

August 19 2015 Board Meeting

August 19 2015 Board Meeting - August 19 2015 Board Meeting

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AGENDA

NORTHERN INYO HEALTHCARE DISTRICT BOARD OF DIRECTORS REGULAR MEETING

August 19, 2015 at 5:30 p.m.

In the Northern Inyo Hospital Board Room at 2957 Birch Street, Bishop, CA

1. Call to Order (at 5:30 p.m.).
2. Presentation regarding Refinance of General Obligation Bonds (*action item*).
3. At this time persons in the audience may speak on any items not on the agenda on any matter within the jurisdiction of the District Board. (*Members of the audience will have an opportunity to address the Board on every item on the agenda. Speakers are limited to a maximum of three minutes each or as determined by the Chair based on the number of speakers.*)

Consent Agenda (action items)

4. Approval of minutes of the July 15 2015 regular meeting
-
5. Chief Executive Officer's Report; Victoria Alexander-Lane (*information items*)
 - A. Telemedicine update
 - B. Physician Recruitment
 - C. CDPH Visit
 - D. FMLA Update
 - E. A Case for Change
 - F. The Future Strategist
 - G. ABUS Upgrade
 6. Chief of Staff Report; Mark Robinson, M.D. (*covered by Victoria Alexander-Lane*).
 - A. Medical Staff privileging and credentialing (*action items*):
 1. *Appointment to the NIH Provisional Active Medical Staff for William Timbers, M.D.*
 2. *Appointment to the NIH Provisional Active Medical Staff for Louisa Salisbury, M.D.*
 3. *Appointment to the NIH Provisional Active Medical Staff for Allison Robinson, M.D.*
 4. *Advancement from Provisional to Full and Unrestricted status for Sunny Sawyer, Physicians Assistant – Certified; Allied Health Provider*
 - B. Hospital wide Policy and Procedure approvals (*action items*):
 1. *Supervision and Direction of Allied Health Professionals at RHC*
 2. *RHC Clinic Provider QA Policy*
 3. *Argon Laser Therapy (Ophthalmic)*

4. *Glutaraldehyde Use Station Gus – Station High – Level Disinfection Device*
5. *Scope of Service*
6. *Interim Guidance for Environmental Infection Control for Patients with Probable/Suspected Ebola Virus*
7. *Triage of Patients Suspected of Ebola*
- C. Approval of Outpatient Clinic/Rural Health Clinic Clinical Privileges Form (*action item*)
- D. RHC Provider Competency Form (*action item*)
7. Chief Nursing Officer Report (*information item*).
8. Chief Performance Excellence Officer Report (*information item*).
9. New Business
 - A. NIH Foundation Board Member approval, Mr. Ken Partridge (*action item*).
 - B. Renewal of *Steris* equipment service agreement (*action item*).
 - C. Financial and statistical reports as of June 30, 2015 (*information item*).
 - D. Clarification of contract for Catherine Leja, M.D. (*action item*).
 - E. Emergency Department Proposal (*discussion item*).
10. Reports from Board members (*information items*).
11. Adjournment to closed session to/for:
 - A. Hear reports on the hospital quality assurance activities from the responsible department head and the Medical Staff Executive Committee (*Section 32155 of the Health and Safety Code, and Section 54962 of the Government Code*).
 - B. Confer with Legal Counsel regarding pending and threatened litigation, existing litigation and significant exposure to litigation (*pursuant to Government Code Section 54956.9*).
 - C. Discussion of Rural Health Physician Agreement with Matthew Wise, M.D. (*Government Code Section 54957*).
12. Approval of Rural Health Physician Agreement with Matthew Wise, M.D. (*action item*).
13. Return to open session, and report of any action taken in closed session.
14. Adjournment.

In compliance with the Americans with Disabilities Act, if you require special accommodations to participate in a District Board meeting, please contact administration at (760) 873-2838 at least 48 hours prior to the meeting.

NIHD 2005 & 2009 General Obligation Bonds Refunding Analysis Summary

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Northern Inyo County Local Hospital District		
General Obligation Refunding Bonds, Series 2015		
Summary of Refunding Options		
Series 2005 & 2009 G.O. Bonds		
Financing Type	Public Offering	Private Placement
Refunded Par	\$16,235,000	\$17,620,000
Prior Average Interest Rate	5.41%	5.41%
New All-Inclusive Cost	4.20%	4.16%
Net Cash Flow Savings	\$3,054,794	\$3,147,238
Average Annual Savings	\$132,834	\$136,872
Net Present Value Savings	\$2,035,245	\$2,060,013
Net PV Savings (% of Par)	11.98%	12.13%

HG Wilson Municipal Finance, Inc.
Financial Advisor

HOW DO WE ADD VALUE TO THE PROCESS?

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- We add value in several major ways:
 - Ambivalent as to the structuring of the financing (Only what is in your best interest).
 - Direct Placement or traditional bond financing.
 - Accomplish both options in parallel during the process.
 - Have a fiduciary duty to represent you at all stages of the financing.
 - Lets review how our process benefits you in each of these options in more detail - Direct Placement and traditional Bond Financing.

VALUE PROPOSITION OF OUR PROCESS

DIRECT PLACEMENT STRUCTURE OVERVIEW

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- The private placement market has been particularly attractive for hospital borrowers with borrowing needs up to approximately 15-20 years.
 - The structure is simplified and transparent for borrowers and can be used for both refunding and new money borrowings.
 - Recent benefits of this structure include:
 - Lower interest rate than traditional bond market
 - No official statement
 - No rating
 - No debt service reserve fund
 - No significant covenant changes
 - Drawdown structure available
 - Forward rate locks available
 - Competitive structure and rate process
 - Limited “brain damage” process. (3 month process vs. 5 month process)
-

VALUE PROPOSITION OF OUR PROCESS

DIRECT PLACEMENT PROCESS AND CONSIDERATIONS

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- We would solicit term sheets from 30 to 60 investors including interested local, regional and national banks as well as select institutional investors (approximately 3 weeks).
 - Summit will have the opportunity to choose the structure it prefers based upon rate, term, reset, and call provisions once initial term sheets are received.
 - Once an investor or group of investors is selected, formal commitment and credit approval occurs. (Underwriting)
 - Documentation will take approximately 3-4 weeks from formal commitment.
 - Some bank lenders may request additional business in order to provide the most aggressive terms.
 - Optional redemption features will vary between investors from callable at par at any time to only callable via a “make-whole” call provision.
 - Terms are negotiable.

VALUE PROPOSITION OF OUR PROCESS

TRADITIONAL BOND FINANCING

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- Introduction of competition in all areas of the process.
 - Increase demand for your bonds by including underwriting companies into the syndicate that are aligned with your needs. This increases the number of brokers competing with each other to sell your bonds. Retail component is also introduced lowering interest rates and adding another channel to the marketing component (Laws of supply and demand).
 - Lower interest rates produced as syndicate members in a competitive environment to produce lower interest rates with a disproportionate share of the bonds being offered to who work the hardest to produce lower interest rates on the day of the sale.
- No or very little increase in the COI budget because we take the underwriters management fee, their fee becomes our fee because we assume the management role in the transaction. (Taken from one pocket and put into another who represents only you, your advocate and fiduciary.)
 - We are not just another line item on the LOI budget as others might have you believe.

VALUE PROPOSITION OF OUR PROCESS (CONT.) TRADITIONAL BOND FINANCING

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- Underwriting Discount includes the following fees:
 - Management fees – managing the financing process.
 - Takedown – cost of selling bonds. Institutional sales are less expensive than retail sales, however, retail produces overall lower interest rates.
 - Risk – any inherent risk associated with not selling the bonds completely.
 - Expenses – transactional costs.

Costs of Issuance Fee Structure	
Underwriters Discount Fees (Underwriter only)	Underwriters Discount Fees (with our process)
Management	Financial Advisor
Takedown	Takedown
Risk	Risk
Expenses	Expenses

MUNICIPAL BOND MARKET DYNAMICS

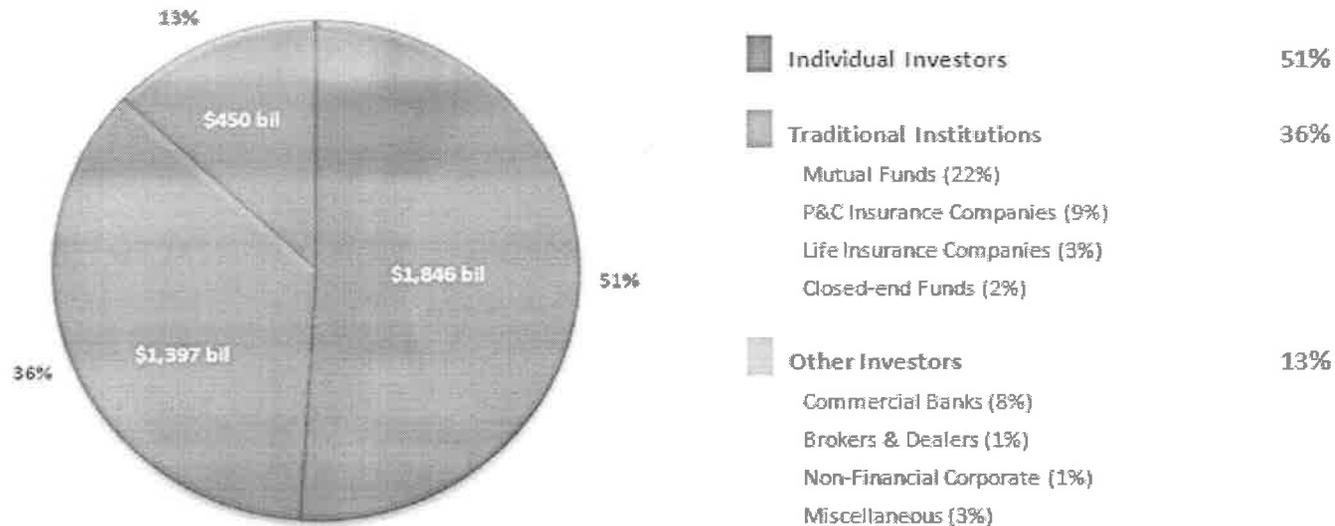
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- We believe market participants benefit from in-depth understanding of municipal market dynamics, and that issuers who structure their transactions with these dynamics in mind can lower their cost of capital.
- Typically, and for good reasons, initial pricing is institutionally-oriented. On pricing day, institutions provide three valuable components:
 - Large amounts of capital (enough to “clear the deal”).
 - Risk transfer (certainty of execution).
 - Distribution network for subsequent downstream sales (in essence, sub-contracting sales to a vast secondary market selling group).
- Any alternative execution must provide all three of these.

HOW IMPORTANT IS THE RETAIL INVESTOR SEGMENT

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Holder of Municipal Debt (as of 3/31/12)



Yet, only 8% of new issues are purchased by retail investors. Why is this?

Source: *The Bond Buyer*, March 2012

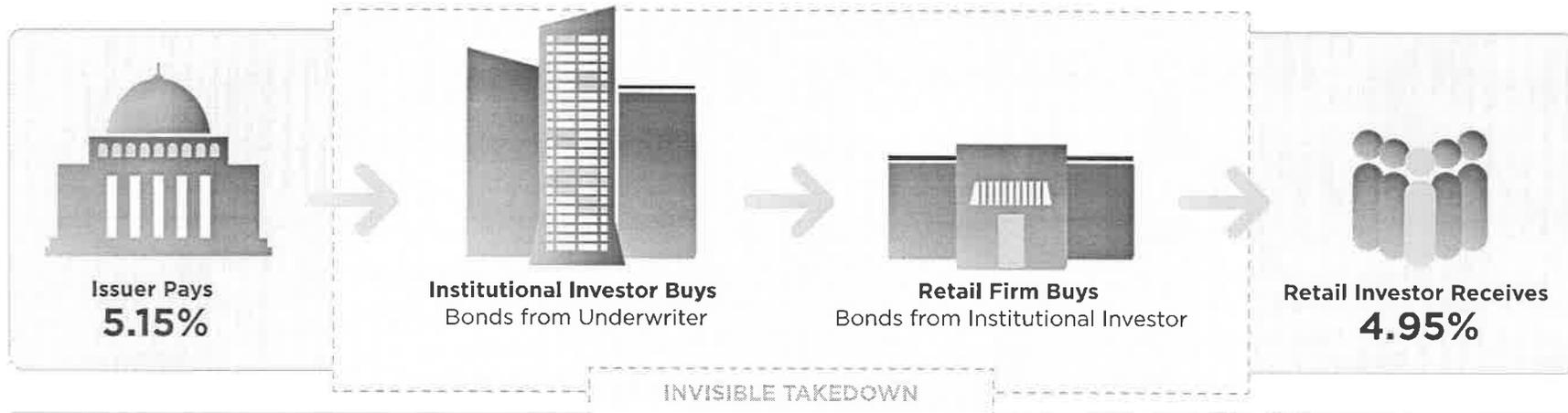
PRIMARY MARKET TO SECONDARY MARKET BOND MIGRATION

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"SMITHEREENING" - Migration of Bonds from Issuer to Retail Investors

MIGRATION OF BONDS FROM ISSUER TO RETAIL INVESTORS

Institutional Transaction



- Bonds are not always “well-placed” during initial sale.
- Significant unfilled retail demand exists at initial pricing.
- Retail demand is later filled in the secondary market.
- Issuer does not capture benefit of retail demand.

EMMA ALLOWS US TO ASSESS MUNICIPAL MARKET FLOWS

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- The advent of MSRB EMMA has facilitated the analysis of trading behavior.
- MSRB EMMA (www.emma.msrb.org) documents the movement / migration of bonds between these markets. The data allows determination of three components of trade behavior:
 - How fast is the migration?
 - How much yield is consumed through the migration (institutional / retail price differential)?
 - What is the magnitude of the migration?

WHAT EMMA TELLS US ABOUT ODD FELLOWS BONDS?

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How Fast: In less than three hours, trades take place at prices **\$26.44 per \$1,000 higher** than the initial offering price

Yield Consumed: Demand exists at lower yields (0.15%) than the primary market yield

Magnitude of the Migration: Almost \$22.525 million of trades of \$250,000 or less with an average yield of 4.03%, or nearly 15 basis points lower than the offering yield.

Issue Date	Maturity Date	Yield	Trades	Issue Amt	Trade Submitter
03/15/12	03/15/22	4.15%	1	100,000	...
03/15/12	03/15/22	4.10%	1	100,000	...
03/15/12	03/15/22	4.05%	1	100,000	...
03/15/12	03/15/22	4.03%	1	100,000	...
03/15/12	03/15/22	4.00%	1	100,000	...
03/15/12	03/15/22	3.95%	1	100,000	...
03/15/12	03/15/22	3.90%	1	100,000	...

(See full size page in analysis section)

(Excerpted from www.emma.msrb.org)

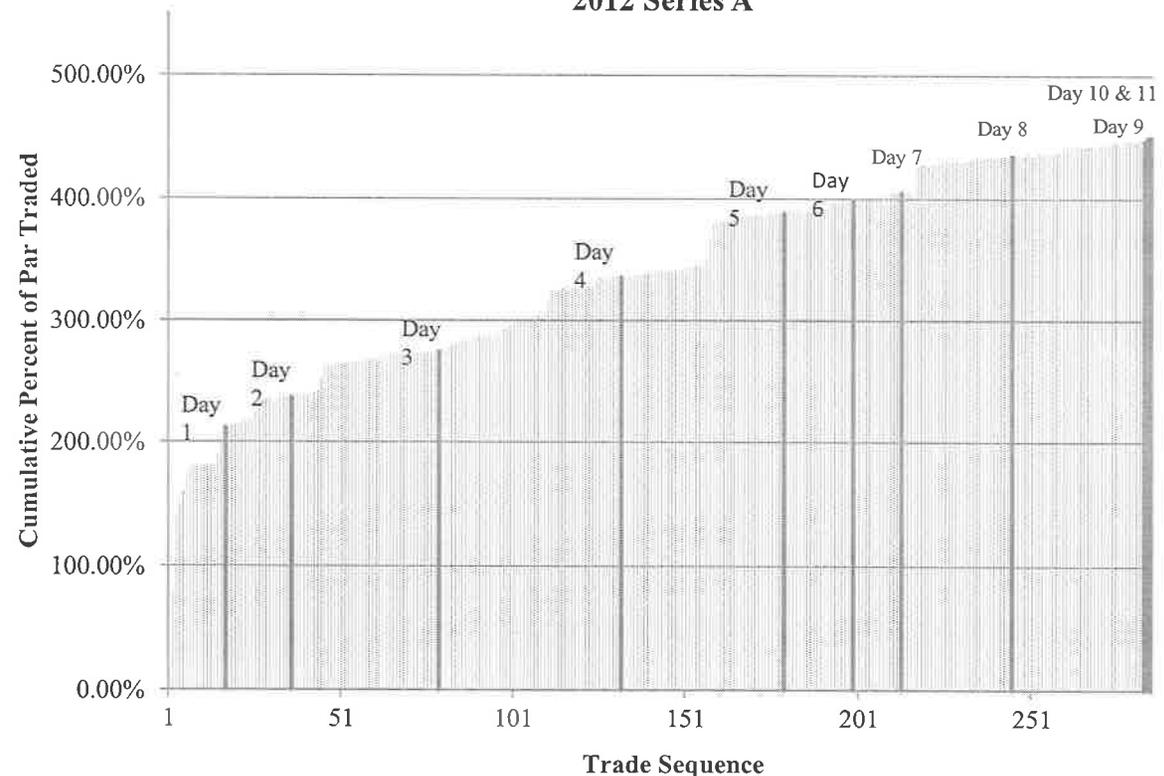
WERE THE BONDS WELL-PLACED AFTER INITIAL SALE?

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HOW MANY TIMES ARE BONDS TRADED ON THEIR WAY TO RETAIL?

- Transactions that are not structured for retail often invite intermediaries
- These intermediaries add additional costs
- During the first eleven days of trading, there were more than \$22.525 million of trades for this \$5 million maturity.
- This represents over 450% of the par amount of the 2042 maturity.
- Almost \$7,515 million (33%) of this maturity was traded in blocks of \$250,000 or less.

