624.3]</b></p> <p>MOTION: by, Ellett second by Crankshaw and carried to approve the Report of Medical Executive Committee's Credentials Recommendations Report for Appointments, Reappointments, Resignations and Other Credentialing/Privileging Actions of Medical Staff and/or AHP Staff.</p>

TOPIC	DISCUSSION/CONCLUSION	RECOMMENDATION/ACTION
		All present in favor; none opposed.
ADJOURNMENT		There being no further business, meeting was adjourned at approximately 5:47 p.m.

\_\_\_\_\_  
BELEN GONZALEZ, BOARD EXECUTIVE SECRETARY

APPROVED BY

\_\_\_\_\_  
SYLVIA MARROQUIN, ACTING-BOARD PRESIDENT

Special Meeting  
May 22, 2025, 5:30 p.m.



**TO:** HOSPITAL BOARD MEMBERS  
**FROM:** Kimberly Probus, Chief Nursing Officer  
**DATE:** June 23, 2025  
**MEETING:** Board of Trustees

**SUBJECT:** Tenecteplase (TNKase) for Acute Ischemic Stroke Policy

**BUDGET IMPACT:** ☒ Does not Apply  
A. Does the action impact/affect financial resources? ☐ Yes ☐ No  
B. If yes, what is the impact amount: \_\_\_\_\_

**BACKGROUND:** Tenecteplase (TNKase) for Acute Ischemic Stroke, is the Neuro Stroke and Pharmacy departments are proposing to switch the thrombolytic of choice for AIS from alteplase to Tenecteplase.

**RECOMMENDATION:** (1) Approve (2) Do not approve


**ATTACHMENT(S):**

- Tenecteplase (TNKase) for Acute Ischemic Stroke Policy

Approved for the agenda, Chief Executive Officer

Date and Signature: \_\_\_\_\_

*Pablo Velazquez*

		<b>Department:</b> Pharmacy -8390	
		<b>Document Owner/Author:</b> Pharmacy Director	
		<b>Category:</b> Subcategory	<b>Approval Type:</b> Triennial
<b>Date Created:</b> 03/31/2025	<b>Date Board Approved:</b> Not Set	<b>Date Last Review:</b> Not Set	<b>Date of Next Review:</b> Not Set
<b>Procedure Name:</b> Tenecteplase (TNKase) for Acute Ischemic Stroke			

1  
2 **Purpose**  
3 Tenecteplase (TNKase) was approved by the Food and Drug Administration (FDA)  
4 for the treatment of acute ischemic stroke (AIS) in adults on March 3, 2025. The  
5 Neuro Stroke and Pharmacy departments are proposing to switch the thrombolytic  
6 of choice for AIS from alteplase to tenecteplase.

7 **Background**  
8 Tenecteplase is a modified tissue plasminogen activator with increased fibrin  
9 specificity and a longer half-life, which was initially approved for the treatment of  
10 acute myocardial infarction. Unlike alteplase, which is partially given as a bolus  
11 and remaining as one hour infusion, tenecteplase is administered just as an IV push  
12 due to its longer half-life making it an attractive option for the treatment of  
13 ischemic stroke, as it may allow for faster administration. Due to this advantage  
14 and ongoing literature supporting tenecteplase, several institutions have already  
15 converted to using tenecteplase as an off-label treatment for AIS.

16  
17 On March 3, 2025, FDA officially approved tenecteplase for the treatment of AIS  
18 based on AcT trial. This pivotal phase three, multicenter, open-label, randomized  
19 (1:1 tenecteplase vs alteplase), parallel-group, non-inferiority study included 1,577  
20 adult participants presenting with AIS within 4.5 hours of symptom onset. The  
21 primary outcome was the proportion of patients with modified Ranking Scale  
22 (mRS) score 0-1 at 90-120 days of treatment, where a score of 0 indicates no  
23 disability and a score of 1 indicates no clinically significant disability. Among all  
24 participants, 36.9% in tenecteplase group and 34.8% in alteplase group met the  
25 primary outcome with a difference of 2.1% (95% confidence interval -2.6% to  
26 6.9%). As for safety, similar rates of symptomatic intracerebral hemorrhage within  
27 24 hours of treatment were seen (3.4% in tenecteplase group vs 3.2% in alteplase  
28 group). Other major trials utilizing the same dosing yielded similar findings, which  
29 can be found in the summary table of literature on page 3. The FDA labeled dosing  
30 of tenecteplase can be found in Table 1.

31  
32  
33



**Table 1. FDA Package Insert Dosing for tenecteplase**

Weight	Tenecteplase (mg)	Volume to be administered (mL)
< 60 kg	15 mg	3 mL
60 to < 70 kg	17.5 mg	3.5 mL
70 kg to < 80 kg	20 mg	4 mL
80 kg to < 90 kg	22.5 mg	4.5 mL
≥ 90 kg	25 mg	5 mL

### **Assessment**

The main advantage of tenecteplase is that it is just administered as IV push (over 5 seconds), which allows for simpler and faster preparation and administration while maintaining similar efficacy and safety to alteplase. This may help reduce door-to-needle time, allowing us to better meet the door-to-needle time goal of 30 minutes.

Currently, tenecteplase is on formulary without any restrictions, so no formulary action is needed, but CERNER stroke competency, and several documents refer to alteplase or tPA for AIS treatment, so those will need to be updated accordingly with the appropriate tenecteplase information.

### **Recommendation**

- Convert the thrombolytic of choice from alteplase to tenecteplase for AIS
  - o Alteplase will no longer to be used for AIS – retire the CERNER order build and infusion pump entries(if applicable)
  - o Develop a new order build for tenecteplase for AIS in CERNER
  - o Update relevant guidelines/protocols and competency to tenecteplase, along with any relevant information (e.g., dosing scheme)
  - o Educate relevant staff about the conversion
    - ♣ Avoid using abbreviation (TNK, tPA) as it may lead to confusion

### **References:**

1. Tenecteplase [package insert]. South San Francisco, CA: Genentech, Inc.; 2025. Accessed on March 11, 2025.
2. Wang L, Hao M, Wu N, Wu S, Fisher M, Xiong Y. Comprehensive review of tenecteplase for thrombolysis in acute ischemic stroke. Journal of the American Heart Association. 2024;13(9). doi:10.1161/jaha.123.031692.

3. Menon BK, Buck BH, Singh N, et al. Intravenous tenecteplase compared with alteplase for acute ischaemic stroke in Canada (AcT): a pragmatic, multicentre, open-label, registry-linked, randomised, controlled, non-inferiority trial. *Lancet*. 2022 Jul 16;400(10347):161-169. doi: 10.1016/S0140-6736(22)01054-6. Epub 2022 Jun 29. PMID: 35779553.
4. Wang Y, Li S, Pan Y, et al. Tenecteplase versus alteplase in acute ischaemic cerebrovascular events (TRACE-2): a phase 3, multicentre, open-label, randomised controlled, non-inferiority trial. *Lancet*. 2023 Feb 25;401(10377):645-654. doi: 10.1016/S0140-6736(22)02600-9. Epub 2023 Feb 9. Erratum in: *Lancet*. 2023 Apr 1;401(10382):1078. doi: 10.1016/S0140-6736(23)00627-X. PMID: 36774935.
5. Muir KW, Ford GA, Ford I, et al. Tenecteplase versus alteplase for acute stroke within 4·5 h of onset (ATTEST-2): a randomised, parallel group, open-label trial. *Lancet Neurol*. 2024 Nov;23(11):1087-1096. doi: 10.1016/S1474-4422(24)00377-6. PMID: 39424558.
6. [Campbell BCV, Mitchell PJ, Churilov L, et al. Tenecteplase versus Alteplase before Thrombectomy for Ischemic Stroke. \*N Engl J Med\*. 2018 Apr 26;378\(17\):1573-1582. doi: 10.1056/NEJMoa1716405. PMID: 29694815.](#)

Term	Definition

#### Associated Policies/Procedures

Title	Number	Location (Hyperlink)



**TO:** HOSPITAL BOARD MEMBERS  
**FROM:** David Momberg, Chief Financial Officer  
**DATE:** June 23, 2025  
**MEETING:** Board of Trustees

**SUBJECT:** Purchasing of Capital Equipment Policy

**BUDGET IMPACT:**

A. Does the action impact/affect financial resources?

☒ Does not Apply

☐ Yes ☐ No

B. If yes, what is the impact amount: \_\_\_\_\_

**BACKGROUND:** Purchase policy of capital equipment

**DISCUSSION:**

**RECOMMENDATION:** (1) Approve (2) Do not approve


**ATTACHMENT(S):**

- Purchasing Policy of Capital Equipement

Approved for agenda, Chief Executive Officer

Date and Signature: \_\_\_\_\_

*Pablo Velazquez*

		<b>Department:</b> Purchasing & Stores (8400)	
		<b>Document Owner/Author:</b> Supply Manager	
		<b>Category:</b> Departmental	<b>Approval Type:</b> Triennial
<b>Date Created</b> 02/1987	<b>Date Board Approved:</b> 05/27/2009	<b>Date Last Review:</b> 01/31/2023	<b>Date of Next Review:</b> Not Set
<b>Procedure Name:</b> Purchase of Capital Equipment, Furniture and Services			

## Purpose/Introduction

Capital assets are considered any equipment, furniture or services with an individual (unitary) unit cost of five thousand dollars (\$5,000.00) or more and/or a useful life of three (3) years or more.

Purchases of capital items: furniture, equipment, services or renovation projects, etc., are budgeted during the yearly budget process and approved by the Administrative Team and the Board of Trustees. All capital requests require justification in writing.

All capital expenditures of twenty-five thousand dollars (\$25,000) or more require prior approval from the Board of Trustees.

Capital items require at least three (3) competitive quotes or bids whenever three (3) competitive products or suppliers are available. However, if a GPO (Group Purchasing Organization) contract exists, competitive quotes or bids are not required.


## Definitions

Term	Definition

## Implementation/Procedure

Current GPO contracts will be accessed for pricing prior to seeking other potential sources. The Purchasing Department will obtain at least three written quotes (if three are available) when no GPO contract is available.

The Purchasing Department will schedule demonstrations and/or equipment trials, by direction of the Value Analysis Steering Committee (VASC). All products quoted, if specifications are met,

		<b>Department:</b> Purchasing & Stores (8400)	
		<b>Document Owner/Author:</b> Supply Manager	
		<b>Category:</b> Departmental	<b>Approval Type:</b> Triennial
<b>Date Created</b> 02/1987	<b>Date Board Approved:</b> 05/27/2009	<b>Date Last Review:</b> 01/31/2023	<b>Date of Next Review:</b> Not Set
<b>Procedure Name:</b> Purchase of Capital Equipment, Furniture and Services			

should at least be reviewed and/or evaluated. Staff and/or physicians may opt not to trial equipment based on product review or full demonstrations.

The Education Department will assist in any in-servicing required as a part of the trial process.

A representative portion of staff, including the director and managers of the affected department(s), and all physicians in the specialty affected, should evaluate the product being trialed and complete an evaluation form. (Evaluation contents to be determined prior to equipment trial). Trials may be suspended or cancelled at any time for any reason.

Once the decision is made, the Chief Executive Team (CET) member will approve of the final selection and the purchase moves forward per the current Purchase Authorization Policy. The decision to purchase may be solely based on the documented trial evaluations.

### Associated Policies/Procedures

Title	Number	Location (Hyperlink)
Purchase Authorization Policy		

### References

None.



**TO:** HOSPITAL BOARD MEMBERS  
**FROM:** Kimberly Probus, Chief Nursing Officer  
**DATE:** June 23, 2025  
**MEETING:** Board of Trustees

**SUBJECT:** Asthma Wellness Program Standardized Procedures Policy

**BUDGET IMPACT:** ☒ Does not Apply  
A. Does the action impact/affect financial resources? ☐ Yes ☐ No  
B. If yes, what is the impact amount: \_\_\_\_\_

**BACKGROUND:** It is the intent of this policy to authorize the licensed Respiratory Care Practitioner working the Asthma Wellness Program to independently perform the standardized procedures outlined within this policy. Processes are designed to ensure the safe, effective, and timely delivery of care and treatment.

Standing orders will be initiated by the Asthma Wellness Program Respiratory Care Practitioner.

**RECOMMENDATION:** (1) Approve (2) Do not approve

**ATTACHMENT(S):**


- Asthma Wellness Program Standardized Procedures Policy

Approved for the agenda, Chief Executive Officer

Date and Signature: \_\_\_\_\_

*Pablo Velazquez*



		<b>Department:</b> Population Health	
		<b>Document Owner/Author:</b> Asthma Wellness Program Coordinator	
		<b>Category:</b> Departmental	<b>Approval Type:</b> Triennial
<b>Date Created:</b> 09/24/2024	<b>Date Board Approved/Effective:</b>	<b>Date Last Review:</b> See Overview	<b>Date of Next Review:</b> Triennial
<b>Policy Name</b> <b>Asthma Wellness Program Standardized Procedures</b>			

## Policy

It is the intent of this policy to authorize the licensed Respiratory Care Practitioner working within the Asthma Wellness Program to independently perform the standardized procedures outlined within this policy. This procedure will be reviewed and updated on tri-annual basis and or as needed by an interdisciplinary team including physicians

## Scope

This procedure applies to functions of the Respiratory Care Practitioners standardized Procedure.

## Purpose

The purpose of this document is to provide standardized procedures for the Respiratory Care Practitioner to initiate. Pre-established medical orders approved by the Medical Director/Pulmonologist for patients presenting to the El Centro Regional Medical Center Asthma Wellness Program.

## Procedure/Plan

1. Standardized Procedure Functions: Standing orders will be initiated by the Asthma Wellness Program Respiratory Care Practitioner.
2. Staff Requirements:
  - a. Initial and Ongoing Competency Evaluation: Competency will be evaluated initially and every year through written examination.
3. Staff will notify provider of any orders from the Intake Standardized Orders and be placed in the Electronic Medical Record (EMR).

PROCEDURE	RESPONSIBILITY
A. Requirements to be followed: Staff shall complete the intake process, including subjective and objective information to determine the appropriateness for initiating the standardized procedure prior to MD evaluation.	Licensed Respiratory Care Practitioner
B. Orders initiated by the staff under the standardized procedure will be documented by the Provider into the patients chart.	Provider

C. Intake Standing Order: Please see sections below:	Licensed Respiratory Care Practitioner & Community Health Worker-Asthma
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<b>New Asthma Referral</b> <ul style="list-style-type: none"> <li>• Respiratory Allergy Panel Region 12</li> <li>• Pulmonary Function Test Before and After (&gt;6 years old)</li> <li>• FeNO test (&gt; 6years old)</li> </ul>
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<b>Follow Up Asthma Visit</b> <ul style="list-style-type: none"> <li>• FeNO test</li> <li>• Spirometry before and after</li> </ul>
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**NOTIFY PROVIDER ASAP on the following conditions:**

<b>Shortness of Breath- Wheezing</b> <ul style="list-style-type: none"> <li>• Bronchodilator per Provider orders</li> </ul>	<b>Notify Provider ASAP- Refer to Emergency Department if provider not available</b>
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## References

[The roles, they are a changing: Respiratory Therapists as part of the multidisciplinary, community, primary health care team - PMC \(nih.gov\)](#)  
[The Effectiveness of Respiratory Care Protocols \(rcjournal.com\)](#)  
[Respiratory therapists in a primary role as disease manager - PMC \(nih.gov\)](#)





**TO:** HOSPITAL BOARD MEMBERS

**FROM:** Andrew LaFree, M.D., Chief of staff

**DATE:** June 23, 2025

**MEETING:** Board of Trustees

**SUBJECT:** AMENDMENTS TO MEDICAL STAFF BYLAWS

**BUDGET IMPACT:** X Does not Apply  
A. Does the action impact/affect financial resources? Yes No  
B. If yes, what is the impact amount: \_\_\_\_\_

**BACKGROUND:** The proposed amendments to the Medical Staff Bylaws were Approved by the organized medical staff voting members, on June 17, 2025, and are now presented for consideration and approval by the Board of Trustees.

**DISCUSSION:** Following review of proposed Medical Staff Bylaw amendments, vote was taken by written ballot, and by majority vote, all were approved.

**RECOMMENDATION:** (1) Approve (2) Do not approve

**ATTACHMENT(S):**

- List of amendments approved by the Medical Staff.

Approved for agenda, Chief Executive Officer

Date and Signature: Pablo Velaz

El Centro Regional Medical Center  
Medical Staff  
**MEDICAL STAFF BYLAWS, AMENDMENTS**

VOTED by Active members of the organized medical staff. Majority vote in Favor of all proposed amendments and ratified at the Quarterly Medical Staff Meeting on 06/17/2025.

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**ARTICLE I - DEFINITIONS, 1.2-7, CLINICAL PRIVILEGES or PRIVILEGES,**

*... medical staff members and allied health practitioners to provide patient care at the Hospital or any of its facilities, and including reasonable access to those hospital resources (including equipment, facilities and hospital personnel) which are necessary to effectively exercise those privileges.*

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**ARTICLE II - MEMBERSHIP**

*(Regarding Board Certification) - - - must become board certified within five years of the initial granting of medical staff membership, unless extended for good cause by the Medical Executive Committee, and is within eligibility time-frame, or unless eligibility period is extended by the certifying board.*

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**ARTICLE III - 3.6 COMMUNITY BASE/AFFILIATE STAFF**

**3.6-1 Qualifications** - The Community Based/Affiliate Staff is a membership-only category, with no clinical privileges being granted, they do not intend to establish a practice at the Hospital. The primary purpose of the Affiliate Staff is to promote professional and educational opportunities, and to permit these individuals to access Hospital services for their patients by referral of patients to Active Staff members for admission and care.

**3.6-2 Prerogatives** - The Community Based/Affiliate Staff Members may: ... attend educational opportunities, review the medical records and test results (via electronic access) for any of their patients who are referred. The Community Based/Affiliate Staff Members may not/will not: ... write orders or progress notes, make notations in the medical record, or otherwise participate in the provision or management of clinical care to patients while in the hospital; undergo Focus Professional Practice Evaluation (FPPE Initial Proctoring ...

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**ARTICLE III, 3.7 TELEMEDICINE STAFF**

**3.7-1 Qualifications** ... shall consist of practitioners who provide diagnostic or treatment services to hospital patients via Telemedicine devices. Telemedicine devices include interactive (involving a real time or near real time two-way transfer of medical data and information), audio, video, or data communications, but do not include telephone or electronic mail communications, between physician and patients.

Telemedicine members shall: (1) meet general qualifications set forth in Section 2.2; (2) possess adequate clinical and professional in the requested specialty;

**3.7-3 Prerogatives,** ... (4) May consult and refer patients but may not admit

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**ARTICLE III, 3.8 HONORARY/RETIRED STAFF**

**3.8-1 Qualifications**

*... to exemplify high standards of professional and ethical conduct, or are members who have retired from Active practice and, at the time of their retirement, were members in good standing of the Active medical staff and who continue to adhere to appropriate professional and ethical standards*

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**ARTICLE VI, 6.5 AUTOMATIC SUSPENSION OR LIMITATION**

**6.5-7 Felony Conviction or Plea**

A practitioner who has been convicted of, or who has plead guilty or no contest to, a felony related directly to his/her professional practice or patient relationships, within the past seven (7) years, shall not be entitled to apply for initial appointment to the medical staff. If a member of the medical staff is convicted of, or pleads guilty or no contest to a felony directly related to his/her professional practice or patient relationships, the member's medical staff membership and privileges shall be automatically suspended pending review by the Medical Executive Committee. If the Medical Executive Committee confirms that the felony was directly related to the member's professional practice or patient relationships, the member's staff membership and privileges shall terminate without right to a hearing. If the Medical Executive Committee determines the felony was not

El Centro Regional Medical Center  
Medical Staff  
**MEDICAL STAFF BYLAWS, AMENDMENTS**

VOTED by Active members of the organized medical staff. Majority vote in Favor of all proposed amendments and ratified at the Quarterly Medical Staff Meeting on 06/17/2025.

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**directly related to the member's professional practice or patient relationships, the member shall be permitted to request reinstatement.**

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**ARTICLE X, 10.6 CHAIRMEN; 10.6-5 DUTIES**

**As appropriate to the department, each chair shall have the following authority ...**

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**ARTICLE IX, 11.3 MEDICAL EXECUTIVE COMMITTEE , 11.3-1 COMPOSITION**

- (1) Past Chief of Staff has a right to VOTE on the MEC**
  - (2) Members at large are VOTING Members of the MEC**
- 

**ARTICLE XI, 11.10 BYLAWS/CREDENTIALS COMMITTEE**

**11.10-1 Composition** - (a) The committee shall consist of at least three (3) members of the active medical staff appointed by Chief of Staff, in addition to the Vice Chief of Staff, who shall serve as Committee Chair. **For the purpose of the credentialing function of this committee, membership will be, insofar as possible, representation from each clinical department, (i.e., department Vice Chairs).**

**DUTIES - of the CREDENTIALS committee shall include:**

- (a) Review and evaluate the qualifications of each practitioner applying for initial membership, renewal of membership, or modification of clinical privileges, and, in connection therewith, obtain and consider the recommendations of the appropriate departments;**
- (b) Submit required reports and information on the qualifications of each practitioner applying for membership or particular clinical privileges including recommendations with respect to membership, membership category, department affiliation, clinical privileges, and special conditions;**
- (c) Review and report on matters referred by the chief of staff or the medical executive committee regarding the qualifications, conduct, professional character or competence of any applicant or medical staff member; and**
- (d) Submit periodic reports to the medical executive committee on its activities and the status of pending applications.**
- (e) The review and evaluation of qualifications of AHP/APP practitioners applying for initial membership, renewal of membership, or modification of scope of service privileges, shall follow the same process as medical staff members, with addition of IDP chair review (see 11.13 of these bylaws).**

**11.10-3 Meetings**

The Bylaws committee shall meet as often as necessary at the call of its chair but at least annually. **The Credentials committee shall meet monthly (except August), following the same schedule as the Medical Executive Committee.** The committee shall maintain a record of their proceedings and shall report its activities and recommendations to the Medical Executive Committee.

**TO:** HOSPITAL BOARD MEMBERS

**FROM:** Douglas Habig

**DATE:** June 23, 2025

**MEETING:** Board of Trustees



**SUBJECT:** Ophthalmology Eye Surgery Management Services Agreement

**BUDGET IMPACT:**

- A. Does the action impact/affect financial resources?   X   Yes      No  
B. If yes, what is the impact amount: Up to \$700,000 in compensation paid offset by an expected \$2-4 Million in increased revenue for a net positive of \$1.3-3.3 Million.

**BACKGROUND:** ECRMC currently performs ophthalmology (eye) surgeries in its outpatient surgery center, primarily cataract surgery. However, due to lack of equipment and qualified eye surgeons many other eye procedures for Imperial Valley residents, including retina surgery, are required to be performed in San Diego or Coachella Valley. In partnership with American Eye Associates ("AEA"), its primary ophthalmologic surgical group, ECRMC wishes to expand its ophthalmologic services including the addition of retina surgery by entering into a Management Services Agreement ("Agreement") for the eye surgery service line.

**DISCUSSION:** The Agreement provides for AEA to manage the service line in what is generally referred to as a co-management agreement. Subject to the governance of the Board, AEA and ECRMC will work to expand eye surgery services in our outpatient surgery center and provide more options allowing patients in the Imperial Valley to receive such services close to home rather than traveling to San Diego. The Agreement also provides for AEA to perform quality reviews and to meet certain quality measures. The compensation to AEA totals a potential maximum \$700,000 is divided into equal parts base compensation (\$350,000) for its management services and bonus compensation (\$350,000) to be earned based upon meeting specified quality metrics. This level of compensation has been determined to be Fair Market Value ("FMV") as evidenced by the attached FMV report. ECRMC anticipates increased revenue in the amount of approximately \$2-4 Million per year as a result of this partnership. The Agreement also has an early termination clause in the first 6 months if ECRMC management determine AEA is not performing as expected.

**RECOMMENDATION:**   Approve  

**ATTACHMENT(S):**

- Management Services Agreement
- Fair Market Value Evaluation

Approved for agenda, Chief Executive Officer

Date and Signature: \_\_\_\_\_

*Pablo V. [Signature]* 6/18/25

## MANAGEMENT SERVICES AGREEMENT

This MANAGEMENT SERVICES AGREEMENT ("Agreement") is made and entered into to be effective as of July 1, 2025 (the "Effective Date"), by and between El Centro Regional Medical Center, an agency of the City of El Centro (the "ECRMC"), and California Retina Associates, LP, a California limited partnership doing business as American Eye Associates ("AEA"). ECRMC and AEA shall each be referred to herein individually as a "Party" and collectively as the "Parties".

### RECITALS

WHEREAS, ECRMC is duly licensed as a general acute care hospital in the State of California;

WHEREAS, ECRMC currently operates an ophthalmology surgery center licensed as a hospital outpatient department for the benefit of the communities served by ECRMC, which may be relocated to another location that ECRMC will build in the near future (the "Surgery Center");

WHEREAS, ECRMC wishes to obtain an array of management services and expertise from AEA in order to operate the Surgery Center in a more efficient and cost effective manner and to promote higher quality and better patient outcomes through the use of AEA's leadership;

WHEREAS, AEA will provide such management and clinical expertise to enhance the quality and efficiency of the Surgery Center; and

WHEREAS, the Parties wish to set forth the terms of their agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, the terms, conditions and other provisions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

### **ARTICLE 1** **MANAGEMENT SERVICES**

**Section 1.01 Services.** AEA, under the ultimate authority and oversight of ECRMC and consistent with the requirements and restrictions applicable to ECRMC and the Surgery Center under applicable laws and with ECRMC's policies and procedures, shall provide certain management and administrative services as set forth in Exhibit A attached hereto for the Surgery Center in such a manner that promotes quality, enhances patient outcomes, and is more efficient and cost effective for ECRMC and the communities they serve. AEA may subcontract with its management services organization CRA MSO, LLC in the provision of certain of the services under this agreement, provided that AEA (i) shall be fully responsible for the performance and acts or omissions of CRA MSO, LLC (and its subcontractors, if applicable), as if the work were performed by AEA's own employees, and (ii) shall ensure that CRA MSO, LLC (and its subcontractors, if applicable) shall comply with all terms and conditions of this Agreement.

**Section 1.02 Limitation on Services.** ECRMC shall at all times during the Term of this Agreement have ultimate control over the assets and operations of the Surgery Center. AEA

shall have no responsibility for the hiring, termination, training or supervision of personnel employed or otherwise retained by ECRMC (excluding the OQM, as defined below). Notwithstanding anything otherwise contained in this Agreement, AEA shall exercise no authority or control over any operations or personnel of the Surgery Center that could jeopardize the required licensure of the Surgery Center as a hospital outpatient department or the ability of ECRMC to bill for services provided at the Surgery Center as a provider-based hospital outpatient department, including but not limited to the requirements that (i) ECRMC maintains the same monitoring and oversight of the Surgery Center as it does for any other department of ECRMC, and (ii) all physicians providing medical services to ECRMC patients at the Surgery Center shall obtain and maintain appropriate credentials and privileges from ECRMC in accordance with ECRMC's credentialing policies and procedures.

**Section 1.03 Reserved Powers.** The engagement of AEA is subject to certain reserved powers of ECRMC. These reserved powers shall include, but are not limited to, approval by ECRMC of each of the following: (a) all budgets related to the Surgery Center, including operations and capital budgets, (b) strategic plans related to the Surgery Center, (c) contracts for the purchase of or provision of items or services, including insurance and/or managed care contracts for the Surgery Center, (d) any expenditure on behalf of ECRMC not previously approved as part of the budgets for the Surgery Center, (e) any expenditure, contract or commitment of ECRMC that is not directly related to the management of the Surgery Center, (f) licensing and accreditations, (g) any action that might, in the reasonable judgment of ECRMC with the advice of counsel, jeopardize the tax-exempt status and/or governmental status of ECRMC or any of its affiliates, and (h) any action that might, in the reasonable judgment of ECRMC with the advice of counsel, create a material risk of noncompliance with federal or state laws or regulatory requirements including government reimbursement requirements.

**Section 1.04 Documentation, Record Keeping and Cooperation.** AEA shall advise ECRMC regarding all matters listed on Exhibit A and shall maintain or shall cause to be created all documents, business records, and/or medical records which ECRMC reasonably deems necessary or desirable to effectuate the purposes of this Agreement. These records shall include, but not be limited to all documentation that ECRMC reasonably deems necessary for ECRMC to: (a) obtain reimbursement from patients and third party payors for services furnished in the Surgery Center; (b) defend any audit, complaint, or claim by a third party payor or patient; (c) document the time spent where AEA or a physician is being compensated on an hourly basis; or (d) comply with applicable laws and standards of care.

**Section 1.05 Patient Care.** ECRMC and its medical staff (including any committees created under the Medical Staff Bylaws) shall maintain ultimate responsibility for the care and treatment of patients receiving services through the Surgery Center. In connection with the Services, ECRMC shall not require AEA to, and AEA shall not, take any actions which are designed or intended to limit, reduce or withhold care from any patient, including without limitation Medicare or Medicaid beneficiaries. This Agreement shall not impair the prerogative of individual physicians to exercise independent professional judgment in the care and treatment of their patients and in the determination of appropriate medical care. Physicians are expected at all times to exercise independent professional judgment with respect to the patient care rendered, and the attending physicians shall exercise final authority over all medical decisions in the care and treatment of their patients.

**Section 1.06 Ultimate Authority.** ECRMC and its medical staff, as appropriate, shall have final responsibility for all administrative decisions, contracts with outside parties, personnel actions, personnel policies (such as fringe benefits or code of conduct), medical staff credentialing and peer review, and medical staff appointments in ECRMC.

**Section 1.07 Joint Operating Committee.** ECRMC and AEA will form and maintain during the term of this Agreement a joint operating committee (the "Joint Operating Committee" or "JOC"). The primary purpose of the JOC will be to address the following operational aspects of the Surgery Center for ECRMC's consideration and ultimate approval:

- (a) Review ophthalmology dashboards monthly and address opportunities and concerns;
- (b) Annual budget for the Surgery Center;
- (c) Annual Surgery Center goals;
- (d) Staffing and scheduling plans;
- (e) Selection of Medical Director;
- (f) Surgery Center policies and procedures; and
- (g) Selection of new equipment or renovations for the Surgery Center.

The JOC shall be comprised of the Medical Director, three (3) members appointed by AEA, and three (3) members appointed by ECRMC. Parties may remove and replace their respective appointed members at any time with or without cause.

The JOC shall meet monthly unless the JOC approves some other meeting frequency. A majority of the members of the JOC then in office, including at least two (2) members appointed by ECRMC and two (2) members appointed by AEA, shall constitute a quorum. A quorum must be present before a valid JOC meeting can be held and actions can be voted upon by the JOC. Parties may place discussion topics and action items on the agenda in a manner consistent with meeting notice and other protocols established and modified from time-to-time by the JOC.

The Parties agree and acknowledge that the JOC shall not be involved in making medical decisions or decisions related to medical care or medical judgment, which decisions shall be made by providers.

**Section 1.08 Personnel.** All non-clinical personnel working in support of patient services in the Surgery Center shall be employed by or under contract to ECRMC. AEA shall assist ECRMC in recruiting and staffing anesthesiologists and/or Certified Registered Nurse Anesthetists ("CRNAs") for the Surgery Center, provided that all anesthesiologists and CRNAs shall be directly contracted with ECRMC. AEA shall directly employ an Ophthalmology Quality Manager to provide management services at the Surgery Center (the "OQM"), and AEA shall ensure that the OQM shall have the required licensure, certification and qualification to provide the services and comply with all applicable laws (including but not limited minimum wage laws). The selection, scheduling, staffing, staffing ratios, and retention of all personnel at the Surgery Center shall be made by ECRMC in accordance with ECRMC's personnel policies and procedures then in effect, though ECRMC may consult with AEA to advise ECRMC regarding the utilization, training, and expertise of such personnel so as to improve the efficiency of services and enhance the delivery of patient care in the Surgery Center.

**Section 1.09 Management Commitment.** AEA shall devote sufficient resources and time towards the Services. AEA further represents and warrants that it will utilize the clinical expertise of its physician employees to fulfill its obligations under this Agreement and shall be fully responsive to the needs of ECRMC and the Surgery Center and the patients served at the Surgery Center. AEA acknowledges and agrees that it shall not bill any patient or any third party and/or governmental payor for the Services provided by AEA hereunder.

**Section 1.10 Mutual Exclusivity.** ECRMC agrees that during the Term of this Agreement and for so long as AEA is not in breach of this Agreement or in default in the fulfillment of any obligations or duties hereunder, AEA shall be the exclusive provider of the Services for the Surgery Center at ECRMC. AEA agrees that, except under the terms and conditions of this Agreement, during the Term, AEA shall not, directly or indirectly, provide management services substantially similar to the Services to another healthcare entity in Imperial County or any one or more of its service lines other than ECRMC except for AEA's own professional entity and affiliated clinics.

**Section 1.11 Removal of AEA Members from Committees.** Upon request by ECRMC, AEA agrees to remove from any committee formed to carry out AEA's obligations hereunder any AEA member (or any individual owner of an AEA member) who (i) shows gross or willful misconduct in connection with the performance of AEA's duties and responsibilities under this Agreement; (ii) commits any act or omission that is contrary to the charitable mission/purposes of ECRMC, as determined by ECRMC in good faith; (iii) fails to comply with requirements of applicable federal, state or local laws, rules or regulations, provided that such failure to comply has a material adverse effect on ECRMC; or (iv) is convicted of, indicted for, or subject to investigation regarding any act constituting a felony, including, but not limited to, a felony involving patient abuse, fraud, embezzlement, breach of a fiduciary duty, violation of state or federal health care fraud and abuse laws, or violation of state or federal patient self-referral laws, or has been excluded from participation in Medicare or a state Medicaid program.

## **ARTICLE 2**

### **MANAGEMENT FEES**

**Section 2.01 Fees.** As consideration for all Services provided by AEA under this Agreement, ECRMC shall pay AEA the compensation set forth in Exhibit B attached hereto and incorporated herein by reference; provided, however, that in no event shall the aggregate fees paid to AEA hereunder exceed fair market value for the Services rendered by AEA hereunder. Payment under this provision shall be compensation in full for all Services furnished by AEA under this Agreement. The Parties acknowledge that the fees payable hereunder represent fair market value for the Services to be provided by AEA as determined by an independent valuation, and the Parties intend that no portion of the fees paid hereunder represent remuneration for any referrals of patients or business by AEA or any of its member physicians to ECRMC or its affiliates. All payments and distributions by AEA to its participating physicians and members shall be made in full compliance with all laws applicable to ECRMC including without limitation the federal Stark Law and Anti-Kickback Statute.

**Section 2.02 Review and Adjustment of Fees.** The Base Fee, Quality Bonus (including the performance metrics), and Labor Reimbursement will be reviewed by ECRMC



and AEA prior to ~~June 30~~<sup>May 31</sup>, 2027 and every two (2) years thereafter (each an “Adjustment Date”). Such review shall be conducted by the Parties in order to confirm that the fees payable to AEA hereunder are consistent with fair market value, comply with applicable regulatory requirements, and reflect any changes or modifications of the performance metrics approved by the Parties. The review shall commence at least ninety (90) days prior to the Adjustment Date. The fees shall be adjusted by the Parties as mutually agreed and appropriate following such a review in the event the Parties have obtained an opinion from a third party, independent valuation expert that the fees then in effect exceed or are below fair market value. In the event that the Parties are unable to mutually agree on such adjustment prior to the Adjustment Date, either Party may terminate this Agreement as of the Adjustment Date or thereafter under Section 3.02(g) below. Upon request of ECRMC, the review of the performance metrics shall include a determination by an independent medical reviewer that the implementation of the performance metrics has not resulted, and would not reasonably be expected to result, in the reduction or withholding of medical care to patients served in the Surgery Center.

### **ARTICLE 3** **TERM AND TERMINATION**

**Section 3.01 Term.** The term of this Agreement shall begin as of the Effective Date and terminate five (5) years from the Effective Date (the “Initial Term”), unless terminated sooner pursuant to the terms and provisions of this Agreement. This Agreement may be renewed for one (1) additional five (5) year term thereafter upon the mutual written agreement of the Parties (the “Renewal Term” and collectively with the Initial Term, the “Term”).

**Section 3.02 Termination.** Except as otherwise provided herein, this Agreement shall be terminated upon the occurrence of any one of the following:

- (a) Immediately upon the mutual written agreement of the Parties.
- (b) Upon the appointment of a receiver, trustee, or liquidator for a Party hereto, the filing of a voluntary petition in bankruptcy by a Party hereto, the making by a Party hereto of a general assignment for the benefit of creditors, the filing by a Party hereto of a petition seeking reorganization or arrangement with creditors, or the entering by a court of competent jurisdiction an order, judgment, or decree on the application of a creditor adjudicating either Party bankrupt or approving a petition seeking reorganization of such Party or appointment of a receiver, trustee, or liquidator of such Party, or all or a substantial part of its assets, providing such petition, order, or decree continues unstayed and in effect for more than thirty (30) days after its filing or entry.
- (c) Immediately upon the dissolution of AEA.
- (d) Immediately upon any material breach or material default hereunder or under the BAA by a Party (the “Defaulting Party”), which breach or default is not cured by the Defaulting Party within thirty (30) days after written notice thereof is given to the Defaulting Party; provided, however, that if such breach or default is not reasonably curable within such thirty (30) day period and the Defaulting Party pursues cure of the breach or default with reasonable diligence satisfactory to the non-defaulting Party, such cure period may be extended by the non-defaulting Party.

(e) Immediately, upon written notice from ECRMC to AEA if any officer, director, member, manager, employee, agent, or contractor of AEA shall (i) show gross or willful misconduct in connection with the performance of AEA's duties and responsibilities under this Agreement; (ii) commit any act or omission that is contrary to the charitable mission/purposes of ECRMC, as determined by ECRMC in good faith; (iii) fail to comply with requirements of applicable federal, state or local laws, rules or regulations, provided that such failure to comply has a material adverse effect on ECRMC; or (iv) be convicted of, indicted for, or subject to investigation regarding any act constituting a felony, including but not limited to, a felony involving patient abuse, fraud, embezzlement, breach of a fiduciary duty, violation of state or federal health care fraud and abuse laws, or violation of state or federal patient self-referral laws, or any such person has been excluded from participation in Medicare or a state Medicaid program or is the subject of an investigation which may result in such exclusion, and such person has not been removed from performing any further activity on behalf of AEA immediately upon such written notice (unless failure to remove the person is the direct result of action by ECRMC). AEA shall report itself or any such officer, director, member, manager, employee, agent or contractor of AEA to ECRMC as soon as such failure or exclusion becomes known.

(f) Immediately, upon written notice from AEA to ECRMC if any officer, director, member, manager, employee, agent, or contractor of ECRMC shall (i) show gross or willful misconduct in connection with the performance of ECRMC's duties and responsibilities under this Agreement; or (ii) fail to comply with requirements of applicable federal, state or local laws, rules or regulations, provided that such failure to comply has a material adverse effect on AEA.

(g) Should the Parties be unable to renegotiate the term or terms of this Agreement as contemplated under Section 2.02, either Party shall be entitled to terminate this Agreement as of the Adjustment Date or thereafter upon written notice to the other Party.

(h) At any time during the first six (6) months of this Agreement, ECRMC shall have a one-time option (in ECRMC's sole discretion) to terminate this Agreement upon written notice from ECRMC to AEA.

**Section 3.03 Settlement Upon Termination.** In the event of a termination of this Agreement under this Article 3, ECRMC agrees to pay all fees earned by AEA under Article 2 through and including the date of termination; provided however, that if ECRMC determines, based on advice of counsel, that payment of such fees would violate requirements applicable to exempt bonds, including without limitation, IRS Revenue Procedures 97-13 and 2001-39, or the applicable requirements under Section 501(c)(3) of the Code, or either Party believes, based on advice of counsel, that payment of all or any portion of the fees would violate the applicable requirements under the federal Stark Law (42 U.S.C. § 1395nn) or Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)), or any other law or regulation applicable to the Parties and/or the Services provided hereunder, then the Parties agree to obtain an independent valuation of the Services provided under a methodology that does not raise an issue of non-compliance as described above and ECRMC will pay the fees in accordance with such valuation. The cost of any such independent valuation will be borne equally by ECRMC and AEA.

## **ARTICLE 4**

### **LEGAL REQUIREMENTS**

**Section 4.01 No Referral or Admission Requirements.** The Parties agree that nothing contained in this Agreement shall require either Party or its members or affiliates to refer patients to or otherwise to generate business for the other Party or such Party's affiliates.

**Section 4.02 Compliance and Federal Health Care Program Participation.** Each Party hereto hereby represents and warrants to the other Party that (a) neither it, nor any of its members or affiliates, is excluded from or otherwise ineligible for participation in any federal health care program, as defined under 42 U.S.C. § 1320a-7b(f), for the provision of items or services for which payment may be made under a federal health care program; (b) it has not arranged or contracted (by employment or otherwise) with any employee, contractor or agent that such Party knows or should know is excluded from or otherwise ineligible for participation in any federal health care program; (c) no final adverse action, as such term is defined under 42 U.S.C. § 1320a-7e(g), has occurred or is pending or threatened against it or, to its knowledge, against any of its members, affiliates, owners, employees, contractors or agents; and (d) no investigation or other proceeding is pending or threatened against such Party with respect to any of the above.

**Section 4.03 Compliance with Laws and Policies.** AEA shall work in cooperation with ECRMC to provide the Services in accordance with (a) applicable federal, state and local laws, rules and regulations, (b) generally accepted industry standards, (c) to the extent applicable, the standards of The Joint Commission, the United States Department of Health and Human Services and any other applicable accrediting, regulating or licensing agencies or boards, (d) the policies and procedures (as they may be revised from time to time) of ECRMC, (e) the bylaws and governing documents of ECRMC and its medical staff (the "Medical Staff Bylaws"), copies of which have been provided to AEA and (f) the charitable mission/purposes of ECRMC.

**Section 4.04 Protection of Tax and Regulatory Status.** Notwithstanding anything to the contrary contained in this Agreement, AEA shall work in cooperation with ECRMC to provide the Services in a manner that will not (a) jeopardize the federal tax exempt status of ECRMC or any other affiliated tax-exempt entity under Section 501(c)(3) of the Code, (b) violate any covenants or regulations applicable with respect to tax exempt bonds issued by ECRMC, (c) result in the application of the anti-referral prohibitions in the federal Stark Law or the Anti-Kickback Statute, or (d) violate any other federal or state law or regulation applicable to ECRMC, AEA, or the Services provided hereunder.