**ABAG Finance Authority For NonProfit Corporations Insured
Senior Living Revenue Bonds (Odd Fellows Home of California),
2012 Series A**



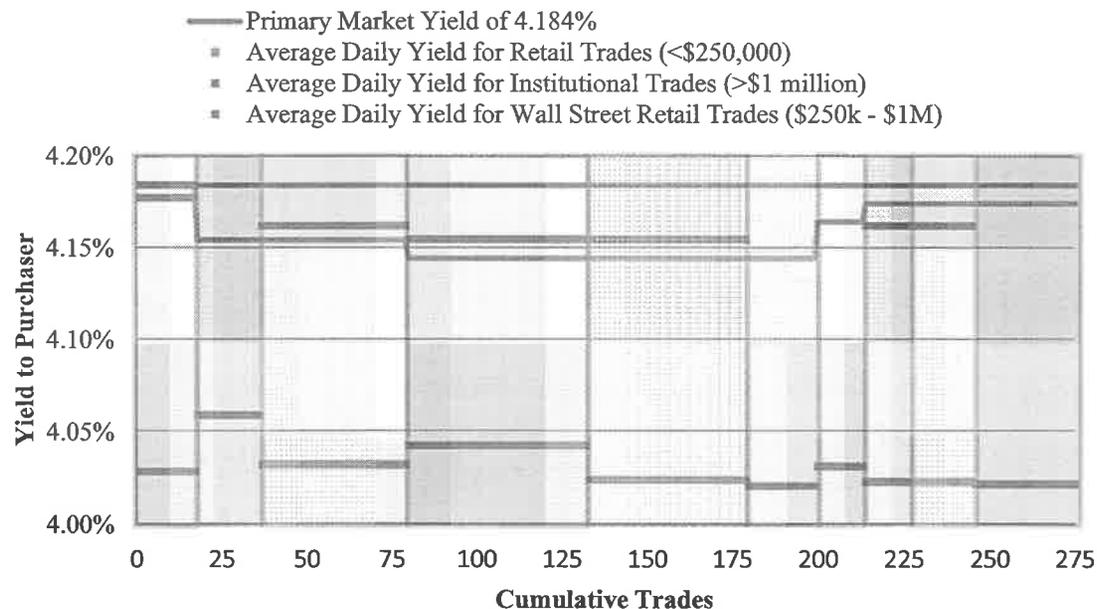
(Excerpted from www.emma.msrb.org)

YIELD BY MARKET SEGMENT

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- During each of the first eleven days of trading, small-lot investors paid higher prices and received lower yields than investors buying larger blocks.
- Average yield to retail investors was 0.15% lower than the primary market yield.
- The issuer did not benefit from these higher prices and lower yields, rather it paid higher coupons than necessary.
- Issuers have an opportunity to capitalize on this pricing differential.

11 Day Post-Pricing Analysis for:
ABAG Finance Authority for Non-Profit Corporations
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California)
Series 2012 - 2042 Maturity



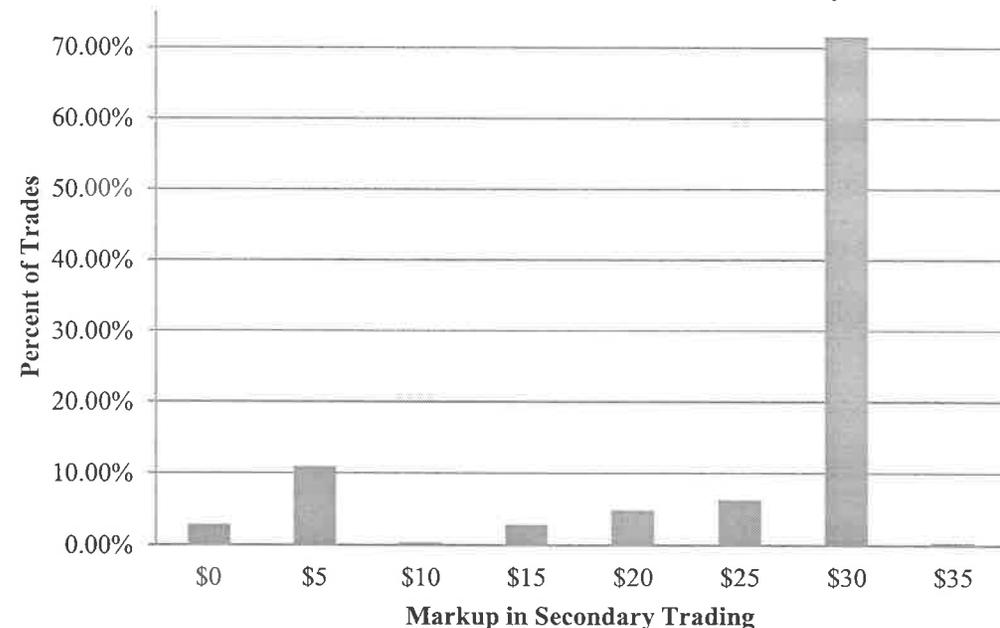
(Excerpted from www.emma.msrb.org)

DISTRIBUTION COSTS RISE AS BONDS GET “SMITHEREENED”

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- The market, not investment banks, determine the cost of distribution to retail investors.
- Looking at all interdealer trades and customer buys, the **average markup in secondary trading was \$24.61/\$1,000** (red line).
- These markups are not consistent, not disclosed in the Official Statement, and are in addition to the underwriter’s discount.
- Issuers indirectly pay these costs in terms of higher coupons.

ABAG Finance Authority For Non Profit Corporations
Insured Senior Living Revenue Bonds
(Odd Fellows Home of California),
2012 Series A 2042 Maturity

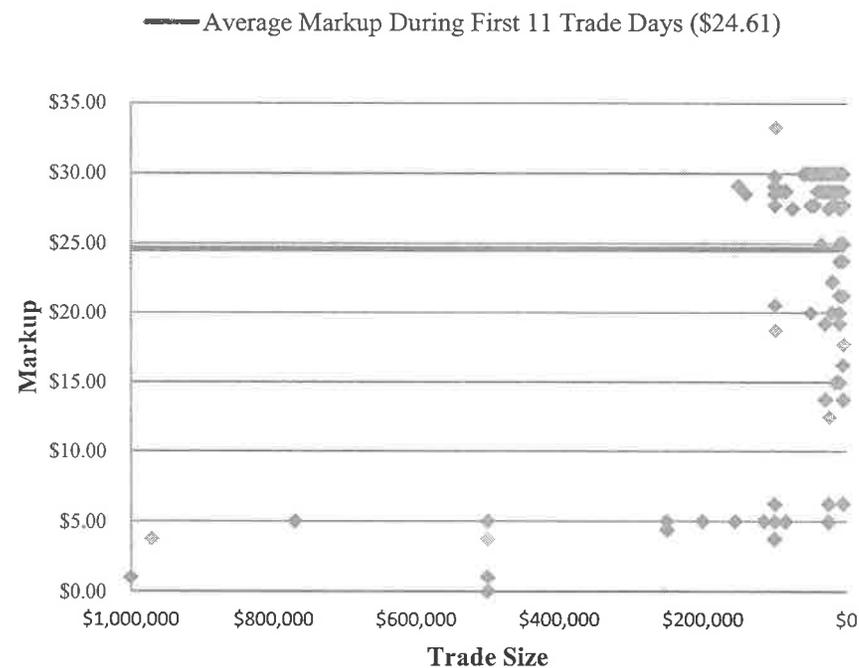


(Excerpted from www.emma.msrb.org)

DISTRIBUTION COSTS RISE AS TRADE SIZE SHRINKS

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- There is a threshold level of compensation (and distribution cost) required to access individual investors.
- In most transactions, the issuer allows the marketplace to determine the markups paid by individual investors.
- Resistance to paying higher takedowns prevents them from accessing investors willing to pay a higher price for their bonds and limits retail investors access to primary issues.



(Excerpted from www.emma.msrb.org)

TRANSACTION SUMMARY FOR THE 2042 MATURITY

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11 Day Post-Pricing Analysis for: ABAG Finance Authority for Non-Profit Corporations Insured Senior Living Revenue Bonds (Odd Fellows Home of California) Series 2012 - 2042 Maturity	
Maturity Size	\$5,000,000
Total Volume of Trades (All sizes)	\$22,525,000
Number of Trades (Buys & Interdealer)	283
Average Secondary Markup per \$1,000	\$24.61
Primary Market Yield	4.18%
Average Spread to MMD	1.19%
Initial Spread to MMD	1.30%
Institutional Sales (>\$1,000,000)	
Volume of Trades	\$6,000,000
Average Trade Size	\$3,000,000
Average Secondary Markup per \$1,000	\$0.00
Average Yield to Purchaser (YTM)	4.18%
Average Spread to MMD	1.30%
"Wall Street Retail" Sales (\$250,000 - \$1,000,000)	
Volume of Trades	\$9,010,000
Average Trade Size	\$600,667
Average Secondary Markup per \$1,000	\$2.73
Average Yield to Purchaser (YTM)	4.17%
Average Spread to MMD	1.30%
Retail Sales (<\$250,000)	
Volume of Trades	\$7,515,000
Average Trade Size	\$28,041
Average Secondary Markup per \$1,000	\$26.44
Average Yield to Purchaser (YTM)	4.03%
Average Spread to MMD	1.18%

(Excerpted from www.emma.msrb.org)

WHY AREN'T ISSUERS FOCUSED ON BOND MIGRATION?

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- Not aware it is happening.
- Believe (or told) it is necessary due to the retail market's lack of capacity.
- To effectively end-run market convention, issuers need to assemble a team that brings all three "legs of the execution stool" – enough capital to clear the deal, certainty of execution and a distribution network for unsold balances.
- Requires the integration of both retail and institutional firms with the aligned goal of providing best execution.
- Financial Advisor and issuer must encourage such alignment.

HOW DOES OUR FINANCING PROCESS ADD VALUE?

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- More competition provides better efficiency to the transaction.
- Competitive process of the financing team yields lower costs of issuance.
- Competitive environment for underwriters in the form of a syndication is used to drive up demand. (more outlets = greater demand = lower yields). The goal is provide an environment that promotes competitive tension during the sales process, where each underwriter works harder for a larger share of the bonds being offered. Even though a single underwriter may have access to all the outlets, there is no competitive tension.
- Driving retail with a competitive syndication into the initial offering produces a lower cost of borrowing thus lower interest rates by competing firms.
- Incentivize underwriters to produce the best distribution results (the firm that works hardest gets largest share of the bonds on the day of pricing). Structuring expertise. Underwriters invite a syndication to reduce their risk to the offering. We bring a syndicate to benefit the borrower with interest rate efficiencies to the transaction.
- Oversubscription to the issue does not necessarily translate to the best execution. (Need to balance order requests with the interest rate scale). It typically means the interest rate scale is too rich.
- As Registered Municipal Advisors we have a fiduciary responsibility to act only in your behalf, no questionable loyalties. (Your advocate in the process at all levels). Underwriters have divided loyalties and must disclose in writing this fact.
- Structuring of transaction to meet your needs, not the preferences or the structure to benefit the underwriter.
- Manage the process to minimize staff workload.
- Manage the timeline to keep process on track to take advantage of historically low interest rates.
- We are not just another line item on the Costs of Issuance because most of our fee is provided by the underwriters by giving up most of their management fee. (Underwriters discount includes takedown, management fee, risk fee, and expenses). Management fee ~ zero.
- Five percent (5%) coupon bonds are a poor choice in a market expectation of rising interest rates. Could be locked into this interest rate for a long time and unable to refinance even though there is a low yield with NPV savings, evaluation done as yield to call, not yield to maturity.
- Consider alternate forms of the transaction to include direct placement of the bonds as well as traditional bond financing, whichever provides to the borrower the lowest cost of capital.

CASE STUDIES

- Coupon Yield Relationship (Par vs. Premium pricing)
- Previous transaction of placement/structuring strategy.
- Fremont Rideout comparison of other transactions in the marketplace at the same timeframe/size/credit.

CASE STUDY: EXAMPLE OF COUPON/YIELD RELATIONSHIP

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	Par	OIP	OID
Par Amount	\$10,000,000	\$8,885,000	\$10,375,000
Maturity	20 yrs	20 yrs	20 yrs
Premium/Discount		\$1,116,311	\$370,906
Coupon	3.50%	5.00%	3.25%
Price	100.00	112.56	96.43
Yield-to-Call	3.50%	3.50%	3.50%
Yield-to-Maturity	3.50%	4.08%	3.50%
Proceeds	\$10,000,000	\$10,000,000	\$10,000,000
Total D/S	\$17,000,000	\$17,770,000	\$17,118,750

Always compare Yields-to-Maturity, regardless whether the issues were priced with Yields-to-Call and understand "yield kicks"

Premium bonds are most advantageous in a decreasing interest rate environment, while par bonds provide the best structure in an increasing rate environment.

Par pricing with 5 year call feature is typical for retail underwriters, while discount/premium pricing with 10 year call feature is typical for institutional underwriters

EXAMPLES OF FIXED-RATE MUNICIPAL BONDS STRUCTURES

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Premium and Par Structure

MATURITY SCHEDULE

\$82,555,000
SYSTEM FACILITIES REVENUE BONDS
SERIES 2013A

Series 2013A Serial Bonds

Maturity April 1	Principal Amount	Interest Rate	CUSIP 841438	Price
2013	\$2,590,000	4.00%	HJ6	100.324%
2014	1,475,000	4.00%	KH3	103.749%
2015	1,750,000	4.00%	HL1	106.731%
2016	1,820,000	5.00%	HM9	112.211%
2017	1,915,000	5.00%	HN7	115.127%
2018	2,165,000	5.00%	HP2	117.094%
2019	2,825,000	5.00%	HQ0	118.700%
2020	2,825,000	5.00%	HR8	119.741%
2021	2,960,000	4.00%	HS6	111.475%
2022	3,075,000	2.50%	HT4	100.000%
2023	3,165,000	2.50%	HU1	100.000%
2024	3,250,000	2.90%	HV9	100.000%
2025	3,345,000	3.00%	HW7	100.000%
2026	3,445,000	3.05%	HX5	100.000%
2027	3,550,000	3.10%	HY3	100.000%
2028	3,660,000	3.15%	HZ0	100.000%
2029	3,770,000	3.20%	JA3	100.000%
2030	3,890,000	3.25%	JB1	100.000%
2031	3,445,000	3.30%	JC9	100.000%
2032	2,940,000	3.35%	JD7	100.000%
2033	3,035,000	3.40%	JES	100.000%
2034	3,135,000	3.45%	JF2	100.000%
2035	3,240,000	3.50%	100.000%	
2036	3,355,000	3.55%	JHS	100.000%
2037	2,970,000	3.60%	JJ4	100.000%
2038	3,070,000	3.65%	JK1	100.000%

Series 2013A Term Bonds

\$6,120,000 3.75% Series 2013A Term Bonds due April 1, 2043, Price: 100.000%, CUSIP: 841438 JL9.

\$2,050,000
TAXABLE SYSTEM FACILITIES REVENUE BONDS
SERIES 2013B

Maturity April 1	Principal Amount	Interest Rate	CUSIP 841438	Price/ Yield
2015	\$ 540,000	1.00%	JM7	100.000%
2016	545,000	1.30%	JN5	100.000%
2017	555,000	1.60%	JO0	100.000%
2018	410,000	1.90%	JQS	100.000%

Premium and Discount Structure

NEW ISSUE—BOOK-ENTRY ONLY

RATING: Standard & Poor's "A"
See "RATING" herein.

In the opinion of Grant & Finney LLP, San Francisco, California, Bond Counsel, subject to compliance by the District with certain covenants, interest on the Bonds is excludable from gross income of the owner thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals and corporations. The actual amount to allow such amount in computing an adjustment in determining the federal alternative minimum tax for certain corporations, in addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "TAX MATTERS" herein.



\$18,875,000
LOMPOC VALLEY MEDICAL CENTER
(Santa Barbara County, California)
Interest Revenue Bonds, Series 2013

Dated: Date of Delivery

Date: July 1, as shown below

The \$18,875,000 Lompoc Valley Medical Center (Santa Barbara County, California) Interest Revenue Bonds (Series 2013) (the "Bonds"), will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of Bonds will be made in book-entry form only in denominations of \$1,000 or any integral multiple thereof. Purchases of Bonds will not create certificates representing their interest in the Bonds purchased but will create a credit balance in the account of DTC. Principal of and interest on the Bonds are payable directly to DTC by U.D. Bank (National Association, San Francisco, California) as agent (the "Payee"). Principal is payable on the date set forth below. Interest is payable ratably on each January 1 and July 1, commencing July 1, 2013. Upon receipt of payments of principal of and interest on the Bonds, DTC is obligated to use its best efforts to remit such payments and interest to the Payee (or its designated agent) for subsequent distribution to purchasers of the Bonds, as described herein. See "THE BONDS—Book-Entry Only System" herein.

The Bonds are subject to optional mandatory and special redemption prior to maturity. See "THE BONDS—Redemptions" herein.

The Bonds will constitute a limited obligation of Lompoc Valley Medical Center, a health care facility regulated and existing under the laws of the State of California (the "District") and will be secured under the provisions of the Indenture (as described herein) and will be payable and timely payable from revenues (as that term is defined herein and in the Indenture) and certain funds held under the Indenture. THE TAX REVENUES OF THE DISTRICT ARE NOT ALLEGED TO BE THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS. THE BONDS ARE NOT A DEBT OF SANTA BARBARA COUNTY OR THE STATE OF CALIFORNIA, AND NEITHER SANTA BARBARA COUNTY NOR THE STATE OF CALIFORNIA IS LIABLE FOR THE PAYMENT THEREOF (EXCEPT TO THE EXTENT EXPRESSLY PROVIDED THROUGH THE INSURANCE PROGRAM DESCRIBED HEREIN).

Payments to the California Community Action NTJ Section 4 and California Health and Safety Code Division 107, Part 8, Chapter 1, payment of the principal of and interest on the Bonds will be secured by the Office of Community Health Planning and Development of the State of California, and all delinquencies in payment of any claims under such insurance will be fully and unconditionally guaranteed by the State of California, all as more fully described herein.

The following firm served as financial advisor to the District on this financing:
G.L. Hicks Financial, LLC

MATURITY SCHEDULE

\$9,950,000 Serial Bonds

CUSIP Prefix: 841700

Maturity Date (Date 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix	Maturity Date (Date 1)	Principal Amount	Interest Rate	Yield	CUSIP Suffix
2013	\$400,000	3.00%	0.770%	AE6	2014	\$560,000	4.00%	2.720%	AK4
2014	410,000	3.00	0.930	AG4	2015	570,000	3.00	3.020	AL2
2015	420,000	3.00	1.120	AG7	2016	600,000	3.00	3.360	AM0
2016	440,000	4.00	1.370	AG8	2017	620,000	3.00	3.690	AN7
2017	460,000	4.00	1.580	AG9	2018	630,000	3.30	3.418	AO3
2018	480,000	4.00	1.820	AD0	2019	650,000	3.30	3.661	BA0
2019	500,000	4.00	2.080	AD3	2020	660,000	3.40	3.906	BB0
2020	520,000	4.00	2.320	AD5	2021	700,000	3.40	3.413	BC8
2021	540,000	4.00	2.540	AD6	2022	720,000	3.50	3.389	BD5

\$4,025,000 3.75% Term Bonds due July 1, 2037, Priced to Yield 3.837% CUSIP: 841700AQ3
\$4,875,000 3.75% Term Bonds due July 1, 2041, Priced to Yield 3.929% CUSIP: 841700AQ1

*Yields are as of January 1, 2011.

This entire page contains information for general reference only. It is not a summary of this issue. Potential purchasers of the Bonds are advised to read the entire Official Statement to obtain information essential to making an informed investment decision.

The Bonds will be offered when, as and if issued and received by the Underwriter subject to the approval of Grant & Finney LLP, San Francisco, California, Bond Counsel. Certain matters will be pending upon the District by Grant & Finney, LLP, San Francisco, as District Counsel and as Disclosure Counsel. It is expected that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about March 7, 2011.

FIFER JAFFRAY

SOUTHWEST SECURITIES, INC.

EDWARD JONES

Dated: February 20, 2011

CUSIP data herein are provided by CUSIP Service Bureau, which is managed on behalf of the American Bankers Association by Standard & Poor's. Standard & Poor's is a business unit of the McGraw-Hill Companies, Inc. The CUSIP numbers are provided for convenience and reference only.

CASE STUDY (PREMIUM VS. PAR PRICING)

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Underwriting Comparison Worksheet								
Par Amount	Firm A \$5,000,000.00				Firm B \$5,205,000.00			
	Coupon	Price	Yield (YTC)	Total P&I	Coupon	Price	Yield (YTM)	Total P&I
Year 1	3.00%	102.19%	0.80%	445,075.00	0.80%	100.00%	0.80%	424,162.50
Year 2	3.00%	104.15%	0.90%	447,275.00	0.90%	100.00%	0.90%	426,722.50
Year 3	3.00%	105.74%	1.05%	444,175.00	1.05%	100.00%	1.05%	428,932.50
Year 4	3.50%	108.55%	1.30%	445,925.00	1.30%	100.00%	1.30%	425,625.00
Year 5	3.50%	109.35%	1.55%	445,950.00	1.55%	100.00%	1.55%	426,530.00
Year 6	3.50%	109.33%	1.85%	445,625.00	1.85%	100.00%	1.85%	426,570.00
Year 7	3.75%	110.35%	2.15%	444,950.00	2.15%	100.00%	2.15%	425,557.50
Year 8	3.75%	109.77%	2.40%	443,137.50	2.40%	100.00%	2.40%	428,462.50
Year 9	3.75%	109.18%	2.60%	445,950.00	2.60%	100.00%	2.60%	425,302.50
Year 10	4.00%	110.40%	2.80%	443,200.00	2.80%	100.00%	2.80%	426,332.50
Year 11	4.00%	109.04%	2.95%	444,200.00	2.95%	100.00%	2.95%	426,392.50
Year 12	4.00%	108.14%	3.05%	444,600.00	3.05%	100.00%	3.05%	425,625.00
Year 13	4.00%	107.24%	3.15%	444,400.00	3.15%	100.00%	3.15%	429,187.50
Year 14	4.00%	106.36%	3.25%	443,600.00	3.25%	100.00%	3.25%	426,902.50
Year 15	4.00%	105.48%	3.35%	447,200.00	3.35%	100.00%	3.35%	428,902.50
				6,675,262.50				6,401,207.50
Par Amount		\$5,000,000.00				\$5,205,000.00		
Premium		\$387,187.25				\$0.00		
Total		\$5,387,187.25				\$5,205,000.00		
Net Proceeds		\$5,000,000.00				\$5,000,000.00		
Underwriter's Disc.						\$104,100.00		
Cost of Issuance		\$387,187.30				\$100,900.00		
Total		\$5,387,187.30				\$5,205,000.00		
Avg Coupon		3.87%				2.73%		
True Interest Cost		3.27%				2.98%		
All in TIC		3.85%				3.25%		
Call Feature		10-years @ Par				5-years @ Par		

CASE STUDIES TO CONSIDER

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Kaweah Delta Health Care District			
(Tulare County, California)			
Revenue and Refunding Bonds, Series 2012			
Cost Comparison Analysis			
<u>Structure (Rating A3)</u>	<u>100% Institutional Structure</u>	<u>Institutional/Retail Hybrid Structure</u>	<u>Difference</u>
Assumptions			
Dated Date	7/17/12	7/17/12	
First Prin. Pmt. Date	6/1/13	6/1/13	
Final Maturity	6/1/42	6/1/42	
Interest Payable	Semi-Annual	Semi-Annual	
Int. Pmt. Dates	6/1 and 12/1	6/1 and 12/1	
Callable on	6/1/22	6/1/17	Callable
Callable at	100%	102%	5 Years Earlier
Pricing Date	6/28/12	6/28/12	
Financial Metrics			
Par Amount	\$74,470,000	\$75,800,000	\$1,330,000
Net Premium	\$3,980,928	\$3,259,703	(\$721,225)
Underwriter's Discount	(\$404,391)	(\$1,013,166)	\$608,775
Total Net Proceeds	\$78,046,537	\$78,046,537	\$0
Total Debt Service	\$120,114,864	\$117,712,101	(\$2,402,764)
Average Annual Debt Service	\$4,160,222	\$3,940,520	(\$219,702)
Maximum Annual Debt Service	\$6,369,850	\$6,048,853	(\$320,998)
Avg. Coupon	4.91%	4.33%	-0.59%
All-in TIC	4.40%	4.04%	-0.35%
True Interest Cost (TIC)	4.35%	4.00%	-0.35%
Refunding Metrics			
Total NPV Savings	\$4,775,268	\$7,129,151	\$2,353,883
NPV Savings as % of Refunded Bonds	7.14%	10.65%	3.52%

FREMONT-RIDEOUT WITH OUR PROCESS COMPARED TO OTHER TRANSACTIONS DONE IN THE SAME TIMEFRAME

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City of Marysville, California Fremont-Rideout Health Group – Series 2011 2042 Maturity Moody A2		CA Health Facilities Financing Authority Rady Children's Hospital – Series 2011 2041 Maturity Moody A2	
Secondary Trade Analysis - First 5 Trading Days 11/1/2011		Secondary Trade Analysis - First 5 Trading Days 11/10/2011	
Maturity Size	\$43,805,000	Maturity Size	\$45,585,000
Total Volume Traded	\$72,335,000	Total Volume Traded	\$59,210,000
Number of Trades	43	Number of Trades	252
Average Secondary Markup per \$1000	\$7.07	Average Secondary Markup per \$1000	\$22.57
Primary Market Yield	5.40%	Primary Market Yield	5.43%
Volume as % of Maturity Size	165.13%	Volume as % of Maturity Size	129.89%
Average Spread to MMD	1.660%	Average Spread to MMD	1.481%
Initial Spread to MMD	1.730%	Initial Spread to MMD	1.650%
Institutional Sales	>\$1,000,000	Institutional Sales	>\$1,000,000
Volume of Trades	\$67,500,000	Volume of Trades	\$46,055,000
Number of Trades	18	Number of Trades	11
Average Trade Size	\$3,750,000	Average Trade Size	\$4,186,818
Average Secondary Markup per \$1000	\$1.03	Average Secondary Markup per \$1000	\$1.59
Average Yield to Purchaser (YTW)	5.393%	Average Yield to Purchaser (YTW)	5.419%
Average Spread to MMD	1.723%	Average Spread to MMD	1.634%
Wall Street Retail Sales	\$250,000 - \$1,000,000	Wall Street Retail Sales	\$250,000 - \$1,000,000
Volume of Trades	3,710,000	Volume of Trades	6,625,000
Number of Trades	8	Number of Trades	15
Average Trade Size	\$463,750	Average Trade Size	\$441,667
Average Secondary Markup per \$1000	\$3.06	Average Secondary Markup per \$1000	\$10.10
Average Yield to Purchaser (YTW)	5.379%	Average Yield to Purchaser (YTW)	5.361%
Average Spread to MMD	1.690%	Average Spread to MMD	1.555%
Retail Sales	<\$250,000	Retail Sales	<\$250,000
Volume of Trades	\$1,125,000	Volume of Trades	\$6,530,000
Number of Trades	17	Number of Trades	226
Average Trade Size	\$66,176	Average Trade Size	\$28,894
Average Secondary Markup per \$1000	\$15.34	Average Secondary Markup per \$1000	\$24.42
Average Yield to Purchaser (YTW)	5.276%	Average Yield to Purchaser (YTW)	5.257%
Average Spread to MMD	1.580%	Average Spread to MMD	1.468%

CA Health Facilities Financing Authority Catholic Healthcare West – Series 2011A 2041 Maturity Moody A2		CA Health Facilities Financing Authority Children's Hosp of Orange County – Series 2011A 2041 Maturity Moody A2	
Secondary Trade Analysis - First 5 Trading Days 10/27/2001		Secondary Trade Analysis - First 5 Trading Days 11/3/2011	
Maturity Size	\$76,130,000	Maturity Size	\$83,780,000
Total Volume Traded	\$79,705,000	Total Volume Traded	\$126,740,000
Number of Trades	79	Number of Trades	388
Average Secondary Markup per \$1000	\$26.27	Average Secondary Markup per \$1000	\$22.90
Primary Market Yield	5.35%	Primary Market Yield	5.40%
Volume as % of Maturity Size	104.70%	Volume as % of Maturity Size	151.28%
Average Spread to MMD	1.348%	Average Spread to MMD	1.477%
Initial Spread to MMD	1.550%	Initial Spread to MMD	1.680%
Institutional Sales	>\$1,000,000	Institutional Sales	>\$1,000,000
Volume of Trades	\$76,730,000	Volume of Trades	\$107,070,000
Number of Trades	8	Number of Trades	22
Average Trade Size	\$9,591,250	Average Trade Size	\$4,866,818
Average Secondary Markup per \$1000	\$1.70	Average Secondary Markup per \$1000	\$1.43
Average Yield to Purchaser (YTW)	5.338%	Average Yield to Purchaser (YTW)	5.390%
Average Spread to MMD	1.538%	Average Spread to MMD	1.678%
Wall Street Retail Sales	\$250,000 - \$1,000,000	Wall Street Retail Sales	\$250,000 - \$1,000,000
Volume of Trades	1,250,000	Volume of Trades	9,805,000
Number of Trades	3	Number of Trades	28
Average Trade Size	\$416,667	Average Trade Size	\$350,179
Average Secondary Markup per \$1000	\$0.42	Average Secondary Markup per \$1000	\$1.30
Average Yield to Purchaser (YTW)	5.347%	Average Yield to Purchaser (YTW)	5.391%
Average Spread to MMD	1.564%	Average Spread to MMD	1.630%
Retail Sales	<\$250,000	Retail Sales	<\$250,000
Volume of Trades	\$1,725,000	Volume of Trades	\$9,865,000
Number of Trades	68	Number of Trades	338
Average Trade Size	\$25,368	Average Trade Size	\$29,186
Average Secondary Markup per \$1000	\$30.30	Average Secondary Markup per \$1000	\$26.08
Average Yield to Purchaser (YTW)	5.029%	Average Yield to Purchaser (YTW)	5.184%
Average Spread to MMD	1.317%	Average Spread to MMD	1.451%

REFUNDING ANALYSIS OF THE SERIES 2005 REVENUE BONDS

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\$25,000,000
City of Show Low
5% Refunding Revenue Bonds
(Navapache) Series 2005

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SUMMARY ANALYSIS OF REFUNDING

DISCLOSURE

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HG Wilson Municipal Finance, Inc. is providing the information contained in this document for discussion purposes only in anticipation of serving as Financial Advisors to the borrower. Our primary role as your Municipal Financial Advisors are to be your advocate in the marketplace, carrying along a fiduciary responsibility to provide the most efficient execution of the transaction. An underwriter's role, is to purchase securities, for resale to investors, in an arm's-length commercial transaction between the borrower and the underwriter and that the underwriter has financial and other interests that differ from those of the borrower. The information provided is not intended to be and should not be construed as "advice" within the meaning of Section 15B of the Securities Exchange Act of 1934. The borrower should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

SOURCES AND USES OF FUNDS

Northern Inyo County Local Hospital District (Inyo County, California)
General Obligation Refunding Bonds, Series 2015
PRELIMINARY - Assumes Private Placement

Dated Date 11/03/2015
Delivery Date 11/03/2015

Sources:

Bond Proceeds:
Par Amount 17,620,000.00

17,620,000.00

Uses:

Refunding Escrow Deposits:
Cash Deposit 13,843,988.48
SLGS Purchases 3,466,849.00

17,310,837.48

Cost of Issuance:
Total Cost of Issuance (1.75%) 308,350.00

Other Uses of Funds:
Additional Proceeds 812.52

17,620,000.00

BOND DEBT SERVICE

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes Private Placement

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/03/2015					
05/01/2016			348,484.44	348,484.44	
11/01/2016	281,000	4.000%	352,400.00	633,400.00	981,884.44
05/01/2017			346,780.00	346,780.00	
11/01/2017	155,000	4.000%	346,780.00	501,780.00	848,560.00
05/01/2018			343,680.00	343,680.00	
11/01/2018	157,000	4.000%	343,680.00	500,680.00	844,360.00
05/01/2019			340,540.00	340,540.00	
11/01/2019	159,000	4.000%	340,540.00	499,540.00	840,080.00
05/01/2020			337,360.00	337,360.00	
11/01/2020	161,000	4.000%	337,360.00	498,360.00	835,720.00
05/01/2021			334,140.00	334,140.00	
11/01/2021	208,000	4.000%	334,140.00	542,140.00	876,280.00
05/01/2022			329,980.00	329,980.00	
11/01/2022	300,000	4.000%	329,980.00	629,980.00	959,960.00
05/01/2023			323,980.00	323,980.00	
11/01/2023	576,000	4.000%	323,980.00	899,980.00	1,223,960.00
05/01/2024			312,460.00	312,460.00	
11/01/2024	611,000	4.000%	312,460.00	923,460.00	1,235,920.00
05/01/2025			300,240.00	300,240.00	
11/01/2025	664,000	4.000%	300,240.00	964,240.00	1,264,480.00
05/01/2026			286,960.00	286,960.00	
11/01/2026	713,000	4.000%	286,960.00	999,960.00	1,286,920.00
05/01/2027			272,700.00	272,700.00	
11/01/2027	811,000	4.000%	272,700.00	1,083,700.00	1,356,400.00
05/01/2028			256,480.00	256,480.00	
11/01/2028	827,000	4.000%	256,480.00	1,083,480.00	1,339,960.00
05/01/2029			239,940.00	239,940.00	
11/01/2029	884,000	4.000%	239,940.00	1,123,940.00	1,363,880.00
05/01/2030			222,260.00	222,260.00	
11/01/2030	1,045,000	4.000%	222,260.00	1,267,260.00	1,489,520.00
05/01/2031			201,360.00	201,360.00	
11/01/2031	1,144,000	4.000%	201,360.00	1,345,360.00	1,546,720.00
05/01/2032			178,480.00	178,480.00	
11/01/2032	1,328,000	4.000%	178,480.00	1,506,480.00	1,684,960.00
05/01/2033			151,920.00	151,920.00	
11/01/2033	1,459,000	4.000%	151,920.00	1,610,920.00	1,762,840.00
05/01/2034			122,740.00	122,740.00	
11/01/2034	1,536,000	4.000%	122,740.00	1,658,740.00	1,781,480.00
05/01/2035			92,020.00	92,020.00	
11/01/2035	1,726,000	4.000%	92,020.00	1,818,020.00	1,910,040.00
05/01/2036			57,500.00	57,500.00	
11/01/2036	929,000	4.000%	57,500.00	986,500.00	1,044,000.00
05/01/2037			38,920.00	38,920.00	
11/01/2037	959,000	4.000%	38,920.00	997,920.00	1,036,840.00
05/01/2038			19,740.00	19,740.00	
11/01/2038	987,000	4.000%	19,740.00	1,006,740.00	1,026,480.00
	17,620,000		10,921,244.44	28,541,244.44	28,541,244.44

BOND SUMMARY STATISTICS

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes Private Placement

Dated Date	11/03/2015
Delivery Date	11/03/2015
Last Maturity	11/01/2038
Arbitrage Yield	4.000019%
True Interest Cost (TIC)	4.000019%
Net Interest Cost (NIC)	4.000000%
All-In TIC	4.158838%
Average Coupon	4.000000%
Average Life (years)	15.496
Weighted Average Maturity (years)	15.496
Duration of Issue (years)	11.375
Par Amount	17,620,000.00
Bond Proceeds	17,620,000.00
Total Interest	10,921,244.44
Net Interest	10,921,244.44
Total Debt Service	28,541,244.44
Maximum Annual Debt Service	1,910,040.00
Average Annual Debt Service	1,241,223.48
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Term Bond	17,620,000.00	100.000	4.000%	15.496	26,253.80
	17,620,000.00			15.496	26,253.80

	TIC	All-In TIC	Arbitrage Yield
Par Value	17,620,000.00	17,620,000.00	17,620,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		(308,350.00)	
- Other Amounts			
Target Value	17,620,000.00	17,311,650.00	17,620,000.00
Target Date	11/03/2015	11/03/2015	11/03/2015
Yield	4.000019%	4.158838%	4.000019%

BOND PRICING

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes Private Placement

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Term Bond:					
	11/01/2016	281,000	4.000%	4.000%	100.000
	11/01/2017	155,000	4.000%	4.000%	100.000
	11/01/2018	157,000	4.000%	4.000%	100.000
	11/01/2019	159,000	4.000%	4.000%	100.000
	11/01/2020	161,000	4.000%	4.000%	100.000
	11/01/2021	208,000	4.000%	4.000%	100.000
	11/01/2022	300,000	4.000%	4.000%	100.000
	11/01/2023	576,000	4.000%	4.000%	100.000
	11/01/2024	611,000	4.000%	4.000%	100.000
	11/01/2025	664,000	4.000%	4.000%	100.000
	11/01/2026	713,000	4.000%	4.000%	100.000
	11/01/2027	811,000	4.000%	4.000%	100.000
	11/01/2028	827,000	4.000%	4.000%	100.000
	11/01/2029	884,000	4.000%	4.000%	100.000
	11/01/2030	1,045,000	4.000%	4.000%	100.000
	11/01/2031	1,144,000	4.000%	4.000%	100.000
	11/01/2032	1,328,000	4.000%	4.000%	100.000
	11/01/2033	1,459,000	4.000%	4.000%	100.000
	11/01/2034	1,536,000	4.000%	4.000%	100.000
	11/01/2035	1,726,000	4.000%	4.000%	100.000
	11/01/2036	929,000	4.000%	4.000%	100.000
	11/01/2037	959,000	4.000%	4.000%	100.000
	11/01/2038	987,000	4.000%	4.000%	100.000
		17,620,000			

Dated Date	11/03/2015	
Delivery Date	11/03/2015	
First Coupon	05/01/2016	
Par Amount	17,620,000.00	
Original Issue Discount		
Production	17,620,000.00	100.000000%
Underwriter's Discount		
Purchase Price	17,620,000.00	100.000000%
Accrued Interest		
Net Proceeds	17,620,000.00	