**Section 4.05 Privacy Agreement.** The Parties have determined that AEA is acting as a Business Associate (as defined in the Privacy Standards promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 -- "HIPAA") of ECRMC when it performs the Services pursuant to this Agreement. Accordingly, the Parties hereby agree to abide by all of the requirements and obligations set forth in the Business Associate Agreement ("BAA") attached hereto as Exhibit C.

**Section 4.06 Information Sharing.** To the extent necessary to accomplish the purposes of this Agreement and in accordance with the BAA and state and federal law regulating

the confidentiality of patient information, the Parties shall share patient information only to the extent necessary for AEA to provide the Services.

**Section 4.07 ECRMC Patient Records.** The ECRMC shall own and maintain any and all patient charts and records and all other documents related to the treatment and care rendered to the patients within the Surgery Center (the “Patient Records”). The AEA shall have reasonable access to the Patient Records during the Term of this Agreement as may be necessary or appropriate in performing the Services pursuant to this Agreement, subject to the requirements and obligations set forth in the BAA attached hereto under which it will maintain the confidentiality of such Patient Records.

**Section 4.08 Cooperative Efforts.** The Parties agree to devote their best efforts to promote cooperation and effective communication between each other in the performance of the Services hereunder to foster the prompt and effective evaluation, treatment and continuing care of patients in the Surgery Center.

**Section 4.09 Nondiscrimination.** Each Party agrees to comply fully with all applicable federal, state and local laws, rules and regulations affecting that Party’s performance and provision of Services under this Agreement. Without limiting the generality of the foregoing, each Party agrees to comply with Title VI of the Civil Rights Act of 1964, all requirements imposed by regulations issued pursuant to that title, section 504 of the Rehabilitation Act of 1973, and all related regulations, to ensure that such Party shall not discriminate against any recipient of services in the Surgery Center on the basis of race, color, sex, creed, national origin, age or handicap, under any program or activity receiving federal financial assistance.

**Section 4.10 Medical Record Confidentiality.** ECRMC and AEA agree to conduct their handling of and communication of patient information in a manner consistent with all applicable federal and state laws and the Medical Staff Bylaws so as to ensure the confidentiality of Patient Records and information and to preserve the protections accorded to peer review materials and information, where applicable.

**Section 4.11 Representations and Warranties.** Each Party hereto hereby represents and warrants to the other Party that: (i) it is duly organized and validly existing and in good standing under the laws of the state of its organization or incorporation (as applicable), and the execution and delivery of this Agreement and the consummation of the transactions provided for herein have been duly authorized; (ii) it shall conduct its activities under this Agreement in accordance and compliance with any and all applicable laws and regulations; and (iii) neither the execution nor the delivery of this Agreement constitutes a violation of, or will conflict with, or result in a breach of, or create any material default under the terms, conditions, or provisions of any agreement to which it is subject to or by which it is bound by.

## **ARTICLE 5**

### **CONFIDENTIALITY**

**Section 5.01 Confidentiality.** Each of the Parties acknowledges that, in the course of performing under this Agreement, such Party may obtain information relating to the other Party which such Party knows or has reason to know is Confidential Information (as defined in Section

5.02 below) of the other Party. Each Party covenants and agrees that during the Term, and for so long as the Confidential Information remains confidential, secret or otherwise wholly or partially protectable, it shall not, without the prior written consent of the Party to whom the Confidential Information belongs or as required by law, directly or indirectly, except in the performance of its duties, responsibilities and obligations under this Agreement (a) use the Confidential Information; or (b) disclose the Confidential Information to any third-party, except that a Party may disclose Confidential Information of the other Party to its legal counsel or financial advisors, provided that such legal counsel or advisors agree to be bound by the terms and conditions of this Article 5.

**Section 5.02 Confidential Information.** As used herein, “Confidential Information” of a Party means any information and documents of any kind relating to the business and operations of such Party, whether or not reduced to written or other tangible form, which (a) is not generally known to the public or in the industry; (b) has been treated by such Party as confidential and/or proprietary; or (c) is of competitive advantage to such Party and such Party has a legally protectable interest therein. Confidential Information, as used herein, shall include, but not be limited to, the names and addresses of the patients, medical records, pricing and discount lists and schedules, policies, procedures, financial and other records, internal memoranda, reports, contractual arrangements, proprietary technology and trade secrets. Confidential Information, as used herein, shall not include information and documents of a Party which is or becomes generally available to and known by the public (other than as a result of actions attributable to the other Party) or was in the actual possession of the other Party immediately prior to the time one Party disclosed it to the other Party.

**Section 5.03 Equitable Relief.** Each Party acknowledges and agrees that any breach of the terms of this Article 5 will result in irreparable harm to the other Party, for which such other Party cannot be reasonably or adequately compensated in damages for such breach and that such other Party shall therefore be entitled, in addition to any other remedies that may be available to it, to seek any and all equitable remedies including, without limitation, injunctive relief, to prevent such breach and to secure the enforcement thereof.

**Section 5.04 Survival.** The provisions of this Article 5 shall survive the expiration or early termination of this Agreement.

## **ARTICLE 6**

### **INSURANCE AND INDEMNIFICATION**

**Section 6.01 Insurance.** Each Party’s insurance shall cover all of its officers, employees, directors, and agents. Each Party shall maintain, at no cost to the other Party, the following insurance. The Parties acknowledge and agree that ECRMC may comply with these provisions through a program of self-insurance.

(a) Continuous Coverage (as defined below) of Commercial General Liability insurance in an amount of not less than One Million Dollars (\$1,000,000) per occurrence and Three Million Dollars (\$3,000,000) annual aggregate including products and contractual liability coverage appropriate for their respective business activities.

(b) Errors and Omissions insurance in amounts not less than One Million Dollars (\$1,000,000) per claim and not less than Two Million Dollars (\$2,000,000) in the aggregate.

(c) Workers' compensation insurance and other insurance as required by statutes in the states in which the work will be performed.

(d) For purposes of this Agreement, the term "Continuous Coverage" means the maintenance of required insurance from the Execution Date, continuing during the entire Term of this Agreement and expiring not less than three (3) years following the expiration or earlier termination of this Agreement (the "Insurance Period"). If for any reason any insurance policy maintained pursuant to this section is terminated, reduced below the minimum coverage requirements set forth in this section, not renewed or cancelled (whether by action of the insurance company or a Party) prior to the expiration of the Insurance Period, the Party shall: (i) cause a replacement insurance policy meeting the requirements of this section to be in effect as of the effective date of the termination, reduction, non-renewal or cancellation of the prior insurance policy; and (ii) purchase either extended reporting coverage (i.e., "tail" coverage) or prior acts coverage (i.e., "nose" coverage) as necessary to meet the requirements of this section. "Tail" coverage must provide for either an unlimited discovery/reporting period or a discovery/reporting period that would extend through the end of the Insurance Period, and "nose" coverage must provide for a retroactive discovery/reporting period at least as of the start of the Insurance Period.

**Section 6.02 Indemnification.** Each Party agrees to be solely responsible for its own acts or omissions arising out of the performance of this Agreement and the BAA. Each Party shall indemnify, defend and hold harmless the other Party, its affiliates, and the officers, directors, employees and agents of all of them from and against any and all liability, loss, claim, lawsuit, injury, cost, damage or expense whatsoever (including reasonable attorneys' fees and court costs) actually incurred by the indemnified Party, arising solely from any one or more of the following: (a) from or incident to a negligent or intentional act or omission by the indemnifying Party or any of its employees, agents, contractors or subcontractors, or (b) from a breach or default, in the performance or nonperformance of any duty or responsibility under this Agreement or the BAA, by such indemnifying Party or any of its employees, agents, contractors or subcontractors.

**Section 6.03 Survival.** The provisions of this Article 6 shall survive the expiration or early termination of this Agreement.

## **ARTICLE 7**

### **ACCESS TO BOOKS AND RECORDS**

Upon written request made any time within ten (10) years after the furnishing of the Services pursuant to this Agreement, either Party shall make available to the Secretary of Health and Human Services or the Comptroller General, or to any of their duly authorized representatives, where required by Section 1861(v)(1)(I)(i) of the Social Security Act and the regulations pursuant thereto, access to this Agreement, and to the books, documents and records of such Party as may be necessary to verify the nature and extent of the Services furnished. If AEA carries out any of the duties of this Agreement with a value of Ten Thousand Dollars

(\$10,000) or more over a twelve-month period through a subcontract with a related organization, such agreement must contain a clause to the effect that until the expiration of ten (10) years after the furnishing of services under the subcontract, the related organization shall make available, upon written request of the Secretary, the U.S. Comptroller General, or any of their duly authorized representatives, the subcontract and any necessary books, documents and records of the related organization that are necessary to verify the nature and extent of such costs. The Parties agree that any attorney-client, accountant-client or other legal privileges shall not be deemed waived by virtue of this Agreement.

## **ARTICLE 8**

### **MISCELLANEOUS PROVISIONS**

**Section 8.01 Entire Agreement.** This Agreement, including all exhibits and attachments hereto, constitutes the entire understanding between the Parties with respect to the subject matter hereof. This Agreement supersedes any and all other prior agreements, written or oral, between the Parties with respect to the subject matter hereof.

**Section 8.02 Restructuring.** In the event that a Party believes, supported by advice of counsel, that this Agreement or the performance hereof (a) would cause such Party or any other affiliate to be in violation of applicable law including without limitation the federal Stark Law or Anti-Kickback Statute, (b) violates requirements applicable to tax-exempt bonds, including without limitation, IRS Revenue Procedures 97-13 and 2001-39, or jeopardizes the tax-exempt status of such Party, as applicable, or (c) jeopardizes any licensure or participation in good standing in the Medicare and Medicaid programs or the tax-exemption of ECRMC, such Party shall provide notice thereof to the other Party. The Parties will use their best efforts to reform this Agreement within thirty (30) days of receipt of such notice so as to cure such issue and achieve, as nearly as possible, the original goals as reflected in this Agreement. If the Parties are unable to agree to an amendment or modification that, in the reasonable opinion of either Party, supported by advice of counsel, cures the issue, that Party may terminate this Agreement immediately upon notice to the other Party.

**Section 8.03 Amendment.** Any amendment, alteration or change of any terms and conditions hereof must be in writing, and signed by the Parties, and such amendment, alteration or change shall in no way affect the other terms and conditions of this Agreement, which in all other respects shall remain in full force.

**Section 8.04 Severability.** If any term, provision, condition or covenant of this Agreement or the application thereof to any Party or circumstance shall be held to be invalid or unenforceable to any extent in any jurisdiction, then the remainder of this Agreement and the application of such term, provision, condition or covenant in any other jurisdiction or to persons or circumstances other than those as to whom or which it is held to be invalid or unenforceable, shall not be affected thereby, and each term, provision, condition and covenant of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

**Section 8.05 Assignment.** This Agreement may be assigned by either Party to an affiliate or successor, including in an event of a change of control of AEA. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the Parties.

**Section 8.06 Force Majeure.** Either Party shall be excused for failures and delays in performance of its respective obligations under this Agreement due to any cause beyond the control and without the fault of such Party, including without limitation, any act of God, war, riot or insurrection, law or regulation, strike, flood, fire, explosion or inability due to any of the aforementioned causes to obtain the necessary labor, materials or facilities. This provision shall not, however, release such Party from using its best efforts to avoid or remove such cause and such Party shall continue performance hereunder with the utmost dispatch whenever such causes are removed. Upon claiming any such excuse or delay for non-performance, such Party shall give prompt written notice thereof to the other Party, provided that failure to give such notice shall not in any way limit the operation of this provision.

**Section 8.07 Governing Law.** This Agreement shall be construed under the laws of the State of California without reference to its conflicts of law principles. No provisions of the Agreement shall be applied or construed in a manner inconsistent with applicable federal and state laws and regulations.

**Section 8.08 Headings.** All headings of articles and sections herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

**Section 8.09 Notices.** All notices, demands, requests, consents or other communications required or permitted to be given or made under this Agreement must be in writing and signed by the Party giving the same and are deemed given or made (a) two (2) days after being mailed by certified or registered mail, postage prepaid, (b) when transmitted via facsimile, electronic mail, graphic scanning or other telegraphic communication, (c) when hand delivered, or (d) one (1) day after being sent by overnight delivery service, in each case to the intended recipient as indicated on the signature page to this Agreement or to any other address of which prior written notice has been given.

**Section 8.10 Gender and Number; Construction.** All references to the neuter gender shall include the feminine or masculine gender and vice versa, where applicable, and all references to the singular shall include the plural and vice versa, where applicable. Unless otherwise expressly provided, the word "including" followed by a listing does not limit the preceding words or terms and shall mean "including, without limitation."

**Section 8.11 Fair Meaning.** This Agreement shall be construed according to its fair meaning and as if prepared by all Parties hereto.

**Section 8.12 No Waiver.** Any term, covenant or condition of this Agreement may be waived at any time by the Party which is entitled to the benefit thereof but only by a written notice signed by the Party expressly waiving such term or condition. The subsequent acceptance of performance hereunder by a Party shall not be deemed to be a waiver of any preceding breach by any other Party of any term, covenant or condition of this Agreement, other than the failure of such other Party to perform the particular duties so accepted, regardless of the accepting Party's knowledge of such preceding breach at the time of acceptance of such performance. The waiver of any term, covenant or condition shall not be construed as a waiver of any other term, covenant or condition of this Agreement.



**Section 8.13 Counterparts.** This Agreement may be executed in two or more counterparts, both of which shall be deemed an original, but both such counterparts together shall constitute one and the same instrument.

**Section 8.14 Independent Contractor.** In connection with providing the Services, AEA shall at all times act as an independent contractor. The Parties expressly understand and agree that nothing contained in this Agreement shall be construed to create a joint venture, partnership, association or other affiliation or like relationship between the Parties, it being specifically agreed that the relationship between the Parties is and shall remain that of independent parties to a contractual relationship as set forth in this Agreement. In no event shall either Party be liable for the debts or obligations of the other Party, except as otherwise specifically provided in this Agreement.

**Section 8.15 Dispute Resolution.** To the extent feasible, the Parties desire to resolve any controversies or claims arising out of or relating to this Agreement ("Disputes") through discussions and negotiations between each other. In the event that such controversies or claims cannot be resolved by good faith negotiation of the Parties within thirty (30) days of the occurrence of the Dispute, the Dispute shall be submitted to and resolved by binding arbitration. The arbitration shall be conducted pursuant to Part 3, Title 9 of the California Code of Civil Procedure §1280-1288.8. Discovery, including depositions for the purpose of discovery, shall be broadly permitted, and the provisions of California Code of Civil Procedure §1283.05 shall apply. Any demand to arbitrate shall be served on the other Party pursuant to the notice provision in Section 8.09 hereof. The arbitration shall occur in Imperial, California, before a single individual to be agreed upon by the parties, and, if the parties have not so agreed within ten (10) days from the date either party requests arbitration, then such individual shall be appointed by the Presiding Judge of the Imperial County Superior Court. The decision of the arbitrator shall be final and binding, and shall be subject to confirmation, correction or vacation in accordance with the provisions of California Code of Civil Procedure, §1285-1287.4. Any application, petition or other proceeding: (a) to enforce the award or provisions of this Agreement; (b) to the extent the arbitrator does not have the power or authority to resolve the dispute or grant the relief sought; or (c) for the provisional or equitable relief pending appointment of an arbitrator, shall be commenced in the Santa Barbara Superior Court which has jurisdiction thereover, and the parties hereby consent to jurisdiction and venue in such courts. The prevailing party in any such dispute resolution shall be entitled to recover its attorneys' fees and costs incurred. Notwithstanding the foregoing, any Party may, in its discretion, apply to a court of competent jurisdiction for equitable relief from any violation or threatened violation of the covenants under Article V of this Agreement.

[Signatures on next page]

**IN WITNESS WHEREOF**, the Parties have caused this Agreement to be executed by their duly authorized officers as of the date first written above.

<b>ECRMC:</b>  El Centro Regional Medical Center  By: _____ Name: Pablo Velez Title: Chief Executive Officer  <b>Address for Notices:</b>  1415 Ross Avenue El Centro, CA 92243 Attn: Chief Executive Officer Email: Pablo.Velez@ecrmc.org	<b>AEA:</b>  California Retina Associates, LP  By: _____ Name: Majid Mani Title: Chief Medical Officer  <b>Address for Notices:</b>  835 3 <sup>rd</sup> Ave ChulaVista, CA 91911 Attn: Chief Executive Officer Email: clayr@americaneyeassociates.com
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## **EXHIBIT A**

### **SERVICES**

Subject to ECRMC's ultimate authority and oversight, and consistent with the requirements and restrictions applicable to ECRMC and the Surgery Center under applicable laws and with ECRMC's policies and procedures, AEA will provide the following with respect to the Surgery Center (the "Services"):

1. Provide a medical director for the Surgery Center ("Medical Director"), subject to ECRMC's approval. The Medical Director shall report to the Chief Medical Officer of ECRMC or his or her designee. Responsibilities of the Medical Director for the Surgery Center will include:
  - Maintain responsibility for the day-to-day operations of services rendered to patients at the Surgery Center. Specifically, this will include providing feedback regarding ECRMC's employees, AEA's employees, and medical staff members who practice or provide services in connection with the Surgery Center.
  - Assist ECRMC in the achievement of Surgery Center performance goals.
  - Assist AEA in the provision of management services.
  - Set the strategic direction for the Surgery Center under the parameters set forth by the JOC.
  - Participate in the identification of opportunities and solutions to improve the quality, growth, and financial performance of the ophthalmology sub-line.
  - Address noncompliant physician matters.
  - Review clinical staff performance to ensure implementation of initiatives and quality of care.
  - Ensure that consistent and repeatable patient outcomes and experiences are provided by the ophthalmology sub-line.
  - Lead program development initiatives.
  - Ensure coordination of physicians within the Surgery Center.
  - Review planning/implementation progress.
  - Task committees with specific initiatives.

AEA will employ such Medical Director under a form of agreement and subject to time commitments as reasonably approved by ECRMC; provided, however, that such arrangement shall be compliant with all applicable federal, state and local laws, rules and regulations, as well as ECRMC policies and procedures. Medical Director shall monthly attest to duties performed by completing the attestation checklist in Exhibit C.

2. Establish other focused multidisciplinary committees centered on particular Surgery Center challenges or functional areas and/or as reasonably requested by ECRMC,

including Quality Committee, Marketing and Outreach Committee, and Efficiency and Margin Committee. Responsibilities will include:

- Lead assigned initiatives and/or efforts of particular interest.
  - Fulfill other delegated support tasks (e.g., research of industry best practices to report at an upcoming committee meeting).
  - Identify and communicate Surgery Center opportunities and challenges to Medical Director and/or physician champions as appropriate.
3. Cause Physician employees of AEA to attend and participate in the activities of the Surgery Center and the committees, task forces, and other groups established by AEA and ECRMC to carry out the purposes of this Agreement.

#### Performance Tracking

4. Assist ECRMC in the implementation of performance measures in order to track Surgery Center quality, service and education, operational efficiency, financial performance, and business development.
5. Develop a Surgery Center dashboard, which will include quality metrics as well as metrics related to Surgery Center business performance.
6. Review the Surgery Center dashboard during JOC meetings.
7. Assist ECRMC and the JOC in identifying, defining, and tracking metrics related to new opportunities or emerging Surgery Center priorities for subsequent term years.

Quality Assurance Under the authority and oversight of ECRMC's medical staff (including any committees created under the Medical Staff Bylaws), AEA shall perform the following quality assurance functions:

8. Organize and lead a Quality Committee that will conduct data analysis, interpretation, and presentation of findings to the JOC to achieve Surgery Center quality assurance goals.
9. Direct and coordinate the Surgery Center in accordance with established quality and efficiency standards, hospital policies and procedures, applicable laws and regulations, accrediting body requirements, preset standards for Surgery Center distinctions, and best practices.
10. Assist in the preparation of materials and responses to third-party payors and governmental agencies regarding audits into the medical necessity or quality of services provided.
11. Collect data for Hospital Outpatient Quality Reporting ("OQR") measures and provide data to ECRMC in a timely manner for submission to CMS.
12. Create, update, or discontinue administrative and clinical policies and procedures as they pertain to the appropriate management of the Surgery Center.
13. Implement infection control best practices to include cleanliness and sanitation routines & audits, adherence to wearing PPE, hand washing audits, & needle stick prevention.

14. Manage and monitor patient survey feedback (to be gathered on a weekly basis) by MAs and RNs.
15. Support clinic leaders with the needed information and metrics to conduct daily huddles, weekly staff updates and monthly reviews with staff that reinforce quality improvement initiatives.
16. Implement a quality improvement program that conducts daily, weekly, and monthly audits and drills.

#### Training and Education

17. Conduct in-service and continuing education sessions for the Surgery Center staff, including the topics outlined in Exhibit A-1.
18. Partner with nursing leadership to train and educate nurses and employees assigned to the Surgery Center as deemed necessary to foster improvements in overall quality, efficiency, and effectiveness.
19. Implement comprehensive patient care pathways, including clear, evidence-based daily nursing and therapy goals.
20. Review and evaluate physician and staff satisfaction survey reports and make recommendations for improvement in order to attain satisfaction goals established by ECRMC. Upon request of ECRMC, assist as a liaison among administrative departments and committees of ECRMC, as well as the medical staff, and respond as appropriate to physician and staff complaints.

#### Service and Patient-Centeredness

21. Develop and implement a work plan to improve patient/family communication and education throughout the care process.
22. Assist in the development of patient/family education and program marketing materials.
23. Implement comprehensive patient care pathways, including standard post-discharge, evidence-based care plans.
24. Review and evaluate patient satisfaction survey reports and make recommendations for improvement in order to attain satisfaction goals established by ECRMC. Upon request of ECRMC, assist as a liaison among administrative departments and committees of ECRMC, as well as the medical staff, and respond as appropriate to patient complaints.

#### Surgery Center Staffing

25. Manage break and lunch schedules and time off requests to deliver efficient performance with minimal Operating Room turnover time between surgeries.
26. Work collaboratively with quality/certification consultants engaged by ECRMC, as needed, to ensure timely facility certification and ongoing re-credentialing.
27. Coordinate with ECRMC to credential providers and maintain files.

#### Operational Excellence

28. Use clinical evidence to standardize care processes for common types of procedures.

29. Assist in developing best practice standards, establishing performance targets, and developing quality review processes for the Surgery Center.
30. Identify areas of opportunity to improve efficiency in care process and update clinical care pathways accordingly. Ensure discharge instructions are completed in a timely manner.
31. Work with ECRMC to streamline the admission and discharge process and eliminate documentation duplication.

#### Regulatory Compliance

32. Ensure that the Surgery Center meets all facility, physician, and operational certification and inspection requirements to be eligible to treat Medicare and Medicaid patients.
33. Maintain and track patient records in compliance with HIPAA and other state and federal regulations.
34. Maintain the facility and operations in compliance with OSHA.

#### Facility & Equipment

35. Audit the daily opening and closing process of the Surgery Center to ensure quality and efficiency are maintained.
36. Coordinate and schedule with vendors for vendor training.
37. Assist and consult with ECRMC in purchasing all supplies and consumables on an ongoing basis, provided that all purchasing decisions remain with ECRMC in its sole discretion and under ECRMC's purchasing contracts.
38. Assist Surgery Center Director to manage inventory levels for all supplies
39. Maintain and monitor consigned inventory.
40. Process expired and damaged lenses and supplies.
41. Coordinate to repair and replace equipment as needed. Conduct basic troubleshooting before escalating to vendor or third party support.

#### Financial Performance

42. Conduct periodic reviews of Surgery Center costs with the JOC.
43. Investigate variances in volume, identify and rectify root causes, and review clinical documentation accuracy.

#### Surgery Center Efficiency and Standardization Program

In coordination with ECRMC where appropriate:

44. Create physician preference cards and orders for each surgeon and surgery type.
45. Conduct a case review prior to every surgery to confirm the appropriateness and availability of the surgery, staff, supplies and equipment
46. Perform evidence- and value-based evaluations of the vendors and products used for ophthalmology cases in the OR.

47. Conduct case card review and instrument tray standardization for common procedures.
48. Eliminate waste.
49. Aid ECRMC in vendor negotiations for high-volume, high-cost supplies or devices.
50. Make recommendations for improvement opportunities in OR staffing, block utilization, and case cycle times.

#### Consultation on Value-Based Purchasing

51. Evaluate and make recommendations to ECRMC on relevant contracts, leases, and purchases, including equipment, instruments, operating supplies, outside services, and repairs.
52. Evaluate and make recommendations to ECRMC regarding the quality-improvement and investment soundness of emerging ophthalmology technologies.

#### Planning and Business Development

53. Lead the development and implementation of new programs and services or enhance the value of existing programs related to the Surgery Center.
54. Assist in strategic, financial, and operational planning for future ophthalmology services.
55. Assist ECRMC in new program planning and development.
56. Assist in ECRMC's community outreach efforts for the Surgery Center.

Notwithstanding the above, as provided in Section 1.05 of the Agreement, ECRMC and ECRMC's medical staff (including any committees created under the Medical Staff Bylaws) shall maintain ultimate responsibility for the care and treatment of patients receiving services through the Surgery Center. AEA and the participating physicians shall not take any actions that are designed or intended to limit, reduce or withhold care from any patient, including without limitation Medicare or Medicaid beneficiaries. The Agreement shall not impair the prerogative of individual physicians to exercise independent professional judgment in the care and treatment of their patients and in the determination of appropriate medical care. Physicians are expected at all times to exercise independent professional judgment with respect to the patient care rendered, and the attending physicians shall exercise final authority over all medical decisions in the care and treatment of their patients.

## **EXHIBIT A-1**

### **AUDITS, DRILLS AND MONITORING**

#### Daily Audits:

- Refrigerator temp log
- Operating room temperature & humidity log
- Temperature & humidity of sterile storage
- Temperature & humidity of decontamination area
- Medication reconciliation form
- Narcotic count
- Sterilization log
- Respond to audit alerts for generator & medical gas levels
- Crash cart check
- Narcotic administration log
- Emergency power check

#### Weekly Audits:

- Emergency light audit
- Generator audit
- Eyewash stations
- Spore testing of autoclave
- Autoclave cleaning

#### Monthly Audits:

- Inventory checks for expired supplies
- Emergency system check
- Hand hygiene monitoring
- Safe injection monitoring
- MD query reports
- Fire extinguisher check
- Life safety check
- Credential check, MDs & RNS



- Generator Test

#### Quarterly:

- Lead Quality Committee quarterly meetings, record, document and maintain agenda and meeting notes
- Fire drill
- Back-up generator test
- Chart review RNs

#### Semi-Annually

- Preventative maintenance on all equipment
- Peer review surgeons
- Peer review anesthesia
- Environment of care inspection (hallways clear, safe)
- QI meeting (QI studies, incident reports, medical staff)
- Patient satisfaction surveys trending
- Disaster preparedness drill

#### Annual

- Pharmacy review
- Performance evaluation employees
- Competencies on waived testing (nursing)
- Governing body meeting review and update

#### Annual Drills

- TB screening medical staff and clinical staff
- Influenza screening
- Bloodborne pathogen training
- Hazard communication training
- Third party medical gas certification
- Test visible and audible fire alarms, smoke detectors, maintenance on portable fire extinguishers
- Emergency lighting – checked for 90 minutes

#### Other Intermittent Internal Audits and Monitoring

- Hand hygiene monitoring
- Safe injection monitoring
- Trending indicators – (from patient surveys)
- CMS recommendations (will vary depending on QI study results)
- Patient falls
- Medication error
- Hospital transfer
- Incident report
- Patient burns
- Surgical site infection

## **EXHIBIT A-2**

### **EDUCATION AND TRAINING**

- Disaster Preparedness (e.g., earthquake, evacuation preparedness, man-made disasters, security emergencies, utility failures).
- Emergencies (e.g., codes, malignant hyperthermia, incapacitated surgeon/anesthesia, patient care emergencies, transfers).
- Fire Safety (e.g., oxygen-aided fires, use of fire extinguisher)
- HIPAA/ Privacy Rights
- Infection Control Program / Monitoring (e.g., cleaning procedures, hand hygiene, standard precautions, safe injection practices)
- OSHA (e.g., bloodborne pathogens, hazard communication/safety data sheets, medical waste handling, sharps safety, universal standard precautions).
- Quality Improvement Program Integration (e.g., benchmarking, grievance procedures, incident reporting, indicator trending, studies)
- Risk Management
- Waived Testing (Glucose, Pregnancy)
- Pharmaceutical Waste Management
- Biohazard Waste Management
- Linen Management
- Document Disposal
- Infection Control for Employees
- Cleaning ORs, Cleaning Surgery Suite
- Terminal Cleaning
- Elder Abuse / Patient Abuse

## **EXHIBIT B**

### **FEES**

For all Services provided by AEA under this Agreement, ECRMC shall (i) pay AEA cash compensation comprised of a base management fee (the “Base Fee”), and a quality bonus for the achievement of certain performance metrics (the “Quality Bonus”), and (ii) reimburse AEA for the cost of employing the OQM (“Labor Reimbursement”) and training the OQM (the “Training Reimbursement”), as further described below.

(a) Base Fee:

ECRMC will pay AEA a Base Fee in the amount of \$350,000 per year for all Services provided by the Medical Director and other participating physicians under this Agreement. The Base Fee will be increased by CPI annually on the anniversary of the Effective Date to account for inflation. The metric used shall be the “Unadjusted 12-mos ended May” for “All items” published by the US Bureau of Labor Statistics, posted at the following website: [www.bls.gov/news.release/cpi.nr0.htm](http://www.bls.gov/news.release/cpi.nr0.htm). As a reference, for March 2025, the value is 2.4%. While the number of hours of Services provided by the Medical Director and other participating AEA employees and physicians are expected to fluctuate month to month, the numbers of hours of such Services for each month are expected to be approximately 120 hours.

For clarity, ECRMC shall not compensate AEA for time spent by participating physicians in attending meetings of AEA’s Board of Managers except to the extent that such meetings directly involve activities related to the provision of the Services hereunder (i.e., discussions related to AEA in general, such as AEA’s organization, governance or financial performance, shall not be compensated).

Compensation shall be required to be in an amount that is consistent with and does not exceed fair market value as set forth in the external valuation used to assess the aggregate management fees payable hereunder, as such compensation or hourly rate may be reviewed and adjusted from time-to-time, without taking into consideration the volume or value of referrals or other business that AEA or its participating physicians may generate for ECRMC. ECRMC shall compensate AEA only on the basis of documented time, expertise, and effort expended by AEA’s participating employees and physicians in the provision of the Services. AEA shall submit complete and accurate time records on a monthly basis, documenting all time spent by each participating physician in providing Services pursuant to this Agreement for such month and the type of Services performed, which record shall be signed by the particular physician who performed such Services. Such time records shall be submitted to ECRMC Chief Financial Officer or his or her designee within ten (10) days following the end of each month, using the form provided by ECRMC from time to time. Such time records shall be subject to review and approval by ECRMC.

The Base Fee may be adjusted from time to time as provided in Section 2.02 of this Agreement.

The Base Fee shall be payable monthly with such payment being due no later than the 15th calendar day of each month for Services rendered during the prior month, assuming that the necessary time records are submitted accurately and timely as provided above.

(b) Quality Bonus:

In addition to the Base Fee, AEA shall be eligible to earn a Quality Bonus for achieving certain performance metrics. The maximum total Quality Bonus amount available to be earned shall be \$350,000 per year (the “Bonus Cap”). The Bonus Cap will be increased by CPI annually on anniversary of the Effective Date to account for inflation using the same metric applied to the Base Fee. The Bonus Cap may be adjusted as provided in Section 2.02 of this Agreement.

The performance metrics and associated Quality Bonus amounts for the first year of this Agreement are set forth on Exhibit B-1. The metrics and the associated allocation of the Quality Bonus amount will be reviewed on an annual basis to ensure that they reflect then-current operations, quality standards and goals for the Surgery Center; provided, however, that (i) the Base Fee, Quality Bonus, Labor Reimbursement and the one-time Training Reimbursement shall at all times comply with the requirements in Section 2.01 of this Agreement, (ii) the Bonus Cap amount payable per annum shall not increase other than as provided in Section 2.02 of this Agreement, and (iii) ECRMC may in its discretion require documentation that any changes in the performance metrics and associated Quality Bonus amounts do not affect the existing valuation opinion. As applicable, the Parties will begin discussing such revisions at least 90 days prior to the end of the then current contract year. Any changes to the performance metrics and associated Quality Bonus amounts shall require the mutual written agreement of the Parties. In the event the Parties are unable to agree on the performance metrics and associated Quality Bonus amounts for the next year by the date which is 30 days prior to the end of the then current year, either Party may terminate this Agreement at the end of the then current contract year. In the event the Parties agree on any such revisions, Exhibit B-1 shall be revised accordingly.

Notwithstanding anything contained herein to the contrary, the payment of the Quality Bonus is contingent on AEA’s compliance with Section 1.05 of this Agreement which prohibits AEA from taking any action under this Agreement designed or intended to limit, reduce or withhold care from any patient, including without limitation Medicare or Medicaid beneficiaries. ECRMC may in its discretion retain an independent third-party consultant to confirm AEA’s compliance with this provision.

(c) Labor Reimbursement

Subject to the Training Reimbursement below, ECRMC shall reimburse AEA for all direct labor costs incurred by AEA with respect to the OQM, including salary, bonus, all payroll, social security and unemployment taxes, and cost of health and welfare benefits, pursuant to an annual budget mutually agreed upon by the Parties. AEA shall submit an invoice for such reimbursement on a monthly basis with sufficient documentation and information as requested by ECRMC. Reimbursement payments are due within 2 weeks after ECRMC’s receipt of such invoice.

ECRMC shall reimburse AEA for recruiting ~~and~~, training, ~~and staffing~~ the OQM, up to a maximum of \$30,000 (the “Training Reimbursement”). The Training Reimbursement is intended to cover up to two (2) months of salary, hotel stays for training at a location designated by ECRMC, mileage allowance, and per diem food allowance. This one-time Training

Reimbursement is due no later than two weeks after ECRMC's receipt of invoice from AEA outlining the reimbursable costs as set forth above. ECRMC agrees to provide the OQM with license and access to ECRMC's EPIC system and provide necessary training so that the OQM can pull reports and gather data for analysis as part of the training or provision of Services under this Agreement.

**EXHIBIT B-1**

**QUALITY BONUS PERFORMANCE METRICS**

<b>Performance Metric</b>	<b>Goal/ Threshold</b>	<b>Bonus Amount</b>
<b>Quarterly Measurement</b>		
Surgical Site Infections	Zero Events in Period	\$8,750 per quarter
Handwashing Prior to Surgery	100% Compliance	\$8,750 per quarter
Attendance of Monthly/Quarterly Medical Staff Meetings	95% Compliance	\$8,750 per quarter
Timely Medical Records Completion	95% Submission within 14 Days (CMS Rule)	\$8,750 per quarter
Anesthesia Provider Documentation	100% Charted	\$8,750 per quarter
Peer Review Chart Audits – 3 charts per Provider per Quarter, Surgeons & Anesthesia	100% Complete	\$8,750 per quarter
Daily/Weekly/Monthly Compliance Audits completed	95% Complete	\$8,750 per quarter
<b>Annual Measurement</b>		
OP-31: Cataracts – Improvement in Patient’s Visual Function (VF) within 120 Days Following Cataract Surgery (as reference, last year’s AEA performance is 64%)	VF Imp.	% of full bonus amount
	78%	100%
	77%	95%
	76%	90%
	75%	85%
	74%	80%
	73%	75%
	72%	70%
	71%	65%
	70%	60%
	69%	55%
	68%	50%
	67%	45%
	66%	40%
	65%	35%
	<64%	0%
Up to \$35,000 per year, based on tiered achievement of this performance metric		
OP-37 a-e: Outpatient and Ambulatory Surgery Consumer Assessment (OAS CAHPS) – AEA to prepare QI Action plan based on survey results and present to Quality Committee	QI Action Plan Submitted	\$35,000 per year

OP-36: Hospital Visits after Hospital Outpatient Surgery	Zero Events (related to Ophthalmology) within 90 Days after Surgery	\$35,000 per year
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The Quality Bonus shall be payable no later than (i) 15 days after the end of the applicable quarter for the quarterly metrics, and (ii) 30 days after (x) CMS publishes the applicable OCR quality metrics for the previous calendar year for the annual metrics that are tracked by CMS or (y) the end of the calendar year for the annual metrics that are not tracked by CMS. The initial quarterly and annual Quality Bonus shall be prorated based on the number of days this Agreement has been in effect in the quarter or year, as applicable.

The Parties shall jointly assess the performance of the Surgery Center against the then-current target performance metrics, and shall mutually agree on the total amount of the Quality Bonus due and payable. In the event of a dispute between the Parties concerning whether certain target performance metrics have been met, the Parties shall retain a mutually-acceptable independent third party consultant to measure the performance of the Surgery Center against the then-current target performance metrics and to determine the amount of the Quality Bonus due to AEA.



## EXHIBIT C

### MONTHLY MEDICAL DIRECTOR ATTESTATION FORM

ECRMC Ophthalmology Medical Directory Area of Responsibility:	Date of Meeting and/or initials acknowledging service provided	Notes Regarding Service
• Maintain responsibility for the day-to-day operations of services rendered to patients at the Surgery Center. Specifically, this will include providing feedback regarding ECRMC's employees, AEA's employees, and medical staff members who practice or provide services in connection with the Surgery Center.		
• Assist ECRMC in the achievement of Surgery Center performance goals.		
• Assist AEA in the provision of management services.		
• Set the strategic direction for the Surgery Center under the parameters set forth by the JOC.		
• Participate in the identification of opportunities and solutions to improve the quality, growth, and financial performance of the ophthalmology sub-line.		
• Address noncompliant physician matters.		
• Review clinical staff performance to ensure implementation of initiatives and quality of care.		
• Ensure that consistent and repeatable patient outcomes and experiences are provided by the ophthalmology sub-line.		
• Lead program development initiatives.		
• Ensure coordination of physicians within the Surgery Center.		
• Review planning/implementation progress.		
• Task committees with specific initiatives.		
Review the Surgery Center dashboard during JOC meetings		
• Direct and coordinate the Surgery Center in accordance with established quality and efficiency standards, hospital policies and procedures, applicable laws and regulations, accrediting body requirements, preset standards for Surgery Center distinctions, and best practices.		
• Review and evaluate physician and staff satisfaction survey reports and make recommendations for improvement in order to attain satisfaction goals established by ECRMC.		

## **EXHIBIT D**

### **BUSINESS ASSOCIATE AGREEMENT**

This Business Associate Agreement (“Agreement”) is made effective the \_\_\_\_ of June, 2025, by and between **El Centro Regional Medical Center, an agency of the City of El Centro, California** (“Covered Entity”) and **California Retina Associates, LP**, a California limited business doing business as **American Eye Associates** (“Business Associate”).

#### **Background**

Business Associate has agreed to perform or provide certain services or functions (“Services”) for or on behalf of Covered Entity pursuant to one or more separate written agreements (each referred to herein as a Services Agreement) that may involve the creation, maintenance, access, use, transmission or disclosure of protected health information within the meaning of the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), and its implementing regulations, 45 CFR Parts 160 and 164 (“HIPAA Rules”). This Agreement supplements the Services Agreement, and where this Agreement conflicts with the Services Agreement, as to such conflicting terms such Service Agreement is superseded and this Agreement controls.. The Agreement is intended to and shall be interpreted to satisfy the requirements for business associate agreements as set forth in the HIPAA Rules as amended, including but not limited to privacy and security amendments of the Affordable Care Act and the HHS Omnibus Final Rule. Business Associate understands and acknowledges that Business Associate is subject to the HIPAA Rules, and that the violation of the HIPAA Rules may result in significant penalties to Business Associate, its employees and agents. Business Associate also understands that Business Associate is subject to and must comply with the Health Information Technology for Economic and Clinical Health Act (“HITECH”) privacy provisions of the American Recovery and Reinvestment Act, as well as with California privacy laws including but not limited to the , California Civil Code § 56 et seq. (General Patient Medical Records), California Welfare and Institutions Code §§ 5328.6 and 5328.7 (Mental Health Records), California Civil Code Sections 1798.80 – 1798.84 (Maintenance and Disclosure of Personal Information), and all other applicable laws or regulations as may be amended or implemented from time to time (“California Privacy Laws”). The parties agree as follows:

#### **Definitions**

1. **General Definitions.** The following terms used in this Agreement shall have the same meaning as those terms in the HIPAA Rules: *Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Required By Law, Secretary, Subcontractor, Unsecured Protected Health Information, Use and Disclosure.*

2. **Specific Definitions.**

a. **Business Associate** shall generally have the same meaning as the term “business associate” at 45 CFR § 160.103, and in reference to the party to this Agreement, shall mean Business Associate.

b. ***Covered Entity*** shall generally have the same meaning as the term “covered entity” at 45 CFR § 160.103, and in reference to the party to this Agreement, shall mean Covered Entity.

c. ***Protected Health Information*** shall generally have the same meaning as the term “protected health information” at 45 CFR § 160.103, and shall include any individually identifiable information that is accessed, used, disclosed, created, received, maintained, or transmitted by Business Associate on behalf of Covered Entity that relates to an individual’s past, present, or future physical or mental health, health care, or payment for health care, whether such information is in oral, hard copy, electronic, or any other form or medium.

d. ***Security Incident*** shall mean the successful unauthorized access, Use, Disclosure, modification or destruction of Protected Health Information or interference with system operations in a Protected Health Information system, and excludes Unsuccessful Security Incidents (as defined herein).

e. ***Unsuccessful Security Incident*** shall include, but not be limited to, pings and other broadcast attacks on Business Associate’s firewall, port scans, unsuccessful log-on attempts, denials of service or any combination of the above, so long as no such incidents result in unauthorized access, Use or Disclosure of Covered Entity’s Protected Health Information.