SAVINGS

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes Private Placement

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2015 @ 4.0000192%
05/01/2016	449,457.50	348,484.44	100,973.06		99,014.97
11/01/2016	669,457.50	633,400.00	36,057.50	137,030.56	34,664.96
05/01/2017	442,857.50	346,780.00	96,077.50		90,555.87
11/01/2017	542,857.50	501,780.00	41,077.50	137,155.00	37,957.60
05/01/2018	440,732.50	343,680.00	97,052.50		87,922.74
11/01/2018	540,732.50	500,680.00	40,052.50	137,105.00	35,573.28
05/01/2019	438,582.50	340,540.00	98,042.50		85,370.62
11/01/2019	538,582.50	499,540.00	39,042.50	137,085.00	33,329.71
05/01/2020	436,382.50	337,360.00	99,022.50		82,875.76
11/01/2020	536,382.50	498,360.00	38,022.50	137,045.00	31,198.53
05/01/2021	434,132.50	334,140.00	99,992.50		80,437.89
11/01/2021	579,132.50	542,140.00	36,992.50	136,985.00	29,174.72
05/01/2022	430,870.00	329,980.00	100,890.00		78,008.32
11/01/2022	665,870.00	629,980.00	35,890.00	136,780.00	27,206.08
05/01/2023	425,465.00	323,980.00	101,485.00		75,421.34
11/01/2023	935,465.00	899,980.00	35,485.00	136,970.00	25,854.55
05/01/2024	413,671.25	312,460.00	101,211.25		72,297.08
11/01/2024	958,671.25	923,460.00	35,211.25	136,422.50	24,658.87
05/01/2025	400,863.75	300,240.00	100,623.75		69,086.31
11/01/2025	1,000,863.75	964,240.00	36,623.75	137,247.50	24,652.11
05/01/2026	386,763.75	286,960.00	99,803.75		65,862.46
11/01/2026	1,036,763.75	999,960.00	36,803.75	136,607.50	23,811.29
05/01/2027	371,326.25	272,700.00	98,626.25		62,558.05
11/01/2027	1,121,326.25	1,083,700.00	37,626.25	136,252.50	23,398.14
05/01/2028	353,513.75	256,480.00	97,033.75		59,157.94
11/01/2028	1,123,513.75	1,083,480.00	40,033.75	137,067.50	23,928.55
05/01/2029	335,226.25	239,940.00	95,286.25		55,836.74
11/01/2029	1,165,226.25	1,123,940.00	41,286.25	136,572.50	23,718.93
05/01/2030	315,513.75	222,260.00	93,253.75		52,523.75
11/01/2030	1,310,513.75	1,267,260.00	43,253.75	136,507.50	23,884.32
05/01/2031	291,882.50	201,360.00	90,522.50		49,005.58
11/01/2031	1,391,882.50	1,345,360.00	46,522.50	137,045.00	24,691.75
05/01/2032	261,082.50	178,480.00	82,602.50		42,981.52
11/01/2032	1,561,082.50	1,506,480.00	54,602.50	137,205.00	27,854.85
05/01/2033	224,682.50	151,920.00	72,762.50		36,391.15
11/01/2033	1,674,682.50	1,610,920.00	63,762.50	136,525.00	31,264.63
05/01/2034	184,082.50	122,740.00	61,342.50		29,488.26
11/01/2034	1,734,082.50	1,658,740.00	75,342.50	136,685.00	35,508.11
05/01/2035	140,682.50	92,020.00	48,662.50		22,484.42
08/01/2035	1,815,060.00		1,815,060.00		830,382.42
11/01/2035	90,562.50	1,818,020.00	(1,727,457.50)	136,265.00	(782,518.16)
05/01/2036	90,562.50	57,500.00	33,062.50		14,683.26
11/01/2036	1,090,562.50	986,500.00	104,062.50	137,125.00	45,308.63
05/01/2037	61,812.50	38,920.00	22,892.50		9,771.91
11/01/2037	1,111,812.50	997,920.00	113,892.50	136,785.00	47,663.00
05/01/2038	31,625.00	19,740.00	11,885.00		4,876.24
11/01/2038	1,131,625.00	1,006,740.00	124,885.00	136,770.00	50,233.80
	31,688,482.50	28,541,244.44	3,147,238.06	3,147,238.06	2,060,012.82

Savings Summary

PV of savings from cash flow	2,060,012.82
Plus: Refunding funds on hand	812.52
Net PV Savings	2,060,825.34

SUMMARY OF REFUNDING RESULTS

Northern Inyo County Local Hospital District (Inyo County, California)
General Obligation Refunding Bonds, Series 2015
PRELIMINARY - Assumes Private Placement

Dated Date	11/03/2015
Delivery Date	11/03/2015
Arbitrage yield	4.000019%
Escrow yield	0.679915%
Value of Negative Arbitrage	211,184.11
Bond Par Amount	17,620,000.00
True Interest Cost	4.000019%
Net Interest Cost	4.000000%
All-In TIC	4.158838%
Average Coupon	4.000000%
Average Life	15.496
Par amount of refunded bonds	16,990,000.00
Average coupon of refunded bonds	5.407324%
Average life of refunded bonds	15.994
PV of prior debt to 11/03/2015 @ 4.000019%	19,680,012.82
Net PV Savings	2,060,825.34
Percentage savings of refunded bonds	12.129637%
Percentage savings of refunding bonds	11.695944%

SUMMARY OF BONDS REFUNDED

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes Private Placement

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	
\$15,035,000 General Obligation Bonds, Series 2005:						
SERIAL	11/01/2016	6.000%	220,000.00	11/03/2015	100.000	
	11/01/2017	4.250%	100,000.00	11/03/2015	100.000	
	11/01/2018	4.300%	100,000.00	11/03/2015	100.000	
	11/01/2019	4.400%	100,000.00	11/03/2015	100.000	
	11/01/2020	4.500%	100,000.00	11/03/2015	100.000	
	11/01/2021	4.500%	145,000.00	11/03/2015	100.000	
	11/01/2022	4.600%	235,000.00	11/03/2015	100.000	
	11/01/2023	4.625%	510,000.00	11/03/2015	100.000	
	11/01/2024	4.700%	545,000.00	11/03/2015	100.000	
	11/01/2025	4.700%	600,000.00	11/03/2015	100.000	
	11/01/2026	4.750%	650,000.00	11/03/2015	100.000	
	11/01/2027	4.750%	750,000.00	11/03/2015	100.000	
	11/01/2028	4.750%	770,000.00	11/03/2015	100.000	
	11/01/2029	4.750%	830,000.00	11/03/2015	100.000	
	11/01/2030	4.750%	995,000.00	11/03/2015	100.000	
	TERM	11/01/2031	5.600%	1,100,000.00	11/03/2015	100.000
		11/01/2032	5.600%	1,300,000.00	11/03/2015	100.000
		11/01/2033	5.600%	1,450,000.00	11/03/2015	100.000
		11/01/2034	5.600%	1,550,000.00	11/03/2015	100.000
08/01/2035		5.600%	1,790,000.00	11/03/2015	100.000	
			13,840,000.00			
\$14,464,947.15 General Obligation Bonds, Election of 2005, Series 2009:						
TERM	11/01/2036	5.750%	1,000,000.00	11/01/2017	100.000	
	11/01/2037	5.750%	1,050,000.00	11/01/2017	100.000	
	11/01/2038	5.750%	1,100,000.00	11/01/2017	100.000	
			3,150,000.00			
			16,990,000.00			

ESCROW REQUIREMENTS

Northern Inyo County Local Hospital District (Inyo County, California)
General Obligation Refunding Bonds, Series 2015
PRELIMINARY - Assumes Private Placement

Period Ending	Interest	Principal Redeemed	Total
11/03/2015	3,987.72	13,840,000.00	13,843,987.72
05/01/2016	90,562.50		90,562.50
11/01/2016	90,562.50		90,562.50
05/01/2017	90,562.50		90,562.50
11/01/2017	90,562.50	3,150,000.00	3,240,562.50
	366,237.72	16,990,000.00	17,356,237.72

ESCROW DESCRIPTIONS

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes Private Placement

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Nov 3, 2015:						
SLGS	Certificate	05/01/2016	05/01/2016	79,273	0.170%	0.170%
SLGS	Certificate	11/01/2016	11/01/2016	78,940	0.350%	0.350%
SLGS	Note	05/01/2017	05/01/2016	79,216	0.520%	0.520%
SLGS	Note	11/01/2017	05/01/2016	3,229,420	0.690%	0.690%
				3,466,849		

SLGS Summary

SLGS Rates File	10AUG15
Total Certificates of Indebtedness	158,213.00
Total Notes	3,308,636.00
Total original SLGS	3,466,849.00

ESCROW COST

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes Private Placement

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	05/01/2016	79,273	0.170%	79,273.00
SLGS	11/01/2016	78,940	0.350%	78,940.00
SLGS	05/01/2017	79,216	0.520%	79,216.00
SLGS	11/01/2017	3,229,420	0.690%	3,229,420.00
		3,466,849		3,466,849.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
11/03/2015	3,466,849	13,843,988.48	17,310,837.48	0.679915%
	3,466,849	13,843,988.48	17,310,837.48	

ESCROW CASH FLOW

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes Private Placement

Date	Principal	Interest	Net Escrow Receipts	Present Value to 11/03/2015 @ 0.6799148%
05/01/2016	79,273.00	11,289.04	90,562.04	90,258.61
11/01/2016	78,940.00	11,622.24	90,562.24	89,953.01
05/01/2017	79,216.00	11,347.46	90,563.46	89,649.45
11/01/2017	3,229,420.00	11,141.50	3,240,561.50	3,196,987.92
	3,466,849.00	45,400.24	3,512,249.24	3,466,849.00

Escrow Cost Summary

Purchase date	11/03/2015
Purchase cost of securities	3,466,849.00
Target for yield calculation	3,466,849.00

ESCROW SUFFICIENCY

Northern Inyo County Local Hospital District (Inyo County, California)
General Obligation Refunding Bonds, Series 2015
PRELIMINARY - Assumes Private Placement

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
11/03/2015	13,843,987.72	13,843,988.48	0.76	0.76
05/01/2016	90,562.50	90,562.04	(0.46)	0.30
11/01/2016	90,562.50	90,562.24	(0.26)	0.04
05/01/2017	90,562.50	90,563.46	0.96	1.00
11/01/2017	3,240,562.50	3,240,561.50	(1.00)	
	17,356,237.72	17,356,237.72	0.00	

ESCROW STATISTICS

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes Private Placement

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 17,310,837.48	1.910	0.679915%	0.679915%	17,099,653.33	211,184.11	0.04
17,310,837.48				17,099,653.33	211,184.11	0.04

Delivery date 11/03/2015
 Arbitrage yield 4.000019%

UNREFUNDED BOND DEBT SERVICE

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes Private Placement

Period Ending	Principal	Coupon	Interest	Compounded Interest	Debt Service	Annual Debt Service
11/03/2015						
05/01/2016			50,700		50,700	
11/01/2016	350,000.00	4.00000000%	50,700		400,700	451,400
05/01/2017			43,700		43,700	
11/01/2017	595,000.00	4.00000000%	43,700		638,700	682,400
05/01/2018			31,800		31,800	
11/01/2018	725,000.00	4.00000000%	31,800		756,800	788,600
05/01/2019			17,300		17,300	
11/01/2019	865,000.00	4.00000000%	17,300		882,300	899,600
11/01/2020	418,077.60	7.88848139%		601,922.40	1,020,000	1,020,000
11/01/2021	417,307.00	7.88834538%		682,693.00	1,100,000	1,100,000
11/01/2022	402,032.40	7.88847140%		742,967.60	1,145,000	1,145,000
11/01/2023	329,854.70	7.88844031%		685,145.30	1,015,000	1,015,000
11/01/2024	345,908.50	7.88832548%		804,091.50	1,150,000	1,150,000
11/01/2025	354,947.25	7.88846380%		920,052.75	1,275,000	1,275,000
11/01/2026	365,891.40	7.88831339%		1,054,108.60	1,420,000	1,420,000
11/01/2027	362,489.60	7.88846497%		1,157,510.40	1,520,000	1,520,000
11/01/2028	380,759.25	7.88834003%		1,344,240.75	1,725,000	1,725,000
11/01/2029	504,676.40	6.55017790%		1,390,323.60	1,895,000	1,895,000
11/01/2030	486,228.60	6.63013806%		1,493,771.40	1,980,000	1,980,000
11/01/2031	484,881.20	6.70012420%		1,655,118.80	2,140,000	2,140,000
11/01/2032	469,795.20	6.75009126%		1,770,204.80	2,240,000	2,240,000
11/01/2033	469,636.70	6.78002350%		1,940,363.30	2,410,000	2,410,000
11/01/2034	482,811.75	6.79004430%		2,172,188.25	2,655,000	2,655,000
11/01/2035	476,744.60	6.80022695%		2,333,255.40	2,810,000	2,810,000
11/01/2036	456,608.95	6.81007691%		2,428,391.05	2,885,000	2,885,000
11/01/2037	464,233.45	6.82008778%		2,680,766.55	3,145,000	3,145,000
11/01/2038	472,062.60	6.82022363%		2,947,937.40	3,420,000	3,420,000
	10,679,947.15		287,000	28,805,052.85	39,772,000	39,772,000

DISCLAIMER

Northern Inyo County Local Hospital District (Inyo County, California)
General Obligation Refunding Bonds, Series 2015
PRELIMINARY - Assumes Private Placement

Piper Jaffray is providing the information contained herein for discussion purposes only in anticipation of being engaged to serve as underwriter or placement agent on a future transaction and not as a financial advisor or municipal advisor. In providing the information contained herein, Piper Jaffray is not recommending an action to you and the information provided herein is not intended to be and should not be construed as a 'recommendation' or 'advice' within the meaning of Section 15B of the Securities Exchange Act of 1934. Piper Jaffray is not acting as an advisor to you and does not owe a fiduciary duty pursuant to Section 15B of the Exchange Act or under any state law to you with respect to the information and material contained in this communication. As an underwriter or placement agent, Piper Jaffray's primary role is to purchase or arrange for the placement of securities with a view to distribution in an arm's-length commercial transaction, is acting for its own interests and has financial and other interests that differ from your interests. You should discuss any information and material contained in this communication with any and all internal or external advisors and experts that you deem appropriate before acting on this information or material.

The information contained herein may include hypothetical interest rates or interest rate savings for a potential refunding. Interest rates used herein take into consideration conditions in today's market and other factual information such as credit rating, geographic location and market sector. Interest rates described herein should not be viewed as rates that Piper Jaffray expects to achieve for you should we be selected to act as your underwriter or placement agent. Information about interest rates and terms for SLGs is based on current publically available information and treasury or agency rates for open-market escrows are based on current market interest rates for these types of credits and should not be seen as costs or rates that Piper Jaffray could achieve for you should we be selected to act as your underwriter or placement agent. More particularized information and analysis may be provided after you have engaged Piper Jaffray as an underwriter or placement agent or under certain other exceptions as describe in the Section 15B of the Exchange Act.

SOURCES AND USES OF FUNDS

Northern Inyo County Local Hospital District (Inyo County, California)
General Obligation Refunding Bonds, Series 2015
PRELIMINARY - Assumes 'A3' Rated by Moody's

Dated Date 11/03/2015
Delivery Date 11/03/2015

Sources:

Bond Proceeds:

Par Amount	16,235,000.00
Original Issue Discount	(60,796.80)
Premium	1,461,722.00

17,635,925.20

Uses:

Refunding Escrow Deposits:

Cash Deposit	13,843,988.48
SLGS Purchases	3,466,849.00

17,310,837.48

Cost of Issuance:

Total Cost of Issuance (2.00%)	324,700.00
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Other Uses of Funds:

Additional Proceeds	387.72
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17,635,925.20

BOND DEBT SERVICE

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes 'A3' Rated by Moody's

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
11/03/2015					
05/01/2016			381,488.61	381,488.61	
11/01/2016	220,000	2.000%	385,775.00	605,775.00	987,263.61
05/01/2017			383,575.00	383,575.00	
11/01/2017	85,000	3.000%	383,575.00	468,575.00	852,150.00
05/01/2018			382,300.00	382,300.00	
11/01/2018	85,000	3.000%	382,300.00	467,300.00	849,600.00
05/01/2019			381,025.00	381,025.00	
11/01/2019	80,000	4.000%	381,025.00	461,025.00	842,050.00
05/01/2020			379,425.00	379,425.00	
11/01/2020	80,000	4.000%	379,425.00	459,425.00	838,850.00
05/01/2021			377,825.00	377,825.00	
11/01/2021	125,000	4.000%	377,825.00	502,825.00	880,650.00
05/01/2022			375,325.00	375,325.00	
11/01/2022	215,000	4.000%	375,325.00	590,325.00	965,650.00
05/01/2023			371,025.00	371,025.00	
11/01/2023	485,000	5.000%	371,025.00	856,025.00	1,227,050.00
05/01/2024			358,900.00	358,900.00	
11/01/2024	520,000	5.000%	358,900.00	878,900.00	1,237,800.00
05/01/2025			345,900.00	345,900.00	
11/01/2025	575,000	5.000%	345,900.00	920,900.00	1,266,800.00
05/01/2026			331,525.00	331,525.00	
11/01/2026	630,000	5.000%	331,525.00	961,525.00	1,293,050.00
05/01/2027			315,775.00	315,775.00	
11/01/2027	730,000	5.000%	315,775.00	1,045,775.00	1,361,550.00
05/01/2028			297,525.00	297,525.00	
11/01/2028	750,000	5.000%	297,525.00	1,047,525.00	1,345,050.00
05/01/2029			278,775.00	278,775.00	
11/01/2029	810,000	5.000%	278,775.00	1,088,775.00	1,367,550.00
05/01/2030			258,525.00	258,525.00	
11/01/2030	975,000	5.000%	258,525.00	1,233,525.00	1,492,050.00
05/01/2031			234,150.00	234,150.00	
11/01/2031	1,085,000	5.000%	234,150.00	1,319,150.00	1,553,300.00
05/01/2032			207,025.00	207,025.00	
11/01/2032	1,275,000	5.000%	207,025.00	1,482,025.00	1,689,050.00
05/01/2033			175,150.00	175,150.00	
11/01/2033	1,415,000	5.000%	175,150.00	1,590,150.00	1,765,300.00
05/01/2034			139,775.00	139,775.00	
11/01/2034	1,505,000	5.000%	139,775.00	1,644,775.00	1,784,550.00
05/01/2035			102,150.00	102,150.00	
11/01/2035	1,710,000	5.000%	102,150.00	1,812,150.00	1,914,300.00
05/01/2036			59,400.00	59,400.00	
11/01/2036	930,000	4.125%	59,400.00	989,400.00	1,048,800.00
05/01/2037			40,218.75	40,218.75	
11/01/2037	960,000	4.125%	40,218.75	1,000,218.75	1,040,437.50
05/01/2038			20,418.75	20,418.75	
11/01/2038	990,000	4.125%	20,418.75	1,010,418.75	1,030,837.50
	16,235,000		12,398,688.61	28,633,688.61	28,633,688.61

BOND SUMMARY STATISTICS

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes 'A3' Rated by Moody's

Dated Date	11/03/2015
Delivery Date	11/03/2015
Last Maturity	11/01/2038
Arbitrage Yield	3.772783%
True Interest Cost (TIC)	4.027444%
Net Interest Cost (NIC)	4.230482%
All-In TIC	4.195127%
Average Coupon	4.769372%
Average Life (years)	16.013
Weighted Average Maturity (years)	15.854
Duration of Issue (years)	11.344
Par Amount	16,235,000.00
Bond Proceeds	17,635,925.20
Total Interest	12,398,688.61
Net Interest	10,997,763.41
Total Debt Service	28,633,688.61
Maximum Annual Debt Service	1,914,300.00
Average Annual Debt Service	1,245,243.77
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	108.629043

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	6,365,000.00	112.761	4.935%	10.888	5,227.65
2035 Term Bond	6,990,000.00	109.292	5.000%	18.206	6,081.30
2038 Term Bond	2,880,000.00	97.889	4.125%	22.015	4,147.20
	16,235,000.00			16.013	15,456.15

	TIC	All-In TIC	Arbitrage Yield
Par Value	16,235,000.00	16,235,000.00	16,235,000.00
+ Accrued Interest			
+ Premium (Discount)	1,400,925.20	1,400,925.20	1,400,925.20
- Underwriter's Discount			
- Cost of Issuance Expense		(324,700.00)	
- Other Amounts			
Target Value	17,635,925.20	17,311,225.20	17,635,925.20
Target Date	11/03/2015	11/03/2015	11/03/2015
Yield	4.027444%	4.195127%	3.772783%

BOND PRICING

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes 'A3' Rated by Moody's

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bond:									
	11/01/2016	220,000	2.000%	0.720%	101.266				2,785.20
	11/01/2017	85,000	3.000%	1.140%	103.657				3,108.45
	11/01/2018	85,000	3.000%	1.500%	104.376				3,719.60
	11/01/2019	80,000	4.000%	1.740%	108.684				6,947.20
	11/01/2020	80,000	4.000%	2.050%	109.212				7,369.60
	11/01/2021	125,000	4.000%	2.360%	109.117				11,396.25
	11/01/2022	215,000	4.000%	2.620%	108.767				18,849.05
	11/01/2023	485,000	5.000%	2.750%	116.048				77,832.80
	11/01/2024	520,000	5.000%	2.900%	116.521				85,909.20
	11/01/2025	575,000	5.000%	3.060%	116.596				95,427.00
	11/01/2026	630,000	5.000%	3.230%	115.016	3.356%	11/01/2025	100.000	94,600.80
	11/01/2027	730,000	5.000%	3.360%	113.824	3.573%	11/01/2025	100.000	100,915.20
	11/01/2028	750,000	5.000%	3.490%	112.648	3.761%	11/01/2025	100.000	94,860.00
	11/01/2029	810,000	5.000%	3.560%	112.021	3.879%	11/01/2025	100.000	97,370.10
	11/01/2030	975,000	5.000%	3.630%	111.397	3.983%	11/01/2025	100.000	111,120.75
		<u>6,365,000</u>							<u>812,211.20</u>
2035 Term Bond:									
	11/01/2031	1,085,000	5.000%	3.870%	109.292	4.302%	11/01/2025	100.000	100,818.20
	11/01/2032	1,275,000	5.000%	3.870%	109.292	4.302%	11/01/2025	100.000	118,473.00
	11/01/2033	1,415,000	5.000%	3.870%	109.292	4.302%	11/01/2025	100.000	131,481.80
	11/01/2034	1,505,000	5.000%	3.870%	109.292	4.302%	11/01/2025	100.000	139,844.60
	11/01/2035	1,710,000	5.000%	3.870%	109.292	4.302%	11/01/2025	100.000	158,893.20
		<u>6,990,000</u>							<u>649,510.80</u>
2038 Term Bond:									
	11/01/2036	930,000	4.125%	4.270%	97.889				(19,632.30)
	11/01/2037	960,000	4.125%	4.270%	97.889				(20,265.60)
	11/01/2038	990,000	4.125%	4.270%	97.889				(20,898.90)
		<u>2,880,000</u>							<u>(60,796.80)</u>
		<u>16,235,000</u>							<u>1,400,925.20</u>

Dated Date	11/03/2015	
Delivery Date	11/03/2015	
First Coupon	05/01/2016	
Par Amount	16,235,000.00	
Premium	1,400,925.20	
Production	17,635,925.20	108.629043%
Underwriter's Discount		
Purchase Price	17,635,925.20	108.629043%
Accrued Interest		
Net Proceeds	17,635,925.20	

SAVINGS

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes 'A3' Rated by Moody's

Date	Prior Debt Service	Refunding Debt Service	Savings	Annual Savings	Present Value to 11/03/2015 @ 3.7727826%
05/01/2016	449,457.50	381,488.61	67,968.89		66,724.32
11/01/2016	669,457.50	605,775.00	63,682.50	131,651.39	61,358.95
05/01/2017	442,857.50	383,575.00	59,282.50		56,061.94
11/01/2017	542,857.50	468,575.00	74,282.50	133,565.00	68,946.46
05/01/2018	440,732.50	382,300.00	58,432.50		53,230.89
11/01/2018	540,732.50	467,300.00	73,432.50	131,865.00	65,657.06
05/01/2019	438,582.50	381,025.00	57,557.50		50,510.17
11/01/2019	538,582.50	461,025.00	77,557.50	135,115.00	66,801.24
05/01/2020	436,382.50	379,425.00	56,957.50		48,149.91
11/01/2020	536,382.50	459,425.00	76,957.50	133,915.00	63,852.71
05/01/2021	434,132.50	377,825.00	56,307.50		45,854.13
11/01/2021	579,132.50	502,825.00	76,307.50	132,615.00	60,990.65
05/01/2022	430,870.00	375,325.00	55,545.00		43,573.74
11/01/2022	665,870.00	590,325.00	75,545.00	131,090.00	58,166.02
05/01/2023	425,465.00	371,025.00	54,440.00		41,140.12
11/01/2023	935,465.00	856,025.00	79,440.00	133,880.00	58,921.06
05/01/2024	413,671.25	358,900.00	54,771.25		39,871.98
11/01/2024	958,671.25	878,900.00	79,771.25	134,542.50	56,996.13
05/01/2025	400,863.75	345,900.00	54,963.75		38,544.21
11/01/2025	1,000,863.75	920,900.00	79,963.75	134,927.50	55,037.63
05/01/2026	386,763.75	331,525.00	55,238.75		37,315.93
11/01/2026	1,036,763.75	961,525.00	75,238.75	130,477.50	49,885.67
05/01/2027	371,326.25	315,775.00	55,551.25		36,150.30
11/01/2027	1,121,326.25	1,045,775.00	75,551.25	131,102.50	48,255.13
05/01/2028	353,513.75	297,525.00	55,988.75		35,098.33
11/01/2028	1,123,513.75	1,047,525.00	75,988.75	131,977.50	46,754.00
05/01/2029	335,226.25	278,775.00	56,451.25		34,089.99
11/01/2029	1,165,226.25	1,088,775.00	76,451.25	132,902.50	45,312.89
05/01/2030	315,513.75	258,525.00	56,988.75		33,152.03
11/01/2030	1,310,513.75	1,233,525.00	76,988.75	133,977.50	43,957.40
05/01/2031	291,882.50	234,150.00	57,732.50		32,352.58
11/01/2031	1,391,882.50	1,319,150.00	72,732.50	130,465.00	40,003.77
05/01/2032	261,082.50	207,025.00	54,057.50		29,181.81
11/01/2032	1,561,082.50	1,482,025.00	79,057.50	133,115.00	41,887.37
05/01/2033	224,682.50	175,150.00	49,532.50		25,758.12
11/01/2033	1,674,682.50	1,590,150.00	84,532.50	134,065.00	43,145.09
05/01/2034	184,082.50	139,775.00	44,307.50		22,195.70
11/01/2034	1,734,082.50	1,644,775.00	89,307.50	133,615.00	43,909.98
05/01/2035	140,682.50	102,150.00	38,532.50		18,594.58
08/01/2035	1,815,060.00		1,815,060.00		867,744.85
11/01/2035	90,562.50	1,812,150.00	(1,721,587.50)	132,005.00	(815,402.56)
05/01/2036	90,562.50	59,400.00	31,162.50		14,486.35
11/01/2036	1,090,562.50	989,400.00	101,162.50	132,325.00	46,156.21
05/01/2037	61,812.50	40,218.75	21,593.75		9,669.91
11/01/2037	1,111,812.50	1,000,218.75	111,593.75	133,187.50	49,047.64
05/01/2038	31,625.00	20,418.75	11,206.25		4,834.18
11/01/2038	1,131,625.00	1,010,418.75	121,206.25	132,412.50	51,318.14
	31,688,482.50	28,633,688.61	3,054,793.89	3,054,793.89	2,035,244.71

Savings Summary

PV of savings from cash flow	2,035,244.71
Plus: Refunding funds on hand	387.72
Net PV Savings	2,035,632.43

SUMMARY OF REFUNDING RESULTS

Northern Inyo County Local Hospital District (Inyo County, California)
General Obligation Refunding Bonds, Series 2015
PRELIMINARY - Assumes 'A3' Rated by Moody's

Dated Date	11/03/2015
Delivery Date	11/03/2015
Arbitrage yield	3.772783%
Escrow yield	0.679915%
Value of Negative Arbitrage	197,266.09
Bond Par Amount	16,235,000.00
True Interest Cost	4.027444%
Net Interest Cost	4.230482%
All-In TIC	4.195127%
Average Coupon	4.769372%
Average Life	16.013
Par amount of refunded bonds	16,990,000.00
Average coupon of refunded bonds	5.407324%
Average life of refunded bonds	15.994
PV of prior debt to 11/03/2015 @ 3.772783%	20,180,353.60
Net PV Savings	2,035,632.43
Percentage savings of refunded bonds	11.981356%
Percentage savings of refunding bonds	12.538543%

SUMMARY OF BONDS REFUNDED

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes 'A3' Rated by Moody's

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	
\$15,035,000 General Obligation Bonds, Series 2005:						
SERIAL	11/01/2016	6.000%	220,000.00	11/03/2015	100.000	
	11/01/2017	4.250%	100,000.00	11/03/2015	100.000	
	11/01/2018	4.300%	100,000.00	11/03/2015	100.000	
	11/01/2019	4.400%	100,000.00	11/03/2015	100.000	
	11/01/2020	4.500%	100,000.00	11/03/2015	100.000	
	11/01/2021	4.500%	145,000.00	11/03/2015	100.000	
	11/01/2022	4.600%	235,000.00	11/03/2015	100.000	
	11/01/2023	4.625%	510,000.00	11/03/2015	100.000	
	11/01/2024	4.700%	545,000.00	11/03/2015	100.000	
	11/01/2025	4.700%	600,000.00	11/03/2015	100.000	
	11/01/2026	4.750%	650,000.00	11/03/2015	100.000	
	11/01/2027	4.750%	750,000.00	11/03/2015	100.000	
	11/01/2028	4.750%	770,000.00	11/03/2015	100.000	
	11/01/2029	4.750%	830,000.00	11/03/2015	100.000	
	11/01/2030	4.750%	995,000.00	11/03/2015	100.000	
	TERM	11/01/2031	5.600%	1,100,000.00	11/03/2015	100.000
		11/01/2032	5.600%	1,300,000.00	11/03/2015	100.000
		11/01/2033	5.600%	1,450,000.00	11/03/2015	100.000
		11/01/2034	5.600%	1,550,000.00	11/03/2015	100.000
		08/01/2035	5.600%	1,790,000.00	11/03/2015	100.000
			13,840,000.00			
\$14,464,947.15 General Obligation Bonds, Election of 2005, Series 2009:						
TERM	11/01/2036	5.750%	1,000,000.00	11/01/2017	100.000	
	11/01/2037	5.750%	1,050,000.00	11/01/2017	100.000	
	11/01/2038	5.750%	1,100,000.00	11/01/2017	100.000	
			3,150,000.00			
			16,990,000.00			

ESCROW REQUIREMENTS

Northern Inyo County Local Hospital District (Inyo County, California)
General Obligation Refunding Bonds, Series 2015
PRELIMINARY - Assumes 'A3' Rated by Moody's

Period Ending	Interest	Principal Redeemed	Total
11/03/2015	3,987.72	13,840,000.00	13,843,987.72
05/01/2016	90,562.50		90,562.50
11/01/2016	90,562.50		90,562.50
05/01/2017	90,562.50		90,562.50
11/01/2017	90,562.50	3,150,000.00	3,240,562.50
	366,237.72	16,990,000.00	17,356,237.72

ESCROW DESCRIPTIONS

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes 'A3' Rated by Moody's

Type of Security	Type of SLGS	Maturity Date	First Int Pmt Date	Par Amount	Rate	Max Rate
Nov 3, 2015:						
SLGS	Certificate	05/01/2016	05/01/2016	79,273	0.170%	0.170%
SLGS	Certificate	11/01/2016	11/01/2016	78,940	0.350%	0.350%
SLGS	Note	05/01/2017	05/01/2016	79,216	0.520%	0.520%
SLGS	Note	11/01/2017	05/01/2016	3,229,420	0.690%	0.690%
				3,466,849		

SLGS Summary

SLGS Rates File	10AUG15
Total Certificates of Indebtedness	158,213.00
Total Notes	3,308,636.00
Total original SLGS	3,466,849.00

ESCROW COST

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes 'A3' Rated by Moody's

Type of Security	Maturity Date	Par Amount	Rate	Total Cost
SLGS	05/01/2016	79,273	0.170%	79,273.00
SLGS	11/01/2016	78,940	0.350%	78,940.00
SLGS	05/01/2017	79,216	0.520%	79,216.00
SLGS	11/01/2017	3,229,420	0.690%	3,229,420.00
		3,466,849		3,466,849.00

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost	Yield
11/03/2015	3,466,849	13,843,988.48	17,310,837.48	0.679915%
	3,466,849	13,843,988.48	17,310,837.48	

ESCROW CASH FLOW

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes 'A3' Rated by Moody's

Date	Principal	Interest	Net Escrow Receipts	Present Value to 11/03/2015 @ 0.6799148%
05/01/2016	79,273.00	11,289.04	90,562.04	90,258.61
11/01/2016	78,940.00	11,622.24	90,562.24	89,953.01
05/01/2017	79,216.00	11,347.46	90,563.46	89,649.45
11/01/2017	3,229,420.00	11,141.50	3,240,561.50	3,196,987.92
	3,466,849.00	45,400.24	3,512,249.24	3,466,849.00

Escrow Cost Summary

Purchase date	11/03/2015
Purchase cost of securities	3,466,849.00
Target for yield calculation	3,466,849.00

ESCROW SUFFICIENCY

Northern Inyo County Local Hospital District (Inyo County, California)
General Obligation Refunding Bonds, Series 2015
PRELIMINARY - Assumes 'A3' Rated by Moody's

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
11/03/2015	13,843,987.72	13,843,988.48	0.76	0.76
05/01/2016	90,562.50	90,562.04	(0.46)	0.30
11/01/2016	90,562.50	90,562.24	(0.26)	0.04
05/01/2017	90,562.50	90,563.46	0.96	1.00
11/01/2017	3,240,562.50	3,240,561.50	(1.00)	
	17,356,237.72	17,356,237.72	0.00	

ESCROW STATISTICS

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes 'A3' Rated by Moody's

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 17,310,837.48	1.910	0.679915%	0.679915%	17,113,571.35	197,266.09	0.04
17,310,837.48				17,113,571.35	197,266.09	0.04

Delivery date 11/03/2015
 Arbitrage yield 3.772783%

UNREFUNDED BOND DEBT SERVICE

Northern Inyo County Local Hospital District (Inyo County, California)
 General Obligation Refunding Bonds, Series 2015
 PRELIMINARY - Assumes 'A3' Rated by Moody's

Period Ending	Principal	Coupon	Interest	Compounded Interest	Debt Service	Annual Debt Service
11/03/2015						
05/01/2016			50,700		50,700	
11/01/2016	350,000.00	4.00000000%	50,700		400,700	451,400
05/01/2017			43,700		43,700	
11/01/2017	595,000.00	4.00000000%	43,700		638,700	682,400
05/01/2018			31,800		31,800	
11/01/2018	725,000.00	4.00000000%	31,800		756,800	788,600
05/01/2019			17,300		17,300	
11/01/2019	865,000.00	4.00000000%	17,300		882,300	899,600
11/01/2020	418,077.60	7.88848139%		601,922.40	1,020,000	1,020,000
11/01/2021	417,307.00	7.88834538%		682,693.00	1,100,000	1,100,000
11/01/2022	402,032.40	7.88847140%		742,967.60	1,145,000	1,145,000
11/01/2023	329,854.70	7.88844031%		685,145.30	1,015,000	1,015,000
11/01/2024	345,908.50	7.88832548%		804,091.50	1,150,000	1,150,000
11/01/2025	354,947.25	7.88846380%		920,052.75	1,275,000	1,275,000
11/01/2026	365,891.40	7.88831339%		1,054,108.60	1,420,000	1,420,000
11/01/2027	362,489.60	7.88846497%		1,157,510.40	1,520,000	1,520,000
11/01/2028	380,759.25	7.88834003%		1,344,240.75	1,725,000	1,725,000
11/01/2029	504,676.40	6.55017790%		1,390,323.60	1,895,000	1,895,000
11/01/2030	486,228.60	6.63013806%		1,493,771.40	1,980,000	1,980,000
11/01/2031	484,881.20	6.70012420%		1,655,118.80	2,140,000	2,140,000
11/01/2032	469,795.20	6.75009126%		1,770,204.80	2,240,000	2,240,000
11/01/2033	469,636.70	6.78002350%		1,940,363.30	2,410,000	2,410,000
11/01/2034	482,811.75	6.79004430%		2,172,188.25	2,655,000	2,655,000
11/01/2035	476,744.60	6.80022695%		2,333,255.40	2,810,000	2,810,000
11/01/2036	456,608.95	6.81007691%		2,428,391.05	2,885,000	2,885,000
11/01/2037	464,233.45	6.82008778%		2,680,766.55	3,145,000	3,145,000
11/01/2038	472,062.60	6.82022363%		2,947,937.40	3,420,000	3,420,000
	10,679,947.15		287,000	28,805,052.85	39,772,000	39,772,000

DISCLAIMER

Northern Inyo County Local Hospital District (Inyo County, California)
General Obligation Refunding Bonds, Series 2015
PRELIMINARY - Assumes 'A3' Rated by Moody's

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The information contained herein may include hypothetical interest rates or interest rate savings for a potential refunding. Interest rates used herein take into consideration conditions in today's market and other factual information such as credit rating, geographic location and market sector. Interest rates described herein should not be viewed as rates that Piper Jaffray expects to achieve for you should we be selected to act as your underwriter or placement agent. Information about interest rates and terms for SLGs is based on current publically available information and treasury or agency rates for open-market escrows are based on current market interest rates for these types of credits and should not be seen as costs or rates that Piper Jaffray could achieve for you should we be selected to act as your underwriter or placement agent. More particularized information and analysis may be provided after you have engaged Piper Jaffray as an underwriter or placement agent or under certain other exceptions as describe in the Section 15B of the Exchange Act.