## **Agreement**

1. **Relationship of the Parties.** Business Associate is and at all times during the term of the Services and this Agreement shall be acting as an independent contractor to Covered Entity, and not as Covered Entity’s agent. Covered Entity shall not have authority to control the method or manner in which Business Associate performs its services on behalf of Covered Entity, provided that Business Associate complies with the terms of this Agreement and the HIPAA Rules. Business Associate shall not have authority to bind Covered Entity to any liability unless expressly authorized by Covered Entity in writing, and Covered Entity shall not be liable for the acts or omissions of Business Associate. Business Associate shall not represent itself as the agent of Covered Entity. Nothing in this Agreement shall be deemed to establish an agency, partnership, joint venture or other relationship except that of independently contracting entities.

2. **Business Associate Responsibilities.** Business Associate agrees to:

- a. Fully comply with the HIPAA Rules as they apply to business associates.
- b. Not access, use or disclose Protected Health Information except as permitted by this Agreement, the Services Agreement, or as otherwise required by law.
- c. Use appropriate safeguards to prevent the access, use or disclosure of Protected Health Information other than as permitted by this Agreement. Business Associate shall comply with the requirements in 45 CFR Part 164, Subpart C applicable to business associates, including the use of administrative, physical and technical safeguards to protect electronic Protected Health Information.

**d.** Immediately upon discovery and awareness, report to Covered Entity any access, use or disclosure of Protected Health Information not permitted by this Agreement, the Services Agreement, the California Privacy Laws or the HIPAA Rules, including but not limited to reporting breaches of unsecured Protected Health Information and reporting security incidents as required by the HIPAA Rules and reporting breaches and security incidents of Business Associate's contractors and subcontractors.

**e.** Fully cooperate with Covered Entity's efforts to promptly investigate, mitigate, and notify third parties of breaches of unsecured Protected Health Information or security incidents as required by the HIPAA Rules or California Privacy Laws.

**f.** Ensure that any subcontractors that create, receive, maintain, or transmit Protected Health Information on behalf of Business Associate agree to the same restrictions, conditions, and requirements set forth in this Agreement, the California Privacy Laws and the HIPAA Rules applicable to such subcontractors. Business Associate may fulfill this requirement by executing a written agreement with the subcontractor incorporating the terms of this Agreement and otherwise complying with the requirements in the HIPAA Rules.

**g.** Within ten (10) days following Covered Entity's request, make available to Covered Entity any Protected Health Information in Business Associate's control as necessary to enable Covered Entity to satisfy its obligations to provide an individual with access to certain Protected Health Information under 45 CFR § 164.524.

**h.** Within ten (10) days following Covered Entity's request, make available to Covered Entity any Protected Health Information for amendment and incorporate any amendments to Protected Health Information as necessary to enable Covered Entity to satisfy its obligations under 45 CFR § 164.526.

**i.** Maintain information concerning Business Associate's or subcontractors' disclosures of Protected Health Information as required by the HIPAA Rules, within ten (10) days following Covered Entity's request, make such information available to Covered Entity as necessary to enable Covered Entity to render an accounting of disclosures pursuant to 45 CFR § 164.528.

**j.** To the extent Business Associate is asked by Covered Entity or otherwise obligated to carry out Covered Entity's obligations under 45 CFR Part 164, Subpart E, Business Associate shall comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligations.

**k.** Make Business Associate's internal practices, books, and records relating to the use and disclosure of protected health information received from, or created or received by Business Associate on behalf of Covered Entity, available to Covered Entity's internal auditors and the Secretary for purposes of determining Covered Entity's compliance with the HIPAA Rules.

### **3. Uses and Disclosures by Business Associate.**

**3.1 Permissible Uses and Disclosures.** Business Associate may use or disclose Protected Health Information only as follows:

- a.** As necessary to perform the Services.
- b.** Subject to the Services Agreement, to de-identify Protected Health Information in accordance with the HIPAA Rules.
- c.** As required by law.
- d.** For the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that any disclosures for these purposes (i) are required by law, or (ii)(a) Business Associate obtains reasonable assurances in accordance with then-current industry standards from the person to whom the information is disclosed that the information will remain confidential and be accessed, used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and (ii)(b) the person agrees to notify Business Associate immediately of any instances of which it becomes aware in which the confidentiality of the information has been compromised.
- e.** To provide data aggregation services relating to the health care operations of Covered Entity as defined in 45 CFR § 164.501.

**3.2 Impermissible Uses or Disclosures.** Business Associate may not use or disclose Protected Health Information in a manner that would violate 45 CFR Part 164, Subpart E, if done by Covered Entity except for the specific uses and disclosures set forth in Sections 3.1(d)-(e), if applicable.

**3.3 Minimum Necessary.** Business Associate agrees to use or disclose the minimum amount of Protected Health Information necessary to achieve its purpose pursuant to the Services Agreement, and pursuant to this Section 3, Covered Entity's policies and procedures, and 45 CFR § 164.502(b).

**4. Term and Termination.** Unless otherwise agreed in writing by the parties, this Agreement shall continue until terminated as provided below.

#### **4.1 Termination.**

- a.** This Agreement shall terminate on the date the Services are terminated for any reason.
- b.** A breach by Business Associate of any material provision of this Agreement, as reasonably determined by Covered Entity, shall constitute a material breach shall provide grounds for immediate termination of the Services Agreement.

**4.2 Obligations of Business Associate Upon Termination.** Upon termination of the Services, Business Associate shall, with respect to Protected Health Information received from

Covered Entity, or created, maintained, used, or received by Business Associate on behalf of Covered Entity:

**a.** If feasible, return all Protected Health Information to Covered Entity or, if Covered Entity requests or agrees, destroy such Protected Health Information. The return of all Protected Health Information shall be accompanied by a certification signed by an officer of Business Associate, certifying that the returned information is all of Covered Entity's Protected Health Information in all formats and media and that no Protected Health Information remains in Business Associate's possession. If Covered Entity requests or agrees to allow Business Associate to destroy such Protected Health Information, Business Associate shall provide Covered Entity with a certification of destruction signed by an officer of Business Associate, certifying that all of Covered Entity's Protected Health Information in all formats and media has been destroyed and that no Protected Health Information remains in Business Associate's possession.

**b.** If the return or destruction of Protected Health Information is not feasible, Business Associate will notify the Privacy Officer of the Covered Entity in writing. Upon Covered Entity's agreement, Business Associate will continue to extend the protections of this Agreement, California Privacy Laws, and the HIPAA Rules to such information and not use or further disclose the information in a manner that is not permitted by this Agreement, the California Privacy Laws and the HIPAA Rules. Business Associate's notification to Covered Entity shall include: (i) a statement that the Business Associate has determined that it is infeasible to return or destroy the Protected Health Information in its possession; and (ii) the specific reasons for such determination. Business Associate further agrees to extend any and all protections, limitations and restrictions contained in this Agreement to the Business Associate's use and/or disclosure of any Protected Health Information retained after the termination of the Services, and to limit any further uses and/or disclosures to the purposes that make the return or destruction of the Protected Health Information infeasible. If it is infeasible for the Business Associate to obtain from employees, contractors, subcontractors or agents any Protected Health Information in the possession of the employees, contractors, subcontractors or agents, the Business Associate must provide a written explanation to the Privacy Officer of Covered Entity and require the employees, contractors, subcontractors or agents to agree to extend any and all protections, limitations and restrictions contained in this Agreement to the employees', contractors', subcontractors' or agents' use and/or disclosure of any Protected Health Information retained after the termination of the Services, and to limit any further uses and/or disclosures to the purposes that make the return or destruction of the Protected Health Information infeasible.

**4.3 Survival.** Business Associate's obligations under Section 4 shall survive termination of the Services and this Agreement.

**5. Regulatory References.** A reference in this Agreement to a section in the HIPAA Rules means the section as in effect or as amended.

**6. Amendment.** The parties agree to take such action as is necessary to amend this Agreement from time to time to comply with the requirements of the HIPAA Rules and any other applicable law.

**7. Governing Law.** This Agreement shall be construed to comply with the requirements of the HIPAA Rules, and any ambiguity in this Agreement shall be interpreted to permit compliance with the HIPAA Rules. All other aspects of this Agreement shall be governed under the laws of California.

**8. Cooperation.** The parties agree to cooperate with each other's efforts to comply with the requirements of the HIPAA Rules and other applicable laws; to assist each other in responding to and mitigating the effects of any breach of Protected Health Information in violation of the HIPAA Rules or this Agreement; and to assist the other party in responding to any investigation, complaint, or action by any government agency or third party relating to the performance of this Agreement. In addition to any other cooperation reasonably requested by Covered Entity, Business Associate shall make its officers, members, employees, and agents available without charge for interview or testimony.

**9. Notice.** All notices required to be given under this Agreement must be given in writing and shall be deemed to have been sufficiently given if personally delivered or deposited in the United States mail, postage prepaid, certified or registered mail, return-receipt requested, addressed as follows:

**If to El Centro Regional Medical Center:**

El Centro Regional Medical Center  
Attn: Pablo Velez, Chief Executive Officer  
1415 Ross Avenue  
El Centro, CA 92243

**If to Business Associate:**

California Retina Associates, LP  
Attn: Majid Mani, Chief Medical Officer  
835 3<sup>rd</sup> Avenue  
Chula Vista, CA 91911

**With a copy to:**

El Centro Regional Medical Center  
Attn: General Counsel  
1415 Ross Avenue  
El Centro, CA 92243

**10. No Third Party Beneficiaries.** Nothing in this Agreement is intended to nor shall it confer any rights on any other persons except Covered Entity and Business Associate and their respective successors and assigns.

**11. Entire Agreement.** This Agreement contains the entire agreement between the parties as it relates to the use or disclosure of Protected Health Information, and supersedes all prior discussions, negotiations and services relating to the same to the extent such other prior communications are inconsistent with this Agreement.

**12. Insurance.** Unless waived in writing by Covered Entity, Business Associate shall obtain and maintain insurance or equivalent programs of self-insurance with appropriate limits sufficient to cover costs, losses and damages that may arise from Business Associate's breach of this Agreement, related liabilities, or any unauthorized use or disclosure of Protected Health Information by Business Associate. In no event shall such limits be less than \$1 million per

Breach or \$5 million in the aggregate. Business Associate shall also maintain cyber liability coverage that likewise satisfies the aforementioned minimum limits of coverage. Upon Covered Entity's request, Business Associate shall provide proof of such insurance to Covered Entity.

**13. Indemnification.** Business Associate agrees to defend, indemnify, and hold harmless Covered Entity and Covered Entity's officers, members, employees and agents from and against any and all claims, fines, penalties, liabilities, demands, damages, losses, costs, expenses (including without limitation costs, reasonable attorneys' fees, fines, penalties, and assessments) that are caused by or result from Business Associate's breach of this Agreement or any acts or omissions of Business Associate or Business Associate's officers, members, employees, agents, or subcontractors arising out of the use and disclosure of Protected Health Information or violation of the HIPAA Rules, except to the extent caused by Covered Entity's gross negligence or willful misconduct.

**14. Offshore Data Storage.** In furtherance of protecting the Protected Health Information received from Covered Entity, or created, maintained, used, or received by Business Associate on behalf of Covered Entity, offshore storage and use of such Protected Health Information requires prior written consent from Covered Entity.

**15. Disaster Recovery Plan.** Business Associate represents and warrants that Business Associate has a HIPAA-compliant disaster recovery plan in place at, or prior to, the time of this Agreement's execution.

**16. Access to Business Associate's Security Policies and Procedures.** Covered Entity shall have access to Business Associate's security policies and procedures, and Business Associate shall cooperate with a request by Covered Entity for copies of such policies and procedures.

**EL CENTRO REGIONAL  
MEDICAL CENTER, COVERED ENTITY**

**CALIFORNIA RETINA ASSOCIATES,  
LP,  
BUSINESS ASSOCIATE**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: Chief Executive Officer

Title: Chief Medical Officer

Date: \_\_\_\_\_

Date: \_\_\_\_\_



**TO:** HOSPITAL BOARD MEMBERS

**FROM:** Douglas Habig, General Counsel

**DATE:** June 23, 2025

**MEETING:** Board of Trustees



**SUBJECT:** Asset Transfer Agreement between ECRMC, the City of El Centro and IVHD

**BUDGET IMPACT:**

- A. Does the action impact/affect financial resources?       X   Yes            No
- B. If yes, what is the impact amount: Upon closing, the Agreement effects a sale of all assets and liabilities of ECRMC to Imperial Valley Healthcare District.

**BACKGROUND:** As has been previously communicated to the Board, AB 918 established the Imperial County Healthcare District (IVHD) with the purpose of incorporating all healthcare districts within Imperial County into a county-wide district, including Pioneers Memorial Hospital (PMH), and authorized IVHD to negotiate with El Centro Regional Medical Center (ECRMC) and the City of El Centro (the City) for the transfer of all assets and liabilities pertaining to ECRMC to IVHD. This transaction was the subject of prior Letters of Intent dated Nov. 5, 2024 and March 13, 2025. After extensive negotiations all parties have agreed upon the terms and conditions for this transaction, which are set forth in the attached Asset Transfer Agreement. It is significant that IVHD has already entered into a Joint Powers and Affiliation Agreement (JPA) with UC San Diego Health (UCSD) for management of all facilities within IVHD. This will assure continuity of the management team of ECRMC including UCSD, along with the leadership of PMH and under the governance of IVHD for the preservation and expansion of healthcare in the Imperial Valley for years to come.

**DISCUSSION:** The Asset Transfer Agreement involves many provisions that relate to both the City and ECRMC, which will be presented by attorneys from Sheppard Mullin who have jointly represented ECRMC and the City. A few key points for the Board to consider:

1. At the time of closing, all employees of ECRMC in good standing will be offered positions at IVHD at the same compensation they currently receive and protecting their tenure for years of service to ECRMC;
2. All such employees who accept employment at IVHD will have the choice to either roll over their Paid Time Off (PTO) bank or receive a payout of their PTO;
3. All medical staff members will maintain medical staff privileges at the hospital without having to reapply for privileges;
4. Prior to closing, ECRMC will need to show that they have adequate cash on hand in the amount of \$5 Million and short term payables of no greater than \$29 Million;

5. All assets of ECRMC will be transferred to IVHD based on commitments of the City for a cash payment of \$5 Million and transaction costs of \$1.5 Million at closing. Likewise, ECRMC will establish a \$15 Million Line of Credit that will transfer to IVHD at closing with a zero balance;
6. All liabilities of ECRMC will be assumed by IVHD, including transfer of all bond obligations and assumption of sponsorship of the defined benefit pension plan;
7. Other benefit plans will be terminated and employees will be enrolled into the IVHD benefit plans with no loss of coverage;
8. All union collective bargaining agreements will be assumed by IVHD in full.

This is a complicated transaction that will be discussed with the Board in detail by counsel and staff, and it will take several months to get the approvals necessary for closing, including for transfer of the bonds, transfer of all hospital licenses and contracts and notices to government regulators. However, this transaction will substantially benefit all of the communities of the Imperial Valley and management of ECRMC wholeheartedly supports its approval.

**RECOMMENDATION:**     Approve

**ATTACHMENT(S):**

- Board Resolution
- Asset Transfer Agreement

Approved for agenda, Chief Executive Officer

Date and Signature: \_\_\_\_\_ 

## **RESOLUTION NO. 25-02**

### **A RESOLUTION OF THE EL CENTRO REGIONAL MEDICAL CENTER BOARD OF TRUSTEES APPROVING THE ASSET TRANSFER AGREEMENT BY AND AMONG THE CITY OF EL CENTRO, EL CENTRO REGIONAL MEDICAL CENTER, AND IMPERIAL VALLEY HEALTHCARE DISTRICT**

**WHEREAS**, EL CENTRO REGIONAL MEDICAL CENTER (“ECRMC”) is a California municipal hospital established as a separate public agency and enterprise operation of the City of El Centro (the “City”) organized and operated under the provisions of Title 4, Division 3, Part 2, Chapter 5, Article 8 Govt. Code Sections 37650 et seq., which is duly organized and existing under the laws of the State of California;

**WHEREAS**, Imperial Valley Healthcare District (“IVHD”) is a California healthcare district established by the California Legislature pursuant to Assembly Bill 918 (2023), Health and Safety Code (the “Code”) section 32499.5 *et seq.*, that is duly organized and existing under the laws of the State of California;

**WHEREAS**, Code section 32499.6 authorized IVHD and its Board of Trustees to enter into negotiations with the ECRMC and the City to decide the terms of the acquisition by IVHD of ECRMC’s general acute care hospital and associated other rural health clinics and certain other healthcare facilities in Imperial County, California (the “**Healthcare Establishment**”);

**WHEREAS**, pursuant to Code section 32499.6, IVHD has entered into negotiations with ECRMC and the City to decide the terms of the acquisition of the Healthcare Establishment;

**WHEREAS**, by letter dated November 5, 2024, IVHD made a written offer to acquire all of the assets and liabilities of the Healthcare Establishment consistent with the Term Sheet attached to that letter;

**WHEREAS**, by letter dated March 13, 2025, IVHD made a renewed written offer to acquire all of the assets and liabilities of the Healthcare Establishment consistent with the Term Sheet attached to that letter;

**WHEREAS**, IVHD, ECRMC and the City have reached an agreement for IVHD to acquire all of the assets and liabilities of the Healthcare Establishment, the terms of which are set forth in that certain Asset Transfer Agreement, attached hereto as Exhibit A; and

**WHEREAS**, this Board now desires to approve the Asset Transfer Agreement, attached hereto as Exhibit A, consistent with the goals of Assembly Bill 918 (2023).

**NOW, THEREFORE**, this Board of Trustees of ECRMC does hereby find, resolve, and order as follows:

Section 1. The Asset Transfer Agreement attached hereto as Exhibit A is hereby approved;

Section 2. The Board Chair is hereby authorized to execute the Asset Transfer Agreement on behalf of ECRMC;

Section 3. Pablo Velez, as Chief Executive Officer for ECRMC, or his designee(s), acting alone or together, is(are) hereby authorized and directed to make such non-substantive corrections or revisions, as appropriate, and to take or cause to be taken all such other actions as may be required to fulfill the purposes of this resolution; and

Section 4. This resolution shall take effect immediately upon its adoption.

**IT IS SO RESOLVED. PASSED, ADOPTED AND SIGNED ON THIS 23<sup>TH</sup> DAY OF JUNE 2025.**

#### **SECRETARY'S CERTIFICATE**

I, Belen Gonzalez, Secretary of the Board of Trustees of El Centro Regional Medical Center, 1415 Ross Avenue, El Centro, County of Imperial, California, hereby certify as follows:

The attached is a full, true, and correct copy of the resolution(s) duly adopted at a meeting of the Board of Trustees of El Centro Regional Medical Center, which was duly held on June 23, 2025, at which meeting a quorum of the members of the Board of Trustees was present; and at such meeting such resolution(s) was/were adopted by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

I have carefully compared the same with the original minutes of such meeting on file and of record in my office; the attached resolution is a full, true, and correct copy of the original resolution adopted at such meeting and entered in such minutes; and such resolution has not been amended, modified, or rescinded since the date of its adoption, and the same is now in full force and effect.

WITNESS my hand this 23rd day of June 2025

---

Secretary  
El Centro Regional Medical Center

# EXHIBIT A

## ASSET TRANSFER AGREEMENT

by and among

CITY OF EL CENTRO,

EL CENTRO REGIONAL MEDICAL CENTER,

and

IMPERIAL VALLEY HEALTHCARE DISTRICT

Effective Date: \_\_\_\_\_, 2025

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Schedule 4.4	No Violation – IVHD

## **ASSET TRANSFER AGREEMENT**

This Asset Transfer Agreement (the “Agreement”) is made and entered into as of \_\_\_\_\_, 2025 (the “Effective Date”), by and among the **CITY OF EL CENTRO**, a California municipal corporation and charter city (the “City”) and **EL CENTRO REGIONAL MEDICAL CENTER**, a separate public agency and enterprise operation of the City of El Centro organized and operated under the provisions of Title 4, Division 3, Part 2, Chapter 5, Article 8 Govt. Code Sections 37650 et seq. (“ECRMC”) (the City and ECRMC collectively, the “Sellers”), on the one hand, and **IMPERIAL VALLEY HEALTHCARE DISTRICT**, a California healthcare district (“IVHD”), on the other hand (the City, ECRMC, and IVHD are collectively referred to as the “Parties” and each individually a “Party”).

### **RECITALS**

A. The City owns the real property and improvements located at 1415 Ross Avenue, El Centro, California 92243 and the residential real property and improvements set forth on Schedule 1 (the “City-Owned Properties”) and holds the Hospital’s general acute care hospital license with the California Department of Health; and

B. ECRMC: (i) owns and operates the real property and improvements set forth on Schedule 2 (the “ECRMC-Owned Properties”); (ii) operates the City-Owned Properties; and (iii) operates the 161 bed acute care hospital located at 1415 Ross Avenue, El Centro, California 92243 known as El Centro Regional Medical Center (the “Hospital”, and together with the ECRMC-Owned Properties and the City-Owned Properties, the “Facilities” and the ownership and operation thereof, the “Business”), and provides various outpatient services in outpatient centers surrounding the Hospital.

### **AGREEMENT**

**NOW, THEREFORE**, in consideration of the mutual promises and covenants contained in this Agreement, and for their mutual reliance and incorporating into this Agreement the above recitals, the Parties hereto hereby agree as follows:

#### **ARTICLE I SALE AND TRANSFER OF ASSETS; CONSIDERATION; CLOSING**

##### **1.1 Sale of Assets.**

(a) At the Closing, Sellers will sell, assign, transfer, convey and deliver to IVHD, and IVHD will purchase, acquire and accept from Sellers, free and clear of any Encumbrances other than Permitted Exceptions, Sellers’ right, title and interest in, to and under all of their assets, properties and rights of every kind and nature, whether real or personal, tangible or intangible, owned and used by ECRMC in material fashion in the operation of the Business and owned by the City and solely used by ECRMC in the operation of the Business (collectively, the “Assets,” and, for sake of clarity, not including the Excluded Assets), including without limitation:

(i) all of the tangible personal property owned by ECRMC and used by ECRMC in material fashion in the operation of the Business, including but not limited to equipment, furniture, fixtures, machinery, office furnishings, leasehold improvements, trucks, automobiles, trailers and other titled vehicles free from any liens, unless otherwise agreed to by the Parties (the “Personal Property”);

(ii) all of Sellers’ rights to all licenses, permits, approvals, certificates of exemption, franchises, accreditations and registrations and other governmental licenses, permits or approvals listed on Schedule 1.1(a)(ii) and issued to Sellers for use exclusively by ECRMC in the operation of the Business;

(iii) all of Sellers’ interest in and to the Owned Real Property and all of Sellers’ interest in and to all of the following (the “Assigned Leases”): (a) the real property leases (the “Lessor Leases”) for all real property pursuant to which a Seller leases space as a tenant, subtenant, lessee or sublessee and which are listed on Schedule 1.1(a)(iii) (the “Leased Real Property” and together with the Owned Real Property, the “Real Property”); and (b) the real property leases pursuant to which a Seller is the landlord, sublandlord, lessor or sublessor and which are listed on Schedule 1.1(a)(iii) (the “Tenant Leases”);

(iv) all security deposits from lessees under leases for the Leased Real Property and all security deposits made by the Sellers under any Assigned Contracts or Assigned Leases;

(v) all ECRMC Intellectual Property;

(vi) all portions of goodwill associated with the ECRMC Intellectual Property or the Business;

(vii) any easements, appurtenances, development rights, mineral rights, water rights, and air rights that may exist in connection with the Business;

(viii) all of Sellers’ interest in, and all of Sellers’ obligations due under Contracts pertaining to the Business (the “Assigned Contracts”);

(ix) all inventories of supplies, drugs, food, janitorial and office supplies and other disposables and consumables (i) located at the Hospital, or (ii) used exclusively in the operation of the Hospital;

(x) all prepaid rentals, deposits, prepayments and similar amounts relating to the Assigned Contracts and/or the Assigned Leases, which were made with respect to ECRMC’s operation of the Business;

(xi) all operating manuals, files with respect to ECRMC’s operation of the Business, including all patient records, medical records, employee records, financial records, equipment records, construction plans and specifications, and medical and administrative libraries;

(xii) all rights in all warranties of any manufacturer or vendor in connection with the Personal Property used in the Business;

(xiii) ECRMC's right or interest in the telephone and facsimile numbers used exclusively with respect to ECRMC's operation of the Business;

(xiv) all claims, causes of action, choses in action, rights of recovery, rights of set-off and rights of recoupment of ECRMC against third parties related to or associated with the Business;

(xv) cash, cash equivalents and short-term investments of cash, securities, and other investments held by ECRMC;

(xvi) all accounts receivable and interest thereupon, notes and interest thereupon and other receivables of ECRMC, including all claims, rights, interests and proceeds related thereto, including all accounts and other receivables, both billed and unbilled, in each case arising from the rendering of services or provision of goods, products or supplies to inpatients and outpatients at the Business provided by ECRMC;

(xvii) the right to collect and receive all payments (including without limitation all supplemental payments from the Medi-Cal program or a health plan participating in the Medi-Cal program, such as rate range payments, directed payments, payments where the non-federal share are intergovernmental payments, quality incentive payments, disproportionate share payments and AB 915 payments, as well as grants made under the Hospital Quality Assurance Fee Program), or patient receivables of ECRMC related to Medicare, Medicaid and other third-party patient claims due from beneficiaries or governmental third-party payors arising from the ownership or operation of the Business by ECRMC prior to Closing, including without limitation the rendering of services to patients at the Facilities, billed and unbilled, recorded or unrecorded, accrued and existing in respect to services rendered up to the Closing Date;

(xviii) all rights to settlements and retroactive adjustments, if any, of payments made to ECRMC for Medicare, Medicaid, and any other cost reports, for cost reporting periods ending prior to the Effective Time pursuant to the auditing and settlement of ECRMC's cost reports, appeals and other risk settlements, including Medicare bad debt;

(xix) all amounts accrued or paid with respect to Meaningful Use attested to, or for which the requirements for attestation have been met;

(xx) all disproportionate share hospital payments;

(xxi) all payments due to ECRMC under the California Department of Health Care Services Hospital Quality Assurance Fee Program from the State of California or any of its administrative entities or other entities, including without limitation Medi-Cal managed care plans, payments or grants due to the Sellers from the California Health Foundation & Trust, cost report, claims, electronic health records or similar appeals and the Sellers Cost Report settlements;

(xxii) all Medicare Accelerated and Advance Payments and COVID-19 Funds;

(xxiii) all Benefit Plans listed on Schedule 1.1(a)(xxiii) and the assets of such Benefit Plans and any asset that would revert to the employer upon the termination of any

such Benefit Plans, including any assets representing a surplus or overfunding of any such Benefit Plans (the “Assumed Benefit Plans”);

(xxiv) the Hospital’s (A) Medicare, Medicaid, and other government payment program provider numbers, and (B) rights under the corresponding Medicare, Medicaid, and other government payment program provider agreements;

(xxv) all of ECRMC’s services, participation or provider agreements with private health plans, insurers, or other third-party payors and any of ECRMC’s managed care, prepaid, capitated or other full-risk health plan agreements;

(xxvi) all insurance policies and contracts and coverages obtained by Sellers or listing Sellers as an insured party, a beneficiary or loss payee pertaining exclusively to the Hospital, including prepaid insurance premiums, and all rights to insurance proceeds under any of the foregoing, and all subrogation proceeds related to any insurance benefits arising from the foregoing;

(xxvii) all tax refunds, rights to tax refunds for tax periods (or portions thereof) of ECRMC arising prior to the Effective Time related to the ownership or operation of the Assets or the Business by ECRMC, and tax assets and copies of tax returns and other tax records of ECRMC;

(xxviii) all bank accounts of ECRMC; and

(xxix) any other assets owned or leased by ECRMC (which are not otherwise specifically described above in this Section 1.1(a)) that are used exclusively in the operation of the Hospital.

(b) Excluded Assets. Notwithstanding the foregoing, IVHD expressly understands and agrees that it is not purchasing or acquiring, and Sellers are not selling, transferring, or assigning, any of the following assets or properties used in the operation of the Business (the “Excluded Assets”):

(i) the Sellers’ rights or claims related to the Transaction or pursuant to or under this Agreement and any ancillary document hereto;

(ii) solely to the extent related to the transaction that is the subject of this Agreement, all writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other cognizable privilege or protection;

(iii) personnel records and other records that Sellers are required by Law to retain;

(iv) any rights or documents relating to the Excluded Assets;

(v) those assets of Sellers specifically identified on Schedule 1.1(b)(iv);

and

(vi) All Benefit Plans that are not Assumed Benefit Plans and all assets attributable thereto (the “Excluded Benefit Plans”).

(c) City Assets Not Used in Operation of the Business. For the avoidance of doubt, the City is not transferring any of its assets to IVHD that are not used by ECRMC solely in operation of the Business, and any such assets shall constitute Excluded Assets for purposes of this Agreement.

(d) Assumption of All Liabilities. On and subject to the terms and conditions of this Agreement and the Sale Order, at the Closing, IVHD will assume and agree to pay, perform and discharge when due all Liabilities of ECRMC and all liabilities of the City that relate to the Business (collectively, the “Assumed Liabilities”), including without limitation, liabilities and obligations under, arising out of, or related to:

(i) subject to the conditions of Section 5.11 and 7.7, the Installment Purchase Agreement, dated as of April 1, 2018 (“Installment Purchase Agreement”), as amended, among the City, ECRMC and El Centro Financing Authority, a public entity duly organized and existing as a joint exercise of powers authority under and by virtue of the laws of the State of California (the “Authority”);

(ii) subject to the conditions of Section 5.11 and 7.7, the Trust Agreement, dated as of April 1, 2018 (the “Trust Agreement”), as amended, between the Authority and MUFG Union Bank, N.A. (the predecessor-in-interest to U.S. Bank Trust Company, National Association), pursuant to which the Authority issued its Hospital Revenue Refunding Bonds, Series 2018, on or about April 19, 2018 in the original aggregate amount of \$125,000,000.00 (the “Bonds”);

(iii) any and all other Contracts entered into by the City or ECRMC in connection with the Bonds;

(iv) the Assigned Contracts;

(v) the Assigned Leases;

(vi) the Facilities;

(vii) the Assets;

(viii) the Business Employees;

(ix) the Terminated Employees;

(x) the Hired Employees;

(xi) the Real Property;

(xii) the Benefit Plans (for the avoidance of doubt, including all Assumed Benefit Plans and all Excluded Benefit Plans, provided, that consistent with Section 5.6(e), the



sole Benefit Plan for which sponsorship shall be transferred from ECRMC to IVHD is the ECRMC Pension Plan);

- (xiii) the Memorandums of Understanding;
- (xiv) patient credit balances and other current expenses and liabilities;
- (xv) operating licenses, permits, or accreditations;
- (xvi) Accrued PTO due to the Carryover Employees;
- (xvii) All self-insured workers' compensation claims liabilities; and
- (xviii) other specifically assumed liabilities set forth in Schedule 1.1(d)(xviii).

## 1.2 Financial Terms.

(a) At the Closing, IVHD will pay each Seller One Dollar (\$1.00) to acquire the Assets and assume the Liabilities (the "Purchase Price"), and the City will make a one-time cash payment to IVHD of Five Million Dollars (\$5,000,000.00) (the "Financial Contribution").

(b) Notwithstanding any other provision in this Agreement, the Parties may deduct and withhold any withholding taxes required under the Code to be deducted and withheld from any payments to be made pursuant to this Agreement upon advice of such party's legal counsel or tax advisor; provided, however, that at least five (5) business days prior to deducting or withholding any such amounts, Sellers will provide IVHD with an opportunity for legal counsel or Tax advisors of IVHD to discuss the same with Sellers' advisors, and the Parties will otherwise reasonably cooperate to obtain reduction of or relief from such deduction or withholding to the extent permitted by applicable Law. To the extent that any such amounts are so withheld and timely paid to the appropriate Tax authority, such withheld amounts will be treated for all purposes of this Agreement as having been delivered and paid to the Person in respect of which such deduction and withholding was made.

## 1.3 Closing Date; Proceedings at Closing.

(a) The consummation of the Transaction (the "Closing") will take place remotely via the exchange of documents, signature pages and payments (the day on which the Closing actually occurs, the "Closing Date") within three (3) business days following the satisfaction or waiver of the conditions set forth in Article VI and Article VII, and other than those conditions that by their nature are to be satisfied at Closing but subject to fulfillment or waiver of those conditions. The Closing will be deemed to occur and to be effective as of 12:01 a.m. Pacific Time on the day immediately after the Closing Date (the "Effective Time").

(b) All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing will be deemed to have been taken, executed, and delivered simultaneously, and no proceedings will be deemed taken nor any documents executed or

delivered until all have been taken, executed and delivered. At the Closing, the Sellers will deliver (or cause to be delivered) to IVHD possession and control of all of the Assets.

1.4 Items to be Delivered by Sellers at Closing. At or before the Closing, Sellers will deliver to IVHD the following:

(a) a Bill of Sale substantially in the form of Exhibit 1.4(a) attached hereto (the “Bill of Sale”), duly executed by Sellers;

(b) a Power of Attorney, authorizing IVHD to operate and order under Seller’s DEA registration(s) between Closing Date and the date that IVHD obtains its own DEA registration(s);

(c) Real Estate Assignment Agreements (the “Real Estate Assignments”) in the form of Exhibit 1.4(c) attached hereto with respect to the Assigned Leases, each duly executed by the applicable Seller;

(d) Grant Deeds with respect to each Seller’s right title and interest in and to (i) all of the real property described in Schedule 1.4(d), and (ii) all plants, buildings, structures, installments, improvements, fixtures, betterments, additions and improvements in the progress of construction and situated or located on such real property(collectively, the “Owned Real Property”), duly executed by each Seller;

(e) an Assigned Contract Transfer Agreement (the “Transfer Agreement”) in the form of Exhibit 1.4(e) attached hereto, duly executed by ECRMC and the City (as applicable);

(f) an IRS Form W-9, duly executed by each Seller;

(g) a certificate, dated as of the Closing Date, and signed by an authorized officer or representative of each Seller, that each of the conditions set forth in Section 7.3 have been satisfied;

(h) a certificate signed by the secretary or other authorized officer or representative of each Seller, dated as of the Closing Date, certifying as to the resolutions adopted in connection with this Agreement and the Transaction and the incumbency of the persons executing this Agreement and the other Transaction Documents;

(i) Owner’s affidavits in substantially the form attached hereto as Exhibit 1.4(i);

(j) written resolutions of the Board of Directors of ECRMC and a related plan amendment ceasing further benefit accruals under the ECRMC Pension Plan;

(k) written resolutions of the Board of Directors of ECRMC and a related plan amendment terminating each Benefit Plan, including each ECRMC Defined Contribution Plan, with the exception of the ECRMC Pension Plan;

(l) the written resolutions of the Board of Directors of ECRMC and a related amendment transferring sponsorship of the ECRMC Pension Plan;

(m) copies of the Required Third-Party Consents;

(n) the Financial Contribution, which the City will deliver by wire transfer of immediately available funds to an account specified in writing by IVHD; and

(o) any such other instruments, certificates, consents, or other documents which the Parties deem reasonably necessary to carry out the Transaction and to comply with the terms hereof.

1.5 Items to be Delivered by IVHD at Closing. At or before the Closing, IVHD will deliver or cause to be delivered to Sellers the following:

(a) payment of the Purchase Price;

(b) a certificate, dated as of the Closing Date, and signed by an authorized officer of IVHD, that each of the conditions set forth in Section 7.3 have been satisfied;

(c) a certificate signed by the secretary or other authorized officer of IVHD, dated as of the Closing Date, certifying as to the resolutions adopted in connection with this Agreement and the Transaction and the incumbency of the officers of IVHD executing this Agreement and the other Transaction Documents;

(d) a fully executed Joint Powers and Affiliation Agreement by and among IVHD and The Regents of the University of California on behalf of UC San Diego Health (“UC San Diego Health”), which agreement covers the operations of the Hospital and supersedes the existing Joint Powers and Affiliation Agreement by and between UC San Diego Health and Sellers;

(e) the Bill of Sale, duly executed by IVHD;

(f) the Real Estate Assignments, duly executed by IVHD;

(g) the Transfer Agreement, duly executed by IVHD;

(h) Assignment of the Installment Purchase Agreement, duly executed by IVHD;

(i) a preliminary change of ownership report for each Owned Real Property; and

(j) any such other instruments, certificates, consents, or other documents which IVHD and Sellers mutually deem reasonably necessary to carry out the Transaction and to comply with the terms hereof.

1.6 Risk of Loss. The risk of loss or damage to any of the Assets, Owned Real Property, the Business and all other tangible and intangible property, transfer of which is contemplated by this Agreement, are as set forth in this Section 1.6. With respect to the Owned Real Property, if prior to the Closing, all or any material part of the Owned Real Property is destroyed or materially damaged by fire or the elements or by any other cause (any such damage or destruction, a “Casualty”) or is made subject to an eminent domain or similar proceeding (“Condemnation”), ECRMC will promptly (but not less than twenty (20) business days after obtaining actual knowledge of such destruction, damage, or condemnation) deliver written notice of such destruction, damage or condemnation to IVHD (copying the City), which notice will describe such destruction or damage or proceeding in reasonable detail. The Seller that owns the applicable parcel(s) of Owned Real Property shall have no obligation to repair or replace (or cause to be repaired or replaced) any such damage, destruction or taken property. Such Seller shall, at Closing, provide IVHD with the Condemnation proceeds or net proceeds from Casualty insurance actually received by such Seller on account of such Casualty or Condemnation (except to the extent (a) required to reimburse such Seller’s collection costs or applied to repairs by such Seller prior to the Closing Date, or (b) attributable to lost rents or other items applicable to any period prior to the Closing). If as of the Closing Date, such Seller has not received any such insurance or condemnation proceeds, then such Seller shall, upon the Closing, assign to IVHD all rights of such Seller, if any, to the insurance or condemnation proceeds (except to the extent (a) applied to repairs by such Seller prior to the Closing Date, or (b) attributable to lost rents or other items applicable to any period prior to the Closing). In connection with any assignment of insurance proceeds hereunder, such Seller pay to IVHD an amount equal to the applicable deductible amount under such Seller’s insurance (but not more than the amount by which (x) the cost as of the Closing Date to repair the damage as determined in good faith by IVHD is greater than (y) the insurance proceeds to be assigned to IVHD). Sellers and IVHD hereby expressly waive the provisions of California Civil Code Section 1662 and agree that the provisions of this Section 1.6 shall govern their obligations in the event of damage or destruction to the Owned Real Property or condemnation of all or part of the Owned Real Property.

## **ARTICLE II REPRESENTATIONS AND WARRANTIES OF THE CITY**

As an inducement to IVHD to enter into this Agreement and to consummate the Transaction, and except as set forth in the Disclosure Schedules and Disclosure Schedule Supplements, the City hereby represents and warrants to IVHD as follows:

2.1 Authorization. The City has full power and authority to enter into this Agreement and has full power and authority to perform its obligations hereunder and to carry out the Transaction.

2.2 Binding Agreement. The execution and delivery by the City of the Transaction Documents to which the City is a party and the consummation of the transaction contemplated thereby have been duly authorized by all requisite action on the part of the City. The Transaction Documents to which the City is a party have been duly and validly executed and delivered by the City and, assuming due and valid execution by IVHD, constitute legal, valid, and binding obligations of the City, enforceable against the City in accordance with their respective terms subject to (a) applicable bankruptcy, reorganization, insolvency, moratorium, and other Laws

affecting creditors' rights generally from time to time in effect, and (b) general principles of equity that may limit the enforcement of equitable remedies.

2.3 Organization and Good Standing. The City is duly organized, validly existing and in good standing under the Laws of the State of California, is duly authorized to transact business in the State of California, and every other jurisdiction in which it conducts business or the nature of its business and operations would require qualification as a foreign municipal corporation. The City has full power and authority to own, operate and lease its properties and to carry on its business as now conducted.

2.4 No Violation. Except as set forth in Disclosure Schedule 2.4, neither the execution and delivery by the City of the Transaction Documents to which the City is a party, the transfer of Assets to IVHD, nor the consummation of the transactions contemplated thereby and the compliance with any of the material provisions hereof by the City will (a) conflict with or result in a breach of or constitute a default by the City under any contract, agreement, instrument or other document to which the City is a party or by which the City or any of its assets or properties are bound or subject or to which any entity in which the City has an interest, is a party, or by which any such entity is bound, except for such conflicts, breaches or defaults as to which requisite waivers or consents have been obtained, (b) require any approval or consent of, filing or registration with, or other action by, any Governmental Entity, (c) violate any Law, rule, regulation, or ordinance to which the City is or may be subject, (d) to City's Knowledge, violate any judgment, order or decree of any court or other Governmental Entity to which the City is subject, or (e) result in the creation of any Encumbrance upon the Assets or the Facilities, other than Permitted Exceptions.

2.5 Brokers and Finders. Neither the City nor any officer or director of the City has engaged, either directly or indirectly, or incurred any liability to, any finder or broker in connection with the Transaction.

2.6 Real Property.

(a) To the City's Knowledge, there are no eminent domain proceedings or zoning or other public land use proceedings pending and served upon the City, or threatened in writing by a Governmental Entity against the City-Owned Properties.

(b) There is no material legal action, investigation or proceedings in any court or before or by any federal, state, county or municipal department, commission, board, bureau or agency or other Governmental Entity of any kind pending, or to the City's Knowledge, anticipated, or threatened, (i) against the City and related to any of the City-Owned Properties, (ii) against any portion of the City-Owned Properties, or (iii) relating to any of the Lessor Leases in connection with ECRMC's operation of the Business.

(c) The City has not granted or conveyed to any individual or entity (other than IVHD and the Tenant Leases) any right or option to acquire the City-Owned Properties or any portion thereof or interest therein.

(d) The City has not received any notice of any violation of any law, rule, regulations, municipal ordinance or other governmental requirement affecting the City-Owned

Properties, and the City has no knowledge that any governmental authority contemplates issuing such a notice, or that any such violation exists.

(e) Except as disclosed on Disclosure Schedule 2.6(e), (i) the City obtained and is in compliance with all permits required pursuant to Environmental Laws for the occupation of the City-Owned Properties, and the City is in compliance with all such permits; (ii) the City has not received any order, notice, or other communication from (nor to the City's Knowledge has any action been threatened by) any Person of any alleged obligation of the City to undertake or bear the cost of any remediation action; and (iii) there are no pending or, to the City's Knowledge, threatened, claims, liens, or other restrictions of any nature, resulting from any violation or failure to comply with any applicable Environmental Law with respect to any City-Owned Property.

(f) Except as disclosed in Disclosure Schedule 2.6(f) with respect to the City-Owned Properties to the City's Knowledge:

(i) As to each Lessor Lease, there is no Person in possession of any portion of the premises leased under such Lessor Lease other than the City or ECRMC. As to each Lessor Lease, other than this Agreement, there are no Contracts entered into by the City which grant any party the right to acquire the leasehold interests in the premises leased thereunder or any portion thereof.

(ii) As to each Tenant Lease, there is no other Person in possession of any portion of the premises leased thereunder. As to each Tenant Lease, other than this Agreement, there are no Contracts entered into by the City which grant to any party the right to acquire the leasehold interests in the premises leased thereunder or any portion thereof.

(iii) Except for this Agreement, the City has not entered into any contract which grants any party the right to acquire the City-Owned Properties or portion thereof and which remains pending.

(iv) As to each of the Tenant Leases, each of the Tenant Leases is in full force and effect.

(v) None of the Tenant Leases and none of the rents or other amounts payable under the Tenant Leases have been assigned, pledged or encumbered by the City, and the Tenant Leases may be assigned by the City.

(vi) No tenant under a Tenant Lease has asserted any claim which could adversely affect the right of the landlord to collect rent from such tenant. No written notice of default or breach on the part of landlord or any tenant under any of the Tenant Leases has been given or received by the City to or from any tenant which has not been cured.

(vii) No brokerage or leasing commissions or other compensation is or will be due or payable to any party, including any renewals or extensions thereof.

(viii) As to each of the Lessor Leases, each of the Lessor Leases is in full force and effect.

(ix) No landlord under a Lessor Lease has asserted any claim which could adversely affect the right of the City to occupy the leased premises. No written notice of default or breach on the part of landlord or any tenant under any of the Lessor Leases has been given or received by the City to or from any landlord which has not been cured.

(x) No brokerage or leasing commissions or other compensation is or will be due or payable to any party, including any renewals or extensions.

(xi) There are no required guaranties under such Lessor Leases.

(xii) All work and tenant improvements required to be completed under the terms of such Lessor Lease by such landlord or the City has been completed and there are no additional material obligations in connection therewith.

(xiii) There are no obligations to reimburse a landlord under the Lessor Lease for abated rent.

2.7 Title to Assets. Subject to the exclusions contained in the Title Policy with respect to real property Assets, the City is the sole and lawful owner of, and has good title to, or a valid leasehold interest in, all of the City-Owned Properties and City Assets, free and clear of all Encumbrances other than the Permitted Exceptions.

2.8 Legal Proceedings. Except as set forth in Disclosure Schedule 2.8, there are no claims, proceedings or investigations pending or, to the City's Knowledge, threatened relating to or affecting the City before any court or Governmental Entity in which an adverse determination would be reasonably likely to (i) adversely affect the City's ability to consummate the Transaction, or (ii) materially and adversely affect the City-Owned Properties. The City is not subject to any judgment, order, decree or other governmental restriction specifically (as distinct from generically) applicable to the City which would be reasonably likely to adversely affect the City's ability to consummate the Transaction.

2.9 Transactions With Affiliates. Except as set forth in Disclosure Schedule 2.9, to the City's Knowledge, no corporate member, director, trustee, officer, city councilmember or employee of the City or member of the family of any such person, or any corporation, partnership, trust or other entity in which any such person, or any member of the family of any such person, has a substantial interest or is an officer, director, trustee, partner or holder of any equity interest, is a party to any transaction with the City with respect to the Business or the Assets, including any contract, agreement or other arrangement providing for the employment of, furnishing of goods or services by, rental of real or personal property from or to or otherwise requiring payments or involving other obligations to any such person or firm.

2.10 Default. Except as set forth on Disclosure Schedule 2.6(f), to the City's Knowledge, there is no breach or default with respect to any Assumed Liabilities or event which with the passage of time or provision of notice would constitute a breach or default with respect to any Assumed Liabilities.

2.11 AS IS, WHERE IS. THE ASSETS ARE BEING CONVEYED "AS IS", "WHERE IS", AND "WITH ALL FAULTS" AS OF THE CLOSING DATE, WITHOUT ANY

REPRESENTATION OR WARRANTY WHATSOEVER AS TO THEIR CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED OTHER THAN AS SET FORTH IN THIS AGREEMENT. THE CITY SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, THERETO EXCEPT AS OTHERWISE SET FORTH IN THE AGREEMENT. IVHD IS HEREBY THUS ACQUIRING THE ASSETS BASED SOLELY UPON IVHD'S OWN INDEPENDENT INVESTIGATIONS AND INSPECTION OF THAT PROPERTY AND NOT IN RELIANCE UPON ANY INFORMATION PROVIDED BY THE CITY OR THE CITY'S AGENTS OR CONTRACTORS EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE CITY HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE OF, AS TO, CONCERNING OR WITH RESPECT TO THE PROPERTY OR ANY OTHER MATTER WHATSOEVER. IVHD IS A SOPHISTICATED BUYER WHO IS FAMILIAR WITH THE OWNERSHIP AND OPERATION OF REAL PROPERTY AND BUSINESS SIMILAR TO THE ASSETS, AND IVHD HAS HAD ADEQUATE OPPORTUNITY OR WILL HAVE ADEQUATE OPPORTUNITY PRIOR TO CLOSING TO COMPLETE ALL PHYSICAL AND FINANCIAL EXAMINATIONS RELATING TO THE ACQUISITION OF THE ASSETS HEREUNDER IT DEEMS NECESSARY, AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF AND IN RELIANCE UPON SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION AFFORDED BY IVHD'S TITLE POLICY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY THE CITY.

2.12 City's Knowledge. References in this Agreement to "City's Knowledge" means the actual knowledge of the City Manager after reasonable inquiry of his or her direct reports.

### **ARTICLE III REPRESENTATIONS AND WARRANTIES OF ECRMC**

As an inducement to IVHD to enter into this Agreement and to consummate the Transaction, and except as set forth in the Disclosure Schedules and Disclosure Schedule Supplements, ECRMC hereby represents and warrants to IVHD as follows:

3.1 Authorization. ECRMC has full power and authority to enter into this Agreement and has full power and authority to perform its obligations hereunder and to carry out the Transaction.

3.2 Binding Agreement. The execution and delivery by ECRMC of the Transaction Documents to which ECRMC is a party and the consummation of the transaction contemplated thereby have been duly authorized by all requisite action on the part of ECRMC. The Transaction Documents to which ECRMC is a party have been duly and validly executed and delivered by ECRMC and, assuming due and valid execution by IVHD, constitute legal, valid, and binding obligations of ECRMC, enforceable against ECRMC in accordance with their respective terms subject to (a) applicable bankruptcy, reorganization, insolvency, moratorium, and other Laws



affecting creditors' rights generally from time to time in effect, and (b) general principles of equity that may limit the enforcement of equitable remedies.

3.3 Organization and Good Standing. ECRMC is duly organized, validly existing and in good standing under the Laws of the State of California, is duly authorized and licensed to transact business in the State of California and every other jurisdiction in which it conducts business or the nature of its business and operations would require qualification as a foreign corporation or other entity. ECRMC has full power and authority to own, operate and lease its properties and to carry on its business as now conducted.

3.4 No Violation. Except as set forth in Disclosure Schedule 3.4, neither the execution and delivery by ECRMC of the Transaction Documents to which ECRMC is a party, the transfer of Assets to IVHD, nor the consummation of the transactions contemplated thereby and the compliance with any of the material provisions hereof by ECRMC will (a) violate, conflict with or result in a breach of any material provision of the Articles of Incorporation, Bylaws or other organizational documents of ECRMC, (b) conflict with or result in a breach of or constitute a default by ECRMC under any contract, agreement, instrument or other document to which ECRMC is a party or by ECRMC or any of its assets or properties are bound or subject or to which any entity in which ECRMC has an interest, is a party, or by which any such entity is bound, except for such conflicts, breaches or defaults as to which requisite waivers or consents have been obtained, (c) require any approval or consent of, filing or registration with, or other action by, any Governmental Entity, (d) violate any Law, rule, regulation, or ordinance to which ECRMC is or may be subject, (e) violate any judgment, order or decree of any court or other Governmental Entity to which ECRMC is subject, or (f) result in the creation of any Encumbrance upon the Assets or the Facilities, other than Permitted Exceptions.

3.5 Consents and Approvals.

(a) Except as set forth on Disclosure Schedule 3.5(a), no registration or filing with, or consent or approval of, or other action by, any federal, state or other governmental agency or instrumentality is or will be necessary for the valid execution, delivery and performance of this Agreement by ECRMC, the transfer of the Assets to IVHD (each, a "Required Governmental Entity Consent").

(b) Except as set forth on Disclosure Schedule 3.5(b), no consent, approval or authorization of any non-governmental third party is required in order for ECRMC to consummate the transactions or perform the related covenants and agreements of ECRMC contemplated hereby, or to vest in IVHD full right, title and interest in the Assets free and clear of any Lien upon the Assets (other than Permitted Exceptions) (each a "Required Third Party Consent").

3.6 Licenses and Permits. Each of the Facilities is, and for the past three (3) years has been, duly licensed pursuant to the applicable laws of the State of California. Schedule 1.1(a)(ii) contains a true, correct and complete list of all licenses. Each license is valid and in full force and effect, no License is subject to any Encumbrance (other than Permitted Exceptions), limitation, restriction, probation or other qualification (except to the extent of any limitations, restrictions or qualifications under the license's terms or under applicable Law) and there is no default under any license or, to ECRMC's Knowledge, any basis for the assertion of any default thereunder. There

is no investigation or proceeding pending or, to ECRMC's Knowledge, threatened that could result in the termination, revocation, limitation, suspension, restriction or impairment of any license or the imposition of any fine, penalty or other sanctions for violation of any legal or regulatory requirements relating to any license nor, to ECRMC's Knowledge, is there any basis therefor.

3.7 Brokers and Finders. Neither ECRMC nor any officer or director of ECRMC has engaged, either directly or indirectly, or incurred any liability to, any finder or broker in connection with the Transaction.

3.8 Real Property.

(a) To ECRMC's Knowledge, there are no eminent domain proceedings or zoning or other public land use proceedings pending and served upon ECRMC, threatened in writing by a Governmental Entity against the ECRMC-Owned Properties.

(b) No material legal action, investigation or proceedings in any court or before or by any federal, state, county or municipal department, commission, board, bureau or agency or other Governmental Entity of any kind pending or to ECRMC's Knowledge, anticipated or threatened, (i) against ECRMC and related to any of the ECRMC-Owned Properties, (ii) against any portion of the ECRMC-Owned Properties, or (iii) relating to any of the Lessor Leases in connection with the operation of the Business.

(c) ECRMC has not granted or conveyed to any individual or entity (other than IVHD and the Tenant Leases) any right or option to acquire the ECRMC-Owned Properties or any portion thereof or interest therein.

(d) ECRMC has not received any notice of any violation of any law, rule, regulations, municipal ordinance or other governmental requirement affecting the ECRMC-Owned Properties, and ECRMC has no knowledge that any governmental authority contemplates issuing such a notice, or that any such violation exists.

(e) Except as disclosed in Disclosure Schedule 3.8(e), (i) ECRMC has not received any notice from a Government Entity alleging that it is not in compliance with applicable Environmental Laws; (ii) ECRMC has not received any order, notice, or other communication from (nor to the Knowledge of ECRMC has any action been threatened by) any Person of any alleged obligation of ECRMC to undertake or bear the cost of any remediation action; and (iii) there are no pending or, to the Knowledge of ECRMC, threatened, claims, liens, or other restrictions of any nature, resulting from any violation or failure to comply with any applicable Environmental Law with respect to the Business or the ECRMC-Owned Properties.

(f) Except as disclosed in Disclosure Schedule 3.8(f), with respect to the Real Property, to ECRMC's Knowledge:

(i) As to each Lessor Lease, there is no Person in possession of any portion of the premises leased under such Lessor Lease other than the City or ECRMC. As to each Lessor Lease, other than this Agreement, there are no Contracts entered into by ECRMC which grant any party the right to acquire the leasehold interests in the premises leased thereunder or any portion thereof.

(ii) As to each Tenant Lease, there is no other Person in possession of any portion of the premises leased thereunder. As to each Tenant Lease, other than this Agreement, there are no Contracts entered into by ECRMC which grant to any party the right to acquire the leasehold interests in the premises leased thereunder or any portion thereof.

(iii) Except for this Agreement, ECRMC has not entered into any contract which grants any party the right to acquire the ECRMC-Owned Properties or portion thereof and which remains pending.

(iv) As to each of the Tenant Leases, each of the Tenant Leases is in full force and effect.

(v) None of the Tenant Leases and none of the rents or other amounts payable under the Tenant Leases have been assigned, pledged or encumbered by ECRMC, and the Tenant Leases may be assigned by ECRMC.

(vi) No tenant under a Tenant Lease has asserted any claim which could adversely affect the right of the landlord to collect rent from such tenant. No written notice of default or breach on the part of landlord or any tenant under any of the Tenant Leases has been given or received by ECRMC to or from any tenant which has not been cured.

(vii) No brokerage or leasing commissions or other compensation is due or payable to any party, including any renewals or extensions thereof.

(viii) As to each of the Lessor Leases, each of the Lessor Leases is in full force and effect.

(ix) No landlord under a Lessor Lease has asserted any claim which could adversely affect the right of ECRMC to occupy the leased premises. No written notice of default or breach on the part of landlord or any tenant under any of the Lessor Leases has been given or received by ECRMC to or from any landlord which has not been cured.

(x) No brokerage or leasing commissions or other compensation is due or payable to any party, including any renewals or extensions thereof.

(xi) There are no required guaranties under such Lessor Leases.

(xii) All work and tenant improvements required to be completed under the terms of such Lessor Lease by such landlord or ECRMC has been completed and there are no additional material obligations in connection therewith.

(xiii) There are no obligations to reimburse a landlord under the Lessor Lease for abated rent.

3.9 Compliance with Laws. Except as set forth on Disclosure Schedule 3.9:

(a) With respect to the Business, to ECRMC's Knowledge, ECRMC is in compliance in all material respects with all applicable Laws. With respect to the Business,

ECRMC has not received any written notice to the effect that, or otherwise been advised that, ECRMC is not in compliance in any material respect with any applicable Laws, and to ECRMC's Knowledge, ECRMC has no reasonable basis to anticipate that any existing circumstances are likely to result in a violation of any Law.

(b) To ECRMC's Knowledge, there are no reasonable grounds to anticipate the commencement of any investigation or inquiry, or the assertion of any claim or demand by any government agency, intermediary or carrier, in each case with respect to any of the activities, practices, policies or claims of the Business, or any payments or reimbursements claimed by or relating to the Business. ECRMC is not currently subject to any outstanding audit with respect to the Business by any such government agency, intermediary or carrier outside the Ordinary Course of Business, and to ECRMC's Knowledge there are no reasonable grounds to anticipate any such audit in the foreseeable future. ECRMC is not currently subject to unsatisfied judgments, penalties or awards with respect to the Business by any such government agency, intermediary or carrier.

### 3.10 Healthcare Matters.

#### (a) Medicare and Medicaid Participation and Hospital Accreditation.

(i) All payment programs in which ECRMC has participated in at any time during the last three (3) years with respect to the Business are listed on Disclosure Schedule 3.10(a)(i) (the "Seller Payment Programs"). The Facilities are qualified for participation in the Seller Payment Programs, are currently enrolled a participating providers or suppliers (as applicable) in such programs, have current and valid provider or supplier contracts with such programs, are, and for the past three (3) years have been, in compliance in all material respects with the conditions of participation in such programs, and have received all approvals or qualifications necessary for capital reimbursement for the Facilities.

(ii) With respect to the Business: (i) there is no pending or, to ECRMC's Knowledge, threatened investigation, or civil, administrative or criminal proceeding relating to ECRMC's participation in any Seller Payment Program except for any routine audits in the Ordinary Course of Business; (ii) ECRMC is not subject to, nor have it been subjected to during the last three (3) years, any pre-payment utilization review or other utilization review by any Seller Payment Program, except for routine reviews in the Ordinary Course of Business, which did not or do not result in any material penalties or findings; (iii) in the last three (3) years, no Seller Payment Program has requested or threatened in writing any recoupment, refund, or set-off from ECRMC and, to ECRMC's Knowledge, there is no basis therefor; (iv) in the last three (3) years, no Seller Payment Program has imposed a fine, penalty or other sanction on ECRMC; and (v) in the last three (3) years, ECRMC has not submitted to any Seller Payment Program any false or fraudulent claim for payment or violated any condition for participation, or any rule, regulation, policy or standard of, any Seller Payment Program. During the last three (3) years, all Medicare costs reports required to be filed by ECRMC regarding the Business have been accurately completed and timely filed in all material respects.

(iii) Except as set forth on Disclosure Schedule 3.10(a)(iii), each of the Facilities is duly accredited by The Joint Commission, and such accreditation is in full force and effect with no contingencies. To ECRMC's Knowledge, no event has occurred or other material

fact exists with respect to the Facilities' accreditation that allows, or after notice or lapse of time or both would allow, revocation, suspension, restriction, limitation or termination of such accreditation or would result in any other impairment of the rights of the holder of such accreditation.

(iv) During the last three (3) years all billing practices of ECRMC with respect to the Facilities to all third party payors, including the Seller Payment Programs, have been in material compliance with applicable Laws and ECRMC's contracts therewith, and neither ECRMC nor the Facilities have billed or received any payment or reimbursement in excess of amounts allowed by Law or the rules and regulations of the Seller Payment Programs or ECRMC's contracts therewith. During the last three (3) years, ECRMC has timely filed, submitted, or obtained in the Ordinary Course of Business all material reports, billings, and documents required to be filed, submitted or obtained to receive reimbursement from Medicare, Medicaid, Medi-Cal, CHAMPUS/TRICARE, or other third party payment programs, as applicable, for services furnished at the Facilities.

(v) Neither ECRMC nor the Facilities nor any of their respective officers, directors, managers, managing employees, service providers, controlling members or shareholders, employees, agents, or contractors providing direct patient care, indirect patient care, or administrative and management services are excluded from participation in the Medicare, Medicaid, Medi-Cal, CHAMPUS/TRICARE programs or any other federal healthcare program, nor to the Knowledge of Sellers is any such exclusion, suspension, or debarment pending or threatened. ECRMC performs periodic searches of relevant data bases, including without limitation the "List of Excluded Individuals/Entities" from the United States Health and Human Services Office of Inspector General ("OIG Health and Human Services") and the "List of Excluded Individuals/Entities" from the System for Award Management to confirm that none of the foregoing have been excluded, suspended, or debarred from participation in Medicare, Medicaid, Medi-Cal, or CHAMPUS/TRICARE programs or any other federal healthcare program.

(b) Fraud and Abuse Compliance. With respect to the Business, in the last three (3) years and to the ECRMC's Knowledge, (A) ECRMC has not submitted any claim to any Seller Payment Program in connection with any referrals that violated any applicable self-referral Law, including without limitation the Stark Law, or any applicable state self-referral Law; (B) ECRMC has complied with all disclosure requirements of all applicable self-referral Laws, including without limitation the Stark Law and any applicable state self-referral Law; (C) neither ECRMC nor, to ECRMC's Knowledge, any Affiliate of ECRMC has knowingly or willfully solicited, received, paid or offered to pay any remuneration, directly or indirectly, overtly or covertly, in cash or kind for the purpose of making or receiving any referral which violated any applicable anti-kickback Law, including without limitation the Federal Anti-Kickback Statute or any applicable state anti-kickback Law; (D) ECRMC has not submitted any claim for payment to any Seller Payment Program in violation of any Laws relating to false claim or fraud, including without limitation the Federal False Claim Act or any applicable state false claim or fraud Law; and (E) ECRMC has been in compliance in all material respects with all applicable state corporate practice of medicine and fee-splitting laws and regulations.

(c) Seller Payment Program Audits and Investigations. ECRMC has not, within the last three (3) years (i) been a party or subject to a Corporate Integrity Agreement with the OIG Health and Human Services, (ii) had any reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority, (iii) been the subject of any governmental payer program investigation conducted by any federal or state enforcement agency, (iv) to ECRMC's Knowledge, been a defendant in any qui tam/Federal False Claims Act or state false claims act litigation, (v) been served with or received any search warrant, subpoena, civil investigative demand contact letter, or, to ECRMC's Knowledge, telephone or personal contact by or from any federal or state enforcement agency, (vi) to ECRMC's Knowledge, been the subject of any focused reviews, Zone Program Integrity Contractor audits, RAC audits, Medicaid Integrity Program audits, Comprehensive Error Rate Testing Contractor audits, Supplemental Medical Review Contractor audits, MAC audits or any other similar audits with respect to any federal healthcare program, except for those that were routine in nature and/or did not result in any material repayment obligations, penalties or other remediation obligations for Sellers or the Facilities, (vii) made a filing pursuant to the OIG's Self Disclosure Protocol, CMS's Voluntary Self-Referral Disclosure Protocol, the ONC Information Blocking Portal, or other voluntary disclosure to the OIG, CMS or other Governmental Authority; and (viii) to ECRMC's Knowledge, received any written complaints or notice from any employee, independent contractor, vendor, physician or other Person or organization alleging or that would indicate that ECRMC has violated any material healthcare law or regulation and/or requirements of any Government Authority having jurisdiction over ECRMC, the Facilities and/or Assets.

(d) Quality Reporting Initiatives. ECRMC has registered with the QNet Exchange ("Qnet") as and to the extent required by CMS under its Hospital Quality Initiative Program (the "HQI Program"). ECRMC has submitted all quality data required under the HQI Program to CMS or its agent and otherwise complied in all material respects with all requirements of the HQI Program, and have submitted all quality data required under the ORYX Core Measure Performance Measurement System ("ORYX") to The Joint Commission, for all calendar quarters concluded during the last three (3) years, except for any quarter for which the respective reporting deadlines have not yet expired. All such submissions of quality data have been made in all material respects in accordance with the applicable reporting deadlines and in the form and manner required by CMS and The Joint Commission, respectively. ECRMC has not received written notice of any reduction in reimbursement under the Medicare program resulting from their failure to report quality data to CMS or its agent as required under the HQI Program.

(e) Medical Staff Matters. Sellers have provided to IVHD true, correct, and complete copies of the bylaws and rules and regulations of the medical staff of the Business, as well as a list of all current members of the medical staff of the Business. Except as set forth on Disclosure Schedule 3.10(e), no medical staff members of any of the Facilities or providers with privileges have (i) had their privileges revoked or suspended by ECRMC, or (ii) been excluded from participation in any "federal health care program" as defined in 42 U.S.C. §1320a-7b(f) (including Medicare, state Medicaid programs, state CHIP programs, TRICARE and similar or successor programs with or for the benefit of any Governmental Authority) or any other state payment or reimbursement programs that are under the authority of any state Governmental Authority, or, to ECRMC's Knowledge, is under investigation that may result in any exclusion from such participation.

(f) Experimental Procedures. In the last three (3) years, ECRMC has not performed or permitted the performance of any experimental or research procedures or studies involving patients of the Business not authorized and conducted in accordance with applicable Law.

(g) Compliance Program. ECRMC maintains a written compliance program in compliance with all Laws, including, without limitation, all Healthcare Laws, and appropriate training and education programs are in place consistent with compliance program guidelines. During the last three (3) years, ECRMC has operated the Business in all material respects in accordance with its compliance program. For purposes of this Agreement, the term “compliance program” refers to compliance programs of the type described in the compliance guidance published by the OIG Health and Human Services.

(h) Stimulus Funds. Except as set forth on Disclosure Schedule 3.10(e), ECRMC did not receive any funds under the Paycheck Protection Program established pursuant to the Coronavirus Aid, Relief, and Economic Security Act (Pub. L. 116-136), as amended (the “CARES Act”). ECRMC has repaid in full to the appropriate Governmental Authority any amounts due, including any accrued and unpaid interest, under all payments made to the Sellers under the Medicare Hospital Accelerated Payment Program as defined under Section 3719 of the CARES Act. ECRMC utilized any provider relief Funds in accordance with all applicable Laws and the applicable terms and conditions. ECRMC maintains appropriate accounting records associated with such funds, including tracking the costs and other expenses for which stimulus funds are used and quantifying the lost revenue incurred in connection with the operation of the Business during the COVID-19 pandemic.

(i) Privacy.

(i) Except as set forth on Disclosure Schedule 3.10(i)(i), for the past three (3) years, ECRMC has been in compliance with Privacy Laws in all material respects.

(ii) Except as set forth on Disclosure Schedule 3.10(i)(ii), to ECRMC’s Knowledge, in the last three (3) years, there have been no material breaches in the security of any of the computer systems, including the software, firmware, hardware, networks, interfaces, platforms and related systems owned leased or licensed by ECRMC that was required to be reported by Law.

(iii) The execution, delivery, or performance of this Agreement and the consummation of the transactions contemplated hereby, in each case on the part of ECRMC will not violate Privacy Laws or result in or give rise to any right of termination or other right to impair or limit ECRMC’s rights to own, use, or disclose any information used in or necessary for the operation of the business of the Sellers as currently conducted.

3.11 Title to Assets. ECRMC is the sole and lawful owner of, and has good title to, or a valid leasehold interest in, all of the ECRMC-Owned Properties and Assets owned by ECRMC, free and clear of all Encumbrances other than the Permitted Exceptions.

3.12 Labor and Benefits Matters.

(a) ECRMC has provided IVHD a complete and accurate list of all Business Employees as of the date of this Agreement, along with the position, status as full-time or part-time, date of hire, union affiliation, base compensation, any other regular compensation (such as bonuses or commissions), status as active or on leave (and, if on leave, the nature of the leave and the anticipated date of return, if known), status as exempt or non-exempt for purposes of federal and state overtime pay and other wage-and-hour requirements, and accrued but unused sick time or vacation leave or paid time off.

(b) Except as listed on Disclosure Schedule 3.12(b), (i) ECRMC is not party to any memorandum of understanding, collective bargaining agreement or other organized labor agreement; (ii) to ECRMC's Knowledge, ECRMC is not currently subject to any union organizing activities; (iii) to ECRMC's Knowledge, ECRMC has not breached or otherwise failed to comply with any provision of any Memorandum of Understanding, and there are no grievances outstanding against ECRMC under any Memorandum of Understanding; (iv) to ECRMC's Knowledge, there are no unfair labor practice complaints pending against ECRMC with respect to the Business Employees before the Public Employment Relations Board or any current union representation questions involving the Business Employees; and (v) there is no strike, slowdown, work stoppage or lockout or, to ECRMC's Knowledge, threat thereof, by or with respect to the Business Employees.

(c) Disclosure Schedule 3.12(b) sets forth a true and complete list of the Benefit Plans. With respect to each Benefit Plan, ECRMC has made available to IVHD accurate, current and complete copies of each of the following (to the extent applicable): (i) the plan document together with all amendments, and, with respect to any Benefit Plan that has not been reduced to writing, a written summary of the material plan terms; (ii) all current determination letters, opinion letters or advisory letters from the Internal Revenue Service and any legal opinions issued thereafter with respect to such Benefit Plan's continued qualification; (iii) copies of any trust agreements, insurance policies and contracts, group annuity contracts, custodial agreements, administration and similar agreements; investment management or investment advisory agreements, and similar funding instruments now in effect or required in the future as a result of the transactions contemplated by this Agreement or otherwise; (iv) copies of any summary plan descriptions, summaries of material modifications, summaries of benefits and coverage, COBRA or PHSA communications, and the most recent employee handbook and any other written communications (or a description of any oral communications) relating to any Benefit Plan; (v) the actuarial valuation report for any defined benefit pension plan for the last 3 years; and (vi) copies of material notices, letters or other correspondence from the Internal Revenue Service, Department of Labor, Department of Health and Human Services, Pension Benefit Guaranty Corporation or other Governmental Authority relating to any Benefit Plan. Each Benefit Plan is sponsored by ECRMC and no Benefit Plan is sponsored by any Controlled Group Member or Affiliate.

(d) Each Benefit Plan and any related trust have been properly and legally established and each have been administered and maintained in all material respects in accordance with its terms and in compliance with all applicable Laws. To ECRMC's Knowledge, nothing has occurred, and no circumstances exist with respect to any Benefit Plan that has subjected or could reasonably be expected to subject ECRMC or any Affiliate or, with respect to any period on or after the Closing Date, IVHD or any Affiliate, to any material penalty or tax under applicable Law.



Each Benefit Plan that is intended to be qualified within the meaning of Section 401(a) of the Code (a “Qualified Benefit Plan”) is so qualified and received a favorable and current determination letter from the Internal Revenue Service with respect to such qualification, or with respect to a prototype or volume submitter plan, can rely on an opinion letter from the Internal Revenue Service to the prototype plan or volume submitter plan sponsor, to the effect that such Qualified Benefit Plan is so qualified and that the plan and the trust related thereto are exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, and no event or omission has occurred that could reasonably be expected to adversely affect the qualified status of any Qualified Benefit Plan.

(e) There are no pending proceedings relating to any Benefit Plan other than routine claims for benefits, and no Benefit Plan is under or has within the three (3) years been the subject of an examination or audit by a Governmental Entity or the subject of an application or filing under or is a participant in, an amnesty, voluntary compliance, self-correction or similar program sponsored by any Governmental Entity, and, to ECRMC’s Knowledge, there is no reasonable basis for any such proceedings, audit or investigation.

(f) Neither ECRMC, the Sellers nor any of their Controlled Group Members have ever maintained, sponsored, contributed to, or has been obligated to maintain, sponsor or contribute to, or had any Liability with respect to (whether contingent or otherwise): (i) any “employee pension plan” (as defined in Section 3(2) of ERISA), subject to Title IV of ERISA or Section 412 of the Code; (ii) a “multiemployer plan” (as defined in Section 3(37) of ERISA); (iii) a “multiple employer plan,” as defined in Section 3(40) of ERISA, (iv) a “voluntary employees’ beneficiary association,” as defined in Section 501(c)(9) of the Code, or (v) a “multiple employer welfare arrangement,” as defined in Section 3(40) of ERISA. Neither ECRMC, Sellers nor any of their Controlled Group Members has (i) incurred or reasonably expects to incur, either directly or indirectly, any material Liability under Title I or Title IV of ERISA or related provisions of the Code or, except with respect to the ECRMC Pension Plan, applicable local Law relating to employee benefit plans; (ii) failed to timely pay premiums to the Pension Benefit Guaranty Corporation for any Benefit Plan for which such premiums are required; (iii) withdrawn from any employee benefit plan in a manner that could result in any withdrawal liability under Title IV of ERISA; (iv) engaged in any transaction which would give rise to liability under Section 4069 or Section 4212(c) of ERISA; (v) incurred taxes under Section 4971 of the Code with respect to any Benefit Plan; (vi) completely or partially terminated any Benefit Plan that is an “employee pension plan” (as defined in Section 3(2) of ERISA) and no proceeding has been initiated by the Pension Benefit Guaranty Corporation or any other Governmental Authority to terminate any Employee Benefit Plan or to appoint a trustee for any such plan.

(g) Except with respect to the ECRMC Pension Plan, no Benefit Plan is underfunded. No Benefit Plan subject to the minimum funding requirements of the Code or ERISA has an “accumulated funding deficiency,” whether or not waived, has failed to pay when due any “required installments” within the meaning of Section 412(m) of the Code, or is subject to a lien for unpaid contributions under Section 303(k) of ERISA or Section 430(k) of the Code. No Benefit Plan that is an employee pension plan subject to Section 436 of the Code has an “adjusted funding target attainment percentage,” as defined in Section 436 of the Code, less than 80% and with respect to each Benefit Plan. Except with respect to the ECRMC Pension Plan, the assets of each Benefit Plan are at least equal in value to the present value of the project benefit obligations (vested

and unvested) of such plan based on the actuarial methods and assumptions used in the most recent actuarial valuation report and in accordance with GAAP. All benefits, contributions and premiums relating to each Benefit Plan have been timely paid in accordance with the terms of such Benefit Plan and all applicable Laws and accounting principles, and all benefits accrued under any unfunded Benefit Plan have been paid, accrued or otherwise adequately reserved to the extent required by, and in accordance with GAAP.

(h) Each Benefit Plan can be amended, terminated or otherwise discontinued after the Closing in accordance with its terms to the extent permitted under applicable Law, including the elimination of any and all future benefit accruals thereunder to the extent permitted under applicable Law, without increasing the material liabilities to IVHD or ECRMC other than ordinary administrative expenses typically incurred in a termination event, and no employee communications or provision of any Benefit Plans has failed to effectively reserve the right of the plan sponsor to so amend, terminate or otherwise modify such Benefit Plans. Except as provided in Sections 5.4 and 5.4, ECRMC has no commitment or obligation and has not made any representations to any employee, officer, director, independent contractor or consultant, whether or not legally binding, to adopt, amend, modify or terminate any Benefit Plan or any collective bargaining agreement, in connection with the consummation of the transactions contemplated by this Agreement or otherwise. There has been no amendment to, announcement by ECRMC relating to, or change in employee participation or coverage under, any Benefit Plan or collective bargaining agreement that would increase the annual expense of maintaining such plan above the level of the expense incurred for the most recently completed fiscal year (other than on a de minimis basis).

(i) Other than as required under Sections 601 to 608 of ERISA or other applicable Law, no Benefit Plan or other arrangement provides post-termination or retiree health benefits to any individual for any reason and Sellers, ECRMC and their Affiliates have never represented, promised or contracted to any individual that such individual would be provided with post-termination or retiree health benefits. ECRMC, Sellers and each Controlled Group Member is and, at all relevant times, has been in compliance in all material respects with the Patient Protection and Affordable Care Act, the Health Care and Education Reconciliation Act of 2010, and all regulations and guidance issued thereunder (collectively, the “Health Care Reform Laws”), including the employer shared responsibility provisions relating to the offer of medical coverage that qualifies as “minimum essential coverage” that is “affordable” and provides “minimum value” to “full time employees” and their “dependents” (as those terms are defined in Section 4980H of the Code and the related Treasury Regulations) and the applicable information reporting requirements under Sections 6055 and 6056 of the Code; and neither ECRMC, Sellers or any Controlled Group Member or any Benefit Plan has incurred (and nothing has occurred, and no condition or circumstance exists, that could subject IVHD, Seller, any Controlled Group Member or any Benefit Plan) to any assessable payment, Tax or penalty under Section 4980D or 4980H of the Code or under any other provision of the Health Care Reform Laws.

(j) No Benefit Plan is subject to the laws of any jurisdiction outside of the United States.

(k) Each Benefit Plan that is subject to Section 409A or Section 457(f) of the Code has been administered in compliance with its terms and the operational and documentary

requirements of Section 409A or Section 457(f) of the Code, as applicable, and all applicable regulatory guidance (including notices, rulings and proposed and final regulations) thereunder and no payment to be made under any Benefit Plan is, or will be, subject to the penalties of Section 409A(a)(1) of the Code. ECRMC has no obligation to gross up, indemnify or otherwise reimburse any individual for any Taxes incurred pursuant to Section 409A or Section 457(f) of the Code.

(l) Each individual who is classified by ECRMC as an independent contractor has been properly classified for purposes of participation and benefit accrual under each Benefit Plan.

(m) Except for the severance benefits for the ECRMC Chief Financial Officer, Chief Nursing Officer, Chief Human Resources Officer and General Counsel who elect to not accept employment with IVHD, neither the execution of this Agreement nor any of the transactions contemplated by this Agreement will (either alone or upon the occurrence of any additional or subsequent events): (i) entitle any current or former director, officer, employee, independent contractor or consultant to severance pay or any other payment; (ii) accelerate the time of payment, funding or vesting, or increase the amount of compensation due to any such individual; (iii) increase the amount payable under or result in any other material obligation pursuant to any Benefit Plan; or (iv) require Seller, any Controlled Group Member or IVHD to transfer or set aside any assets to fund or otherwise provide for any benefits for any individual.

3.13 Legal Proceedings. Except as set forth in Disclosure Schedule 3.13, there is no action, suit, litigation, proceeding or investigation pending or, to ECRMC's Knowledge, threatened by or against ECRMC, or relating to or affecting ECRMC or any Affiliate of ECRMC before any court or Governmental Entity in which an adverse determination would be reasonably likely to adversely affect ECRMC's ability to consummate the Transaction. ECRMC has not received any written or oral notice of any such action, suit, litigation, proceeding or investigation, and no event has occurred or circumstance exists that may give rise to or serve as a basis therefor. There are no outstanding orders, writs, judgments, injunctions or decrees of any court, Governmental Entity or arbitration tribunal against, involving or affecting the Business or the Assets, and to ECRMC's Knowledge, there are no facts or circumstances which may result in the institution of any such orders, writs, judgments, injunctions or decrees. With respect to the Business, ECRMC is not in default with respect to any order, writ, injunction or decree or served upon ECRMC from any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

3.14 Solvency and Value of Transfer. There is no bankruptcy or insolvency proceeding of any character including without limitation, bankruptcy, receivership, reorganization, dissolution or arrangement with creditors, voluntary or involuntary, affecting ECRMC and ECRMC has not taken any action in contemplation of, or which would constitute the basis for, the institution of any such proceedings. ECRMC is not insolvent under any bankruptcy, receivership or insolvency Law. ECRMC's sale of the Assets has not been undertaken with the intention to hinder, delay or defraud ECRMC's current or future creditors.

3.15 Leases of Personal Property. Except as set forth on Disclosure Schedule 3.15, none of the tangible personal property used by ECRMC in connection with the operation of the Business is subject to a Personal Property Lease. To ECRMC's Knowledge, all Personal Property Leases

are valid, binding and enforceable in accordance with their respective terms and are in full force and effect, except as such enforceability may be limited by applicable Enforceability Exceptions. ECRMC is not, to ECRMC's Knowledge, in material default under any Personal Property Leases and ECRMC has not received notice that there has been asserted, either by or against ECRMC under any Personal Property Leases, any material default, set-off or claim of default. The parties to the Personal Property Leases other than ECRMC are not, to ECRMC's Knowledge, in default of their respective material obligations under the Personal Property Leases. To ECRMC's Knowledge, there has not occurred any event which, with the passage of time or giving of notice (or both), would constitute such a material default or breach under any of the Personal Property Leases by ECRMC or any other party thereto.

3.16 Financial Statements. ECRMC has provided to IVHD (a) the audited balance sheets of the Business as of June 30, 2024, and the related statements of income and cash flow and footnotes thereto for the 12-month periods then ended, prepared in accordance with GAAP (the "Year-End Financial Statements"), and (b) the unaudited balance sheets of the Business as of May 31, 2025 and the related unaudited statements of income for the 11-month period then ended, prepared in accordance with GAAP (the "Interim Financial Statements"). The Year-End Financial Statements and the Interim Financial Statements are referred to herein collectively as the "Financial Statements." To ECRMC's Knowledge, the Financial Statements fairly present in all material respects the financial condition and the results of operations and cash flow of the Business (and no other business or operation of ECRMC) as of the respective dates of and for the periods referred to in such financial statements, all in accordance with GAAP, subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments and the absence of footnotes. To ECRMC's Knowledge, the Financial Statements reflect the consistent application of GAAP throughout the periods involved.

3.17 Absence of Certain Events. Except as set forth on Disclosure Schedule 3.17, as expressly contemplated by this Agreement, or in the Ordinary Course of Business, since the date of the Interim Financial Statements, there has not been:

- (a) any voluntary or involuntary sale, assignment, license or other disposition, of any kind, of any property or right included in the Assets;
- (b) any Encumbrance imposed or created on the Assets (other than Permitted Exceptions);
- (c) any Material Adverse Effect;
- (d) any damage or destruction of any of the assets utilized in the Business by fire or other casualty, whether or not covered by insurance, in an aggregate amount of more than \$50,000;
- (e) any termination of any provider agreement or other contract pursuant to which ECRMC receives compensation or reimbursement for patient care services in connection with the Business;
- (f) any sale, transfer, assignment, termination, modification or amendment of any Contract;

(g) any written notice to ECRMC that any Contract has been breached or repudiated or will be breached or repudiated;

(h) except as provided for in any written agreements, or otherwise as necessary to comply with any applicable minimum wage Law, any increase in the salary or other compensation of any of ECRMC employees engaged in the Business, or any material increase in or any addition to other benefits to which any such employee may be entitled;

(i) any extraordinary compensation, bonus or distribution to ECRMC or to any Affiliate of ECRMC;

(j) any material failure to pay or discharge when due any liabilities which arose out of the ownership or operation of the Business;

(k) any material change in any of the accounting principles adopted by ECRMC, or any change in ECRMC's policies, procedures, or methods with respect to applying such principles;

(l) any termination of key personnel such as registered nurses, social workers, dietitians or medical directors;

(m) except as required pursuant to the terms of a Benefit Plan or by Law, any (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, directors, independent contractors or consultants; (ii) change in the terms of employment for any employee or any termination of any employees for which the aggregate costs and expenses would increase more than a de minimis amount; or (iii) take action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, independent contractor or consultant;

(n) any adoption, modification or termination of any: (i) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant; (ii) Benefit Plan; or (iii) collective bargaining or other agreement with a Union, in each case whether written or oral;

(o) firing or termination of the employment of any executive officer of ECRMC; or

(p) any material failure to pay when due any liabilities or discharge any duties under any Benefit Plan.

3.18 Taxes. The representations and warranties in this Section 3.17 shall apply only with respect to the Assets and the Business. ECRMC has filed, or has caused to be filed, on a timely basis and subject to all permitted extensions, any applicable tax returns with the appropriate Governmental Entities in all jurisdictions in which such tax returns are required to be filed, and all such tax returns were correct and complete. Except as set forth on Disclosure Schedule 3.18, or separately disclosed to IVHD counsel, all Taxes required to be paid by ECRMC (whether or not shown as due on any tax returns) have been timely paid, or delinquencies cured with payment of

any applicable penalties and interest, as of the Effective Date, and will not be due and payable as of the Closing Date. With respect to the Business, ECRMC has no dispute with any taxing authority as to Taxes of any nature. With respect to the Business, there are no audits or other examinations being conducted or threatened, and there is no deficiency or refund litigation or controversy in progress or threatened with respect to any Taxes previously paid by ECRMC or with respect to any returns previously filed by ECRMC or on behalf of ECRMC. With respect to the Business, ECRMC has not made any extension or waiver of any statute of limitations relating to the assessment or collection of Taxes. ECRMC has correctly withheld and timely remitted to the appropriate taxing authority all Taxes required to have been withheld and remitted in connection with amounts paid or owing to any employee, independent contractor, creditor, owner, or other Person. ECRMC has collected all sales and use, value added, goods and services and other similar Taxes required to be collected, and has remitted, or will remit on a timely basis, such amounts to the appropriate taxing authority, or has furnished properly completed exemption certificates and has maintained all such records and supporting documents in the manner required by all applicable sales and use Tax statutes and regulations.