- CALL TO ORDER The meeting was called to order at 5:30 pm by Denise Hayden, Vice President.
- PRESENT Denise Hayden, Vice President
D. Scott Clark, M.D., Secretary
Peter Watercott, Treasurer
John Ungersma, M.D., Member at Large
- ALSO PRESENT Victoria Alexander-Lane, Chief Executive Officer
Mark Robinson, M.D., Chief of Staff
Sandy Blumberg, Executive Assistant
- ABSENT M.C. Hubbard, President
- OPPORTUNITY FOR
PUBLIC COMMENT Ms. Hayden announced that persons in the audience may speak on any items not on the agenda for this meeting, on any matter within the jurisdiction of the District Board. Speakers will be limited to a maximum of two minutes each, and members of the audience will also have the opportunity to address the Board on every item listed on the agenda.
- The following persons spoke during public comment:
- Randy Short
 - Eric Richman, O.D.
 - Cindy Freeman
- CONSENT AGENDA Ms. Hayden called attention to the Consent Agenda for this meeting, which contained the following items:
- *Approval of minutes of the June 17 2015 regular meeting*
 - *Approval of minutes of the June 30 2015 special meeting*
 - *Approval of minutes of the July 2 2015 special meeting*
 - *Approval of the financial and statistical reports for the month of May 2015*
- Questions on the financial and statistical reports were asked and answered by Chief of Fiscal Services Carrie Petersen. It was moved by D. Scott Clark, M.D., seconded by Peter Watercott, and unanimously passed to approve all five Consent Agenda items as presented.
- CHIEF EXECUTIVE
OFFICER'S REPORT
- TELEMEDICINE
UPDATE Chief Executive Officer Victoria Alexander-Lane provided an update on progress made toward establishing telemedicine services at Northern Inyo Hospital (NIH). Telemedicine is being pursued in order to help prevent residents from traveling out of the area to receive services, and to help make services more available to those who do cannot afford to pay.
- LAFCO UPDATE Ms. Alexander-Lane also noted that the Inyo County Local Agency Formation Commission (LAFCO) is moving forward in the process of taking legal action against Southern Mono Healthcare District for incursion

into Northern Inyo Healthcare District boundaries. Hospital Administration has agreed to support this legal action.

PHYSICIAN
RECRUITMENT

Ms. Alexander-Lane reported that Interim Rural Health Clinic (RHC) Director William Hooper M.D. will come on board in August, as will pediatrician Louisa Salisbury M.D. and general surgeon Allison Robinson M.D..

CELTIC LEASING
TERMINATION

Ms. Alexander-Lane also reported that the hospital's equipment agreement with Celtic Leasing will be terminated and the hospital will buy out the remainder of the cost of the equipment.

STRATEGIC PLANNING
UPDATE

Ms. Alexander-Lane provided a quarterly update on Northern Inyo Healthcare District's Strategic Plan, and reported that excellent progress is being made toward achieving the goals set for this year. Progress has been made in the areas of providing customer service training for hospital staff; development of the RHC as a Patient Centered Medical Home; on expansion of services; and on collection of patient satisfaction data.

MANAGEMENT
TRAINING

The *7 Habits of Highly Effective People* training for hospital managers is in progress and will be completed in the next month.

CHIEF OF STAFF
REPORT

Chief of Staff Mark Robinson M.D. reported following careful review, consideration, and approval by the appropriate committees, the Medical Executive Committee recommends appointment to the NIH Provisional Active Medical Staff for Emergency Medicine Physician Anne Goshgarian, M.D.. It was moved by Doctor Clark, seconded by John Ungersma M.D. and unanimously passed to approve the Medical Staff privileging of Doctor Anne Goshgarian as recommended.

MEDICAL STAFF
APPOINTMENT

HOSPITAL WIDE
POLICIES AND
PROCEDURES

Doctor Robinson also stated following careful review, consideration and approval by the appropriate committees the Medical Executive Committee recommends approval of the following hospital wide policies and procedures:

1. *Fluoride Varnish Application*
2. *Administration of Drugs: Patient's Own Medications*
3. *Drug Shortages or Outages*
4. *Medication Over-Ride Policy*
5. *Single Dose vs. Multi-Dose Vial Policy*
6. *Recall: Drugs*
7. *DI Mammography Infection Control Policy*
8. *Admission of a Patient with a Communicable Disease*
9. *Adult Immunization in the Healthcare Worker – Version 3*
10. *Prevention and Treatment of Pertussis in Hospital Employees*
11. *Prevention of Catheter Associated Urinary Tract Infections Guidelines*
12. *Foley Removal Protocol*

It was moved by Mr. Watcrott, seconded by Doctor Clark, and unanimously passed to approve all 12 hospital wide policies and procedures as presented.

2014 DRAFT
ANTIBIOGRAM

Doctor Robinson also reported the Medical Executive Committee additionally recommends approval of the *2014 Draft Antibioqram*. It was moved by Doctor Ungersma, seconded by Doctor Clark, and unanimously passed to approve the *2014 Draft Antibioqram* as presented.

CHIEF NURSING
OFFICER REPORT

Chief Nursing Officer Kathy Decker, RN provided a monthly status report and update on the hospital's Nursing Department, noting that Kathryn Erickson RN will retire soon after providing 30 years of excellent service to the hospital and its' patients.

CHIEF PERFORMANCE
EXCELLENCE REPORT

Chief Performance Excellence Officer Maria Sirois provided a monthly report on Performance Excellence activities, including an update on Lean Six Sigma training. She additionally reported the NIH patient portal is up and running and can be accessed through the NIH website.

COMPENSATION
DURING LEAVE OF
ABSENCE
PRESENTATION

Chief Human Relations Officer Georgan Stottlemyre gave a presentation on compensation available to NIH employees during a leave of absence. Ms. Stottlemyre's presentation included information regarding Family and Medical Leave; Pregnancy Disability Leave; State Disability; and additional leaves available to hospital employees including Paid Time Off (PTO) and vacations. Ms. Stottlemyre additionally referenced the applicable laws and eligibility factors relevant to the different types of leaves, as well as explaining wage replacement for hospital employees. Brief discussion of ADA (Americans with Disabilities Act) rights also took place, and Ms. Stottlemyre stated she will look into the subject of long term illness as it relates to the ADA.

BENEFIT COST
PRESENTATION

Chief of Fiscal Services Carrie Petersen provided an overview of benefits available to hospital employees including health insurance; pension; vacation; and paid time off; and reviewed the associated costs incurred by the District. Currently, the highest benefit cost is for health insurance; followed by pension plans; then followed by the cost of paid time off including vacation.

NEW BUSINESS

PURCHASE OF
EQUIPMENT FOR
RADIOPHARMACY

Director of Diagnostic Imaging Patty Dickson called attention to a proposal to implement changes in the NIH Nuclear Medicine Radiopharmacy (the "hot lab") for an approximate cost of \$60,000.00. Following review of the need for the upgrade it was moved by Doctor Ungersma, seconded by Doctor Clark, and unanimously passed to approve the upgrade to the NIH Radiopharmacy as requested.

INYO COUNTY FIRST 5
GRANT PROPOSAL

NIH Foundation Executive Director Greg Bissonette called attention to a First 5 Grant proposal with the County of Inyo to expand the hospital's

NEST program, including expansion of breastfeeding support and education for patients. It was moved by Mr. Watercott, seconded by Doctor Ungersma, and unanimously passed to approve the First 5 Grant proposal with Inyo County as presented.

2015-2016 FISCAL YEAR
BUDGET

Chief of Fiscal Services Carrie Petersen called attention to a proposed update to the 2015/2016 Fiscal Year budget which results in an improved bottom line for the hospital. She noted improvements have been made in the areas of waste reduction and management of resources, and additionally stated she cannot propose a budget that does not include a decrease to the percentage of employee benefits cost that is currently running at approximately 80%. Her goal for the upcoming year is to hold benefits to 65% of employee salaries and wages. Following review of the information provided, Ms. Petersen requested approval of the proposed (revised) budget projections which now result in a positive \$265,000 for the fiscal year. It was moved by Doctor Clark, seconded by Doctor Ungersma, and unanimously passed to approve the revised 2015/2016 fiscal year budget as presented.

NIH FOUNDATION
BOARD MEMBER
APPROVAL

NIH Foundation Executive Director Greg Bissonette stated approval of a new NIH Foundation Board member will be tabled to the next meeting of the District Board.

MILLIMAN
ACTUARIAL
VALUATION

Chief Human Relations Officer Georgan Stottlemire called attention to the District Retirement Plan Actuarial Valuation as of January 1 2015 provided by Milliman Inc. It was moved by Mr. Watercott, seconded by Doctor Clark, and unanimously passed to approve the Milliman Actuarial Valuation as of January 1 2015 as presented.

PERSONNEL POLICY:
LEAVES OF ABSENCE,
LEAVE DONATION

Ms. Stottlemire then called attention to a revised Personnel Policy titled *Leaves of Absence – Leave Donation* which allows for donated hours being converted to dollars at the time they are transferred, creating a more fair and equitable method for employees to donate paid time off (PTO) to their co-workers. It was moved by Mr. Watercott, seconded by Doctor Ungersma, and passed to approve the proposed update to the *Leaves of Absence – Leave Donation* policy as presented.

PERSONNEL POLICY:
BENEFITS – TUITION
REIMBURSEMENT

Ms. Stottlemire also called attention to a revised Personnel Policy titled *Benefits – Tuition Reimbursement* which helps provide educational assistance for hospital employees. It was moved by Mr. Watercott, seconded by Doctor Clark, and unanimously passed to approve the revised Personnel Policy titled *Benefits – Tuition Reimbursement* as presented.

PERSONNEL POLICY:
BENEFITS, PAID SICK
LEAVE

Ms. Stottlemire then called attention to a proposed Personnel Policy titled *Benefits – Paid Sick Leave* which allows for sick leave benefits for eligible per diem employees as required by law. It was moved by Doctor Ungersma, seconded by Mr. Watercott, and unanimously passed to approve the proposed Personnel Policy titled *Benefits- Paid Sick Leave* as presented.

- MODIFICATION TO AGREEMENT WITH HIGH SIERRA IMAGING AND INTERVENTIONS Ms. Alexander-Lane requested Board approval to modify the agreement with High Sierra Imaging and Interventions for the upcoming year, to eliminate a 10% decrease being made to payment for imaging services. She stated that Thomas McNamara M.D. has provided excellent radiologic service for this hospital, and that a 10% decrease to his pay would be financially unfair to the doctor. It was moved by Doctor Ungersma, seconded by Doctor Clark, and unanimously passed to eliminate the (previously contracted for) 10% reduction to Doctor McNamara's pay.
- GREEN COMMITTEE UPDATE Environmental Services Manager Richard Miears provided the first quarterly update for the NIH Green Committee, which revealed that the hospital has done a phenomenal job in the areas reducing waste, recycling, and conserving resources. In the first quarter of the Green program the hospital has recycled a total of 46,404 pounds of waste.
- BOARD MEMBER REPORTS Ms. Hayden then asked if any members of the Board wished to report on any items of interest. Doctor Ungersma stated he would like to see the amount of time allowed for public comment increased to 3 minutes per speaker. No other comments were heard.
- CLOSED SESSION At 8:03pm Ms. Hayden announced the meeting would adjourn to closed session to allow the Board of Directors to:
- A. Hear reports on the hospital quality assurance activities from the responsible department head and from the Medical Staff Executive Committee (*Section 32155 of the Health and Safety Code, and Section 54962 of the Government Code*).
 - B. Confer with Legal Counsel regarding pending and threatened litigation, existing litigation and significant exposure to litigation (*pursuant to Government Code Section 54956.9*).
 - C. Confer regarding action filed against Northern Inyo Healthcare District and other Defendants (*Government Code Section 54956.9(a)*).
 - D. Discussion of a personnel matter (*Government Code Section 54957*).
- RETURN TO OPEN SESSION AND REPORT OF ACTION TAKEN At 9:18pm the meeting returned to open session. Ms. Hayden reported the Board took no reportable action.
- ADJOURNMENT The meeting adjourned at 9:20pm.

Denise Hayden, Vice President

Attest:

D. Scott Clark, M.D., Secretary



Northern Inyo Hospital

People you know, caring for people you love

Why Now?

Fiscal Realities

And

The Need for Change

What Drove Our Bottom Line?

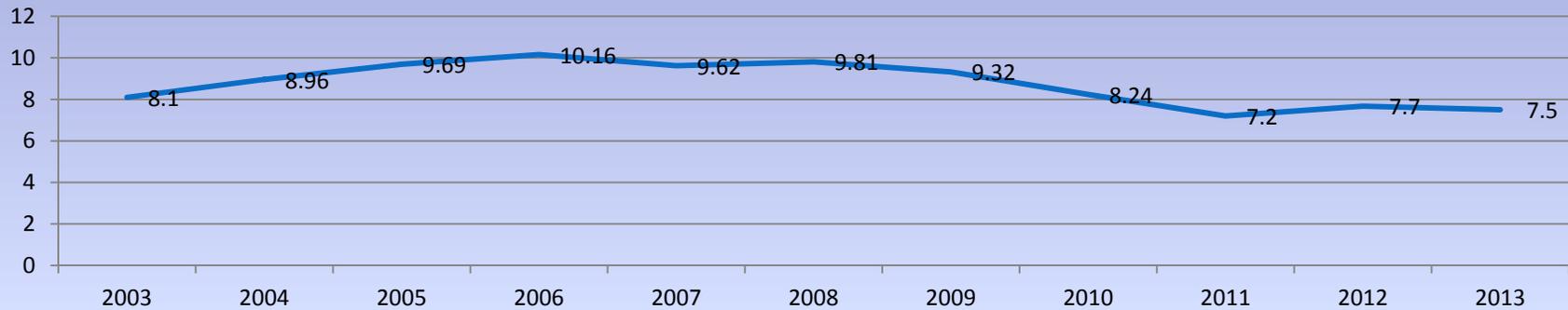
- From 2003 through 2013 Gross Revenue Increased every year due to PRICE INCREASES

Gross Patient Billed Revenue

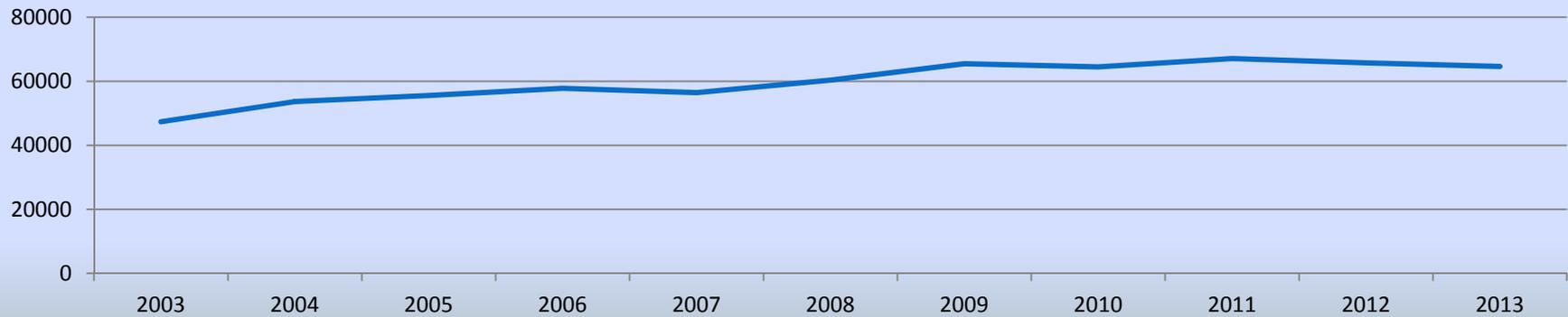


Volume Did Not Drive Revenue

Average daily census



Outpatient Volume (OSHPD)



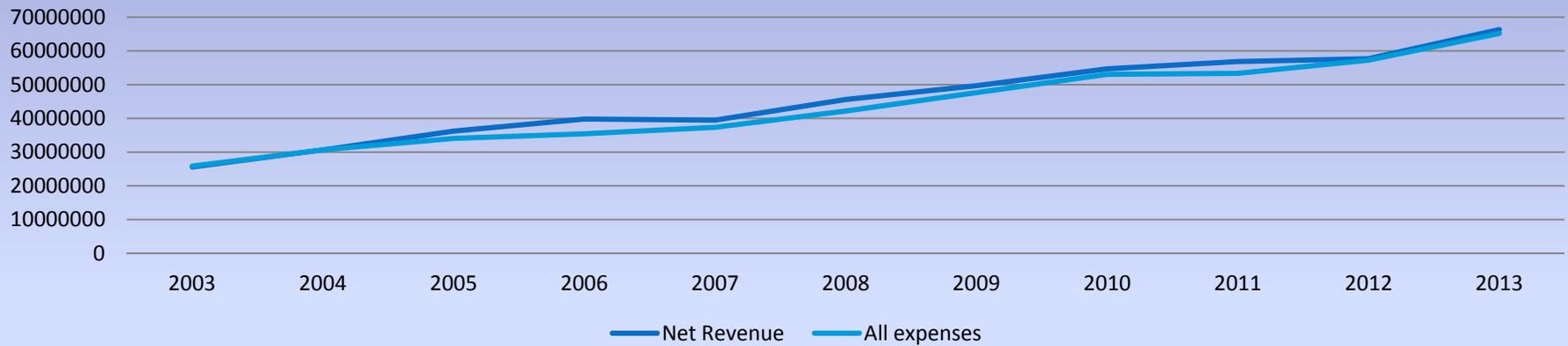
PRICE DROVE REVENUE

- WE MADE 6-8% PRICE INCREASES EVERY YEAR
- NOW WE HAVE REACHED A TIPPING POINT WHERE LARGE NUMBERS OF PATIENTS LEAVE BISHOP BECAUSE OF OUR PRICES
- WE MUST BRING PRICES DOWN TO SURVIVE LONG TERM. This means revenue will go down at least short term.