### 3.19 Assigned Contracts.

(a) ECRMC is not in material default under the terms of any Assigned Contract. No event has occurred that would constitute a default by ECRMC under any Assigned Contract, nor has ECRMC received any written notice of any default under any Assigned Contract. To the Knowledge of ECRMC, the counterparties to the Assigned Contracts are not in default under the terms thereof, nor has any event occurred that would constitute a default by any such counterparty under any Assigned Contract, nor has ECRMC received any written notice of any such counterparty's default under any Assigned Contract.

(b) The Assigned Contracts are valid and binding obligations of ECRMC and in full force and effect against ECRMC, except as such enforceability may be limited by (a) applicable bankruptcy, reorganization, insolvency, moratorium, and other Laws affecting creditors' rights generally from time to time in effect, and (b) general principles of equity that may limit the enforcement of equitable remedies, and have been entered into in the Ordinary Course of Business. In the last three (3) years, ECRMC has not received any written notice from any other party to an Assigned Contract of the termination or threatened termination thereof, nor any claim, dispute or controversy thereon, and has no knowledge of the occurrence of any event which would allow any other party to terminate any Assigned Contract.

(c) Consummation of the transactions contemplated by this Agreement will not constitute a default under any Assigned Contract.

3.20 Financing Statements. Except as set forth on Disclosure Schedule 3.17, there are no financing statements under the Uniform Commercial Code which name ECRMC as debtor or lessee filed with respect to the Business or the Assets in any state.

3.21 Transactions With Affiliates. Except as set forth on Disclosure Schedule 3.21, no corporate member, director, trustee, officer, or employee of ECRMC or member of the family of any such person, or any corporation, partnership, trust or other entity in which any such person, or any member of the family of any such person, has a substantial interest or is an officer, director,

trustee, partner or holder of any equity interest, is a party to any transaction with ECRMC with respect to the Business or the Assets, including any contract, agreement or other arrangement providing for the employment of, furnishing of goods or services by, rental of real or personal property from or to or otherwise requiring payments or involving other obligations to any such person or firm.

3.22 Insurance. ECRMC has not failed to give any notice or present any claim under any insurance policy in due and timely fashion, has not received notice of cancellation or non-renewal of any insurance policy and is not aware of any threatened or proposed cancellation or non-renewal of any insurance policy. There are no outstanding claims under any ECRMC insurance policies which have gone unpaid for more than thirty (30) days, or as to which the insurer has disclaimed liability.

3.23 Intellectual Property.

(a) To ECRMC's Knowledge, there has been no infringement, violation or misappropriation of the rights of others by ECRMC or any of its Affiliates with respect to any ECRMC Intellectual Property of any third party, and no third party is violating, infringing or misappropriating the ECRMC Intellectual Property. ECRMC owns or possesses adequate licenses or other rights to use all ECRMC Intellectual Property, and the ownership and license rights in the ECRMC Intellectual Property are all that are, necessary or desirable to conduct the Business as conducted. ECRMC has not granted any person or entity any right to use any of the Intellectual Property Assets for any purpose.

(b) To the extent not assigned to ECRMC as a work-made-for-hire or other applicable legal doctrine, ECRMC has entered into a written agreement with each of its respective current and former employees, consultants and independent contractors who have been involved in the development of all Intellectual Property owned or purported to be owned by ECRMC that assigns to ECRMC all rights, title and interest in and to such Intellectual Property. ECRMC has also taken reasonable steps to protect the confidentiality of any trade secrets or other confidential information of ECRMC, and obligates all employees, contractors or consultants to maintain the confidentiality of such trade secrets or other confidential information.

3.24 ECRMC IT Systems. ECRMC owns or has a valid right to access and use all ECRMC IT Systems, which (i) are adequate for, and operate and perform in all material respects as required in connection with, the operation of the Business as currently conducted, and (ii) to ECRMC's Knowledge, do not contain any viruses, worms, Trojan horses, bugs, faults, malware, spyware or other devices, codes, errors, contaminants or effects that (A) materially disrupt or adversely affect (or could reasonably be expected to materially disrupt or adversely affect) the functionality of any ECRMC IT Systems, except as disclosed in their documentation, (B) enable or assist any Person to access without authorization any ECRMC IT Systems, or (C) damage, destroy, or prevent access to or use of any data or file. ECRMC has taken commercially reasonable actions to protect the integrity and security of the ECRMC IT Systems and the data and other information stored or processed thereon. ECRMC maintains and adheres to commercially reasonable backup and data recovery, disaster recovery, and business continuity plans, procedures, and facilities, and regularly tests the foregoing.

3.25 Hospital Revenue Refunding Bonds. The Bonds issued are currently outstanding and secured by revenues of the Business. There has not been, nor is there a basis for, a Determination of Taxability (as defined in the Trust Agreement) with respect to the Bonds. ECRMC has made all payments required by the Installment Purchase Agreement by and among Sellers and the Bond Issuer dated as of April 1, 2018 and, except as set forth on Disclosure Schedule 3.25, there is not otherwise any default or event that would, with the passage of time, constitute a default under any of the documents governing, securing or evidencing the Bonds.

3.26 AS IS, WHERE IS. THE ASSETS ARE BEING CONVEYED “AS IS”, “WHERE IS”, AND “WITH ALL FAULTS” AS OF THE CLOSING DATE, WITHOUT ANY REPRESENTATION OR WARRANTY WHATSOEVER AS TO THEIR CONDITION, FITNESS FOR ANY PARTICULAR PURPOSE, MERCHANTABILITY OR ANY OTHER WARRANTY, EXPRESS OR IMPLIED OTHER THAN AS SET FORTH IN THIS AGREEMENT. ECRMC SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, THERETO EXCEPT AS OTHERWISE SET FORTH IN THE AGREEMENT. IVHD IS HEREBY THUS ACQUIRING THE ASSETS BASED SOLELY UPON IVHD’S OWN INDEPENDENT INVESTIGATIONS AND INSPECTION OF THAT PROPERTY AND NOT IN RELIANCE UPON ANY INFORMATION PROVIDED BY ECRMC OR ECRMC’S AGENTS OR CONTRACTORS EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, ECRMC HAS NOT MADE, DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT OR FUTURE OF, AS TO, CONCERNING OR WITH RESPECT TO THE PROPERTY OR ANY OTHER MATTER WHATSOEVER. IVHD IS A SOPHISTICATED BUYER WHO IS FAMILIAR WITH THE OWNERSHIP AND OPERATION OF REAL PROPERTY AND BUSINESS SIMILAR TO THE ASSETS, AND IVHD HAS HAD ADEQUATE OPPORTUNITY OR WILL HAVE ADEQUATE OPPORTUNITY PRIOR TO CLOSING TO COMPLETE ALL PHYSICAL AND FINANCIAL EXAMINATIONS RELATING TO THE ACQUISITION OF THE ASSETS HEREUNDER IT DEEMS NECESSARY, AND WILL ACQUIRE THE SAME SOLELY ON THE BASIS OF AND IN RELIANCE UPON SUCH EXAMINATIONS AND THE TITLE INSURANCE PROTECTION AFFORDED BY IVHD’S TITLE POLICY AND NOT ON ANY INFORMATION PROVIDED OR TO BE PROVIDED BY ECRMC.

3.27 ECRMC’s Knowledge. References in this Agreement to “ECRMC’s Knowledge” means the actual knowledge of ECRMC’s Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, and Chief Nursing Officer after reasonable inquiry of their direct reports.

#### **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF IVHD**

As an inducement to Sellers to enter into this Agreement and to consummate the Transaction, IVHD hereby represents and warrants to Sellers as to the following matters as of the date of this Agreement and as of the Closing Date:



4.1 Authorization. IVHD has full power and authority to enter into this Agreement and has full power and authority to perform its obligations hereunder and to carry out the Transaction. No additional internal consents are required in order for IVHD to perform its obligations and agreements hereunder.

4.2 Binding Agreement. This Agreement has been duly and validly executed and delivered by IVHD and, assuming due and valid execution by Sellers, this Agreement constitutes a valid and binding obligation of IVHD enforceable in accordance with its terms subject to (a) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect, and (b) limitations on the enforcement of equitable remedies.

4.3 Organization and Good Standing. IVHD is a local healthcare district and political subdivision of the State of California duly organized, validly existing and in good standing under the Laws of the State of California, is duly authorized to transact business in the State of California, and has full power and authority to own, operate and lease its properties and to carry on its business as now conducted.

4.4 No Violation. Except as set forth in Disclosure Schedule 4.4, neither the execution and delivery by IVHD of this Agreement nor the consummation of the Transaction nor compliance with any of the material provisions hereof by IVHD will (a) violate, conflict with or result in a breach of any material provision of the Articles of Incorporation, Bylaws or other organizational documents of IVHD or any contract, lease or other instrument by which IVHD is bound, (b) require any approval or consent of, or filing with, any Governmental Entity, (c) violate any Law, rule, regulation, or ordinance to which IVHD is or may be subject, or (d) violate any judgment, order or decree of any court or other Governmental Entity to which IVHD is subject.

4.5 Brokers and Finders. Neither IVHD nor any Affiliate thereof nor any officer or director thereof has engaged any finder or broker in connection with the Transaction.

4.6 Legal Proceedings. There are no claims, proceedings or investigations pending or, to IVHD's Knowledge, threatened relating to or affecting IVHD or any Affiliate of IVHD before any court or Governmental Entity in which an adverse determination would adversely affect IVHD's ability to consummate the Transaction. Neither IVHD nor any Affiliate of IVHD is subject to any judgment, order, decree or other governmental restriction specifically (as distinct from generically) applicable to IVHD or any Affiliate of IVHD which would adversely affect IVHD's ability to consummate the Transaction.

4.7 Ability to Perform. IVHD is solvent and (a) is able to pay its debts as they become due; (b) owns property that has a fair saleable value greater than the amounts required to pay its debts (including a reasonable estimate of the amount of all contingent Liabilities); and (c) has adequate capital to carry on its business. IVHD has not incurred, nor plans to incur, debts beyond its ability to pay as they become absolute and matured.

4.8 IVHD Knowledge. References in this Agreement to "IVHD's Knowledge" means the actual knowledge of the IVHD Board Chair and the actual knowledge of the IVHD President and Chief Executive Officer after reasonable inquiry of their direct reports.

4.9 Independent Investigation. IVHD has conducted its own independent investigation, review and analysis of the Hospital, Facilities, the Business and the Assets, and acknowledges that it has been provided adequate access to the personnel, properties, assets, premises, books and records, and other documents and data of Sellers for such purpose. IVHD acknowledges and agrees that: (a) in making its decision to enter into this Agreement and to consummate the Transaction, IVHD has relied solely upon its own investigation and the express representations and warranties of Sellers set forth in Article III and Article III of this Agreement (including related portions of the Disclosure Schedules); and (b) neither Sellers nor any other Person has made any representation or warranty as to Sellers, the Business, the Assets or this Agreement, except as expressly set forth in Article III or Article III of this Agreement (including the related portions of the Disclosure Schedules).

## **ARTICLE V PRE-CLOSING COVENANTS**

5.1 Information; Inspections. Upon reasonable advance notice, ECRMC will (i) afford to the officers and agents of IVHD (which will include accountants, attorneys, bankers and other consultants and authorized agents of IVHD) reasonable access during normal business hours, the right to inspect, the books, accounts, records and other relevant documents and information related to the Business as IVHD may reasonably request, and (ii) furnish IVHD, at IVHD's sole cost and expense, copies of such additional financial and operating data and other information in ECRMC's possession related to the Business as IVHD or its representatives may from time to time reasonably request; provided, however, that ECRMC will not be obligated to disclose information that (a) is proprietary to ECRMC, (b) would, in ECRMC's reasonable discretion, cause significant competitive harm to ECRMC or the Business if the Transaction is not consummated, or (c) contravene any applicable Law, fiduciary duty or binding agreement entered into prior to the date of this Agreement; provided, further, that all disclosures of information will be consistent with the confidentiality agreements and any other non-disclosure agreements entered into among IVHD, its representatives and Sellers or their representatives. IVHD's right of access and inspection will be exercised in such a manner as not to interfere with the operations of ECRMC or the Business.

### 5.2 Cooperation and Consents.

(a) The Parties will reasonably cooperate with each other and their respective authorized representatives and attorneys in: (i) all efforts to obtain all consents, approvals, authorizations, clearances and licenses required to carry out the Transaction (including those of Governmental Entities), and (ii) the preparation of any document or other material which may be required by any Governmental Entity as a predicate to or result of the Transaction.

(b) ECRMC will use its commercially reasonable efforts to obtain, prior to the Closing Date, the Required Third Party Consents; provided, however, that ECRMC will not be required to expend funds or incur additional Liability as a condition or requirement to obtaining a Required Third Party Consent (other than any administrative review fee as may be expressly provided in an Assigned Contract or Assigned Lease and payable to the contract party or landlord in connection with providing such a consent).

5.3 Business Operations. Prior to the Effective Time, ECRMC will continue to operate the Business only in, and ECRMC shall not take any action except in, the Ordinary Course of Business, or except as otherwise required by this Agreement or consented to in writing by IVHD. With respect to the operations of the Business, and except as otherwise required by this Agreement or consented to in writing by IVHD, ECRMC shall:

- (a) preserve intact the Assets in the Ordinary Course of Business and shall not voluntarily discontinue the operations of the Business;
- (b) use commercially reasonable efforts to keep available the services of Business Employees and to preserve the current relationships of the Business with such of the patients, suppliers, physicians and other persons with which Sellers have significant business relations in order to preserve substantially intact the Business;
- (c) maintain in effect the insurance coverages with respect to the Assets;
- (d) perform ECRMC's material obligations under all Assigned Contracts with respect to the Assets;
- (e) permit and allow reasonable access by IVHD and its representatives to make offers of post-Closing employment to ECRMC's personnel and to establish relationships with physicians, medical staff and others having business relations with ECRMC, provided that any written materials will be approved by Sellers prior to being sent, and provided, however, that such actions by IVHD do not unreasonably interfere with ECRMC's operation of the Business;
- (f) timely file or cause to be filed all material reports, notices and tax returns required to be filed; and
- (g) use commercially reasonable efforts to maintain all existing material approvals, permits and environmental permits relating to the Hospital.

5.4 Negative Covenants.

(a) Until the Effective Time, with respect to the operations of the Business, except as may be required by Law or in the Ordinary Course of Business, ECRMC shall not, and shall not cause or permit any of Sellers' Affiliates, officers, directors, city councilmembers, or employees, directly or indirectly, take, or agree to take, any of the following actions with respect to the Business or the Assets, without the prior written consent of IVHD (which will not be unreasonably withheld, conditioned, or delayed):

- (i) acquire (including, without limitation, by merger, consolidation or acquisition of stock or assets) for or in connection with the Business any interest in any corporation, partnership, other business organization, person or any division thereof or any assets;
- (ii) incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise as an accommodation become responsible for, the obligations of any person for borrowed money, or otherwise create, assume or permit to exist any new material debt or other Encumbrance;

(iii) amend or terminate any of the Assigned Contracts or Assigned Leases or incur or agree to incur any Liability;

(iv) increase compensation payable or to become payable, or make any bonus payment to or otherwise enter into one or more bonus agreements with, or grant any rights to severance or termination pay to, or enter into any employment or severance agreement with, any employee, or establish, adopt, enter into or amend any collective bargaining, profit sharing, thrift, compensation, pension, retirement, deferred compensation, employment, termination, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any employee;

(v) sell, pledge, dispose of, grant, transfer, lease, license, guarantee, encumber, or authorize the sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of the Business or any of the Assets;

(vi) modify any material accounting policies, procedures or methods;

(vii) take any action or fail to take any action that could result in a Material Adverse Effect;

(viii) sell, transfer, assign any of the Owned Real Property, Tenant Leases, or Lessor Leases;

(ix) adopt, enter into, modify, amend or terminate any (i) employment, severance, retention or other agreement with any current or former employee, officer, director, independent contractor or consultant; (ii) Benefit Plan, or (iii) collective bargaining or other agreement with a Union, in each case whether written or oral, except (i) as provided in Sections 5.4 and 5.4; (ii) as required pursuant to the terms of the applicable plan or agreement or applicable Law; or (iii) to the extent it would not result in any liability on the part of IVHD or ECRMC or any of their Affiliates following the Closing Date;

(x) except as required pursuant to the terms of a Benefit Plan or by Law (i) grant of any bonuses, whether monetary or otherwise, or increase in any wages, salary, severance, pension or other compensation or benefits in respect of its current or former employees, officers, directors, independent contractors or consultants; (ii) change in the terms of employment for any employee or any termination of any employees for which the aggregate costs and expenses would increase more than a de minimis amount; or (iii) take action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, independent contractor or consultant;

(xi) fail to pay when due any material liabilities or discharge any duties under any Benefit Plan;

(xii) amend, modify, or terminate the Trust Agreement or Installment Purchase Agreement;

(xiii) take any action that would cause the Bonds to be refunded or refinanced; or

(xiv) permit or cause any of ECRMC's Affiliates to do any of the actions set forth in this Section 5.4 or agree or commit to take any of the actions set forth in this Section 5.4.

(b) ECRMC shall give prompt written notice to IVHD of (i) any notice or other communication from any person alleging that the consent of such person is or may be required in connection with the consummation of the transactions contemplated by this Agreement; (ii) any notice or other communication from any Governmental Entity in connection with the transactions contemplated by this Agreement; (iii) any notice or other communication of any actions, suits, claims, investigations or proceedings commenced or, to ECRMC's Knowledge, threatened against, relating to or involving or otherwise affecting the Business or the Assets or the transactions contemplated by this Agreement; and (iv) the occurrence of a breach or default under this Agreement.

(c) Notwithstanding any provision to the contrary contained in this Agreement, neither Section 5.3 nor this Section 5.4 will be construed to prohibit ECRMC from engaging in any act in the Ordinary Course of Business or which ECRMC reasonably believes is necessary (i) to preserve and protect the condition or continued operations of the Business, (ii) for patient safety needs, or (iii) to comply with the requirements of any Laws. ECRMC will give IVHD prompt written notice subsequent to taking any act described in the immediately preceding sentence.

5.5 Title Matters. At any time prior to the date that is thirty (30) days before the Closing Date, IVHD may cause to be delivered to Sellers: (a) a preliminary binder or title commitment(s) (the "Title Commitment") sufficient for the issuance of an ALTA Extended Coverage Owner's Title Insurance Policy with respect to the Owned Real Property, subject to all Permitted Exceptions (the "Owner's Title Policy") and, if applicable, an ALTA Extended Coverage Leasehold Title Policy in a form approved for issuance in California with respect to any Leased Real Property (the "Leasehold Title Policy") (the Owner's Title Policy and the Leasehold Title Policy are collectively referred to in this Agreement as the "Title Policy"), issued by First American Title Insurance Company (the "Title Company"), together with true, correct and legible (or, if not legible, the best available) copies of all instruments referred to therein as conditions or exceptions to title (the "Title Instruments"), and (b) an ALTA survey or surveys of the Owned Real Property complying with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys for the Owned Real Property in a form reasonably acceptable to IVHD and the Title Company (the "Surveys"). The costs and expenses of the Title Commitment, the Title Policy and the Surveys will be borne by IVHD. At any time prior to the date that is thirty (30) days before the Closing Date, IVHD may make written objections ("Objections") to the form and contents of the Title Commitment ("Objection Notice"). Upon receipt of an Objection Notice, Sellers shall have five (5) business days ("Objection Response Notice Date") after the receipt of such Objection Notice ("Objection Response") to notify IVHD that either (i) Sellers will remove or cause to be removed such objectionable exceptions from title on or before the Closing Date or (ii) Sellers shall not cause such Objections to be removed. If the Objections pertain to matters that would reasonably be expected to prevent IVHD from continuing to operate the Facilities and Business in substantially the same manner as they were operated as of the date of the Objection Notice upon exercising commercially reasonable efforts, IVHD shall have ten (10) business days from the receipt of the Objection Response or if Sellers fail to deliver an Objection Response, ten (10) business days from

the Objection Response Notice Date, to elect to terminate the Agreement, or waive the Objections and proceed to Closing. At the Closing, the City will deliver to the Title Company an owner's affidavit of title (the "Owner's Affidavit") in a form reasonably acceptable to the City and the Title Company and adequate to cause Title Company to delete the standard pre-printed exceptions in the Title Commitment (other than as and to the extent such deletion requires the delivery to Title Company of an ALTA survey approved by Title Company, and the City will have no duty hereunder to provide such a survey). It is understood that IVHD may request a number of endorsements to the Title Policy and the issuance of such endorsements shall not be a condition to Closing.

#### 5.6 Employee Matters.

(a) ECRMC will terminate all of the Business Employees, effective immediately prior to the Closing and will pay all accrued wages to all ECRMC employees owed through termination, unreimbursed expenses to all ECRMC employees owed through termination, severance payments due only to the executives who do not accept offers of employment with IVHD (if any) (understanding that all other applicable executives shall have waived their rights to severance as a result of the Closing as a condition to Closing), and any other amounts to all ECRMC employees owed through termination (the "Closing Payroll Payments"), other than the Accrued PTO of Carryover Employees as provided in Section 5.6(c).

(b) IVHD shall make offers of employment, effective as of the Effective Time, to all Business Employees who, immediately prior to the Closing, are employees of ECRMC in good standing. At least forty-five (45) days prior to the Closing, ECRMC shall provide to IVHD a list of all the Business Employees who are ineligible to be hired by IVHD. At least thirty (30) days prior to Closing, IVHD shall send an offer letter to all eligible Business Employees. Any of the Business Employees who accept an offer of employment with IVHD as of or after the Effective Time shall be referred to in this Agreement as the "Hired Employees."

(c) ECRMC will give Hired Employees the option to receive upon termination either payment of their Accrued PTO, or a carryover of their Accrued PTO to IVHD. ECRMC shall seek consents for any such carryover of Accrued PTO and provide copies to IVHD prior to Closing. IVHD shall give all Hired Employees who provide such consent (the "Carryover Employees"), at the start of their employment with IVHD, the Accrued PTO reflected in their employment records of ECRMC immediately prior to the Closing and projected as of the Effective Time. The decision as to whether to receive a credit or payment for the Accrued PTO shall be solely that of the individual Hired Employee. Hired Employees that do not elect to carryover their Accrued PTO and Business Employees who do not become Hired Employees shall receive full payment by ECRMC of their Accrued PTO on the Closing Date. Subject to the last sentence of Section 5.6(f), IVHD further agrees that each Hired Employee will be given full credit for his or her tenure at ECRMC for vesting and all other purposes under IVHD's benefit plans at ECRMC and employment policies but only to the extent that tenure is already taken into account by IVHD under its existing policies and existing benefit plans and offered cash compensation packages that, in the aggregate (taking into account base salary and opportunities for bonuses), are no less than the cash compensation packages such Hired Employee received from ECRMC immediately prior to the Closing Date. IVHD shall provide coverage for the Hired Employees and their eligible dependents under IVHD's group medical, dental and vision benefit plans to be effective as of the

Effective Time without any waiting periods. IVHD shall use its reasonable best efforts to cause there to be waived any pre-existing condition, actively at work requirements, waiting periods and any other similar restriction with respect to all other welfare-type insurance benefits offered by IVHD in order for the coverage with respect to the Hired Employees (and their eligible dependents, if applicable) to be effective on or as soon as possible following the Effective Time to ensure that there are no material gaps in coverage experienced by the Hired Employees.

(d) After the Closing Date, IVHD's human resources department (which may include Hired Employees that were Business Employees prior to the Closing) will provide reasonable assistance to ECRMC (including personnel support) with respect to effectuating any post-Closing administration, wind-down and liquidation of all Benefit Plans other than the ECRMC Pension Plan as may be required in connection with the Transaction. Within five (5) days after the Closing Date, IVHD shall provide to Sellers a list of all the Business Employees who were not hired by IVHD, including those who were offered employment by IVHD but who refused such employment (the "Terminated Employees"), along with a list of all Hired Employees (which such list IVHD shall periodically update).

(e) Without limiting the generalities of the foregoing, with respect to the El Centro Regional Medical Center Retirement Income Plan ("ECRMC Pension Plan"), IVHD shall assume sponsorship of the ECRMC Pension Plan from ECRMC with such assumption of sponsorship to be effective as of the Closing Date. Prior to Closing, ECRMC shall (i) by action of its Board of Directors adopt a resolution to, contingent on Closing and effective on the Closing Date, cease further benefit accruals under the ECRMC Pension Plan, (ii) take such action that is necessary and appropriate to cause the transfer of sponsorship of the ECRMC Pension Plan to IVHD to be effective as of the Closing Date, and (iii) obtain all consents and authorizations including any required consents and authorizations from any Governmental Authority or union necessary for such transfer of sponsorship to occur. No later than 30 days prior to Closing, ECRMC shall provide to IVHD draft documents, including plan and trust document amendments, effectuating (i) through (iii) of the preceding sentence and the form of such documents shall be subject to review and approval of IVHD. IVHD shall maintain the assumed ECRMC Pension Plan for such period as may be required by any Memorandum of Understanding or pursuant to applicable Law, provided, however, that any Memorandum of Understanding may not override or conflict with the terms of the ECRMC Pension Plan. The Parties shall cooperate and use commercially reasonable efforts to ensure that the transfer of sponsorship of the ECRMC Pension Plan is conducted in a manner that complies with the terms of all applicable Laws and shall exchange any necessary participant records (e.g., addresses for both current and former participants) and account information and engage recordkeepers, third party administrators and other third parties required to properly facilitate the transactions contemplated under this Section 5.4. For the avoidance of doubt, the sole Benefit Plan for which sponsorship shall be transferred from ECRMC to IVHD is the ECRMC Pension Plan.

(f) With respect to each Benefit Plan that is a defined contribution plan qualified under Section 401(a) of the Code or an eligible deferred compensation plan under Section 457(b) of the Code (each an "ECRMC Defined Contribution Plan"), ECRMC shall, prior to Closing, by action of its Board of Directors adopt resolutions, contingent on Closing, that terminate the ECRMC Defined Contribution Plans effective no later than the Closing Date. ECRMC shall also take all such other action that is necessary and appropriate to terminate the ECRMC Defined

Contribution Plans including, without limitation drafting plan and trust document amendments, and to obtain all consents and authorizations, including any required consents and authorizations from any Governmental Authority or union necessary for such terminations to occur. No later than 30 days prior to Closing, ECRMC shall provide to IVHD draft documents, including plan and trust document amendments, effectuating the termination of the ECRMC Defined Contribution Plans and the form of such documents shall be subject to review and approval of IVHD. Hired Employees will be eligible to participate in any defined contribution retirement plans sponsored by IVHD in accordance with the terms and conditions of those plans. For purposes of eligibility to participate (but not vesting) under the defined contribution retirement plans sponsored by IVHD, IVHD shall provide each Hired Employee full credit under each plan for their tenure with ECRMC prior to the Closing; provided, that such tenure shall not be credited to the extent that it would result in a duplication of benefits.

(g) In addition to terminating the ECRMC Defined Contribution Plans, unless directed otherwise by IVHD, ECRMC shall, prior to Closing, timely adopt resolutions of the Board of Directors that, contingent on the Closing, amend and terminate all other Benefit Plans then sponsored by ECRMC (the “Terminating Benefit Plans”). No later than 30 days prior to Closing, ECRMC shall provide to IVHD draft documents, including plan and, to the extent applicable, trust document amendments, effectuating the termination of the Terminating Benefit Plans and the form of such documents shall be subject to review and approval of IVHD. ECRMC shall take all such other action that is necessary and appropriate to terminate the Terminating Benefit Plans and shall obtain all consents and authorizations, including any required consents and authorizations from any Governmental Authority or union necessary for such terminations to occur.

(h) IVHD acknowledges receipt of ECRMC’s memorandums of understanding set forth on Schedule 5.6(g) (the “Memorandums of Understanding”) and has reviewed their terms and conditions. At the Effective Time, IVHD will assume and be obligated by the Memorandums of Understanding and recognize the unions that are party to such Memorandums of Understanding as the collective bargaining representative of the applicable Hired Employees. IVHD will, not less than twenty-one (21) days prior to the Closing Date, provide to ECRMC, who will thereafter provide the unions that are party to the Memorandums of Understanding, with the name, address and designated representative of the entity that, following the Closing, is employing the Hired Employees that are covered by the Memorandums of Understanding. Notwithstanding anything to the contrary in this Agreement, all changes made by IVHD to the terms and conditions of employment of union-represented Hired Employees will be subject to the terms and conditions of the Memorandum of Understanding(s) covering such Hired Employees, and IVHD will indemnify, defend and hold harmless the Sellers in connection therewith.

(i) IVHD will be solely responsible for complying with WARN and all other obligations under applicable Law requiring notice of plant closings, relocations, mass layoffs, reductions in force or similar actions (and for any failures to so comply), in any case applicable to the Business Employees, including as towards any Business Employees who do not become a Hired Employee for any reason. Notwithstanding the foregoing, IVHD will not, at any time prior to ninety (90) days after the Effective Time, effectuate a “plant closing” or “mass layoff,” as those terms are defined in WARN, affecting in whole or in part any site of employment, facility, operating unit or Business Employee, without notifying Sellers in advance and without complying with the notice requirements and other provisions of WARN. With respect to terminations of



Hired Employees on or after the Effective Time, IVHD will be responsible for any notification required under WARN.

(j) If ECRMC's group health plan is terminated in connection with the transactions contemplated by this Agreement, IVHD shall provide COBRA, to the extent required by Healthcare Laws, to all "M&A qualified beneficiaries" as defined in Treasury Regulations Section 54.4980B-9.

(k) The provisions of this Section 5.6 are solely for the benefit of the Parties, and no employee or former employee or any other individual associated therewith or any employee benefit plan or trustee thereof will be regarded for any purpose as a third-party beneficiary of this Agreement, and nothing herein will be construed as an amendment to any employee benefit plan for any purpose.

(l) To facilitate compliance with this Section 5.6, ECRMC will provide updated information described in Section 3.12(a) upon IVHD's reasonable request.

**5.7 Waiver of Bulk Sales Law Compliance.** IVHD hereby waives compliance by Sellers with the requirements, if any, of Article 6 of the Uniform Commercial Code as in force in any state in which the Assets are located and all other Laws applicable to bulk sales and transfers.

**5.8 Regulatory Efforts.**

(a) Except as noted in Section 5.8**Error! Reference source not found.** below, IVHD is responsible for all filings with and requests to Governmental Entities necessary to enable IVHD to operate the Business at and after the Closing Date, including but not limited to filings with the California Department of Public Health for facility licensure, with the California Board of Pharmacy for pharmacy licensure, and with the Medicare Administrative Contractor for the change of ownership for Medicare, including acceptance of assignment of the Medicare provider agreement. Notwithstanding the foregoing, IVHD and ECRMC will work collaboratively and in good faith in the preparation of such filings.

(b) As soon as practicable after the Effective Date, ECRMC and IVHD will each prepare and submit their respective Notices of a Material Change Transaction (the "OHCA Notices") to the Office of Health Care Affordability under the California Department of Health Care Access and Information ("OHCA"). The Parties will use commercially reasonable efforts to assist and respond to each other, as needed, both in preparation for filing the OHCA Notices and for any additional responses requested from OHCA. Prior to either Party submitting their OHCA Notice or any additional responses, the other Party shall be provided with a reasonable period to review and shall consider in good faith and incorporate any such reasonable comments from the other Party. Each Party shall promptly notify the other Party of any substantive communications from or with OHCA related to the OHCA Notices or any cost and market impact review that OHCA determines is required under Cal. Code Regs. tit. 22, § 97441 (the "CMIR") and shall promptly provide the other Party with copies of any such communications. Each Party shall timely respond to all requests from OHCA for additional information and/or documentation related to the OHCA Notices, the Transaction, or the CMIR. ECRMC and IVHD shall each bear their respective costs and expenses of preparing and submitting the OHCA Notices and any additional responses

requested from OHCA. No Party will participate (or agree to participate) in any substantive meeting or discussion with OHCA regarding the OHCA Notice, the Transaction, or the CMIR unless it consults the other Parties in advance, and, to the extent permitted by OHCA, gives the other Parties the reasonable opportunity to attend and participate in such meeting or discussion to the extent permitted by Law.

(c) The Parties will keep each other apprised of the status of matters relating to the completion of the Transaction and use reasonable best efforts to resolve the objections, if any, that the FTC, the Antitrust Division of the Justice Department or any applicable state antitrust enforcement authorities may assert under any antitrust Law with respect to the Transaction including:

(i) furnishing to the other Party or its outside counsel all information within its possession that is reasonably required for any application or other filing to be made by the other Party pursuant to any antitrust Law in connection with the Transaction;

(ii) to the extent not prohibited by applicable Law, promptly notifying each other of any substantive communications from or with the FTC, the Antitrust Division of the Justice Department or any applicable state antitrust enforcement authorities to the extent relating to the antitrust aspects of the Transaction;

(iii) to the extent not prohibited by applicable Law, not participating (or agreeing to participate) in any substantive meeting or discussion with the FTC, the Antitrust Division of the Justice Department or any applicable state antitrust enforcement authorities to the extent relating to obtaining such clearances, approvals, or consents (including any discussion relating to the antitrust merits, any potential remedies, commitments or undertakings or the timing of the Closing), unless it consults with the other Party in advance, and to the extent permitted by such Governmental Entity, gives the other Party the reasonable opportunity to attend and participate thereat to the extent permitted by Law;

(iv) consulting and cooperating with one another in connection with all analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any Party in connection with Proceedings under or any other antitrust Law to the extent relating to obtaining such clearances, approvals, consents or orders; and

(v) delivering to the other Party's outside counsel copies of all substantive documents furnished to any Governmental Entity under any antitrust Law, provided that, such providing Party, in its reasonable discretion may require that such counsel not deliver, reproduce or share such documents with its client or its client's other outside Representatives.

5.9 Cash-on-Hand. ECRMC will use commercially reasonable efforts to maintain at least Five Million Dollars (\$5,000,000.00) of cash-on-hand (after, for the avoidance of doubt, payment of the Closing Payroll Payments and Closing Payments), and accounts payable at levels consistent with past practices.

5.10 Line of Credit. Prior to the Closing, ECRMC will cooperate with IVHD in the negotiation of a three (3) year, Fifteen Million Dollar (\$15,000,000.00) line of credit agreement

on terms and conditions reasonably satisfactory to IVHD (the “LOC”). For the avoidance of doubt, the City and ECRMC will not guarantee, co-sign, or have any Liability with respect to the LOC.

5.11 Transfer of Bond Obligations and Requirements of Transfer.

(a) The Parties shall use commercially reasonable efforts to seek and obtain consent of the Authority, the Trustee and a majority in aggregate principal amount of the Owners of the Bonds (the “Majority Owners”) to transfer, modify, and assign the City’s obligations (the “Bond Obligations”) under the (i) Installment Purchase Agreement, a copy of which is attached as Exhibit 5.11(a), (ii) Trust Agreement, and (iii) all other documents related to the Bonds (hereinafter collectively referred to as the “Bond Documents”). The Sellers’ obligations pursuant to this Section 5.11(a) shall not include any requirement for the Sellers to contribute any funds (other than as otherwise contemplated by this Agreement) to any person, including the Majority Owners, to facilitate the consummation of the Transaction other than the payment of ordinary fees and expenses of the Sellers’ counsel in connection with the negotiation of this Agreement and consummation of the Transaction. Such transfer, modification, and assignment shall include the release of Sellers from any and all existing and future Bond Obligations

(b) Subject to the provisions of Section 5.11(a) above:

(i) the Sellers shall transfer, modify, and assign the Bond Obligations to IVHD upon Sellers receiving the consent of the Authority, Trustee and the Majority Owners on terms acceptable to IVHD in its sole discretion, subject to the release of Sellers as described in Section 5.11(a) and complying with the following requirements as set forth in Section 5.01 of the Installment Purchase Agreement (as such requirements may be amended for purposes of the Transaction):

(i) the Authority, the Trustee, and IVHD shall have received an Opinion of Bond Counsel to the effect that such transfer contemplated in this Agreement will not cause the interest on the Bonds to be included in gross income for federal income tax purposes under Section 103 of the Code;

(ii) IVHD: (A) assumes in writing all of the obligations of the City under the Installment Purchase Agreement and the Trust Agreement and agrees to fulfill and comply with the terms, covenants and conditions thereof as modified; (B) is not, after such transaction, otherwise in default under any provision of such Installment Purchase Agreement or the Trust Agreement, as modified; (C) complies with applicable Law; and (D) is a California healthcare district;

(iii) the Trustee and the Authority shall have received an Opinion of Counsel to the effect that the assignment or transfer of the Installment Purchase Agreement constitutes the legal, valid and binding obligations of IVHD, enforceable against IVHD in accordance with its respective terms; and

(iv) Trustee and Authority shall have received such other documents as may be required by the Trust Agreement and the Installment Purchase Agreement, as modified and all other conditions precedent to such assumption as required by the Trust Agreement and the Installment Purchase Agreement, as modified will have been satisfied.

(c) If Sellers and IVHD are unable to satisfy the conditions of Section 5.11(b) hereof, IVHD, in its sole and absolute discretion, may nonetheless proceed to close the Transaction if it determines that it can issue revenue bonds to acquire all or a portion of the Assets on terms and conditions satisfactory to IVHD in its sole and absolute discretion (the “Acquisition Revenue Bonds”) in order to defease the Bonds as of the Closing.

(d) Sellers shall cooperate with IVHD and provide any documentation or information required to effect the transactions related to the Bonds contemplated in this Agreement.

5.12 Supplement to Disclosure Schedule. During the period commencing on the Effective Date and ending on the earlier to occur of the Closing or termination of this Agreement (the “Interim Period”) each of the Parties, as applicable, shall have the right (but not the obligation) to supplement or amend the Disclosure Schedules with respect to any matter hereafter arising after the Effective Date (each a “Disclosure Schedule Supplement”). Any disclosure in any such Disclosure Schedule Supplement shall not be deemed to have cured any inaccuracy in or breach of any representation or warranty contained in this Agreement.

## **ARTICLE VI**

### **CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLERS**

Sellers’ obligation to sell the Assets and to close the Transaction will be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by each Seller in whole or in part at or prior to the Closing:

6.1 Signing and Delivery of Instruments. IVHD will have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to the provisions of this Agreement.

6.2 No Restraints. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the Transaction have been issued by any court of competent jurisdiction or any other Governmental Entity and remain in effect on the Closing Date.

6.3 Representations and Warranties; Performance of Covenants. The representations and warranties of IVHD contained in this Agreement will be true and correct when made except where the failure of such representations has not had and would not reasonably be expected to have a Material Adverse Effect. Each and all of the terms, covenants, and agreements in this Agreement to be complied with or performed by IVHD on or before the Closing Date will have been complied with and performed by IVHD, except where the failure to perform or comply with such term, covenants, and agreements has not had and would not reasonably be expected to have a Material Adverse Effect.

6.4 Required Consents.

(a) ECRMC will have received all Required Third Party Consents to the assignment to IVHD of those certain Assumed Leases and Assumed Contracts.

(b) All Required Governmental Consents will have been received as of the Effective Time.

(c) The City will have received all necessary consents, including that of the Authority and the Majority Owners for the transfer of the Bond Obligations to IVHD; and copies of all documents necessary to effectuate the transfer of the Bond Obligations to IVHD and to completely and forever release the Sellers.

6.5 Pioneers Bonds. Pioneers Memorial Healthcare District (“PMHD”) issued its Pioneers Memorial Healthcare District Revenue Bonds, Series 2017, in the original aggregate amount of \$15,640,000 (the “Pioneers Bonds”) pursuant to the Indenture dated December 1, 2017 (the “Pioneers Indenture”), as amended, between PMHD and U.S. Bank National Association and IVHD has assumed the Pioneers Bonds, the Pioneers Indenture, and all related documents (collectively, the “Pioneers Bond Documents”). IVHD shall have received necessary consents to the modifications, amendments and restatements of the Pioneers Bond Documents, or shall have refunded or refinanced the Pioneers Bonds in order to permit (a) the transfer of the Bonds to IVHD or (b) the issuance of the Acquisition Revenue Bonds by IVHD and the assumption of the Assumed Liabilities.

6.6 Distressed Hospital Debt. IVHD shall have received necessary consents in order to permit the transfer of the Pioneers Distressed Hospital Debt to IVHD and the assumption of the Assumed Liabilities.

6.7 CHFFA Loans. IVHD shall have received necessary consents in order to permit the transfer of any outstanding loans to the Sellers from the California Health Facilities Financing Authority to IVHD and the assumption of the Assumed Liabilities.

6.8 Bridge Loan. IVHD shall have received necessary consents in order to permit the transfer of any outstanding loans to the Sellers in respect of the 2022 \$5.6M bridge loan to IVHD and the assumption of the Assumed Liabilities.

6.9 UC San Diego Health Release. The Joint Powers and Affiliation Agreement by and between UC San Diego Health and Sellers shall have been terminated and Sellers shall have been released from any obligations thereunder.

## **ARTICLE VII**

### **CONDITIONS PRECEDENT TO OBLIGATIONS OF IVHD**

IVHD’s obligation to purchase the Assets and to close the Transaction will be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by IVHD in whole or in part at or prior to the Closing.

7.1 Signing and Delivery of Instruments. Sellers will have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to the provisions of this Agreement.

7.2 No Restraints. No temporary restraining order, preliminary or permanent injunction or other order preventing the consummation of the Transaction will have been issued

by any court of competent jurisdiction or any other Governmental Entity and remain in effect on the Closing Date.

7.3 Representations and Warranties; Performance of Covenants. The representations and warranties of Sellers contained in this Agreement will be true and correct when made except where the failure of such representations has not had and would not reasonably be expected to have a Material Adverse Effect. Each and all of the terms, covenants, and agreements in this Agreement to be complied with or performed by Sellers on or before the Closing Date will have been complied with and performed by Sellers, except where the failure to perform or comply with such term, covenants, and agreements has not had and would not reasonably be expected to have a Material Adverse Effect.

7.4 Title Insurance Policy. The Title Company will be irrevocably committed, subject only to payment of premiums, to issue to IVHD on and effective as of the Closing Date the Owner's Title Policy in the amount of the full insurable value of the Owned Real Property, as reasonably determined by the Title Company. Subject only to the Permitted Exceptions, the Owner's Title Policy will show fee simple title to the Owned Real Property vested in IVHD.

7.5 No Material Adverse Effect. Since the Effective Date, there will not have been any Material Adverse Effect with respect to the Business.

7.6 Required Consents.

(a) All Required Third Party Consents will have been obtained by ECRMC.

(b) All Required Governmental Entity Consents will have been obtained by the Parties.

7.7 Waiver of Severance Benefits. Each of the ECRMC Chief Financial Officer, Chief Nursing Officer, Chief Human Resources Officer and General Counsel who accept offers of employment with IVHD shall have waived, in writing, their right to receive severance benefits in connection with the termination of their employment by ECRMC at the Closing; *provided, however,* that the offers of employment from IVHD to such executive officers will provide for severance benefits of the same duration as provided to each such executive officer by ECRMC prior to the Closing.

7.8 ECRMC Bonds. IVHD shall have received sufficient documents to cause the satisfaction of either Section **Error! Reference source not found.** or, in its sole and absolute discretion, IVHD will have closed on the Acquisition Revenue Bonds referenced in Section 5.11(b) and the Bonds will be deemed to have been fully defeased.

7.9 Pioneers Bonds. IVHD shall have received necessary consents to the Pioneers Bond Documents, modifications, amendments and restatements of the Pioneers Bond Documents, or shall have refunded or refinanced the Pioneers Bonds in order to permit the transfer of the Bonds or the Refunding Bonds to IVHD and the assumption of the Assumed Liabilities.

7.10 Distressed Hospital Debt. IVHD shall have received necessary consents in order to permit the transfer of the Pioneers Hospital Debt to IVHD and the assumption of the Assumed Liabilities.

7.11 CHFFA Loans. IVHD shall have received necessary consents in order to permit the transfer of any outstanding loans to the Sellers from the California Health Facilities Financing Authority to IVHD and the assumption of the Assumed Liabilities.

7.12 Bridge Loan. IVHD shall have received necessary consents in order to permit the transfer of any outstanding loans to the Sellers in respect of the 2022 \$5.6M bridge loan to IVHD and the assumption of the Assumed Liabilities.

7.13 LOC. IVHD shall have received sufficient evidence from ECRMC to show that the LOC is in effect on terms satisfactory to IVHD in its sole discretion and has a balance of \$0 and a total available amount of Fifteen Million Dollars (\$15,000,000.00).

7.14 ECRMC Assets and Liabilities. ECRMC's Assets will include at least Five Million Dollars (\$5,000,000.00) of cash-on-hand (after, for the avoidance of doubt, payment of the Closing Payroll Payments and Closing Payments) and its Liabilities will not include more than Twenty Nine Million Dollars (\$29,000,000.00) of Specified Payables.

## **ARTICLE VIII TERMINATION**

8.1 Termination. This Agreement may be terminated at any time prior to Closing:

(a) by the mutual written consent of the Parties;

(b) by either Seller if a material breach of this Agreement has been committed by IVHD and such breach has not been (i) waived in writing by such Seller, or (ii) cured by IVHD to the reasonable satisfaction of such Seller within three (3) business days after such Seller provides IVHD a written notice which describes the nature of such breach; provided, however, that such Seller will not be permitted to terminate this Agreement pursuant to this Section 8.1(b) if such Seller is also in material breach of this Agreement;

(c) by IVHD if a material breach of this Agreement has been committed by a Seller, which material breach has resulted, or would more likely than not result, in a Material Adverse Effect on the Assets taken as a whole, and such breach has not been (i) waived in writing by IVHD, or (ii) cured by the applicable Seller to the reasonable satisfaction of IVHD within three (3) business days after IVHD provides the applicable Seller a written notice which describes the nature of such breach; provided, however, that IVHD will not be permitted to terminate this Agreement pursuant to this Section 8.1(c) if IVHD is also in material breach of this Agreement;

(d) by IVHD if satisfaction of any condition in Article VII is or becomes impossible and IVHD has not waived such condition in writing (provided; however, that the failure to satisfy the applicable condition or conditions has occurred by reason other than (i) through the failure of IVHD to comply with its obligations under this Agreement, or (ii) Sellers' failure to

provide its closing deliveries on the Closing Date as a result of IVHD not being ready, willing and able to close the Transaction on the Closing Date);

(e) by a Seller if satisfaction of any such condition in Article VI is or becomes impossible and such Seller has not waived such condition in writing (provided that if the failure to satisfy the applicable condition or conditions has occurred by reason other than (i) through the failure of such Seller to comply with its obligations under this Agreement, or (ii) IVHD's failure to provide its closing deliveries on the Closing Date as a result of Sellers not being ready, willing and able to close the Transaction on the Closing Date);

(f) by either Party if the conditions in Sections 6.5, 6.6, 7.9, or 7.10 have not been satisfied by December 31, 2025; or

(g) by any Party if the Closing has not occurred (other than through the failure of any Party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) by the one-year anniversary of the Effective Date (the "**Outside Termination Date**").

8.2 Termination Consequences. If this Agreement is terminated pursuant to Section 8.1: (a) all further obligations of the Parties under this Agreement will terminate, except that the obligations in Sections 8.2, 11.8, 11.8, 11.12 and 11.19-11.22 will survive, and (b) each Party will pay the costs and expenses incurred by it in connection with this Agreement. Each Party acknowledges that the agreements contained in this Section 8.2 are an integral part of the Transaction and that without these agreements such Party would not have entered into this Agreement.

## **ARTICLE IX POST-CLOSING MATTERS AND COVENANTS**

9.1 Excluded Assets. Subject to Section 1.1(b) hereof, any Excluded Asset (or proceeds thereof) pursuant to the terms of this Agreement or as otherwise determined by the Parties' mutual written agreement, which comes into the possession, custody or control of IVHD (or its successors-in-interest, assigns or Affiliates) will, within twenty (20) business days following receipt, be transferred, assigned or conveyed by IVHD (or its successors-in-interest, assigns and Affiliates) to Sellers without imposing any charge to Sellers for IVHD's transfer, storage, handling or holding of same on and after the Effective Time.

### 9.2 Preservation and Access to Records After the Closing.

(a) From the Closing Date until the date seven (7) years after the Closing Date or such longer period as required by Law, IVHD will keep and preserve all medical records, patient records, medical staff records and other books and records which are among the Assets as of the Effective Time, but excluding any records which are among the Excluded Assets. In addition, IVHD will keep and preserve medical staff records of all providers currently on the medical staff from the date they applied for initial privileges through the remainder of the practitioner's career plus six (6) years. IVHD will afford to the representatives of Sellers and any of its affiliates, including their counsel and accountants ("Sellers' Representatives"), full and complete access to, and copies of, such records with respect to time periods prior to the Closing Date (including access to records of patients treated at the Hospital prior to the Closing Date) during normal business



hours after the Closing Date, to the extent reasonably needed by any Sellers' Representative for any lawful purpose. IVHD acknowledges that, as a result of entering into this Agreement and operating the Business, it will gain access to patient records and other information which are subject to rules and regulations concerning confidentiality. IVHD will abide by any such rules and regulations relating to the confidential information it acquires. IVHD will maintain the patient and medical staff records at the Hospital in accordance with applicable Laws and the requirements of relevant insurance carriers.

(b) IVHD will provide reasonable cooperation to Sellers, Sellers' Representatives, and their insurance carriers in respect of the defense of claims by third parties against Sellers or any Sellers' Representative, in respect of events occurring prior to the Effective Time with respect to the operations of the Business. Such cooperation will include, without limitation: (i) making the Hired Employees reasonably available for interviews, depositions, hearings and trials, and (ii) making its employees available to assist in the securing and giving of evidence and in obtaining the presence and cooperation of witnesses. In addition, Sellers and Sellers' Representatives will be entitled to remove from the Hospital originals of any such records, but (x) only for purposes of pending litigation involving the Persons to whom such records refer, as certified in writing prior to removal by counsel retained by Sellers or Sellers' Representatives in connection with such litigation, and (y) only if Sellers and Sellers' Representatives leave a copy thereof with IVHD. Any records so removed from the Hospital will be promptly returned to IVHD following Sellers' or Sellers' Representatives use of such records.

(c) In connection with (i) the transition of the Business pursuant to the Transaction, (ii) Sellers' rights to the Excluded Assets, and (iii) any claim, audit, or proceeding, including any tax claim, audit, or proceeding, IVHD will after the Effective Time give Sellers access during normal business hours to IVHD's books, personnel, accounts and records and all other relevant documents and information with respect to the assets, Liabilities and business of the Business as Sellers' Representatives may from time to time reasonably request, all in such manner as not to unreasonably interfere with the operations of the Business.

(d) IVHD will comply with, and be solely responsible for, all obligations under the Standards for Privacy of Individually Identifiable Health Information (45 CFR Parts 160 and 164) promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 and any and all corresponding California state Law requirements with respect to the operation of the Hospital on and after the Effective Time.

(e) IVHD will cooperate with Sellers, on a timely basis and as reasonably requested by Sellers, in connection with the provision of all data of the Hospital and other information required by Sellers for reporting purposes.

(f) To the maximum extent permitted by Law, if any Person requests or demands, by subpoena or otherwise, any documents relating to the Excluded Assets, IVHD will notify Sellers and will provide Sellers with the opportunity to object to, and otherwise coordinate with respect to, such request or demand.

9.3 Medical Staff. To ensure continuity of care in the community, IVHD agrees that the Hospital's medical staff members and providers with privileges as of the Closing Date will

maintain medical staff privileges at the Hospital as of the Closing Date on the same terms and conditions enjoyed as of the Closing Date. On and after the Closing Date, the medical staff will be subject to the Hospital's Medical Staff Bylaws then currently in effect, provided that such Bylaws are in compliance with all applicable Laws and regulations and contain customary obligations. A transition period is required to allow for continued, effective medical staff practices as the Medical Staff transitions to the new set of Bylaws.

9.4 Use of Financial Contribution. IVHD will use the Financial Contribution to fund operations of the Business and to support healthcare for residents of the City. Upon the City's reasonable request, IVHD shall provide the City with an accounting of such expenditures.

9.5 County-Wide Tax Measure. Subject to applicable Law, the City will cooperate with IVHD in IVHD's proposed county-wide tax measure, which will be on the ballot in 2025 or 2026. Notwithstanding the foregoing, the City will not be responsible for funding the costs of the county-wide tax measure or for the outcome of the vote.

9.6 Operating Commitment. IVHD will use best efforts to operate the Hospital as a general acute care hospital for not less than ten (10) years following the Closing Date.

9.7 Post-Closing Discovery of Contracts. IVHD acknowledges it is assuming all Contracts. If following the Closing, a Seller discovers a Contract that was not disclosed to IVHD, such Seller will provide a copy to IVHD promptly and IVHD must assume the obligations thereunder.

9.8 Indemnification of Sellers. IVHD shall defend, indemnify, and hold harmless Sellers and Sellers' Representatives (collectively, the "Seller Indemnified Persons"), from and against any and all losses suffered, paid or incurred by such Seller Indemnified Person arising from or related to: (a) any claim made by a third party with respect to the ownership or operation of the Business; (b) any breach or failure of any of IVHD's representations and warranties in Article III to be true and correct as of the Effective Date or as of the Closing; (c) any breach of any covenant or agreement of IVHD under this Agreement or any Transaction Document; (d) intentional misrepresentation or fraud committed by IVHD; or (e) any claim made by a third party with respect to the Assets or the Assigned Leases, Assumed Contracts, Bond Obligations, or other Assumed Liabilities.

9.9 Intended Tax Treatment/Allocation.

(a) For all federal and state income Tax purposes, the Parties agree that the Financial Contribution as contemplated under this Agreement shall be treated as an asset of Sellers that is included in the purchase and sale of the Assets and the assumption of the Liabilities, which is intended to provide a source of available cash towards IVHD's satisfaction of the Liabilities (the "Intended Tax Treatment").

(b) The Purchase Price, and any assumed liabilities, costs and other items included in "consideration" for purposes of the Code (the "Tax Consideration"), shall be allocated among the assets of the Sellers in accordance with the methodology set forth on Schedule 9.9 (the "Allocation"). The Sellers and IVHD agree that the Allocation is based on the fair market values of the acquired assets as of the Closing Date determined and allocated in accordance with Code

Section 1060 of the Code and the Treasury Regulations thereunder, and the methodology set forth on Schedule 9.9. As soon as reasonably practicable (and in any event within 120 days) after the Closing Date, IVHD shall update the Allocation to reflect the final determinations of the book value of such assets as of the Closing Date and any changes to the Tax Consideration and provide the Sellers with a draft of the same for Sellers' approval (which shall not be unreasonably withheld), and the Allocation as so finalized shall become the "Final Allocation", which shall be final and binding upon IVHD, the Sellers and their Affiliates.

(c) The Parties agree that they will not take, nor will they permit any of their respective Affiliates to take, for Tax purposes any position (whether in audits, tax returns or otherwise) that is inconsistent with the Intended Tax Treatment or the Final Allocation absent a final "determination" within the meaning of Section 1313(a) of the Code (or the corresponding provision of any other applicable Law).

9.10 Non-Assignable Rights. To the extent that Sellers' rights under any contract or permit constituting an Asset, or any other Asset, may not be assigned to IVHD without the consent, authorization, approval or waiver of another Person which has not been obtained (each, a "Non-Assignable Right"), this Agreement shall not constitute an agreement to assign the same if an attempted assignment would constitute a breach thereof or be unlawful, and Sellers shall use commercially reasonable efforts prior to Closing to obtain any such required consents, authorizations, approvals and waivers, or any release, substitute or amendment required to novate any Non-Assignable Rights so that they can be effectively transferred to IVHD as promptly as reasonably practical after Closing upon the terms set forth in this Agreement. Once such consent, authorization, approval, waiver, release, substitution or amendment is obtained, Sellers shall assign, transfer, convey and deliver to IVHD the relevant Non-Assignable Right to which such consent, authorization, approval, waiver, release, substitution or amendment relates for no additional consideration.

## **ARTICLE X**

### **TAXES AND COST REPORTS**

10.1 Tax Matters. After the Closing Date, the Parties will reasonably cooperate with each other and will make available to each other, as reasonably requested, all information, records or documents relating to tax Liabilities or potential tax Liabilities attributable to ECRMC with respect to ECRMC's operation of the Business for all periods prior to the Closing Date and will preserve all such information, records and documents at least until the expiration of any applicable statute of limitations or extensions thereof. The Parties will also make available to each other to the extent reasonably required, and at the reasonable cost of the requesting Party (for out-of-pocket costs and expenses only), personnel responsible for preparing or maintaining information, records and documents in connection with tax matters and as ECRMC reasonably may request in connection with the completion of any post-Closing audits of the Business.

10.2 Cost Report Matters. IVHD will prepare and timely file on ECRMC's behalf all cost reports relating to the periods ending prior to the Closing Date or required as a result of the consummation of the Transaction, including those relating to Medicare, Medicaid, and other third party payors which settle on a cost report basis (the "Sellers Cost Reports"). IVHD will file all future period Medicare cost reports required to be filed.

## **ARTICLE XI MISCELLANEOUS PROVISIONS**

11.1 Further Assurances and Cooperation. Each Party will execute, acknowledge and deliver to the other Party any and all other assignments, consents, approvals, conveyances, assurances, documents and instruments reasonably requested by such Party at any time and will take any and all other actions reasonably requested by such Party at any time for the purpose of consummating the Transaction and fulfilling such Party's obligations hereunder. Without limiting the foregoing, ECRMC will use commercially reasonable efforts to cooperate with IVHD with respect to any data, information, or other records reasonably needed by IVHD to obtain payments or any reimbursements from any third-party payor, including without limitation any supplemental payments. After consummation of the Transaction, the Parties agree to cooperate with each other and take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement, the documents referred to in this Agreement, and the Transaction.

11.2 Successors and Assigns. All of the terms and provisions of this Agreement will be binding upon and will inure to the benefit of and be enforceable by the respective successors and assigns of the Parties hereto; provided, however, that no Party hereto may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other Parties which consent will not be unreasonably withheld, conditioned, or delayed.

11.3 Governing Law; Venue. This Agreement will be governed by and construed in accordance with the internal Laws of the State of California (without giving effect to the principles of conflict of Laws thereof). If either Party commences a lawsuit or other proceeding relating to or arising from this Agreement, the Parties agree that the United States District Court for the Southern District of California shall have sole and exclusive jurisdiction over any such proceeding. If such court lacks subject matter jurisdiction, the Parties agree that the California state courts in Imperial County, California shall have sole and exclusive jurisdiction. Any of these courts shall be proper venue for any such lawsuit or judicial proceeding and the Parties waive any objection to such venue. The Parties consent to and agree to submit to the jurisdiction of any of the courts specified herein and agree to accept service of process to vest personal jurisdiction over them in any of these courts. Process in any action or proceeding referred to in the preceding sentence may be served on either Party anywhere in the world.

11.4 Amendments. This Agreement may not be amended other than by written instrument signed by the Parties.

11.5 Exhibits, Schedules and Disclosure Schedules. The Disclosure Schedules and all exhibits and schedules referred to in this Agreement will be attached hereto and are incorporated by reference herein.

11.6 Notices. Any notice, demand, letter or other communication required, permitted, or desired to be given hereunder will be deemed effectively given when either personally delivered, or when received by electronic means (including email) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to IVHD: Imperial Valley Health District  
207 West Legion Road  
Brawley, CA 92227  
Attention: Chris Bjornberg  
Email: [cbjornberg@iv-hd.org](mailto:cbjornberg@iv-hd.org)

With copies  
(which shall not  
be deemed  
notice) to: Snell & Wilmer LLP  
Executive Center Del Mar  
12230 El Camino Real  
Suite 300  
San Diego, CA 92130  
Attention: Adriana Ochoa  
Email: [arochoa@swlaw.com](mailto:arochoa@swlaw.com)

and

Snell & Wilmer LLP  
Two Cal Plaza  
350 South Grand Ave.  
Suite 3100  
Los Angeles, CA 90071  
Attention: Joshua Schneiderman  
Email: [jschneiderman@swlaw.com](mailto:jschneiderman@swlaw.com)

If to ECRMC: El Centro Regional Medical Center  
1415 Ross Avenue  
El Centro, CA 92243  
Attention: Chief Executive Officer  
Email: [Pablo.Velez@ecrmc.org](mailto:Pablo.Velez@ecrmc.org)

With a copy  
(which shall not  
be deemed  
notice) to: El Centro Regional Medical Center  
1415 Ross Avenue  
El Centro, CA 92243  
Attention: General Counsel  
Email: [Douglas.Habig@ecrmc.org](mailto:Douglas.Habig@ecrmc.org)

If to City: City of El Centro  
1275 Main Street  
El Centro, CA 92243  
Attention: City Manager  
Email:

With a copy (which shall not be deemed notice) to: Sheppard Mullin Richter & Hampton LLP  
Four Embarcadero Center  
Seventeenth Floor  
San Francisco, CA 94111  
Attention: Eric Newsom  
Facsimile: (415) 403-6011  
Email: [enewsom@sheppardmullin.com](mailto:enewsom@sheppardmullin.com)

and

Sheppard Mullin Richter & Hampton LLP  
321 N. Clark Street, 32nd Floor  
Chicago, IL 60654  
Attention: Megan Rooney  
Email: [mrooney@sheppardmullin.com](mailto:mrooney@sheppardmullin.com)

or at such other address as one Party may designate by notice hereunder to the other Parties.

11.7 Headings. The section and other headings contained in this Agreement and in the Disclosure Schedule, exhibits and schedules to this Agreement are included for the purpose of convenient reference only and will not restrict, amplify, modify or otherwise affect in any way the meaning or interpretation of this Agreement or the Disclosure Schedule, exhibits and schedules hereto.

11.8 Confidentiality. The Parties acknowledge and agree that the Confidentiality Agreement, dated as of April 1, 2024, among the Parties (the “Confidentiality Agreement”) remains in full force and effect.

11.9 Fair Meaning. This Agreement will be construed according to its fair meaning and as if prepared by all Parties.

11.10 Gender and Number; Construction; Affiliates. All references to the neuter gender will include the feminine or masculine gender and vice versa, where applicable, and all references to the singular will include the plural and vice versa, where applicable. Unless otherwise expressly provided, the word “including” followed by a listing does not limit the preceding words or terms and will mean “including, without limitation.” Any reference in this Agreement to an “Affiliate” will mean any Person directly or indirectly controlling, controlled by or under common control with a second Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

11.11 Third Party Beneficiary. The provisions contained in this Agreement are not intended by the Parties, nor will they be deemed, to confer any benefit on any Person not a party to this Agreement, except for the Parties’ successors and permitted assigns.

11.12 Expenses and Attorneys' Fees. Each Party will be responsible for and bear all of its own fees, costs and expenses incurred at any time in connection with pursuing or consummating the proposed Transaction; provided, however, that in the event the Transaction closes, the City will be responsible for paying One Million Five Hundred Thousand Dollars (\$1,500,000.00) of IVHD's reasonable, documented expenses associated with the Transaction ("IVHD Closing Expenses"); and *provided further* that the City will not reimburse IVHD for any costs or expenses related to any representations and warranties insurance policy, including policy premiums or attorney or other professional fees associated with any such policy. IVHD will be responsible for paying any necessary regulatory filing fees.

11.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same Agreement, binding on all of the Parties hereto. The Parties agree that .PDF copies of signatures will be deemed originals for all purposes hereof and that a Party may produce such copies, without the need to produce original signatures, to prove the existence of this Agreement in any proceeding brought hereunder. Signatures sent by facsimile or electronic transmission will be deemed to be originals for all purposes of this Agreement.

11.14 Entire Agreement. This Agreement, the Disclosure Schedules, the exhibits and schedules, and the documents referred to in this Agreement contain the entire understanding between the Parties with respect to the Transaction and supersede all prior or contemporaneous agreements, understandings, representations and statements, oral or written, between the Parties on the subject matter hereof other than the Confidentiality Agreement.

11.15 No Waiver. Any term, covenant or condition of this Agreement may be waived at any time by the Party which is entitled to the benefit thereof but only by a written notice signed by the Party expressly waiving such term or condition. The subsequent acceptance of performance hereunder by a Party will not be deemed to be a waiver of any preceding breach by any other Party of any term, covenant or condition of this Agreement, other than the failure of such other Party to perform the particular duties so accepted, regardless of the accepting Party's knowledge of such preceding breach at the time of acceptance of such performance. The waiver of any term, covenant or condition will not be construed as a waiver of any other term, covenant or condition of this Agreement.

11.16 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any Party or circumstance will be held to be invalid or unenforceable to any extent in any jurisdiction, then the remainder of this Agreement and the application of such term, provision, condition or covenant in any other jurisdiction or to Persons or circumstances other than those as to whom or which it is held to be invalid or unenforceable, will not be affected thereby, and each term, provision, condition and covenant of this Agreement will be valid and enforceable to the fullest extent permitted by Law.

11.17 Time is of the Essence. Time is of the essence for all dates and time periods set forth in this Agreement and each performance called for in this Agreement.

11.18 Waiver of Jury Trial. EACH OF THE PARTIES HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY

CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (I) ARISING UNDER THIS AGREEMENT OR (II) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES IN RESPECT OF THIS AGREEMENT OR THE TRANSACTION, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. EACH OF THE PARTIES EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION WILL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY OF THE PARTIES MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

11.19 Non-Recourse. All claims or causes of action (whether in contract or in tort, in law or in equity, by statute or otherwise) that may be based upon, arise out of or relate to this Agreement or the other Transaction Documents, or the negotiation, execution or performance of this Agreement or the other Transaction Documents (including any representation or warranty made in or in connection with this Agreement or the other Transaction Documents or as an inducement to enter into this Agreement or the other Transaction Documents), may be made only against the Persons that are expressly identified as parties hereto and thereto. No Person who is not a named party to this Agreement or the other Transaction Documents, including any past, present or future director, officer, employee, incorporator, member, partner, stockholder, equity holder, controlling person, Affiliate, agent, attorney or representative of any named party to this Agreement or the other Transaction Documents (the “Non-Party Affiliates”) will have any Liability (whether in contract or in tort, in law or in equity, by statute or otherwise, or based upon any theory that seeks to impose Liability of an entity party against its owners or Affiliates, including by or through theories of equity, agency, control, instrumentality, single business enterprise, piercing the veil or undercapitalization) for any obligations or Liabilities arising under, in connection with or related to this Agreement or the other Transaction Documents (as the case may be) or for any claim based on, in respect of, or by reason of this Agreement or the other Transaction Documents (as the case may be) or the negotiation or execution hereof or thereof; and each Party waives and releases all such Liabilities, claims and obligations against any such Non-Party Affiliates.

11.20 Release. IVHD irrevocably and unconditionally releases and forever discharges, Sellers and Sellers’ Representatives, subsidiaries, successors and assigns and any of their respective directors, managers, officers, members, partners, equity holders, trustees, employees, agents, counsel or advisors from any and all Liabilities whatsoever (whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued and whether due or to become due), excluding only those obligations arising directly under this Agreement. IVHD hereby acknowledges that they have been advised by legal counsel of the provisions of California Civil Code Section 1542, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN TO HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.



Having been so advised, IVHD hereby waives any rights they may have under Section 1542, as well as under any other statute or common law principles of similar effect.

11.21 Survival. The representations and warranties of each Seller contained in this Agreement or in any certificate delivered pursuant hereto (whether or not contained in Article III or Article III) will not survive, and will terminate at, the Closing, and the Sellers and their respective Affiliates will not have any Liability after the Closing for any breach of any of its representations or warranties contained in this Agreement, any Transaction Document, or in any certificate or other instrument delivered pursuant hereto or thereto. The covenants or other agreements of each Seller contained in this Agreement, any Transaction Document, or in any certificate delivered pursuant hereto or thereto which are to be performed prior to Closing will not survive, and will terminate at, the Closing, and the Sellers will not have Liability after the Closing for any breach of any such covenant or other agreement contained in this Agreement, any Transaction Document, or in any certificate delivered pursuant hereto or thereto. The covenants and other agreements of the Sellers contained in this Agreement or in any certificate delivered pursuant hereto which are to be performed after the Closing will survive the Closing for the period contemplated by their terms.

11.22 Several and Not Joint Liability. For the avoidance of doubt, the City shall not be liable for any representations and warranties or covenants of ECRMC, and ECRMC shall not be liable for any representations and warranties or covenants of the City herein.

11.23 Non-Disparagement. No Party will, whether in writing or orally, malign, denigrate or disparage another Party, or any of its current or former directors, officers, employees, partners, members, agents or representatives, with respect to any of their respective past or present activities associated with the Business (including the negotiation of this Transaction), or otherwise publish (whether in writing or orally) statements that tend to portray any of the aforementioned parties in an unfavorable light with respect to any of their respective past or present activities associated with the Business (including the negotiation of this Transaction). Notwithstanding the foregoing, nothing in this Agreement will preclude any Party from responding accurately and fully to any request for information or disclosure of documents if required by Law, court order, subpoena or other legal process, in any criminal, civil, or regulatory proceeding or investigation, or in any legal dispute between the Parties. In addition, nothing in this provision or this Agreement is intended to prohibit or restrain the parties in any manner from making disclosures that are protected under the whistleblower provisions of federal or state Law or regulation.

11.24 Public Announcements. Unless otherwise required by applicable Law, no Party will make any public announcements in respect of this Agreement or the Transaction or otherwise communicate with any news media without the prior written consent of the other Parties (which consent shall not be unreasonably withheld, conditioned, or delayed), and the Parties shall cooperate as to the timing and contents of any such announcement.

*[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]*

**IN WITNESS WHEREOF**, this Asset Transfer Agreement has been entered by each Party's duly authorized officer effective as of the date first written above.

IVHD:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

CITY:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

ECRMC:

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **Appendix I**

### **Defined Terms Glossary**

Terms defined within the Agreement and their applicable section references are set forth below.

<b>Defined Term</b>	<b>Section Reference</b>
Affiliate	Section 11.10
Agreement	Preamble
Allocation	Section 9.9(b)
Assets	Section 1.1(a)
Assigned Contracts	Section 1.1(a)(viii)
Assigned Leases	Section 1.1(a)(iii)
Assumed Benefit Plans	Section 1.1(a)(xxiii)
Assumed Liabilities	Section 1.1(d)
Authority	Section 1.1(d)(i)
Bill of Sale	Section 1.4(a)
Business	Recitals
Bond Documents	Section 5.11(a)
Bond Obligations	Section 5.11(a)
Bonds	Section 1.1(d)(ii)
CARES Act	Section 3.10(h)
Carryover Employees	Section 5.6(c)
Casualty	Section 1.6
City	Preamble
City-Owned Properties	Recitals
City's Knowledge	Section 2.12
Closing	Section 1.3(a)
Closing Date	Section 1.3(a)
Closing Payroll Payments	Section 5.6(a)
CMIR	Section 5.8(b)
Condemnation	Section 1.6
Confidentiality Agreement	Section 11.8
Disclosure Schedule Supplement	Section 5.12
ECRMC	Preamble
ECRMC Defined Contribution Plan	Section 5.6(f)
ECRMC-Owned Properties	Recitals
ECRMC Pension Plan	Section 5.6(e)
ECRMC's Knowledge	Section 3.27
Effective Time	Section 1.3(a)
Excluded Assets	Section 1.1(b)
Excluded Benefit Plans	Section 1.1(b)(vi)
Effective Date	Preamble
Facilities	Recitals
Final Allocation	Section 9.9(b)
Financial Contribution	Section 1.2(a)

Financial Statements	Section 3.16
Health Care Reform Laws	Section 3.12(i)
Hired Employees	Section 5.6(b)
Hospital	Recitals
HQI Program	Section 3.10(d)
Installment Purchase Agreement	Section 1.1(d)(i)
Intended Tax Treatment	Section 9.9(a)
Interim Financial Statements	Section 3.16
Interim Period	Section 5.12
IVHD	Preamble
IVHD Closing Expenses	Section 11.12
IVHD Knowledge	Section 4.8
Leased Real Property	Section 1.1(a)(iii)
Leasehold Title Policy	Section 5.5
Lessor Leases	Section 1.1(a)(iii)
LOC	Section 5.10
Majority Owners	Section 5.11(a)
Memorandums of Understanding	Section 5.6(g)
Non-Assignable Right	Section 9.10
Non-Party Affiliates	Section 11.19
Objections	Section 5.5
Objection Notice	Section 5.5
Objection Response	Section 5.5
Objection Response Notice Date	Section 5.5
OHCA	Section 5.8(b)
OHCA Notices	Section 5.8(b)
OIG Health and Human Services	Section 3.10(a)(v)
ORYX	Section 3.10(d)
Outside Termination Date	Section 8.1(g)
Owned Real Property	Section 1.4(d)
Owner's Affidavit	Section 5.5
Owner's Title Policy	Section 5.5
Parties	Preamble
Party	Preamble
Personal Property	Section 1.1(a)(i)
Pioneers Bonds	Section 6.5
Pioneers Bond Documents	Section 6.5
Pioneers Indenture	Section 6.5
PMHD	Section 6.5
Purchase Price	Section 1.2(a)
Qnet	Section 3.10(d)
Qualified Benefit Plan	Section 3.12(d)
Real Estate Assignments	Section 1.4(b)
Real Property	Section 1.1(a)(iii)

Refunding Bonds	Section <b>Error!</b> <b>Reference source not found.</b>
Required Governmental Entity Consents	Section 3.5(a)
Required Third Party Consents	Section 3.5(b)
Seller Indemnified Persons	Section 9.2(a)
Seller Payment Programs	Section 3.10(a)(i)
Sellers	Preamble
Sellers Cost Reports	Section 10.2
Sellers' Representatives	Section 9.2(a)
Surveys	Section 5.5
Tax Consideration	Section 9.9(b)
Tenant Leases	Section 1.1(a)(iii)
Terminated Employees	Section 5.6(d)
Terminating Benefit Plans	Section 5.6(g)
Title Commitment	Section 5.5
Title Company	Section 5.5
Title Instruments	Section 5.5
Title Policy	Section 5.5
Transfer Agreement	Section 1.4(e)
Trust Agreement	Section 1.1(d)(ii)
UC San Diego Health	Section 1.5(d)
Year-End Financial Statements	Section 3.16

Terms not otherwise defined in the Defined Terms table above but otherwise referenced in the Agreement herein will have the meanings set forth below.

“Accrued PTO” means obligations and liabilities with respect to accrued but unused paid time off, including any sick, vacation and holiday pay hours (including employer FICA and any other estimated employer Taxes thereon), with respect to the Business Employees.

“Business Employee” means any employee of the Business (whether salaried or hourly, and full-time or part-time, and whether or not such persons are on short-term or long-term disability, military leave, workers compensation leave, or on any other type of leave of absence).

“Benefit Plan” means: (a) each “employee benefit plan,” as defined in Section 3(3) of ERISA whether or not subject to ERISA, and whether or not tax qualified, including any “governmental plan”, as defined in Section 3(32) of ERISA; and (b) each other pension, benefit, retirement, compensation, profit-sharing, savings, deferred compensation, bonus, incentive, performance award, equity or equity-based compensation, change in control, retention, separation, employment, consulting, severance, welfare, health, dental, vision, life insurance, disability, vacation, paid time off, Code Section 125 Cafeteria, or fringe-benefit and each other benefit or compensation plan, policy, program, contract, agreement or arrangement, that, in each case, is maintained, sponsored or contributed to or required to be contributed to by ECRMC for the benefit of any current or former directors, officers, or employees, retirees, independent contractors or consultants of the

Business, or with respect to which ECRMC has or may have any Liability that arises from or is associated with the Business.

“Closing Payments” means any transaction expenses of ECRMC.

“Code” means the Internal Revenue Code of 1986, as amended.

“Contracts” means all contracts, leases and agreements (including purchase orders), whether written or oral, that relate to the operation of the Business.

“Controlled Group Member” means any entity (whether or not incorporated) that together with Sellers is a member of: (i) a controlled group of corporations within the meaning of Section 414(b) of the Code; (ii) a group of trades or business under common control within the meaning of Section 414(c) of the Code; (iii) an affiliated service group within the meaning of Section 414(m) of the Code; or (iv) any other person or entity treated as an Affiliate of Sellers under Section 414(o) of the Code.

“COVID-19” means the novel coronavirus disease, COVID-19 virus (SARS-COV-2 and all related strains and sequences) or mutations (or antigenic shifts or drifts) thereof or a disease or public health emergency resulting therefrom.

“COVID-19 Funds” means all grants, payments, distributions, loans, funds or other relief provided under the CARES Act, the Paycheck Protection Program Act, or any other program authorized by any Governmental Entity or government program in response to COVID-19 (as defined herein), including, but not limited to, the Paycheck Protection Program, Main Street Loan Program, Provider Relief Fund, Small Rural Hospital Improvement Program, Assistant Secretary for Preparedness and Response or Hospital Preparedness Program Grants, Federal Emergency Management Agency, or any other law or program enacted, adopted or authorized in response to or in connection with COVID-19; provided that COVID-19 Funds do not include any Medicare Accelerated Advance Payments.

“Disclosure Schedule” means the disclosure schedules regarding certain exceptions to the representations and warranties in this Agreement, and any Disclosure Schedule Supplement delivered pursuant to Section 5.12.

“Encumbrance” means with respect to any property or asset, any charge, claim, condition, covenants, defect in title, easement, encroachment, encumbrance, equities, escrow, lease, license, lien, mortgage, option, pledge, proxy, security interest, right of way, right of first refusal or first offer or other third-party right, title defect or restriction, including any restriction on use, voting, transfer, receipt of income or exercise of any other attributable of ownership.

“Environmental Laws” means any applicable Law, order or binding agreement with any Government Entity: (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment (including ambient air, soil, surface water or groundwater, or subsurface strata); or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, transportation, processing, production, disposal or remediation of any Hazardous Substances.

“ECRMC Intellectual Property” means all Intellectual Property, to the extent used primarily or held for use primarily in, or otherwise primarily relating to, the Business that is owned or purported to be owned or licensed, in whole or in part, by or to ECRMC.

“ECRMC IT Systems” means information technology and computer systems, networks, hardware, software, databases, websites, and equipment owned or operated by or expressly on behalf of the ECRMC that are used to process, store, maintain, and operate data and information used in connection with the Business.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Federal Anti-Kickback Statute” means 42 U.S.C. § 1320a-7b(b)) and the regulations promulgated thereunder, as amended.

“Federal False Claims Act” means 31 U.S.C. §§ 3729-3733 and the regulations promulgated thereunder, as amended.

“GAAP” means general accepted accounting principles.

“Government Entity” or Governmental Entity” means any federal, state, national, commonwealth, municipal, provincial, territorial, local, domestic, or foreign government, quasi-governmental or authority, regulatory, self-regulatory, or administrative authority, political subdivision, tribunal or other instrumental thereof, including each of their respective branches, departments, agencies, commissions, boards, directorates, commissions, officials, tribunals, bodies, bureaus, courts, instrumentalities or other subdivisions.

“Hazardous Substances” means: (a) any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, or words of similar import or regulatory effect under Environmental Laws; and (b) any petroleum or petroleum-derived products, radon, radioactive materials or wastes, asbestos in any form, lead or lead-containing materials, urea formaldehyde foam insulation or polychlorinated biphenyls.

“Healthcare Laws” means any and all Laws relating to health care regulatory, licensure and reimbursement matters, including, without limitation, the licensure, certification, qualification or authority to transact business relating to the provision of, or payment for, or both the provision of and payment for, health benefits, healthcare or insurance coverage, including ERISA, COBRA, the State Children’s Health Insurance Program, Medicare, Medicaid, TRICARE, and Laws relating to the regulation of fraud and abuse, false claims and patient referrals; Laws governing the federal Medicare (including Medicare Part D and Medicare Advantage), Medicaid, Medicaid-waiver, and CHAMPUS/ TRICARE programs, any federal healthcare program as defined in 42 U.S.C. § 1320a-7b(f), and any state healthcare program as defined in 42 U.S.C. § 1320a-7(h) (“Healthcare Programs”) and the delivery and payment of healthcare services; Laws governing billing and submission of a claim to a Healthcare Program or any other payor, including reimbursement, payments, and cost reporting and other Healthcare Program or healthcare services reimbursement requirements; the Federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b(b)) and the regulations promulgated thereunder, and its state law counterparts; the Federal Civil Monetary Penalty Provisions (collectively, 42 U.S.C. § 1320a-7a and 31 U.S.C. § 3801 *et seq.*); the Federal False

Claims Act, and its state law counterparts; the Stark Law, and its state law counterparts; survey, certification and standards as each relates to the eligibility of ECRMC for obtaining governmental authorizations required in any state where they conduct business or required for ECRMC to participate in any Healthcare Program; medical records and patient medical information privacy and security Laws, including the requirements of HIPAA; Laws governing treatment and reporting by ECRMC relating to infectious diseases; corporate practice of medicine doctrines and similar restrictions on ownership of any Person and the performance of professional medical services by any Person; the Prescription Drug and Marketing Act of 1987 (21 U.S.C. §§ 353 et seq.) and the Controlled Substances Act (21 U.S.C. §§ 801 et seq.), the Federal Food, Drug and Cosmetics Act (21 U.S.C. §§ 301 et. seq.) and the Knox-Keene Health Care Service Plan Act of 1975 (California Health and Safety Code §§ 1340 et seq), each as amended from time to time, and all applicable and legally binding implementing regulations, rules, ordinances, judgments and orders, manuals, call letters, memorandums, transmittals and other sub-regulatory guidance applicable to ECRMC.

“HIPAA” means, collectively, the Health Insurance Portability and Accountability Act of 1996 and the implementing regulations, as amended and supplemented by the Health Information Technology for Clinical Health Act of the American Recovery and Reinvestment Act of 2009, Pub. Law No. 111-5 and its implementing regulations, when each is effective and as each is amended from time to time.

“Intellectual Property” means collectively, (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all letters patent and pending applications for patents of the United States and all countries foreign thereto and all reissues, reexaminations, divisions, continuations, continuations-in-part and extensions thereof; (b) all trademarks, service marks, trade names, Internet domain names, social media handles, and other similar designations of source, association or origin, whether or not registered, and all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith; (c) all copyrights and other published and unpublished works of authorship, and all applications, registrations and renewals in connection therewith; (d) all mask works and all applications, registrations, and renewals in connection therewith; (e) all trade secrets and confidential business information (including confidential ideas, research and development, know how, methods, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals); (f) all software (including in source code, executable code, and object code form), data, data bases, and collections of data, and related documentation; (g) rights of publicity and likeness; (h) all rights to enforce and to collect royalties and damages, (i) all other intellectual property rights of any type in any jurisdiction; and (j) all copies and tangible embodiments of the foregoing (in whatever form or medium).

“Law” means any statute, law, ordinance, code, act, rule, regulation, treaty, Order, or other legally binding requirement of any Governmental Entity (including common law), including, without limitation, any Environmental Law, Privacy Law, and any Healthcare Law, each as may be amended from time to time.

“Liabilities” means all liabilities, indebtedness, obligations, damages, fines, fees, penalties and other liabilities (or contingencies that have not yet become liabilities) of any kind, character or description, whether absolute, accrued, matured, contingent (or based upon any contingency),



known or unknown, secured or unsecured, fixed or otherwise, or whether due or to become due, including, without limitation, any fines, penalties, judgments, awards or settlements respecting any judicial, administrative or arbitration proceedings or any damages, losses, claims or demands with respect to any Laws.

“Licenses” means licenses, permits, consents, approvals, authorizations, registrations, qualifications and certifications of any governmental or administrative agency or authority (whether federal, state or local), including without limitation any Medicare, Medicaid, Medi-Cal, and other provider numbers, certificates or determinations of need, state licenses, CLIA certificates and DEA registrations, in each case issued by any Governmental Authority to Sellers or the Business and that are related to or otherwise required for the ownership or operation of the Assets or the Business.