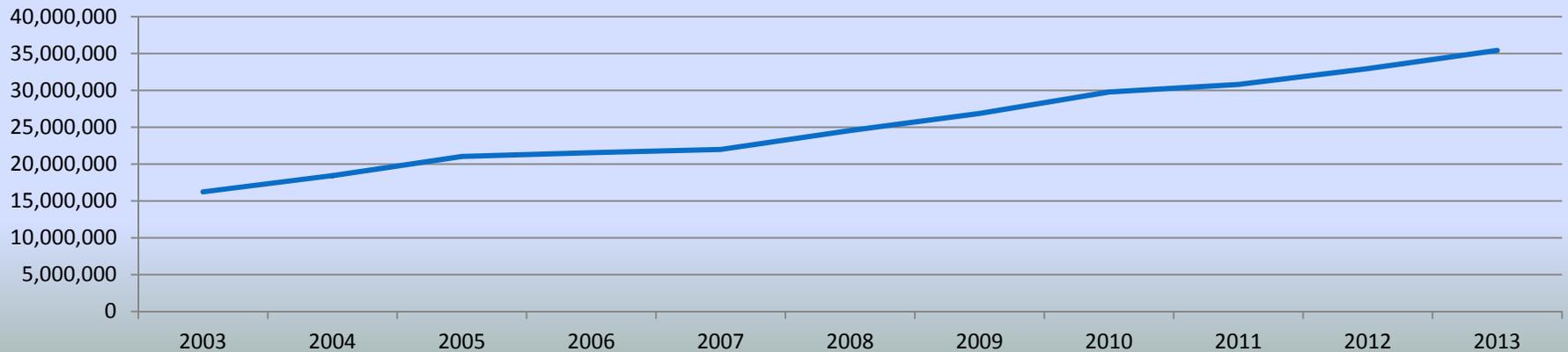
What If We Bring Prices Down

Look at what our expenses have done:

Net Revenue vs. Total Expenses Not Including Managed Practices



Salaries & Wages + Benefits



To Avoid A Negative Bottom Line

- We must first bring down expenses so our decrease in revenue does not go below our expenses
- We must do this slowly by bringing our practices into line with the industry
- We must use every means possible to avoid gross layoffs and to keep our employees working
- We must commit to performance excellence and increased productivity



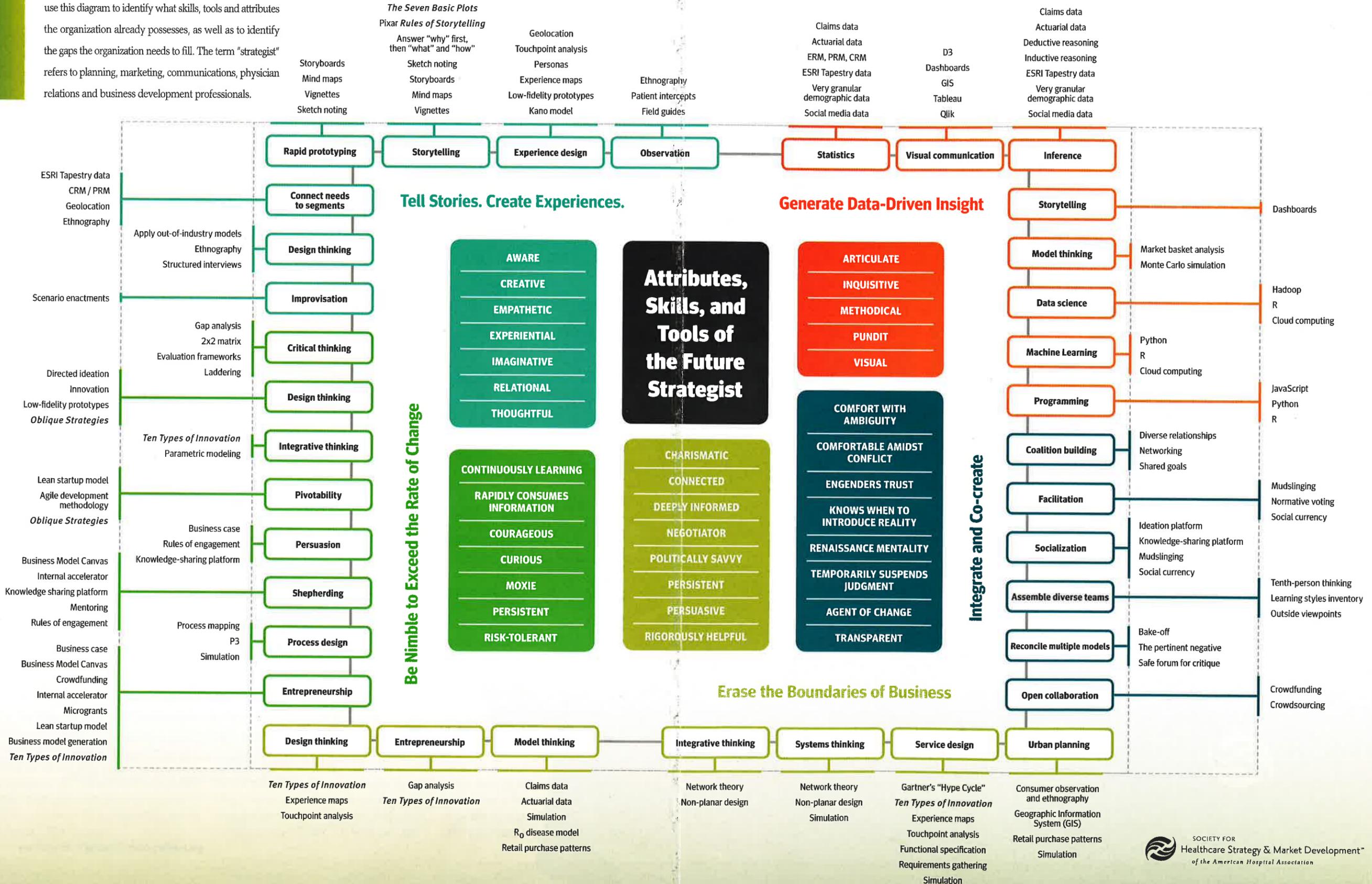
Northern Inyo Hospital

People you know, caring for people you love

- Working together, we can succeed for our community and for our future employees

The Future Strategist: Attributes, Skills, and Tools

This diagram serves as a road map for professional development. Hospital executives, boards and strategists should use this diagram to identify what skills, tools and attributes the organization already possesses, as well as to identify the gaps the organization needs to fill. The term "strategist" refers to planning, marketing, communications, physician relations and business development professionals.





NORTHERN INYO HOSPITAL
Northern Inyo County Local Hospital District
150 Pioneer Lane, Bishop, California 93514

Medical Staff Office
(760) 873-2136 voice
(760) 873-2130 fax

TO: NICLHD Board of Directors
FROM: Mark Robinson, MD, Chief of Medical Staff
DATE: August 4, 2015

RE: Medical Executive Committee Report

The Medical Executive Committee met on this date. Following careful review and consideration, the Committee agreed to recommend the following to the NICLHD Board of Directors:

1. Approval of the following policies/procedures, which have been reviewed and recommended by appropriate Medical Staff committees:
 - i. *Supervision and Direction of Allied Health Professionals at RHC* (Action Item)
 - ii. *RHC Clinic Provider QA Policy* (Action Item)
 - iii. *Argon Laser Therapy (Ophthalmic)* (Action Item)
 - iv. *Glutaraldehyde Use Station Gus- Station High-Level Disinfection Device* (Action Item)
 - v. *Scope of Service* (Action Item)
 - vi. *Interim Guidance for Environmental Infection Control for Patients with Probable/Suspected Ebola Virus* (Action Item)
 - vii. *Triage of Patients Suspected of Ebola* (Action Item)
2. Approval of appointment to the NIH Provisional Active Medical Staff of William Timbers, MD (Emergency Medicine). This recommendation is made consequent to careful review of the applicant's application and supporting documentation. (Action Item)
3. Approval of appointment to the NIH Provisional Active Medical Staff of Louisa Salisbury, MD (Pediatrics). This recommendation is made consequent to careful review of the applicant's application and supporting documentation. (Action Item)
4. Approval of appointment to the NIH Provisional Active Medical Staff of Allison Robinson, MD (General Surgery). This recommendation is made consequent to careful review of the applicant's application and supporting documentation. (Action Item)
5. *Outpatient Clinic/Rural Health Clinic Clinical Privileges Form* (Action Item)
6. *RHC Provider Competency Form* (Action Item)
7. Approval of advancement from Provisional status to full and unrestricted status of Sunny Sawyer, PA-C as a NIH Allied Health Provider (AHP). *Expedited committee voting completed on 8/10/2015.* (Action Item)

Mark Robinson, MD, Chief of Staff

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Supervision and Direction of Allied Health Professionals at RHC	
Scope: Nurse Practitioners (APN, NP), Physician Assistants (PA), Certified Nurse Midwife (CNM)	Manual: RHC Medical Staff
Source: RHC Physician - Temp	Effective Date:

PURPOSE:

To provide a mechanism to assure initial and continuing competency in clinical patient care for midlevel providers (Nurse Practitioner, Physician Assistant or Certified Nurse Midwife) in the Northern Inyo Hospital Rural Health Clinic (RHC).

POLICY:

The following procedure will be used initially on new hire of midlevel providers as well as an annual basis for demonstrating continuing competency in clinical patient care

PROCEDURE:

Initial competency procedure:

- 1) At this time of new hire, the midlevel provider will be shadowed on a one-to-one basis with every patient visit by the RHC medical director or a RHC staff physician.
- 2) In the case of a physician assistant (PA), the shadowing physician will be specified by the Delegation of Service Agreement (DSA).
- 3) Documentation of care will be evaluated and reviewed by the shadowing physician per the peer review protocol for midlevel providers.
- 4) The duration of one-on-one shadowing will be individualized to each midlevel provider, but will not be less than one calendar week of schedule patient visits.
- 5) At the conclusion of the shadowing period, the supervising physician will notify the RHC medical director concerning recommendations for continued shadowing need or advancement to regular clinical practice as defined by Standardized Procedures (Nurse Practitioners) or Standardized Protocols (Physician Assistants).

Continuing competency procedure:

- 1) Midlevel providers will participate in MEDCOM competency testing as required by Northern Inyo Hospital Nursing Department and the Clinic Manager.
- 2) For surgical procedures, each midlevel will be directly observed by the medical director or supervising physician for competency. Each procedure will be recorded on the procedure competency form (see Appendix A) and placed in the midlevel's file in the Clinic Managers office. After the medical director has reviewed the forms, the midlevel will be approved to schedule that procedure without physician attendance.
- 3) On a daily basis, the competency of supervised midlevel providers will be assessed by the supervising physician during requested consultations (for example: synthesis of laboratory and radiology data for a working diagnosis, assessment of differential diagnoses, and confirmation of physical exam findings). If the supervising physician has concerns regarding the competency of a midlevel provider, he/she will notify the medical director for further review. The medical director will review the chart documentation and recommend further observation, shadowing or remediation as needed.

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Rural Health Clinic Provider Quality Assurance	
Scope: RHC	Department: RHC Medical Staff
Source: RHC Medical Director	Effective Date:

PURPOSE:

To establish and implement a consistent, standardized, externally validated, and evidence-based set of clinical outcome measures to be used in ensuring delivery of high quality healthcare in an ambulatory, primary care clinic setting.

DEFINITIONS:

RHC Providers – Any Nurse Practitioner (NP), Physician Assistant (PA), Certified Nurse Midwife (CNM) or Physician who is employed or contracted to provide clinical services at the RHC

POLICY:

- 1) At the beginning of the fiscal year, the RHC Medical Director will review (and update if necessary), the clinical measures and benchmark goals to be utilized for that year.
- 2) The clinical measures will be validated by evidence-based, peer-reviewed literature. Such documentation will be submitted with the reports of the measures to the appropriate committees
- 3) The frequency of measurement will be quarterly. The measurement data will be summarized annually.
- 4) The data will be extracted from the RHC electronic medical record across all RHC providers and all recorded clinic visits for the appropriate time period.
- 5) The Medical Director will present the RHC provider with his/her specific data for the time period, review the RHC provider’s performance, and discuss any remedial action necessary.
- 6) The Medical Director or his/her designee will present the quarterly report and annual summary to the appropriate committee for discussion and approval.
- 7) The Annual Report will contain:
 - a. Provider-specific data
 - b. RHC clinic-wide data
 - c. Benchmark Goals
 - d. Action plan for next fiscal year

Approval	Date
Perinatal-Pediatrics Committee	
Medical Services/ICU Committee	7/30/15
Medical Executive Committee	8/4/15
NIH Board of Directors	

Revised: July 2015

Reviewed:

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Argon Laser Therapy (Ophthalmic)	
Scope: Perioperative Services	Manual: Invasive Procedures, Operative, Preparation and Post Op (OOP)
Source: DON Perioperative Services	Effective Date:

PURPOSE:

To outline the Procedure for preparing and assisting with the Argon laser eye procedures.

The delivery of non-invasive, outpatient treatment for photocoagulation to treat including but not limited to:

- Retinal holes or tears
- Sites of potential pathological conditions
- Vascular proliferative diseases, such as diabetic retinopathy.
- Trabecular meshwork for glaucoma

POLICY:

The laser procedures will be done only in a room designated for laser procedures by a physician with privileges for laser eye treatments. The windows or doors if containing glass need to be covered to prevent accidental exposure to personnel.

Laser output can be injurious to those present during the operation, as well as to the patient. Safety precautions must be strictly followed. Everyone present should be well versed in general safety practices applicable to all laser operations, and the operators of the laser should have specific knowledge of the operation and safety requirements of the specific laser system they are using.

Eye protection goggles **specific for the laser** should be worn by personnel during the procedure.

PRECAUTIONS:

- Laser procedures are only performed in the laser therapy room which is fitted with darkened windows and posted laser warning signs.
- Laser therapy glasses (Argon) shall be readily available.
- **No person shall enter the room while laser treatment is in progress.**
- **The laser key should never be left in the laser during storage.** Only authorized personnel shall have access to the key.

EQUIPMENT:

Eye drops (as ordered by the physician) - obtain from stock medication drawer or the pharmacy. (Note eye drops are for single patient use only and are to be discarded when the patient is discharged unless they have been ordered for home use by the physician and dispensed to the patient by a pharmacist.)

Protective goggles (appropriate for the type of laser to be used) - these are kept in designated location in the laser room.

Lens (as needed for the procedure this will be decided by the physician) - these are kept in designated location in the laser room.

Warning sign for the door of the laser room - this is kept on the outside of the laser room in see through

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Argon Laser Therapy (Ophthalmic)	
Scope: Perioperative Services	Manual: Invasive Procedures, Operative, Preparation and Post Op (OOP)
Source: DON Perioperative Services	Effective Date:

PRECAUTIONS:

- **NEVER USE ACETONE, ALCOHOL OR PEROXIDE ON LENS IT WILL DAMAGE IT !**
- **NEVER BOIL OR AUTOCLAVE THE LENS IT WILL DAMAGE IT!**
- **If any further questions concerning cleaning of laser lens, refer to the notebook with manufacturer information labeled care of laser lens**
- **Manufacture information is located under attachments in left hand grey bar.**

DOCUMENTATION:

- Document pertinent patient information and eye medication used on the Laser Therapy Record and in Paragon. Physician will complete the section pertinent to the laser therapy itself on the Laser Therapy Record.
- Laser Charge Sheet to be completed by the nurse assisting with procedure. Charge eye drops, laser fee.

REFERENCES:

Operators Manual ANSI Z136.3-1988 and ANSI Z136.1-1993

INDEX LISTINGS: Laser Therapy Eye, Eye Laser Therapy

Developed: BS 9/95

Revised: 1/98 BS/AW. 2/99 AW; 8/2011BS; 8/2013 AW, 2/15 AW, 7/15 AW

Approval	Date
CCOC	4/2015
Surgery Tissue Committee	7/2015
Medical Executive Committee	8/4/15
Board of Directors	

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Glutaraldehyde Use Station GUS – STATION HIGH-LEVEL DISINFECTION DEVICE	
Scope: RHC & Diagnostic ImagingI	Manual: Clinical Practice
Source: RHC DON	Effective Date:

PURPOSE:

Disposing of used high-level disinfectant places the employee at a high level of risk of exposure to fumes. The danger arises from splatters, splashes or spills of the non-neutralized Cidex OPA. This creates the highest levels of fume off gassing from the high-level disinfectant.

POLICY:

Adhere to state guidelines pertaining to disposing of hazardous wastes, utilizing all mechanisms for personnel protection and safety to properly transport hazardous material from area of use and while filling the GUS station with high-level disinfectant solution, Cidex OPA.

SPECIAL CONSIDERATIONS:

Physician order required: YES X NO

Procedure may be performed by: X RN X LVN X TECH X RESPIRATORY

Special education required to perform procedure: X YES NO

Review of Policy and return demonstration of understanding

PRECAUTIONS:

1. The manufacture's procedure for mixing glutaraldehyde shall be followed and the expiration date will be printed across lid of container where glutaraldehyde is stored. (**Solution expires 14 days from mixing date.**)
2. The employee shall use protective gear that includes but is not limited to:
 - a. Gown
 - b. Full face shield
 - c. Gloves

Utilize Glycine product to neutralize glutaraldehyde prior to disposal of expired glutaraldehyde solution from the GUS station.

PRINCIPLE OF OPERATION OF GUS:

Air is drawn through the front opening, forcing vapors away from the operator and up into the filter, where they are effectively neutralized.

Clean air is returned to the room through the side vents.

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Glutaraldehyde Use Station GUS – STATION HIGH-LEVEL DISINFECTION DEVICE	
Scope: RHC & Diagnostic ImagingI	Manual: Clinical Practice
Source: RHC DON	Effective Date:

CHANGING THE EXPIRED SOLUTION AND DISPOSAL OF HIGH-LEVEL DISINFECTANT SOLUTION

1. Add 15 ml of Glycine granules to the glutaraldehyde solution, while the tube remains in the GUS Station and the RED power switch is on.
 - a. This neutralizer will turn the solution an iridescent black color. This color change indicates the glutaraldehyde has been bound with the Glycine product, leaving the new compound neutralized.
 - b. Simply open the Glycine bottle (2 ounce) and sprinkle 15 ml, ¼ th of the bottle, evenly over the glutaraldehyde solution in the tube and replace the cover. Dispose of after 5 minutes.
2. Prior to removing the tube from the GUS Station, the staff is required to don personal protective equipment. This includes: full-face shield, cover gown and gloves.
3. The high-level disinfection tube should be removed from the GUS Station with the lid securely closed on the tube. It should be carried directly to the dirty utility sink.
4. The solutions should be carefully, slowly poured down the sink, to avoid splashing.
5. **It is essential that the tube be thoroughly rinsed with clean water, then washed with soap, water and friction. Following cleaning the tube should be visually inspected to ensure that all non-dissolved crystals have been removed. Failure to do this could reduce the efficacy of the new high-level disinfectant.** Over time the tube will become discolored by the recurrent use of the Glycine. This does not necessitate tube replacement.
6. The clean tube should be re-inserted into the GUS Station and the RED switch turned on. The tube may then be refilled with glutaraldehyde solution. The staff member must utilize the same personnel protective equipment during the handling of the high-level disinfectant solution.
7. The lid should be closed until solution is needed to disinfect the vaginal probe.
8. The tube container needs to be labeled with the date and time and new expiration date and time. The solution is effective for 14 days.

In case of accidental exposure or spill please follow procedure or refer to MSDS guidelines, and guidelines below:

EMERGENCY AND FIRST AID PROCEDURE FOR SPILL OF GLUTARALDEHYDE.

EYES: flush thoroughly with water and get medical attention immediately.

SKIN: flush thoroughly with water, if irritation persists, get medical attention.

INHALATION: remove to fresh air, if symptoms persist, get medical attention.

INGESTION: do not induce vomiting, drink copious amounts of milk and get medical attention.

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Scope of Service	
Scope: Rural Health Clinic	Manual: 1. Structure Standards
Source: RURAL HEALTH CLINIC- NURSE MANAGER	Effective Date:

I. Department Description:

The RHC is a provider based clinic located west of Northern Inyo Hospital but on campus. Access to the clinic is from Pioneer Lane with parking in front of the clinic.

The department has a waiting room, admission services, and 11 exam rooms with various provider offices. Two of the exam rooms double as procedure rooms.

ADC – 73 patients (1750 per month)

II. Mission:

To provide high-quality, cost-effective, patient-centered, comprehensive primary care throughout the life continuum for the members of our community.

III. Vision:

- To establish and maintain a foundation of comprehensive primary care into the foreseeable future, including efforts in general health promotion, specific illness prevention and chronic disease management
- To provide high-quality, durable education to patients and the local community
- To research and engage in novel health care initiatives to improve health outcomes across the local community
- To provide cost-effective, non-discriminatory health care to underserved populations

IV. Scope:

The purpose of the RHC is to provide a medical home to primary care patients. Service is provided to the public 6 days a week Monday through Saturday to provide primary care to local residents. The majority of the care is provided by appointment but walk-ins are taken based on availability of service. Patients whose acuity exceeds the scope of care of the RHC will be transferred to the emergency department at NIH either by wheelchair, gurney or ambulance based on acuity.

Special programs provided at the NIH RHC include: Every Woman Counts, Family PACT, CHDP, Gateway, Presumed Eligibility MediCal and Vaccine for Children.