“Material Adverse Effect” means any event, change or occurrence that, individually or in the aggregate with other events, changes or occurrences, has had or would reasonably be expected to have, a negative effect on Sellers’ financial condition, operation, the Business or Assets in excess of Ten Million Dollars (\$10,000,000.00); provided, however, that a Material Adverse Effect will not include any event, change or occurrence, directly or indirectly, arising out of, or attributable to: (a) general economic or political conditions, (b) conditions generally affecting the industries in which the Business operates, (c) any changes in financial, banking or securities markets in general, including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates, (d) acts of war (whether or not declared), armed hostilities or terrorism, or the escalation or worsening thereof, (e) any action required or permitted by this Agreement or any action taken (or omitted to be taken) with the written consent of or at the written request of IVHD, (f) any matter of which IVHD is aware on the Effective Date, (g) any changes in applicable laws or accounting rules (including United States GAAP), (h) the announcement, pendency or completion of the Transaction, including losses or threatened losses of employees, customers, suppliers, distributors, or others having relationships with Sellers and the Business, (i) any natural or man-made disaster or acts of God, (j) any epidemic, pandemic or disease outbreak (including COVID-19), or (k) any failure by the Business to meet any internal or published projections, forecasts or revenue or earnings predictions (provided that the underlying causes of such failures (subject to the other provisions of this definition) will not be excluded).

“Meaningful Use” means the Medicare and Medicaid Electronic Health Record Incentive Programs and any successor program.

“Medicare Accelerated Advance Payments” means the accelerated and advance payments received by Sellers prior to the Effective Time pursuant to the Accelerated Payment Program or the Advance Payment Program implemented by the Centers for Medicare & Medicaid Services to increase cash flow to healthcare providers as a result of COVID-19.

“Order” means any award, writ, sentence, injunction, judgment, decree, order, ruling, subpoena or verdict or other decision issued, promulgated or entered by any Governmental Entity.

“Ordinary Course of Business” means, with respect to any Person, an action taken by or on behalf of a Person that is recurring in nature, is consistent (including with respect to frequency and

magnitude) with the past practices of such Person during the prior twelve (12) months and is taken in the ordinary course of the operations of such Person.

“Payment Programs” means Medicare, TRICARE, Medicaid, Medi-Cal Worker’s Compensation, Blue Cross/Blue Shield programs, and all other health maintenance organizations, preferred provider organizations, health benefit plans, health insurance plans, and other third-party reimbursement and payment programs including without limitation any Payment Programs of Sellers.

“Permitted Exceptions” means collectively, the following: (i) liens for taxes not yet delinquent or that are being contested in good faith; (ii) mechanics’, carriers’, workmen’s, repairmen’s or other like liens arising or incurred in the Ordinary Course of Business; (iii) liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the Ordinary Course of Business; (iv) easements, rights-of-way, zoning ordinances and all other Encumbrances of record affecting any one or more portion of the real property to be sold and transferred hereunder; (v) matters that would be disclosed by an accurate survey of the Real Property or any component thereof; (vi) the Tenant Leases and the rights of the tenants or subtenants, respectively, thereunder; (vii) in the case of any Tenant Lease, any lien rights arising from or on account of the tenant (or subtenant’s) performance of work on or about the premises leased (or subleased) thereunder; and (viii) in the case of any Lessor Lease, the rights of the landlord or sublandlord, as the case may be, thereunder and all matters affecting or encumbering the landlord’s (and, if applicable, sublandlord’s) title to the real property subject to such Lessor Lease.

“Person” means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated association, a Governmental Entity, or any other entity or body.

“Personal Information” means information and data that is linked or linkable to a natural person, including, without limitation, any information specifically defined or identified in any Seller privacy policy as “personal information,” “personal data,” “personally identifiable information,” or “PII”. Personal Information may relate to any identifiable natural person, including a current, prospective or former customer, employee, supplier or vendor of any Person. Personal Information includes information in any form, including paper, electronic and other forms.

“Personal Property Leases” means any lease, conditional or installment sale contract, lien or similar arrangement to which any tangible personal property used by Sellers in connection with the ownership and operation of the Business is subject.

“Privacy Law” means HIPAA, the California Confidentiality of Medical Information Act (“CMIA”), and other applicable Laws concerning the privacy, security, or breach of individually identifiable information, including “protected health information” as defined in HIPAA, “medical information” as defined in the CMIA, and “personal information” as defined in California Civil Code Section 1798.82.

“Specified Payables” means the sum of ECRMC’s accounts payable, accrued expenses and accrued compensation (not including accrued benefits), calculated from ECRMC’s balance sheet and in a manner consistent with the historical accounting practices of ECRMC.

“Stark Law” means the federal Ethics in Patient Referrals Act, 42 U.S.C. Section 1395nn, and all regulations promulgated thereunder.

“Tax” or “Taxes” means any and all U.S. federal, state, local and foreign income, profits, franchise, gross receipts, stamp, payroll, sales, employment, unemployment, disability, use, personal and real property, withholding, excise, value added, and any other taxes, charges, fees, duties, levies or similar assessments or Liabilities in the nature of a tax, whether computed on a separate, consolidated, unitary or combined basis or in any other manner, and includes any interest, fines, penalties, assessments, deficiencies or additions thereto.

“Transaction” means the transactions contemplated by this Agreement.

“Transaction Documents” means, collectively, this Agreement and all ancillary agreements contemplated herein or otherwise necessary to effect the Transaction.

“WARN” means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101, *et seq.*, or any similar state, local, or foreign Laws, including, but not limited to, California Assembly Bill AB 2957, as codified at California Labor Code Sections 1400, *et seq*



**TO:** HOSPITAL BOARD MEMBERS

**FROM:** David Momberg, Chief Financial Officer

**DATE:** June 23, 2025

**MEETING:** Board of Trustees

**SUBJECT:** April 2025 Month and Year-to-Date Financial Statements

**BUDGET IMPACT:** ☒ Does not Apply  
A. Does the action impact/affect financial resources? ☐ Yes ☐ No  
B. If yes, what is the impact amount: \_\_\_\_\_

**BACKGROUND:** The month of April resulted in net operating gain of \$1.2M, a positive margin of 8.3% and positive EBIDA of \$3.6M. FYTD EBIDA is positive at \$1.5M and positive margin YTD of 1.2%.

**DISCUSSION:** For a more detailed description of financial performance, please see the attached Financial Report.

**RECOMMENDATION:** (1) Approve (2) Do not approve

**ATTACHMENT(S):**

- Financial Packet for Apr 2025

Approved for agenda, Chief Executive Officer

Date and Signature: Pablo Velazquez



## April 2025 Financial Report

May 27, 2025

**To: Finance Committee**

**From: David Momberg, Chief Financial Officer**

The following package contains:

- Comparative volumes vs. Prior Month/Year
- Balance Sheet vs. Prior Month comparison
- Operating Statement vs. Prior Month comparison
- Monthly Cash Flow (Fiscal Year to Date)

### **Balance Sheet:**

- a) Cash balance decreased (\$1.1M) related to high payments to vendors, higher than cash inflows.
- b) Net Patient Accounts Receivable increased (\$3.2M) mainly due to higher revenues for the month and adjustment for prior month's contractals.
- c) Other receivables decreased (\$280k) due to 340B pharmacy receipts.
- d) Due from Third-Party Payors increased (\$794k) related to 3<sup>rd</sup> party supplemental programs pending receipt.
- e) Deferred Outflows of Resources – Pension decreased (\$710k) due to no payments made during the month related to credit on pension account.
- f) Days in A/R increased to 51.52 from 51.49. The goal is 50 days.
- g) Accounts payable days increased, 87.41 vs. 82.77 days from previous month.
- h) Current Ratio is 1.15 (1.14 last month).

### **Income Statement – Current Month Actual vs. Prior Month:**

- a) Our Inpatient Revenue is 12.4% mainly due to higher patient days (1,511 vs. 1,344 prior month).
- b) Outpatient Revenue is 4.9% higher due to higher Oncology patient billable medications.
- c) Contractuals for the month are 79.2% of gross revenues (82.3% YTD).
- d) Charity and Bad debt are 1.2% of gross revenues.
- e) Supplies – Non-Medical is 58.9% lower due to Warehouse inventory adjustment made in March.
- f) Repairs and Maintenance is 17.5% lower due to lower Affinity expenses related to contract ending.
- g) Grants and Contributions revenue is 100% higher due to \$1M received for the Pulmonary Clinic Grant.
- h) March 2025 shows a Net gain of \$1.7M (*\$3.6M positive EBIDA*).

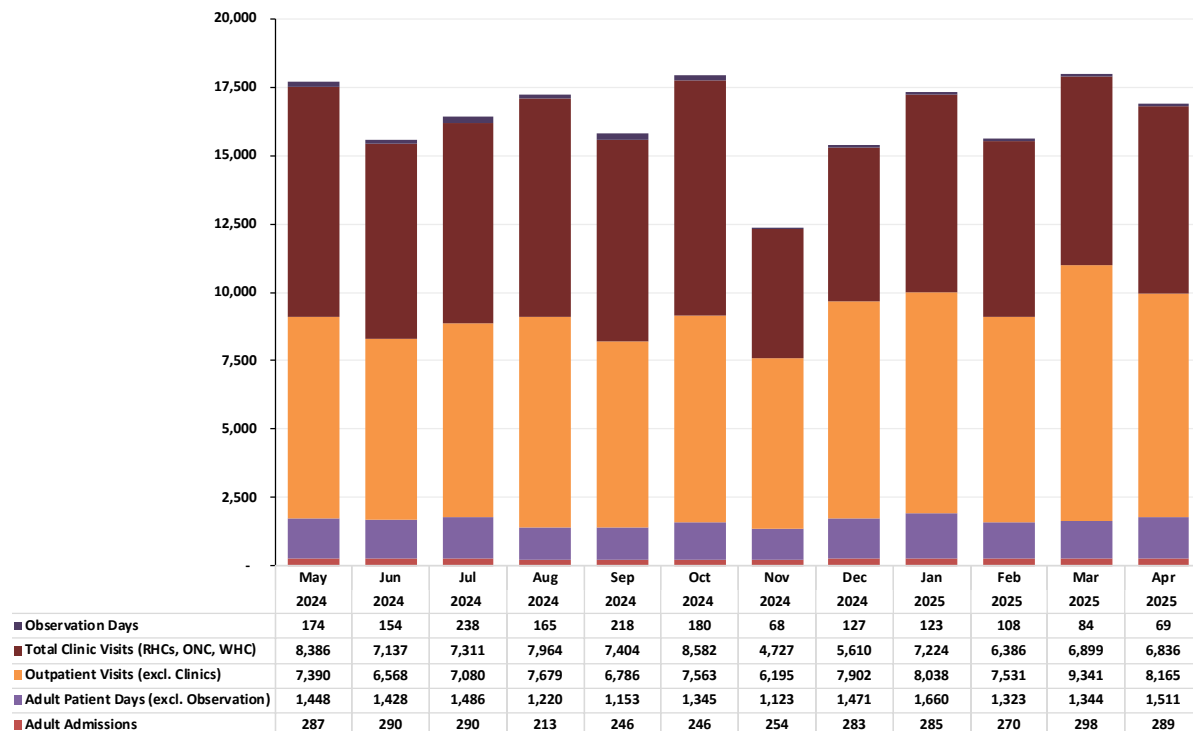
### **Definitions:**

- **EBIDA** - Earnings Before Interest, Depreciation, and Amortization.
- **Contribution Margin** – Total Revenue minus Expenses (excluding functional areas of IT, Finance, HR, and management assessments/restructuring costs).
- **EBIDA Margin** – EBIDA/Total Revenue.
- **Operating Expenses Per Day** – Total Expenses less Depreciation divided by Days.
- **Operating Revenue Per Day** – Operating Income/Days.
- **Days Cash on Hand** – Cash/Operating Expenses per Day.
- **Days Revenue in A/R** – Accounts Receivable/Operating Revenue per Day.
- **Current Ratio** – Current Assets/Current Liabilities.
- **Equity Financing Ratio** – Total Capital/Total Debt.

## El Centro Regional Medical Center Comparative Volumes as of April 30, 2025

	Jan 2025	Feb 2025	Mar 2025	Apr 2025	YTD Actual	YTD Budget	YTD Variance
Adult Admissions (excl. Observation)	285	270	298	289	2,674	2,978	(304)
Patient Days (excl. Observation)	1,660	1,323	1,344	1,511	13,366	14,480	(1,114)
Average Length of Stay (excl. Observation)	5.8	4.9	4.5	5.2	5.0	4.9	0.1
Average Daily Census (excl. Observation)	53.5	47.3	43.4	41.4	44.0	44.0	-
Average Daily Census (ADC) Observation	4.0	3.9	2.7	2.3	4.5	7.2	(2.6)
Total ADC (including Observation)	57.5	51.1	46.1	43.7	48.5	51.1	(2.6)
Observation Days (excluding Obstetrics)	123	108	84	69	1,380	2,182	(802)
Outpatient Visits (excluding Clinics)	8,038	7,531	9,341	8,165	76,280	79,895	(3,615)
Emergency Room Visits	2,813	2,551	2,759	2,737	28,245	31,030	(2,785)
El Centro Rural Health Clinic Visits	3,331	3,277	3,557	3,588	34,247	40,445	(6,198)
Calexico Rural Health Clinic Visits	3,115	2,478	2,674	2,609	27,048	30,831	(3,783)
Rural Health Clinic Visits - Total	6,446	5,755	6,231	6,197	61,295	71,275	(9,980)
Wound Healing Center Visits	128	127	144	99	1,430	1,819	(389)
Oncology Center Visits	650	504	524	540	6,218	6,673	(455)
Oncology Center Infusion Procedures	1,360	1,277	1,474	1,497	13,877	13,670	207
Surgeries without C-Sections	380	460	457	412	4,297	5,256	(959)
DaVinci Cases	48	51	47	50	518	432	86

### Rolling-12 Volume Trend



## ECRMC BALANCE SHEET COMPARED TO PRIOR MONTH

	April 30, 2025	March 31, 2025	Variance (\$)	Variance (%)
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 10,590,546	\$ 11,682,172	\$ (1,091,625)	-9%
Net Patient Accounts Receivable	21,092,491	17,885,885	3,206,606	18%
Other Receivables	398,969	679,859	(280,890)	-41%
Due from Third-Party Payors	10,969,790	10,175,260	794,530	8%
Inventories	2,771,682	2,763,563	8,119	0%
Prepaid Expenses & Other	2,804,276	2,653,804	150,472	6%
Total Current Assets	48,627,754	45,840,542	2,787,212	6%
Assets Limited as to Use				
Restricted Building Capital Fund	226,888	215,353	11,535	5%
Funds Held by Trustee for Debt Service	12,542,066	11,938,676	603,390	5%
Restricted Programs	11,497	11,497	-	0%
Total Assets Limited as to Use	12,780,451	12,165,526	614,925	5%
Property, Plant, and Equipment: Net	156,235,082	155,609,796	625,286	0%
Other Assets	864,638	855,131	9,508	1%
<b>Total Assets</b>	218,507,926	214,470,995	4,036,931	2%
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources - Pension	3,652,420	4,362,469	(710,049)	-16%
Total Deferred Outflows of Resources	3,652,420	4,362,469	(710,049)	-16%
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 222,160,346	\$ 218,833,463	\$ 3,326,882	2%
<b>Liabilities</b>				
Current Liabilities:				
Current Portion of Bonds	1,395,000	1,390,000	5,000	0%
Current Portion of Capital Lease Obligations	666,496	691,073	(24,577)	-4%
Accounts Payable and Accrued Expenses	24,156,679	22,535,174	1,621,505	7%
Accrued Compensation and Benefits	10,469,783	10,118,188	351,595	3%
Due to Third-Party Payors	5,606,544	5,606,544	-	0%
Total Current Liabilities	42,294,502	40,340,979	1,953,522	5%
Long-Term Bond Payable, Less Current Portion	111,913,540	112,009,807	(96,267)	0%
Capital Lease Obligations, Less Current Portion	6,176,385	6,404,958	(228,573)	-4%
Notes Payable, Less Current Portion	28,000,000	28,000,000	-	0%
Net Pension Liability	55,644,700	55,644,700	-	0%
<b>Total Liabilities</b>	244,029,126	242,400,445	1,628,682	1%
<b>Deferred Inflows of Resources</b>	-	-	-	0%
Deferred Inflows of Resources - Pension	-	-	-	0%
<b>Total Deferred Inflows of Resources</b>	-	-	-	0%
<b>Net Position</b>				
Restricted Fund Balance	26,348	26,198	150	1%
Fund Balance	(21,895,129)	(23,593,180)	1,698,051	-7%
<b>Total Net Position</b>	(21,868,781)	(23,566,981)	1,698,200	-7%
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	\$ 222,160,346	\$ 218,833,463	\$ 3,326,882	2%
Days Cash on Hand	25.76	29.36		
Days Revenue in A/R	51.52	51.49		
Days in A/P	87.41	82.77		
Current Ratio	1.15	1.14		
Debt Service Coverage Ratio	1.16	0.86		



## STATEMENTS OF OPERATIONS COMPARISON TO BUDGET

	MTD January 31, 2025	MTD February 28, 2025	MTD March 31, 2025	MTD April 30, 2025	YTD April 30, 2024	YTD April 30, 2025	YTD BUDGET April 30, 2025
Adult Admissions	285	270	298	289	2,501	2,674	2,978
Adult Patient Days (excl. Observation)	1,660	1,323	1,344	1,511	13,064	13,366	14,480
Outpatient Visits (excl. Clinics)	8,038	7,531	9,341	8,165	72,315	76,280	79,895
Total Clinic Visits (RHCs, ONC, WHC)	7,224	6,386	6,899	6,836	77,424	68,943	79,767
Observation Days	123	108	84	69	2,488	1,380	2,182
<b>OPERATING REVENUE</b>							
I/P Revenue	\$ 17,807,630	\$ 13,774,937	\$ 17,172,696	\$ 20,369,850	\$ 149,567,200	\$ 157,523,754	\$ 155,566,783
O/P Revenue - Laboratory	6,909,378	4,656,317	5,494,379	5,638,731	64,792,437	58,406,198	66,804,384
O/P Revenue - CT Scanner	5,703,252	5,294,496	5,814,044	5,988,199	65,073,142	59,625,493	65,179,768
O/P Revenue - Emergency Room	7,059,768	6,520,379	6,417,101	6,498,022	59,922,208	64,101,259	61,652,815
O/P Revenue - Oncology	703,315	585,455	640,958	726,760	57,392,972	32,403,851	58,701,326
O/P Revenue - Others	22,326,874	20,297,715	22,752,892	24,279,090	183,908,946	197,520,208	191,017,089
Gross Patient Revenues	60,510,217	51,129,299	58,292,070	63,500,651	580,656,905	569,580,764	598,922,164
Other Operating Revenue	304,601	129,032	472,602	348,872	9,162,333	3,706,209	6,161,319
Total Operating Revenue	60,814,818	51,258,330	58,764,672	63,849,524	589,819,238	573,286,973	605,083,483
Contractuals							
IP Contractuals	12,005,503	11,027,738	13,813,017	12,130,511	116,589,200	119,777,340	121,163,483
OP Contractuals	37,420,503	30,215,774	35,241,256	37,379,552	357,164,336	342,119,009	356,834,888
Charity	174,636	163,349	278,547	35,928	2,740,953	1,453,015	2,504,973
Provision for Bad Debts	550,407	442,854	546,916	753,936	4,514,406	5,693,763	3,266,664
Other Third Party Programs	(1,518,750)	(1,518,750)	(1,469,250)	(1,341,750)	(19,563,561)	(14,923,778)	(17,176,655)
M/Cal Disproportionate Share	(55,000)	(55,000)	0	0	(3,283,658)	(440,000)	(1,124,153)
Total Deductions	48,577,299	40,275,964	48,410,485	48,958,177	458,161,676	453,679,349	465,469,200
Total Net Revenues	12,237,519	10,982,366	10,354,187	14,891,346	131,657,562	119,607,624	139,614,283
<b>EXPENSES</b>							
Salaries & Wages	4,987,760	4,973,666	5,349,001	5,496,190	49,363,498	52,059,439	51,384,915
Registry	30,000	38,877	35,532	61,174	596,748	273,977	298,787
Employee Benefits	777,675	647,688	877,577	897,679	12,785,449	9,044,413	13,707,263
Employee Benefits - Pension GASB 68	709,550	709,836	719,600	710,049	3,832,201	6,156,481	3,196,000
Professional Fees - Medical	1,286,734	1,289,336	1,228,525	1,256,291	12,860,853	12,375,732	12,534,091
Professional Fees - Non-Med	206,326	240,718	171,436	201,383	2,434,921	2,106,708	2,055,659
Supplies - Medical	2,228,339	2,251,841	2,490,297	2,516,252	22,211,681	24,429,677	24,064,995
Supplies - Non-Medical	149,592	111,567	343,110	141,169	1,493,352	1,604,035	1,637,701
Food	85,567	71,323	80,277	78,877	774,728	798,647	978,426
Repairs and Maintenance	677,896	675,789	698,340	576,203	5,933,685	6,854,038	6,642,101
Other Fees	424,813	439,834	575,474	633,071	6,054,412	5,663,111	6,328,309
Lease and Rental	37,680	13,544	27,692	55,224	344,899	290,245	453,618
Utilities	205,423	170,611	167,699	185,315	2,127,986	1,971,349	2,193,532
Depreciation and Amortization	607,743	538,890	654,236	610,831	6,619,637	6,072,749	6,870,479
Insurance	199,081	167,656	167,656	129,433	2,075,747	1,832,632	2,076,275
Other Expenses	75,646	125,793	121,096	105,434	1,338,179	1,124,202	1,327,505
Total Operating Expenses	12,689,828	12,466,970	13,707,549	13,654,577	130,847,975	132,657,434	135,749,654
Operating Income	(452,309)	(1,484,605)	(3,353,362)	1,236,769	809,587	(13,049,810)	3,864,628
Operating Margin %	-3.7%	-13.5%	-32.4%	8.3%	0.6%	-10.9%	2.8%
<b>Non-Operating Revenue and Expenses</b>							
Investment Income	169,933	26,666	31,367	64,925	904,929	570,764	561,525
Grants and Contributions Revenue	0	0	0	1,000,000	387,517	1,063,120	504,987
Non Operating Revenue/(Expense)	0	0	0	0	4,766,759	661,875	1,106,941
Interest Expense	(595,865)	(595,599)	(593,481)	(603,643)	(6,043,443)	(5,948,082)	(5,934,207)
Total Non-Operating Rev. and Expenses	(425,931)	(568,932)	(562,115)	461,282	15,763	(3,652,323)	(3,760,754)
(Deficit)/Excess Rev. Over Exp.	\$ (878,240)	\$ (2,053,537)	\$ (3,915,477)	\$ 1,698,051	\$ 825,350	\$ (16,702,134)	\$ 103,874
(Deficit)/Excess Rev. Over Exp. %	-7.2%	-18.7%	-37.8%	11.4%	0.6%	-14.0%	0.1%
EBIDA	1,034,918	(209,211)	(1,948,159)	3,622,575	17,320,630	1,475,179	16,104,560
EBIDA %	8.5%	-1.9%	-18.8%	24.3%	13.2%	1.2%	11.5%

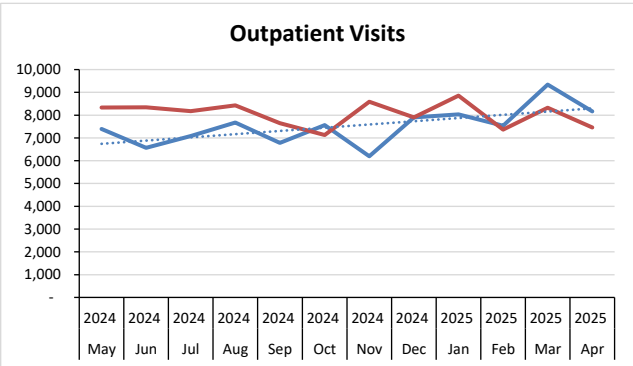
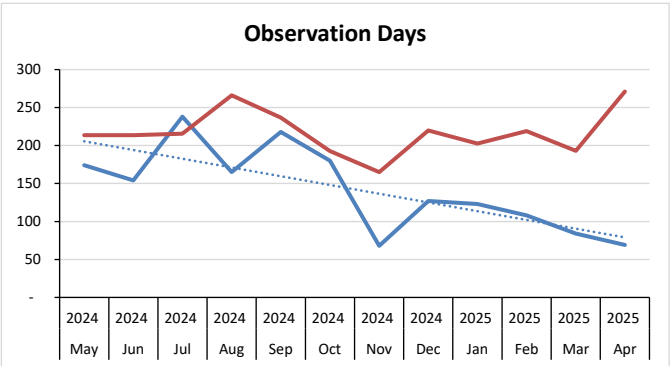
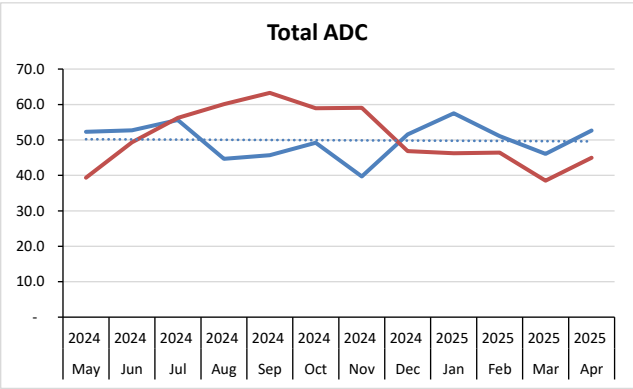
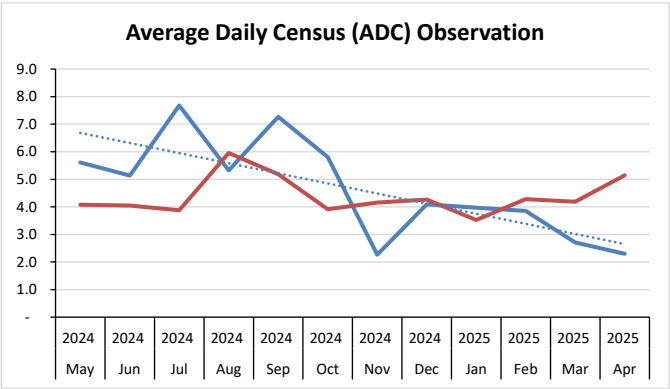
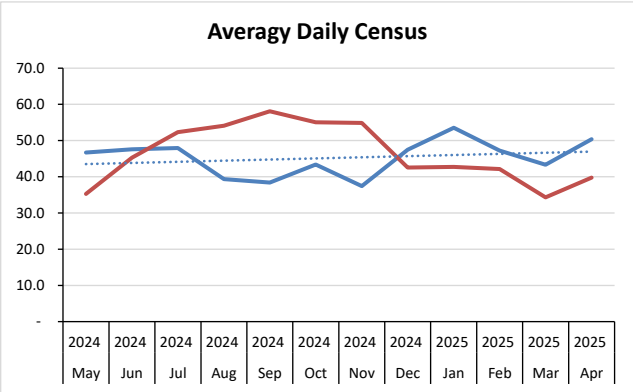
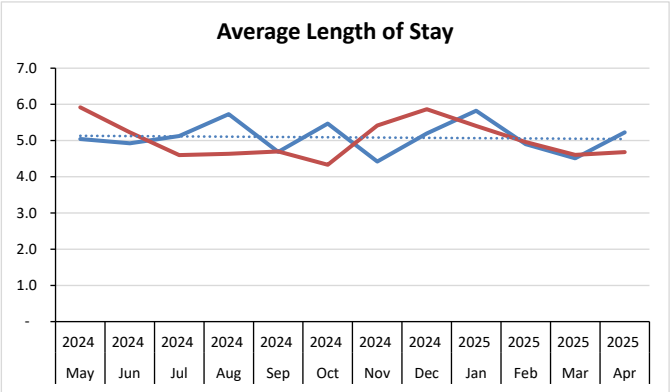
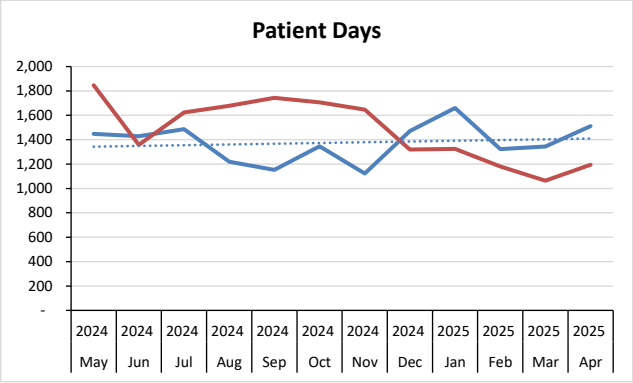
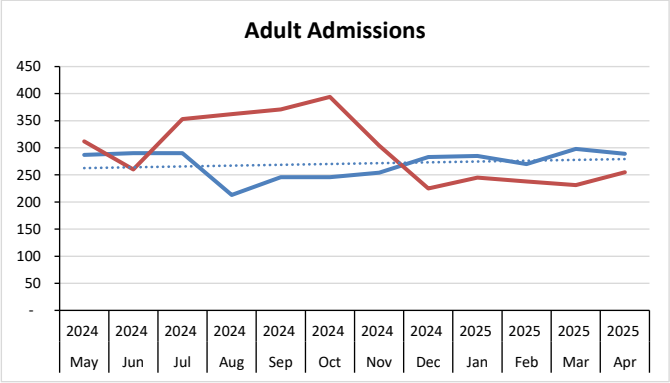
# **EI Centro Regional Medical Center** **Monthly Cash Flow**

*Unaudited*

	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	January 2025	February 2025	March 2025	April 2025	Year-to-Date 2025
<u>Cash Flow From Operating Activities</u>											
Net Income/(Loss)	\$ (1,177,660)	\$ (1,312,119)	\$ (1,408,834)	\$ 679,000	\$ (4,226,515)	\$ (4,106,802)	\$ (878,240)	\$ (2,053,537)	\$ (3,915,477)	\$ 1,698,051	\$ (16,702,133)
<i>Adjustments to reconcile net income to net cash:</i>											
Add: Depreciation	620,461	638,001	594,594	611,529	588,618	607,844	607,743	538,890	654,236	610,831	\$ 6,072,749
Capital Lease Interest	6,392	6,872	6,084	8,388	6,298	5,505	5,275	5,443	4,676	5,498	\$ 60,431
Bond Interest	583,254	583,254	583,254	583,254	583,254	583,254	583,254	583,254	583,254	583,254	\$ 5,832,545
Accounts Receivable	1,228,927	1,215,760	(1,099,944)	(2,571,768)	366,247	(297,067)	(695,876)	(1,511,270)	5,149,216	(3,206,606)	\$ (1,422,380)
Other Receivables	(74,849)	(263,422)	43,018	52,206	(138,407)	(178,151)	(45,289)	275,333	(55,958)	280,890	\$ (104,629)
Inventory	(55,005)	(20,529)	(7,897)	(56,647)	(60,274)	8,170	(11,244)	7,421	200,602	(8,119)	\$ (3,522)
Prepaid Expenses/Other Assets	(420,397)	(339,190)	(301,921)	(517,655)	162,944	63,703	(65,909)	250,832	(175,667)	(159,980)	\$ (1,503,242)
Accounts Payable and Accrued Expenses	890,314	(1,457,213)	447,591	2,117,480	737,771	40,866	584,247	1,098,429	(384,202)	946,983	\$ 5,022,267
Accrued Compensation and Benefits	(1,200,182)	47,927	241,976	487,760	465,506	988,588	(2,124,825)	565,900	508,787	351,595	\$ 333,033
Third-Party Liabilities	(1,559,337)	(1,263,735)	(1,039,768)	1,987,677	(2,904,566)	1,788,932	4,978,255	(1,757,255)	7,001,141	(794,530)	\$ 6,436,814
Net Pension Obligation	376,111	386,267	386,267	719,600	719,600	719,600	709,550	6,709,836	(5,280,400)	710,049	\$ 6,156,481
Net Cash From Operating Activities	\$ (781,971)	\$ (1,778,127)	\$ (1,555,579)	\$ 4,100,824	\$ (3,699,523)	\$ 224,441	\$ 3,646,943	\$ 4,713,278	\$ 4,290,210	\$ 1,017,917	\$ 10,178,413
<u>Cash Flow From Investing Activities</u>											
Fixed Assets - Gross	\$ (1,605,629)	\$ (2,237,324)	\$ (1,109,526)	\$ (1,558,076)	\$ (330,662)	\$ (286,058)	\$ (891,386)	\$ (786,327)	\$ (349,165)	\$ (1,236,118)	\$ (10,390,271)
Intangible Assets - Gross	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Assets	3,878,422	(666,747)	(661,044)	(11,007)	(1,336,456)	2,702,039	(801,377)	(669,049)	(673,299)	(614,776)	\$ 1,146,707
Net Cash From Investing Activities	\$ 2,272,793	\$ (2,904,070)	\$ (1,770,571)	\$ (1,569,082)	\$ (1,667,118)	\$ 2,415,981	\$ (1,692,763)	\$ (1,455,376)	\$ (1,022,465)	\$ (1,850,894)	\$ (9,243,564)
<u>Cash Flow From Financing Activities</u>											
Bond Payable	\$ (4,688,544)	\$ -	\$ -	\$ -	\$ -	\$ (3,374,631)	\$ -	\$ -	\$ -	\$ -	\$ (8,063,175)
Capital Leases	(215,830)	(265,822)	23,291	(277,377)	(249,402)	(276,416)	(268,765)	(253,028)	(228,812)	(258,649)	\$ (2,270,810)
Notes Payable	-	-	-	-	-	-	-	-	-	-	\$ -
Net Cash From Financing Activities	\$ (4,904,374)	\$ (265,822)	\$ 23,291	\$ (277,377)	\$ (249,402)	\$ (3,651,047)	\$ (268,765)	\$ (253,028)	\$ (228,812)	\$ (258,649)	\$ (10,333,985)
Total Change In FY 2025 Cash	\$ (3,413,552)	\$ (4,948,020)	\$ (3,302,858)	\$ 2,254,364	\$ (5,616,043)	\$ (1,010,624)	\$ 1,685,415	\$ 3,004,873	\$ 3,038,933	\$ (1,091,625)	\$ (9,399,136)
Cash & Cash Equivalents, Beginning Balance	19,989,682	16,576,130	11,628,110	8,325,252	10,579,617	4,963,574	3,952,950	5,638,365	8,643,238	11,682,172	19,989,682
Cash & Cash Equivalents, Ending Balance	\$ 16,576,130	\$ 11,628,110	\$ 8,325,252	\$ 10,579,617	\$ 4,963,574	\$ 3,952,950	\$ 5,638,365	\$ 8,643,238	\$ 11,682,172	\$ 10,590,546	10,590,546

# El Centro Regional Medical Center

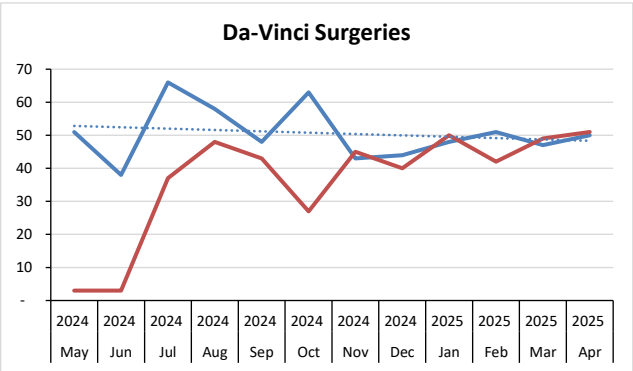
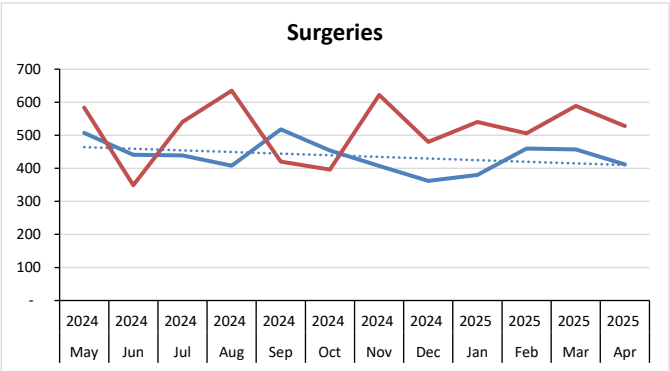
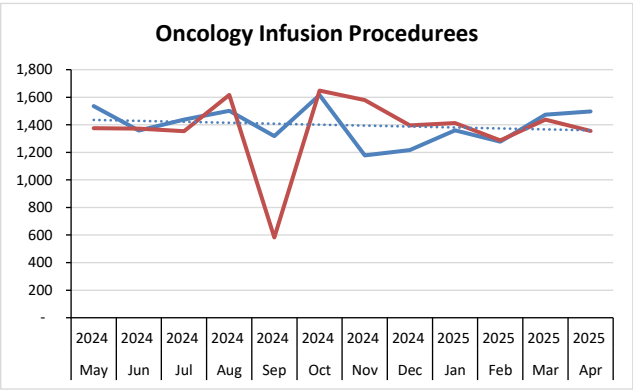
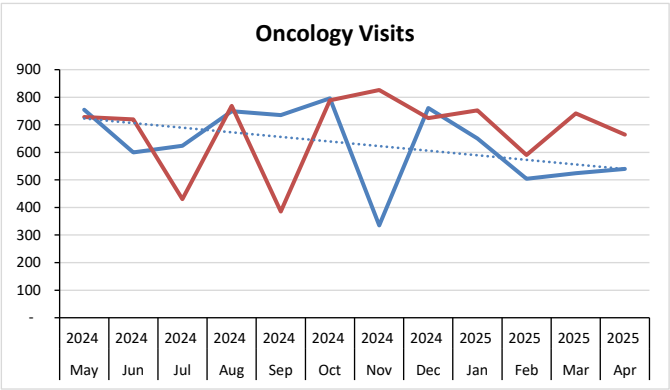
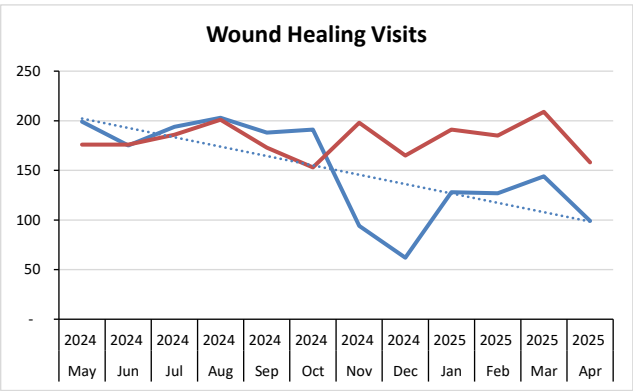
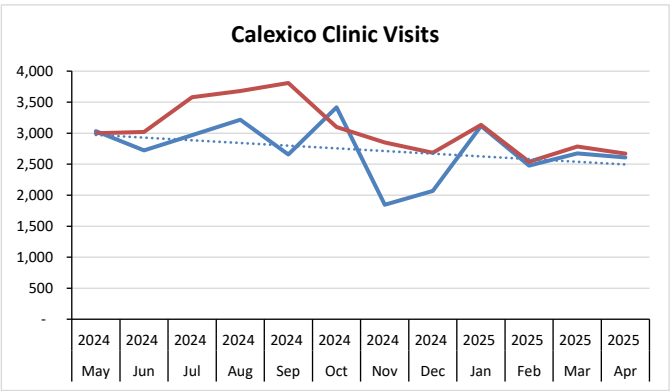
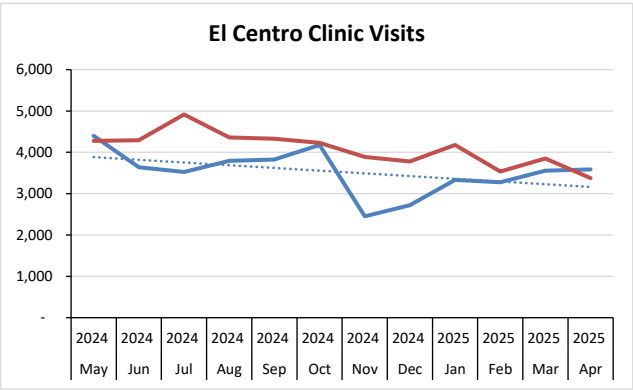
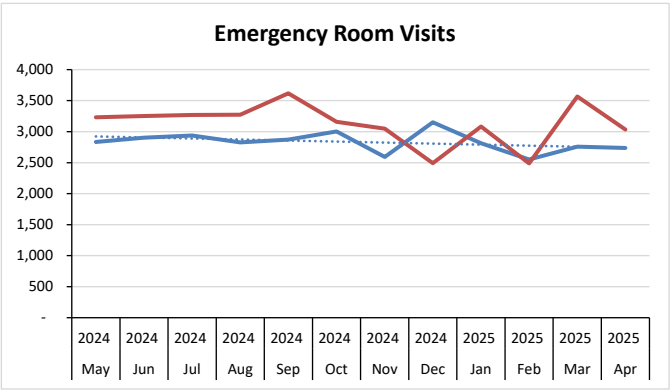
## Rolling-12 Volume trend



■ BUDGET  
■ ACTUALS

# El Centro Regional Medical Center

## Rolling-12 Volume trend



**BUDGET**  
**ACTUALS**



**TO:** HOSPITAL BOARD MEMBERS  
**FROM:** David Momberg, Chief Financial Officer  
**DATE:** June 23, 2025  
**MEETING:** Board of Trustees

**SUBJECT:** May 2025 Month and Year-to-Date Financial Statements

**BUDGET IMPACT:**   X   Does not Apply  
A. Does the action impact/affect financial resources?      Yes      No  
B. If yes, what is the impact amount: \_\_\_\_\_

**BACKGROUND:** The month of May resulted in net operating gain of \$864K, a positive margin of 6% and positive EBIDA of \$2.3M. FYTD EBIDA is positive at \$3.7M and positive margin YTD of 2.8%.

**DISCUSSION:** For a more detailed description of financial performance, please see the attached Financial Report.

**RECOMMENDATION:** (1) Approve (2) Do not approve

**ATTACHMENT(S):**

- Financial Packet for May 2025

Approved for agenda, Chief Executive Officer

Date and Signature: \_\_\_\_\_

*Pablo Velazquez*



## May 2025 Financial Report

June 23, 2025

**To: Finance Committee**

**From: David Momberg, Chief Financial Officer**

The following package contains:

- Comparative volumes vs. Prior Month/Year
- Balance Sheet vs. Prior Month comparison
- Operating Statement vs. Prior Month comparison
- Monthly Cash Flow (Fiscal Year to Date)

### **Balance Sheet:**

- a) Cash balance decreased (\$2.5M) due to IGT payments made to DHCS for AB 113 supplemental program (\$1.4M) coupled with payments to vendors, higher than cash inflows.
- b) Net Patient Accounts Receivable increased (\$1.7M) related to higher inpatient days (1,563 vs. 1,511 last month) and higher Emergency Room visits (2,985 vs. 2,737 last month).
- c) Due from Third-Party Payors increased (\$1.7M) mainly due to AB 113 supplemental program to receive (\$2.4M).
- d) Deferred Outflows of Resources – Pension decreased (\$710k) due to no payments made during the month related to credit on pension account.
- e) Days in A/R increased to 52.41 from 51.52. The goal is 50 days.
- f) Accounts payable days increased, 90.33 vs. 87.38 days from previous month.
- g) Current Ratio is 1.13 (1.15 last month).

### **Income Statement – Current Month Actual vs. Prior Month:**

- a) Our Inpatient Revenue is 12.4% mainly due to higher patient days (1,563 vs. 1,511 prior month).
- b) Contractuals for the month are 79.2% of gross revenues (82.3% YTD).
- c) Charity and Bad debt are 1.1% of gross revenues.
- d) Employee benefits increased 32.4% related to Health Insurance expenses catch-up.
- e) Food is 25.6% higher related to hospital week meals.
- f) Repairs and Maintenance is 17.5% lower due to lower Affinity expenses related to contract ending.
- g) March 2025 shows a Net gain of \$1.7M (*\$3.6M positive EBIDA*).

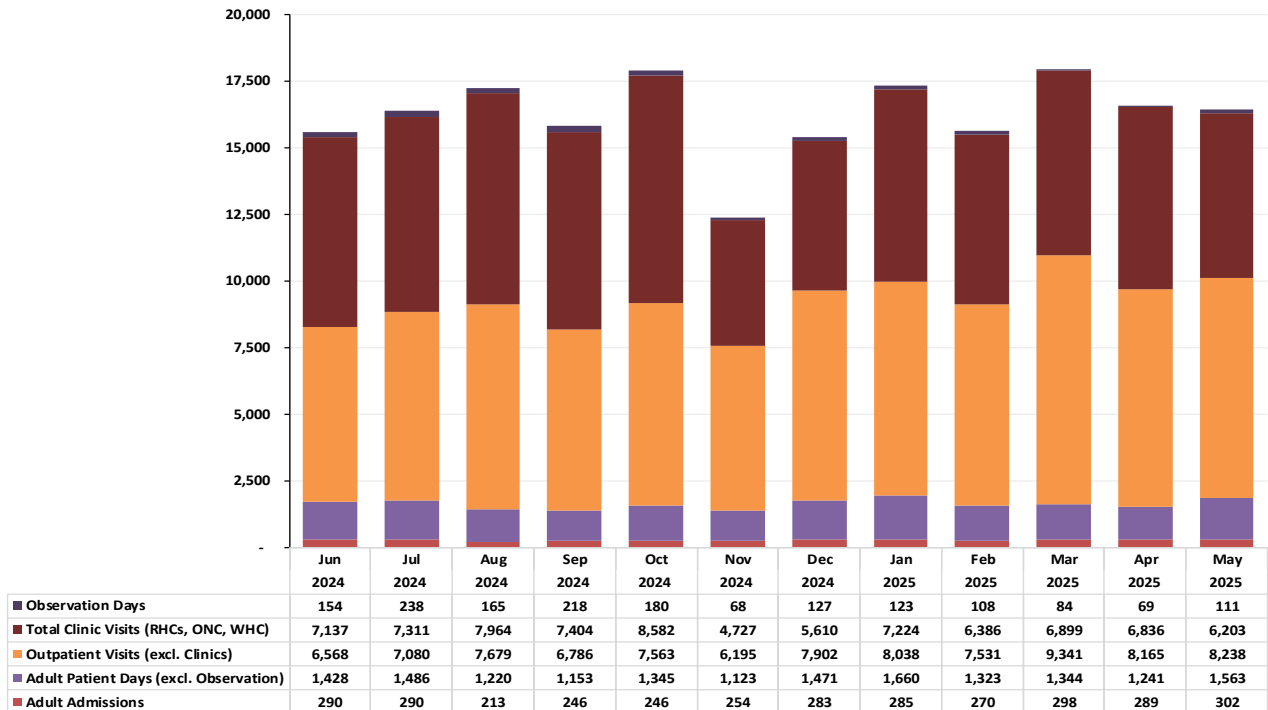
### **Definitions:**

- **EBIDA** - Earnings Before Interest, Depreciation, and Amortization.
- **Contribution Margin** – Total Revenue minus Expenses (excluding functional areas of IT, Finance, HR, and management assessments/restructuring costs).
- **EBIDA Margin** – EBIDA/Total Revenue.
- **Operating Expenses Per Day** – Total Expenses less Depreciation divided by Days.
- **Operating Revenue Per Day** – Operating Income/Days.
- **Days Cash on Hand** – Cash/Operating Expenses per Day.
- **Days Revenue in A/R** – Accounts Receivable/Operating Revenue per Day.
- **Current Ratio** – Current Assets/Current Liabilities.
- **Equity Financing Ratio** – Total Capital/Total Debt.

## El Centro Regional Medical Center Comparative Volumes as of May 31, 2025

	Feb 2025	Mar 2025	Apr 2025	May 2025	YTD Actual	YTD Budget	YTD Variance
Adult Admissions (excl. Observation)	270	298	289	302	2,976	3,194	(218)
Patient Days (excl. Observation)	1,323	1,344	1,511	1,563	14,929	15,612	(683)
Average Length of Stay (excl. Observation)	4.9	4.5	5.2	5.2	5.0	4.9	0.1
Average Daily Census (excl. Observation)	47.3	43.4	50.4	50.4	44.6	44.6	-
Average Daily Census (ADC) Observation	3.9	2.7	2.3	3.6	4.5	7.1	(2.6)
Total ADC (including Observation)	51.1	46.1	52.7	54.0	49.0	51.6	(2.6)
Observation Days (excluding Obstetrics)	108	84	69	111	1,491	2,374	(883)
Outpatient Visits (excluding Clinics)	7,531	9,341	8,165	8,238	84,518	86,564	(2,046)
Emergency Room Visits	2,551	2,759	2,737	2,985	31,230	33,856	(2,626)
El Centro Rural Health Clinic Visits	3,277	3,557	3,588	3,322	37,569	43,184	(5,615)
Calexico Rural Health Clinic Visits	2,478	2,674	2,609	2,260	29,308	33,780	(4,472)
Rural Health Clinic Visits - Total	5,755	6,231	6,197	5,582	66,877	76,965	(10,088)
Wound Healing Center Visits	127	144	99	109	1,539	1,985	(446)
Oncology Center Visits	504	524	540	512	6,730	7,322	(592)
Oncology Center Infusion Procedures	1,277	1,474	1,497	1,400	15,277	14,781	496
Surgeries without C-Sections	460	457	412	409	4,706	5,673	(967)
DaVinci Cases	51	47	50	64	582	492	90

### Rolling-12 Volume Trend





## ECRMC BALANCE SHEET COMPARED TO PRIOR MONTH

	May 31, 2025	April 30, 2025	Variance (\$)	Variance (%)
<b>Assets</b>				
Current Assets:				
Cash and Cash Equivalents	\$ 8,065,232	\$ 10,590,546	\$ (2,525,315)	-24%
Net Patient Accounts Receivable	22,761,702	21,092,491	1,669,212	8%
Other Receivables	417,816	398,969	18,847	5%
Due from Third-Party Payors	12,714,080	10,969,790	1,744,290	16%
Inventories	2,760,034	2,771,682	(11,648)	0%
Prepaid Expenses & Other	2,785,188	2,792,101	(6,913)	0%
Total Current Assets	49,504,051	48,615,579	888,472	2%
Assets Limited as to Use				
Restricted Building Capital Fund	240,544	226,888	13,655	6%
Funds Held by Trustee for Debt Service	13,193,533	12,542,066	651,467	5%
Restricted Programs	11,497	11,497	-	0%
Total Assets Limited as to Use	13,445,574	12,780,451	665,123	5%
Property, Plant, and Equipment: Net	156,498,489	156,235,082	263,407	0%
Other Assets	932,166	864,638	67,528	8%
<b>Total Assets</b>	220,380,280	218,495,751	1,884,529	1%
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources - Pension	2,932,820	3,652,420	(719,600)	-20%
Total Deferred Outflows of Resources	2,932,820	3,652,420	(719,600)	-20%
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 223,313,100</b>	<b>\$ 222,148,171</b>	<b>\$ 1,164,929</b>	<b>1%</b>
<b>Liabilities</b>				
Current Liabilities:				
Current Portion of Bonds	1,400,000	1,395,000	5,000	0%
Current Portion of Capital Lease Obligations	641,857	666,496	(24,639)	-4%
Accounts Payable and Accrued Expenses	24,903,669	24,144,504	759,165	3%
Accrued Compensation and Benefits	10,874,306	10,469,783	404,523	4%
Due to Third-Party Payors	6,125,062	5,606,544	518,519	9%
Total Current Liabilities	43,944,894	42,282,327	1,662,567	4%
Long-Term Bond Payable, Less Current Portion	111,817,273	111,913,540	(96,267)	0%
Capital Lease Obligations, Less Current Portion	5,971,374	6,176,385	(205,010)	-3%
Notes Payable, Less Current Portion	27,481,481	28,000,000	(518,519)	-2%
Net Pension Liability	55,644,700	55,644,700	-	0%
<b>Total Liabilities</b>	244,859,723	244,016,951	842,771	0%
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources - Pension	-	-	-	0%
<b>Total Deferred Inflows of Resources</b>	-	-	-	0%
<b>Net Position</b>				
Restricted Fund Balance	26,408	26,348	60	0%
Fund Balance	(21,573,031)	(21,895,129)	322,098	-1%
<b>Total Net Position</b>	(21,546,623)	(21,868,781)	322,158	-1%
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 223,313,100</b>	<b>\$ 222,148,171</b>	<b>\$ 1,164,929</b>	<b>1%</b>
Days Cash on Hand	20.40	25.76		
Days Revenue in A/R	52.41	51.52		
Days in A/P	90.33	87.38		
Current Ratio	1.13	1.15		
Debt Service Coverage Ratio	1.25	1.16		

## STATEMENTS OF OPERATIONS COMPARISON TO BUDGET

	MTD February 28, 2025	MTD March 31, 2025	MTD April 30, 2025	MTD May 31, 2025	YTD May 31, 2024	YTD May 31, 2025	YTD BUDGET May 31, 2025
Adult Admissions	270	298	289	302	2,788	2,976	3,194
Adult Patient Days (excl. Observation)	1,323	1,344	1,511	1,563	14,512	14,929	15,612
Outpatient Visits (excl. Clinics)	7,531	9,341	8,165	8,238	79,705	84,518	86,564
Total Clinic Visits (RHCs, ONC, WHC)	6,386	6,899	6,836	6,203	85,810	75,146	86,271
Observation Days	108	84	69	111	2,662	1,491	2,374
<b>OPERATING REVENUE</b>							
I/P Revenue	\$ 13,774,937	\$ 17,172,696	\$ 20,369,850	\$ 17,944,013	\$ 166,511,935	\$ 175,467,768	\$ 168,285,108
O/P Revenue - Laboratory	4,656,317	5,494,379	5,638,731	5,962,860	71,736,702	64,369,058	72,839,615
O/P Revenue - CT Scanner	5,294,496	5,814,044	5,988,199	6,170,566	72,286,738	65,796,059	71,723,482
O/P Revenue - Emergency Room	6,520,379	6,417,101	6,498,022	6,949,877	66,076,365	71,051,135	67,345,861
O/P Revenue - Oncology	585,455	640,958	726,760	699,272	64,452,248	33,103,123	63,780,949
O/P Revenue - Others	20,297,715	22,752,892	24,279,090	24,021,502	204,032,070	221,541,710	208,035,221
Gross Patient Revenues	51,129,299	58,292,070	63,500,651	61,748,090	645,096,058	631,328,854	652,010,236
Other Operating Revenue	129,032	472,602	348,872	308,930	9,441,918	4,015,139	6,745,590
Total Operating Revenue	51,258,330	58,764,672	63,849,524	62,057,020	654,537,976	635,343,994	658,755,826
Contractuals							
IP Contractuals	11,027,738	13,813,017	12,130,511	14,389,093	129,899,070	134,166,433	131,903,336
OP Contractuals	30,215,774	35,241,256	37,379,552	33,836,100	396,742,986	375,955,109	388,464,505
Charity	163,349	278,547	35,928	(35,196)	3,285,585	1,417,819	2,755,471
Provision for Bad Debts	442,854	546,916	753,936	740,445	4,774,947	6,434,208	3,593,330
Other Third Party Programs	(1,518,750)	(1,469,250)	(1,341,750)	(1,341,750)	(22,162,384)	(16,265,528)	(18,894,341)
M/Cal Disproportionate Share	(55,000)	0	0	0	(3,510,451)	(440,000)	(1,236,578)
Total Deductions	40,275,964	48,410,485	48,958,177	47,588,692	509,029,753	501,268,041	506,585,724
Total Net Revenues	10,982,366	10,354,187	14,891,346	14,468,328	145,508,223	134,075,952	152,170,102
<b>EXPENSES</b>							
Salaries & Wages	4,973,666	5,349,001	5,496,190	5,242,402	54,472,840	57,301,841	56,206,143
Registry	38,877	35,532	61,174	30,096	609,439	304,073	323,159
Employee Benefits	647,688	877,577	897,679	1,188,803	14,131,169	10,233,216	15,077,990
Employee Benefits - Pension GASB 68	709,836	719,600	710,049	719,600	4,218,468	6,876,081	3,515,600
Professional Fees - Medical	1,289,336	1,228,525	1,256,291	1,264,817	14,084,275	13,640,549	13,787,500
Professional Fees - Non-Med	240,718	171,436	201,383	186,030	2,664,265	2,292,739	2,260,686
Supplies - Medical	2,251,841	2,490,297	2,516,252	2,528,845	24,845,247	26,958,522	26,202,883
Supplies - Non-Medical	111,567	343,110	141,169	119,952	1,639,016	1,723,987	1,801,471
Food	71,323	80,277	78,877	99,094	856,678	897,742	1,076,268
Repairs and Maintenance	675,789	698,340	576,203	607,697	6,596,505	7,461,735	7,306,311
Other Fees	439,834	575,474	633,071	534,738	6,699,884	6,197,849	6,961,170
Lease and Rental	13,544	27,692	55,224	25,496	375,940	315,741	498,979
Utilities	170,611	167,699	185,315	176,415	2,317,723	2,147,764	2,415,467
Depreciation and Amortization	538,890	654,236	610,831	630,565	7,203,495	6,703,314	7,586,623
Insurance	167,656	167,656	129,433	136,232	2,157,017	1,968,864	2,283,902
Other Expenses	125,793	121,096	105,434	113,058	1,484,087	1,237,260	1,460,080
Total Operating Expenses	12,466,970	13,707,549	13,654,577	13,603,840	144,356,049	146,261,275	148,764,233
Operating Income	(1,484,605)	(3,353,362)	1,236,769	864,488	1,152,173	(12,185,322)	3,405,869
Operating Margin %	-13.5%	-32.4%	8.3%	6.0%	0.8%	-9.1%	2.2%
Non-Operating Revenue and Expenses							
Investment Income	26,666	31,367	64,925	52,028	1,006,934	622,792	617,677
Grants and Contributions Revenue	0	0	1,000,000	0	387,517	1,063,120	555,486
Non Operating Revenue/(Expense)	0	0	0	0	4,775,167	661,875	1,217,635
Interest Expense	(595,599)	(593,481)	(603,643)	(592,618)	(6,642,198)	(6,540,701)	(6,527,628)
Total Non-Operating Rev. and Expenses	(568,932)	(562,115)	461,282	(540,590)	(472,580)	(4,192,913)	(4,136,829)
(Deficit)/Excess Rev. Over Exp.	\$ (2,053,537)	\$ (3,915,477)	\$ 1,698,051	\$ 323,898	\$ 679,593	\$ (16,378,236)	\$ (730,960)
(Deficit)/Excess Rev. Over Exp. %	-18.7%	-37.8%	11.4%	2.2%	0.5%	-12.2%	-0.5%
EBIDA	(209,211)	(1,948,159)	3,622,575	2,266,681	18,743,754	3,741,860	16,898,890
EBIDA %	-1.9%	-18.8%	24.3%	15.7%	12.9%	2.8%	11.1%

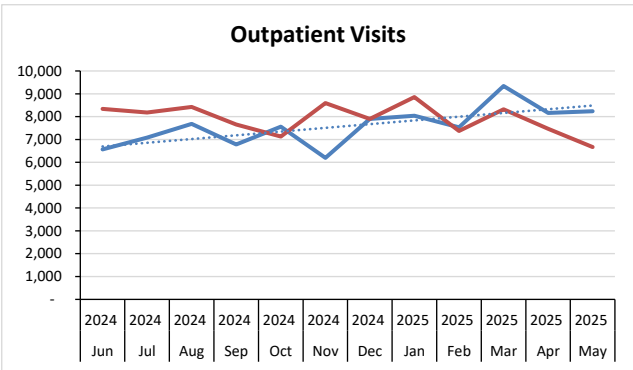
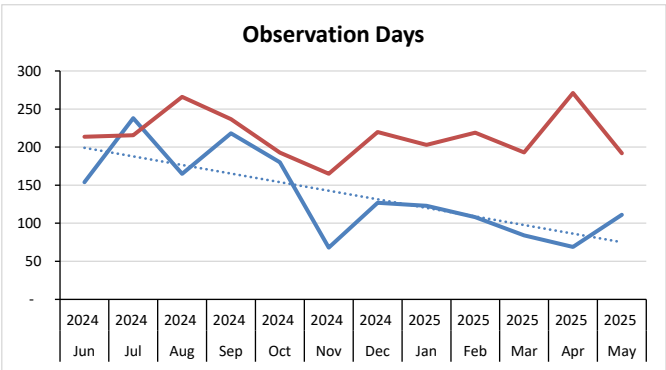
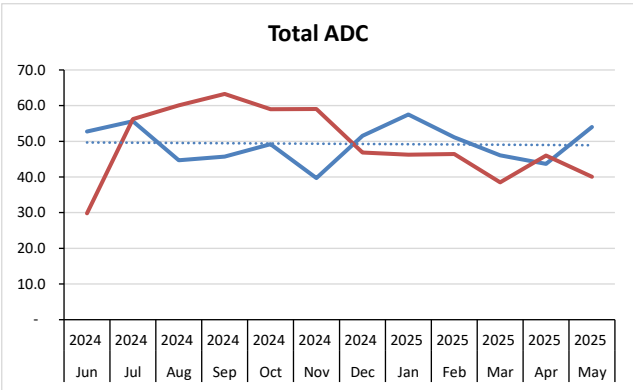
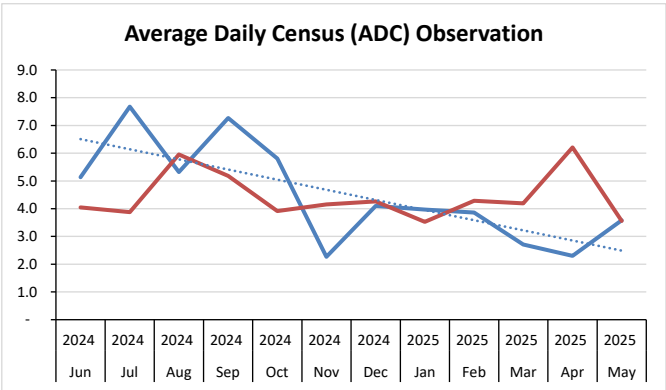
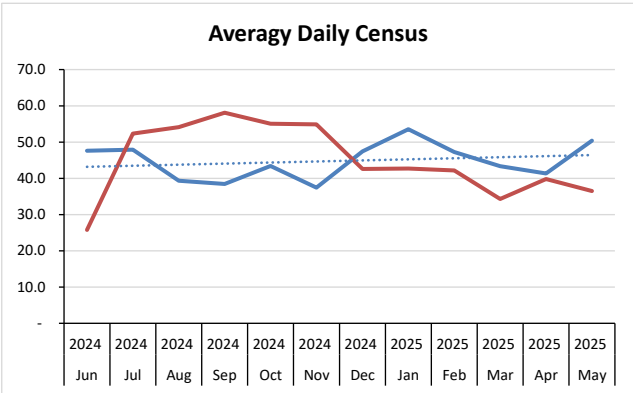
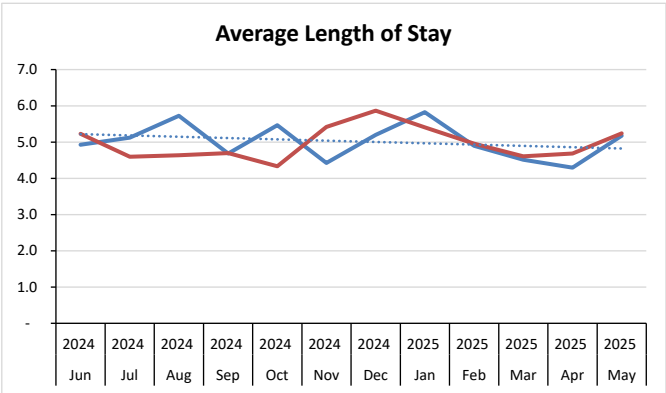
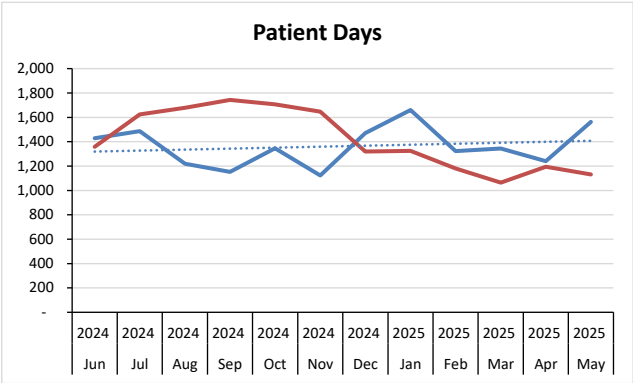
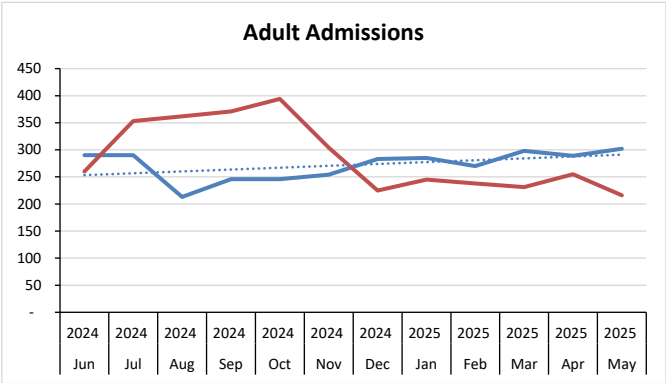
# **EI Centro Regional Medical Center** **Monthly Cash Flow**

	July 2024	August 2024	September 2024	October 2024	November 2024	December 2024	January 2025	February 2025	March 2025	April 2025	May 2025	Year- 2025
<u>Cash Flow From Operating Activities</u>												
Net Income/(Loss)	\$ (1,177,660)	\$ (1,312,119)	\$ (1,408,834)	\$ 679,000	\$ (4,226,515)	\$ (4,106,802)	\$ (878,240)	\$ (2,053,537)	\$ (3,915,477)	\$ 1,698,051	\$ 322,098	\$ (16,000)
<i>Adjustments to reconcile net income to net cash:</i>												
Add: Depreciation	620,461	638,001	594,594	611,529	588,618	607,844	607,743	538,890	654,236	610,831	630,565	\$ 6,000
Capital Lease Interest	6,392	6,872	6,084	8,388	6,298	5,505	5,275	5,443	4,676	5,498	4,798	\$ 6,000
Bond Interest	583,254	583,254	583,254	583,254	583,254	583,254	583,254	583,254	583,254	583,254	583,254	\$ 6,000
Accounts Receivable	1,228,927	1,215,760	(1,099,944)	(2,571,768)	366,247	(297,067)	(695,876)	(1,511,270)	5,149,216	(3,206,606)	(1,669,212)	\$ (3,000)
Other Receivables	(74,849)	(263,422)	43,018	52,206	(138,407)	(178,151)	(45,289)	275,333	(55,958)	280,890	(18,847)	\$ (6,000)
Inventory	(55,005)	(20,529)	(7,897)	(56,647)	(60,274)	8,170	(11,244)	7,421	200,602	(8,119)	11,648	\$ 6,000
Prepaid Expenses/Other Assets	(420,397)	(339,190)	(301,921)	(517,655)	162,944	63,703	(65,909)	250,832	(175,667)	(147,805)	(60,615)	\$ (1,000)
Accounts Payable and Accrued Expenses	890,314	(1,457,213)	447,591	2,117,480	737,771	40,866	584,247	1,098,429	(384,202)	934,808	84,643	\$ 5,000
Accrued Compensation and Benefits	(1,200,182)	47,927	241,976	487,760	465,506	988,588	(2,124,825)	565,900	508,787	351,595	404,523	\$ 6,000
Third-Party Liabilities	(1,559,337)	(1,263,735)	(1,039,768)	1,987,677	(2,904,566)	1,788,932	4,978,255	(1,757,255)	7,001,141	(794,530)	(1,744,290)	\$ 4,000
Net Pension Obligation	376,111	386,267	386,267	719,600	719,600	719,600	709,550	6,709,836	(5,280,400)	710,049	719,600	\$ 6,000
Net Cash From Operating Activities	\$ (781,971)	\$ (1,778,127)	\$ (1,555,579)	\$ 4,100,824	\$ (3,699,523)	\$ 224,441	\$ 3,646,943	\$ 4,713,278	\$ 4,290,210	\$ 1,017,917	\$ (731,833)	\$ 9,000
<u>Cash Flow From Investing Activities</u>												
Fixed Assets - Gross	\$ (1,605,629)	\$ (2,237,324)	\$ (1,109,526)	\$ (1,558,076)	\$ (330,662)	\$ (286,058)	\$ (891,386)	\$ (786,327)	\$ (349,165)	\$ (1,236,118)	\$ (893,971)	\$ (11,000)
Intangible Assets - Gross	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Assets	3,878,422	(666,747)	(661,044)	(11,007)	(1,336,456)	2,702,039	(801,377)	(669,049)	(673,299)	(614,776)	(665,063)	\$ (10,000)
Net Cash From Investing Activities	\$ 2,272,793	\$ (2,904,070)	\$ (1,770,571)	\$ (1,569,082)	\$ (1,667,118)	\$ 2,415,981	\$ (1,692,763)	\$ (1,455,376)	\$ (1,022,465)	\$ (1,850,894)	\$ (1,559,034)	\$ (10,000)
<u>Cash Flow From Financing Activities</u>												
Bond Payable	\$ (4,688,544)	\$ -	\$ -	\$ -	\$ -	\$ (3,374,631)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,000)
Capital Leases	(215,830)	(265,822)	23,291	(277,377)	(249,402)	(276,416)	(268,765)	(253,028)	(228,812)	(258,649)	(234,448)	\$ (2,000)
Notes Payable	-	-	-	-	-	-	-	-	-	-	-	\$ -
Net Cash From Financing Activities	\$ (4,904,374)	\$ (265,822)	\$ 23,291	\$ (277,377)	\$ (249,402)	\$ (3,651,047)	\$ (268,765)	\$ (253,028)	\$ (228,812)	\$ (258,649)	\$ (234,448)	\$ (10,000)
Total Change In FY 2025 Cash	\$ (3,413,552)	\$ (4,948,020)	\$ (3,302,858)	\$ 2,254,364	\$ (5,616,043)	\$ (1,010,624)	\$ 1,685,415	\$ 3,004,873	\$ 3,038,933	\$ (1,091,625)	\$ (2,525,315)	\$ (11,000)
Cash & Cash Equivalents, Beginning Balance	19,989,682	16,576,130	11,628,110	8,325,252	10,579,617	4,963,574	3,952,950	5,638,365	8,643,238	11,682,172	10,590,546	19,989,682
Cash & Cash Equivalents, Ending Balance	\$ 16,576,130	\$ 11,628,110	\$ 8,325,252	\$ 10,579,617	\$ 4,963,574	\$ 3,952,950	\$ 5,638,365	\$ 8,643,238	\$ 11,682,172	\$ 10,590,546	\$ 8,065,232	\$ 8,065,232

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# El Centro Regional Medical Center

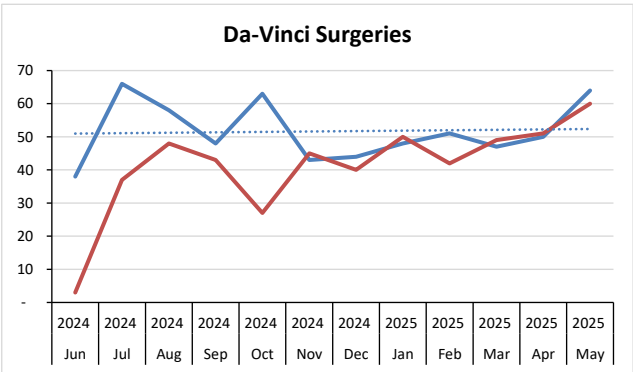
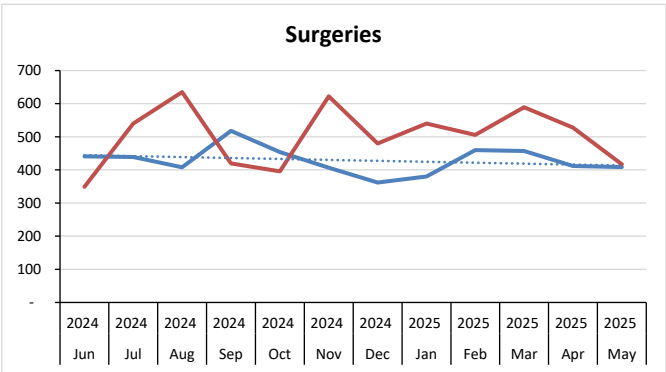
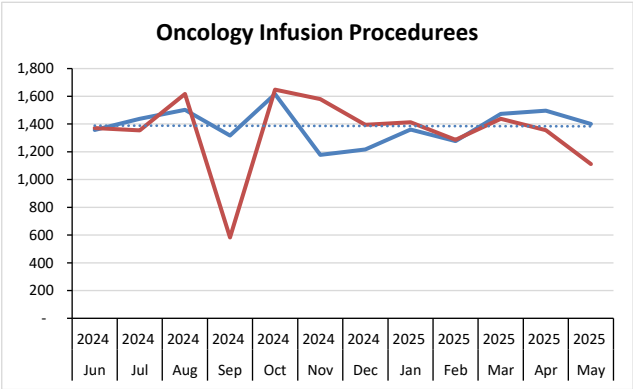
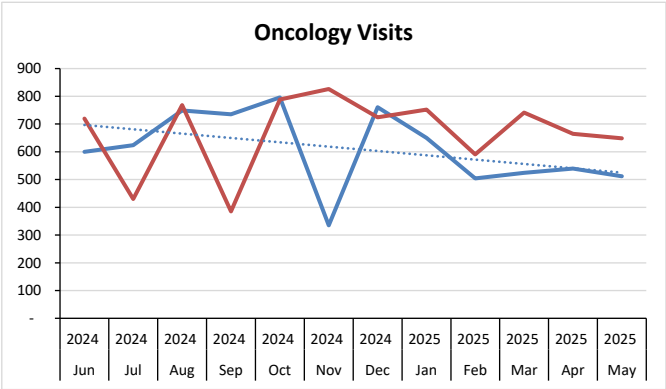
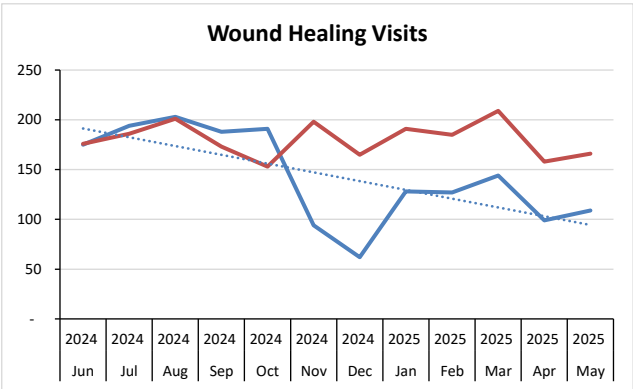
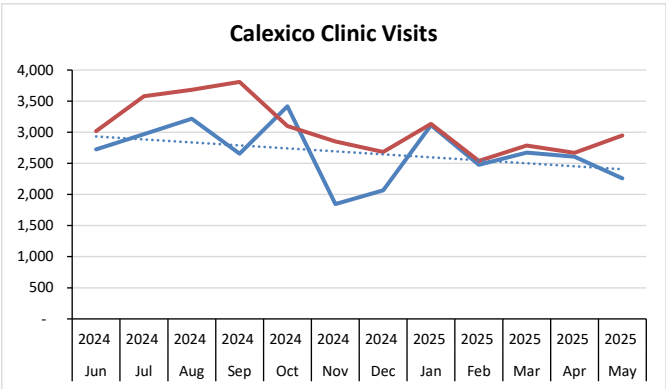
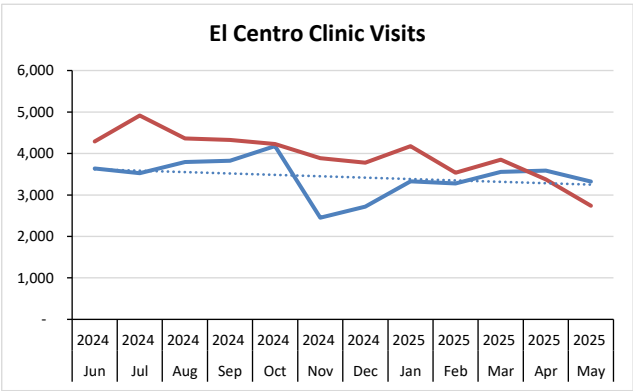
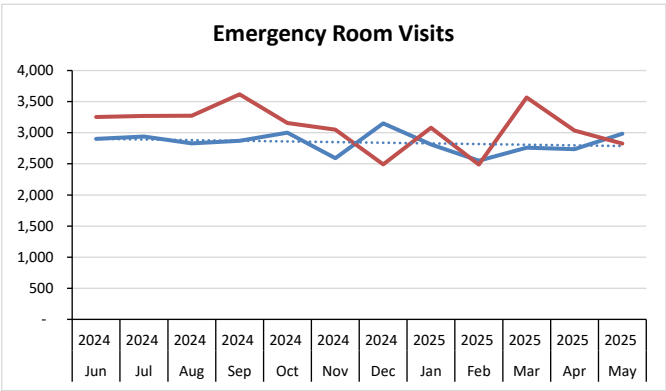
## Rolling-12 Volume trend



■ BUDGET  
■ ACTUALS

# El Centro Regional Medical Center

## Rolling-12 Volume trend



**BUDGET**  
**ACTUALS**



**TO:** HOSPITAL BOARD MEMBERS  
**FROM:** David Momberg, Chief Financial Officer  
**DATE:** June 23, 2025  
**MEETING:** Board of Trustees

**SUBJECT:** 2026 Annual Fiscal Budget

**BUDGET IMPACT:** ☒ Does not Apply  
A. Does the action impact/affect financial resources? ☐ Yes ☐ No  
B. If yes, what is the impact amount: \_\_\_\_\_

**BACKGROUND:** Annual budgets are used to guide strategic and operational objectives.

**DISCUSSION:** Annual Budget

Gross Rev - \$798M

TTL Rev - \$165M

TTL Exp - \$164

Net Gain - \$1M

Net EBIDA - \$19M

**RECOMMENDATION:** (1) Approve (2) Do not approve

**ATTACHMENT(S):**

- Annual Budget

Approved for agenda, Chief Executive Officer

Date and Signature: \_\_\_\_\_  
*Pablo Velaz*

**Recon-001 - Income Statement by Facility-Summarized - 4 Datasets**

EL CENTRO REGIONAL MEDICAL CENTER	FY 2026 Operating Budget - V2	FY 2025 Actuals - Projected	Variance	Var %	FY 2025 Operating Budget	FY 2024 Actuals
<b>Revenue</b>						
I/P REVENUE	209,801,328	189,028,506	20,772,822	11.0%	183,935,056	185,355,638
O/P REVENUE	588,602,784	494,468,413	94,134,371	19.0%	530,169,238	522,192,071
<b>Total Revenue</b>	<b>798,404,111</b>	<b>683,496,919</b>	<b>114,907,192</b>	<b>16.8%</b>	<b>714,104,294</b>	<b>707,547,709</b>
<b>Deductions</b>						
I/P CONTRACTUALS	-143,594,814	-143,594,814	0	0.0%	-144,471,523	-142,436,774
O/P CONTRACTUALS	-504,254,054	-410,546,720	-93,707,334	22.8%	-425,459,839	-435,157,568
CHARITY	-1,877,703	-1,877,703	0	0.0%	-3,002,714	-3,458,861
PROV FOR BAD DEBT	-6,832,516	-6,832,516	0	0.0%	-3,919,997	-5,350,611
MEDI-CAL DSH	528,000	528,000	0	0.0%	2,013,081	3,737,244
OTHER THIRD PARTY PROGRAMS	17,908,533	17,908,533	0	0.0%	19,947,908	25,735,308
<b>Total Deductions</b>	<b>-638,122,553</b>	<b>-544,415,219</b>	<b>-93,707,334</b>	<b>17.2%</b>	<b>-554,893,083</b>	<b>-556,931,262</b>
<b>Net Patient Revenue</b>	<b>160,281,558</b>	<b>139,081,700</b>	<b>21,199,858</b>	<b>15.2%</b>	<b>159,211,211</b>	<b>150,616,447</b>
<b>Other Operating Revenue</b>						
OTHER REVENUE	5,024,951	4,447,451	577,500	13.0%	7,411,032	9,815,225
<b>Total Other Operating Revenue</b>	<b>5,024,951</b>	<b>4,447,451</b>	<b>577,500</b>	<b>13.0%</b>	<b>7,411,032</b>	<b>9,815,225</b>
<b>Total Operating Revenue</b>	<b>165,306,509</b>	<b>143,529,151</b>	<b>21,777,358</b>	<b>15.2%</b>	<b>166,622,242</b>	<b>160,431,672</b>
<b>Expenses</b>						
SALARIES AND WAGES	57,826,476	56,748,476	1,078,000	1.9%	54,817,653	53,433,649
PTO	5,722,882	5,722,882	0	0.0%	6,481,183	6,302,153
EMPLOYEE BENEFITS	18,510,573	18,241,073	269,500	1.5%	20,283,916	17,693,957
REGISTRY	328,772	328,772	0	0.0%	356,253	641,601
PROF FEES - MEDICAL	17,771,588	14,850,878	2,920,710	19.7%	15,040,909	15,339,010
PROF FEES - NON-MED	2,528,050	2,528,050	0	0.0%	2,465,713	2,830,173
SUPPLIES - MEDICAL	29,315,613	29,315,613	0	0.0%	28,884,119	27,317,042
SUPPLIES - NON-MED	1,924,842	1,924,842	0	0.0%	1,965,241	1,711,622
FOOD	958,377	958,377	0	0.0%	1,174,110	932,367
REPAIRS & MAINT	8,224,846	8,224,846	0	0.0%	7,970,521	6,345,083
OTHER FEES	7,615,734	6,795,734	820,000	12.1%	7,594,029	7,283,330
RENTAL / LEASE	348,294	348,294	0	0.0%	544,341	354,800
UTILITIES / TELEPHONE	2,365,619	2,365,619	0	0.0%	2,641,525	2,584,125
DEPRECIATION	7,287,300	7,287,300	0	0.0%	8,282,873	7,937,378
INSURANCE	2,199,158	2,199,158	0	0.0%	2,491,530	2,160,114
OTHER EXPENSES	1,349,042	1,349,042	0	0.0%	1,592,656	1,626,288
<b>Total Expenses</b>	<b>164,277,166</b>	<b>159,188,956</b>	<b>5,088,210</b>	<b>3.2%</b>	<b>162,586,573</b>	<b>154,492,692</b>
<b>Gain / (Loss) from Operations</b>	<b>1,029,343</b>	<b>-15,659,806</b>	<b>16,689,148</b>	<b>-106.6%</b>	<b>4,035,670</b>	<b>5,938,980</b>
<b>Operating Margin</b>	<b>1.4%</b>	<b>-10.9%</b>			<b>2.4%</b>	<b>3.7%</b>
<b>Non-operating Revenue</b>						
INVESTMENT INCOME	684,916	684,916	0	0.0%	375,737	1,108,398
GRANTS & CONTRIBUTIONS	1,275,744	1,275,744	0	0.0%	605,985	387,517
NON OPERATING REVENUE/(EXPENSE)	794,250	794,250	0	0.0%	1,626,422	8,713,333
INTEREST EXPENSE	-7,137,699	-7,137,699	0	0.0%	-7,121,048	-8,091,513
<b>Total Non-operating Revenue</b>	<b>-4,382,788</b>	<b>-4,382,788</b>	<b>0</b>	<b>0.0%</b>	<b>-4,512,905</b>	<b>2,117,735</b>
<b>Total Gain / (Loss)</b>	<b>-3,353,445</b>	<b>-20,042,594</b>	<b>16,689,148</b>	<b>-83.3%</b>	<b>-477,235</b>	<b>8,056,715</b>
<b>EBIDA</b>	<b>19,706,753</b>	<b>3,017,605</b>	<b>16,689,148</b>	<b>553.1%</b>	<b>23,561,886</b>	<b>32,720,806</b>