V. Staffing:

The RHC is staffed daily by a group of MD, DO, NP and PA providers. Their schedules vary but no patient can be treated unless one of the providers is in the clinic. Every day there is at least one RN and one Clinic tech scheduled

Nursing staff includes;

DON

RN

Clinic Tech

Clerical – Admission Clerks, Authorization and referral specialists and student clerks.

VI. Customers

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Interim Guidance For Environmental Infection Control For Patients With Probable/Suspected Ebola Virus	
Scope: Emergency Department	Manual: ED - Infection Control-Environmental (ICE)
Source: Manager of Employee Health Infection Control Employee Wellness	Effective Date:

PURPOSE: To provide a guide for the healthcare worker to disinfect areas contaminated by suspected Ebola Virus.

POLICY:

1. Northern Inyo Hospital shall follow CDC recommendations for environmental infection control as part of the care of patients who are persons under investigation or with probable or confirmed Ebola virus infections.

PROCEDURE:

1. When Caring For a Patient With Probable or Confirmed Ebola Virus:

- a. Staff shall be instructed in the proper use of personal protective equipment including safe removal to prevent contaminating themselves or others in the process, and that contaminated equipment is disposed of as regulated medical waste in the NIH incinerator.
- b. Environmental Services staff shall wear recommended personal protective equipment including, at a minimum, disposable gloves, gown (fluid resistant/ impermeable), eye protection (goggles or face shield), and facemask to protect against direct skin and mucous membrane exposure of cleaning chemicals, contamination, and splashes or spatters during environmental cleaning and disinfection activities.
 - i. Additional barriers (i.e., leg covers, shoe covers) shall be used as needed.
- c. If reusable heavy-duty gloves are used for cleaning and disinfecting, they should be disinfected and kept in the anteroom. See attached WHO Guidelines for hand hygiene and reprocessing of gloves with chlorine and/or alcohol based hand sanitizer.
- d. Disposable materials (i.e., any single-use PPE, cleaning cloths, wipes, single-use microfiber cloths, linens, food service) and linens, privacy curtains and other textiles shall be placed in leakproof containment and be discarded as regulated medical waste. To minimize contamination of the exterior of the waste bag, the bag shall be placed in the rigid waste receptacle designed for this use.

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Interim Guidance For Environmental Infection Control For Patients With Probable/Suspected Ebola Virus	
Scope: Emergency Department	Manual: ED - Infection Control-Environmental (ICE)
Source: Manager of Employee Health Infection Control Employee Wellness	Effective Date:

- m. Daily cleaning and disinfection of hard, non-porous surfaces (i.e., high-touch surfaces such as bed rails and over bed tables, housekeeping surfaces such as floors and counters) shall be performed.
- n. Prior to disinfecting a surface, cleaning should be performed.
- o. In contrast to disinfection where products with specific claims are used, any cleaning product can be used for cleaning tasks. Use cleaning and disinfecting products according to label instructions. Check the disinfectant's label for specific instructions for inactivation of any of the non-enveloped viruses (i.e., norovirus, rotavirus, adenovirus, poliovirus); follow label instructions for use of the product that is specific for inactivation of that virus.
- p. Disposable cleaning cloths, mop cloths and wipes shall be used and disposed of in leakproof bags.
- q. A rigid waste receptacle designed to support the bag to help minimize contamination of the bag's exterior shall be used.

REFERENCES:

1. Centers for Disease Control and Prevention (CDC), Ebola Hemorrhagic Fever, *Interim Guidance for Environmental Infection Control in Hospitals for Ebola Virus*, August 19, 2014, page last updated February 19, 2015, <http://www.cdc.gov/vhf/ebola/healthcare-us/cleaning/hospitals.html>
2. US Occupational Safety and Health Administration (OSHA) Bloodborne Pathogens Standard (29 CFR 1910.1030), https://www.osha.gov/pls/oshaweb/owadisp.show_document?p_id=10051&p_table=STANDARDS
3. Alden, Gibbs (March 2015) American Journal of Infection Control, volume 43 Number 3 Nebraska biocontainment unit patient discharge and environmental decontamination after Ebola care.
4. WHO Guideline and systematic review on hand hygiene and the use of chlorine in the context of Ebola, J.Hopman, Z.Kubilay, H.Edrees,T. Allen, B.Alleganzi Service Delivery Safety, WHO, Geneva, HQ, February 25, 2015

CROSS REFERENCE P&P:

1. NIH Ebola Algorithm
2. Triage of Suspected Ebola

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Triage of Patients Suspected of Ebola	
Scope: Emergency Department	Manual: ED - Infection Control- Patient Care (ICP)
Source: Manager of Employee Health Infection Control Employee Wellness	Effective Date:

PURPOSE: To identify Triage protocol for patients suspected of Ebola.

POLICY:

1. Northern Inyo Hospital shall follow Centers for Disease Control and Prevention (CDC) and CDPH guidance for triaging patients suspected of having Ebola and/or travel history as identified in high risk countries.

PROCEDURE:

1. A three (3) step process for triage of Ebola Virus Disease (EVD) shall be followed:
 - a. **Identify exposure history and Ebola-compatible symptoms:**
 - i. Take relevant patient history, including exposure criteria of whether the patient lived in or traveled to a country with widespread Ebola transmission or had contact with an individual with confirmed Ebola Virus Disease within the previous 21 days.
 - ii. Check patient for fever (subjective or greater than or equal to 100.4 degrees F or 38.0 degrees C) or Ebola-compatible symptoms: headache, weakness, muscle pain, vomiting, diarrhea, abdominal pain, or hemorrhage (e.g., bleeding gums, blood in urine, nose bleeds, coffee ground emesis or melena).
 - iii. Notify ED physician of patient high risk for Ebola Disease
 - iv. Call Code Triage – Internal Communicable Disease
 2. **Isolate the patient and determine personal protective equipment (PPE) needed:**
 - a. Place patient in private room or have patient wait in private vehicle while triage tent is assembled.
 - i. Only essential personnel with designated roles should evaluate patient and provide care to minimize transmission risk.
 - ii. Follow tent assembly and required equipment instructions (attached).
 - b. Choose PPE recommended for the patient’s clinical status.
 - i. Standard
 - ii. Ebola
 3. **Triage RN and/or ADON (Case Manager/House Supervisor) to initiate the Situation Communication Report Form**
 - a. Contact Inyo County Health Department as designated on form ASAP.
 - b. Contact the Department IC Manager.
 - c. Contact the Administrator on Call (AOC)
 4. **Patient Management**
 - a. Patient’s exhibiting Ebola-like symptoms shall, immediately upon entrance to the ED, or in advance of entry using phone line (760-873-2020) for patient triage if possible, be identified and isolated if a relevant exposure history assessed, including whether the patient has resided in or traveled to a country with

**NORTHERN INYO HOSPITAL
POLICY AND PROCEDURE**

Title: Triage of Patients Suspected of Ebola	
Scope: Emergency Department	Manual: ED - Infection Control- Patient Care (ICP)
Source: Manager of Employee Health Infection Control Employee Wellness	Effective Date:

hospitalized patients as outlined in CDC Guidance
(<http://www.cdc.gov/vhf/ebola/hcp/procedures-for-ppe.html>) should be used.

- iii. Active resuscitation will be determined by the ED physician with minimal invasive treatment.
- iv. If these signs and symptoms are not present and the patient is clinically stable, healthcare workers will wear Ebola precautions.
 - a. All equipment used in the care of these patients should not be used for the care of other patients until appropriate evaluation and decontamination (<http://www.cdc.gov/vhf/ebola/hcp/environmental-infection-control-in-hospitals.html>).
- v. Once Ebola PPE has been put on, continue obtaining additional history and performing physical examination and routine diagnostics and interventions which may include placement of peripheral IV and phlebotomy. The decision to test patient for Ebola Virus Disease should be made in consultation with the relevant local health department. Patient evaluation should be conducted with dedicated equipment as required for patients on transmission-based precautions.

REFERENCE:

1. Centers for Disease Control and Prevention (CDC), Ebola (Ebola Virus Disease), Healthcare Workers, *Identify, Isolate, Inform: Emergency Department Evaluation and Management for Patients Who Present with Possible Ebola Virus Disease*, October 27, 2014, page last updated February 12, 2015, <http://www.cdc.gov/vhf/ebola/hcp/ed-management-patients-possible-ebola.html>
1. CDPH - *Ebola Virus Disease Travel History Form (10/28/2014)*

CROSS REFERENCE P&P:

1. Infection Control Guidelines For Potential Agents of Bioterrorism
2. NIH Ebola Algorithm



Northern Inyo Hospital Medical Staff

**OUTPATIENT CLINIC/RURAL HEALTH CLINIC CLINICAL
PRIVILEGES**

Core Privileges*

Outpatient Clinic/Rural Health Clinic core privileges include the ability to evaluate, stabilize and/or provide treatment to patients of any age who presents to the Outpatient Clinic/Rural Health Clinic environment with any illness, condition or symptom.

To be eligible for core privileges in Outpatient Clinic/Rural Health Clinic, the applicant must meet the following qualifications: Board Certified or Board Eligible Physician.

Other candidates must apply for each procedure separately.

- _____ Incision and drainage of abscess, excluding peri-rectal
- _____ Allergy immunotherapy
- _____ Anoscopy
- _____ Arthrocentesis/joint injections
- _____ Incision and drainage of Bartholin's cyst/abscess
- _____ Bladder catheterization
- _____ Bone marrow aspiration/biopsy
- _____ Burn management, 1st and 2nd degree
- _____ Aspiration of breast cyst
- _____ Application of cast/splint
- _____ Cerumen impaction removal
- _____ Cervical dilation (mechanical)
- _____ Removal of cervical polyps, simple
- _____ Circumcision with clamp, pediatric only
- _____ Colposcopy, with or without cervical biopsy
- _____ Cryotherapy, skin
- _____ Cryotherapy, cervix
- _____ Dermoscopy
- _____ Endometrial biopsy
- _____ Flexible sigmoidoscopy
- _____ Foreign body removal (skin, superficial corneal/conjunctival, nose and ear)
- _____ Ganglion cyst aspiration/injection
- _____ Incision of thrombosed external hemorrhoid, simple
- _____ Insertion/removal of implanted contraceptive device (eg, Nexplanon)
- _____ Insertion/removal of intrauterine device (IUD)
- _____ Laceration repair, simple
- _____ Lumbar puncture
- _____ Microscopic examination (urine, vaginal wet mount and skin preparations)

President, Board of Directors

Date

APPENDIX A: RHC Provider Competency Form

_____ Provider

RHC Provider Competency
Evaluation and Treatment

_____ Procedure

_____ Patient Medical Record

- Subjective data consistent with diagnosis
- Objective data consistent with diagnosis
- Informed Consent Provided to Patient
- Procedure Performed under supervision
- Follow-up Care Plan provided to patient

Notes:

Supervising physician/Medical director

Date of observation



**NORTHERN
INYO HOSPITAL**
Northern Inyo County Local Hospital District

150 Pioneer Lane
Bishop, California 93514
(760) 873-5811 voice
(760) 872-2768 fax

Performance Excellence (PEX) August 19, 2015

Quality Assurance and Performance Improvement (QAPI) Report

Joint Commission Survey Readiness

1. Focused Standards Assessment. NIH continues to make improvements based on the FSA findings, in preparation for an on-site survey. *Performance Excellence staff have been assigned to work on some improvements in the TJC functional chapters of Leadership (LD), Performance Improvement (PI) and Medical Staff (MS). PEX will be partnering with senior managers to prepare for a TJC survey.*

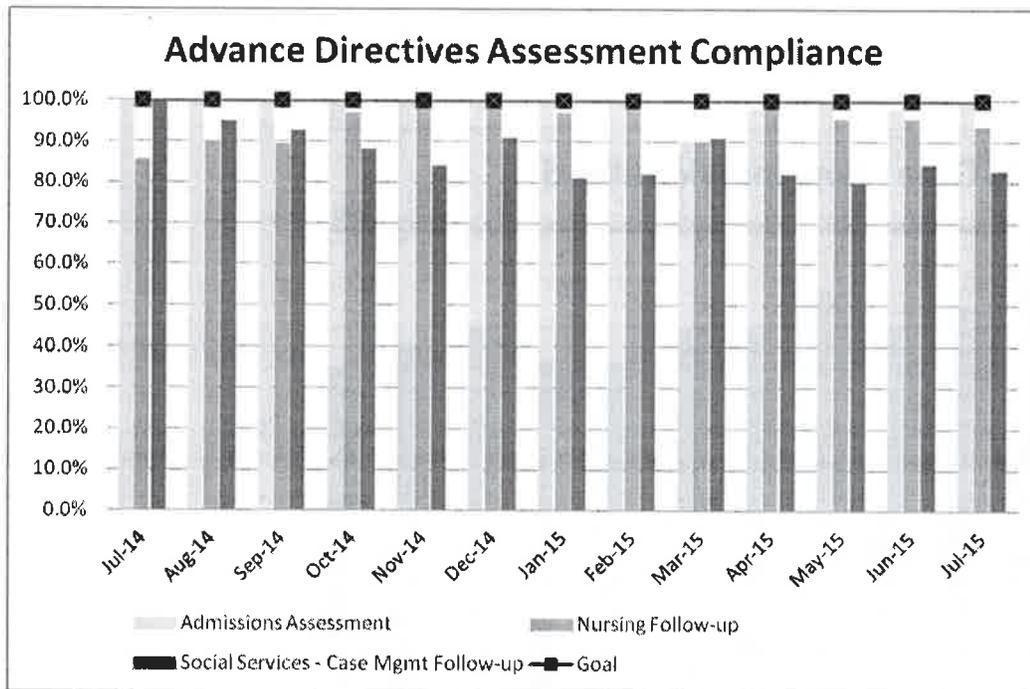
Re-licensure California Department of Public Health Survey

1. See attached Press Release: "State gives green light to NIH Patient Care Improvements".

2013 CMS Validation Survey Monitoring

1. QAPI continues to receive and monitor data related to the previous CMS Validation Survey, including but not limited to, restraints, dietary process measures, case management, pain re-assessment, as follows:

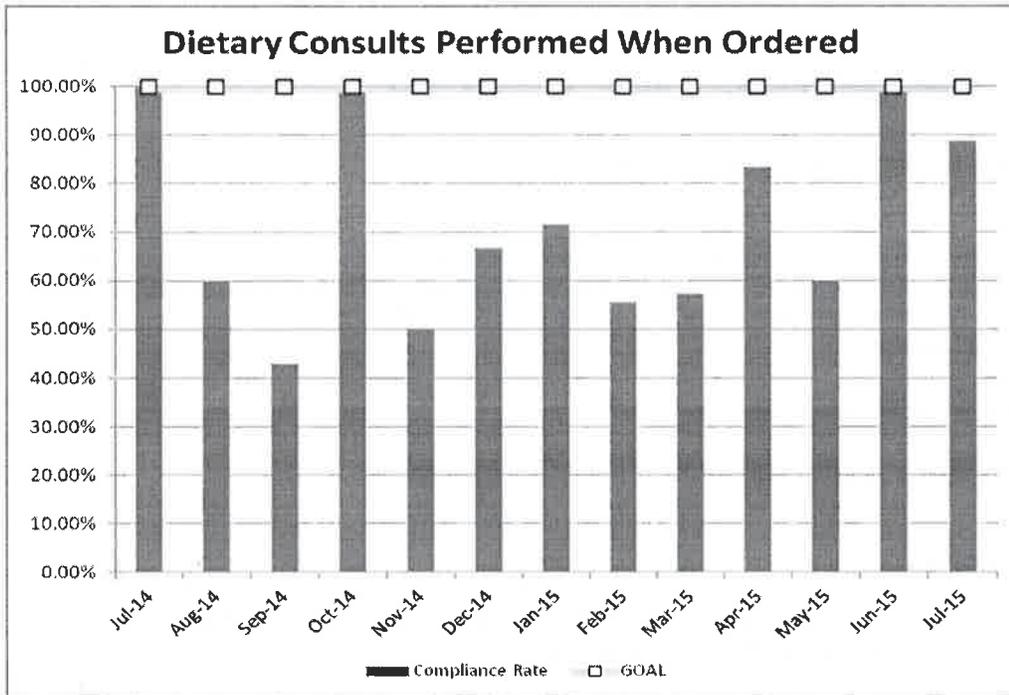
a. Advance Directives Monitoring.



- b. Positive Lab Cultures are being routed to Infection Prevention and each positive is being investigated as to source. Monitoring has been ongoing and reported through Infection Control Committee. QAPI receives data.

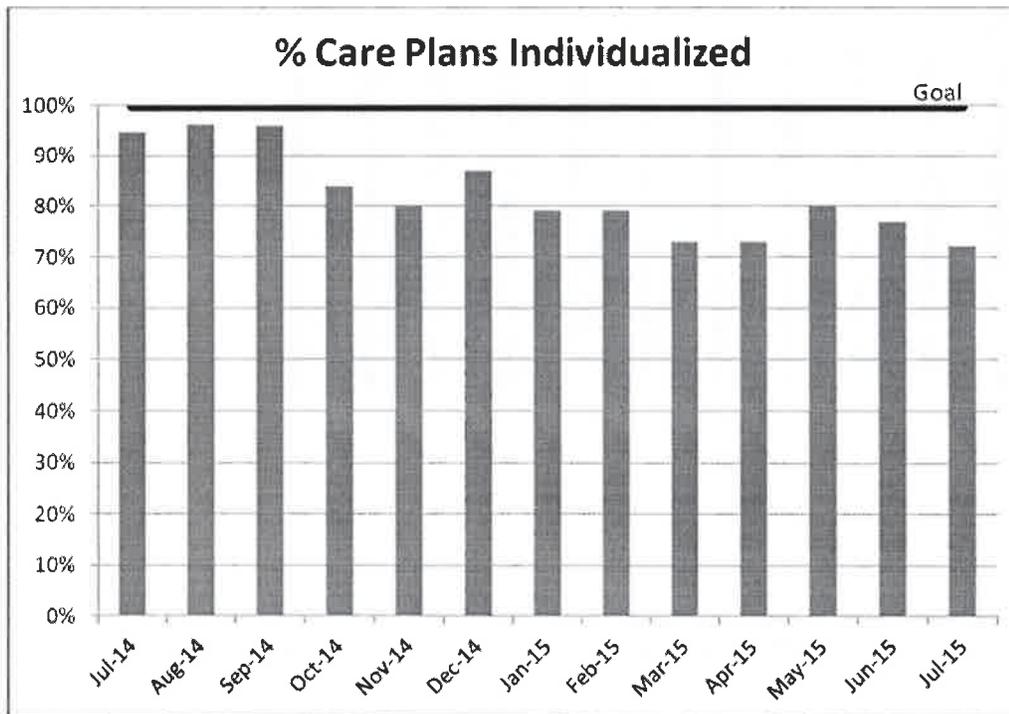
- c. Safe Food cooling monitored for compliance with approved policy and procedure. 100% compliance since May 6, 2013.

- d. Dietary hand washing logs have been reported and are at 100% compliance since May 6, 2013. The Dietary department has developed and is testing new handwashing logs with the help of Nel Hecht, Infection Preventionist, to provide more meaningful data.
- e. QAPI continues to monitor dietary referrals and the number of consults completed within 24 hours.

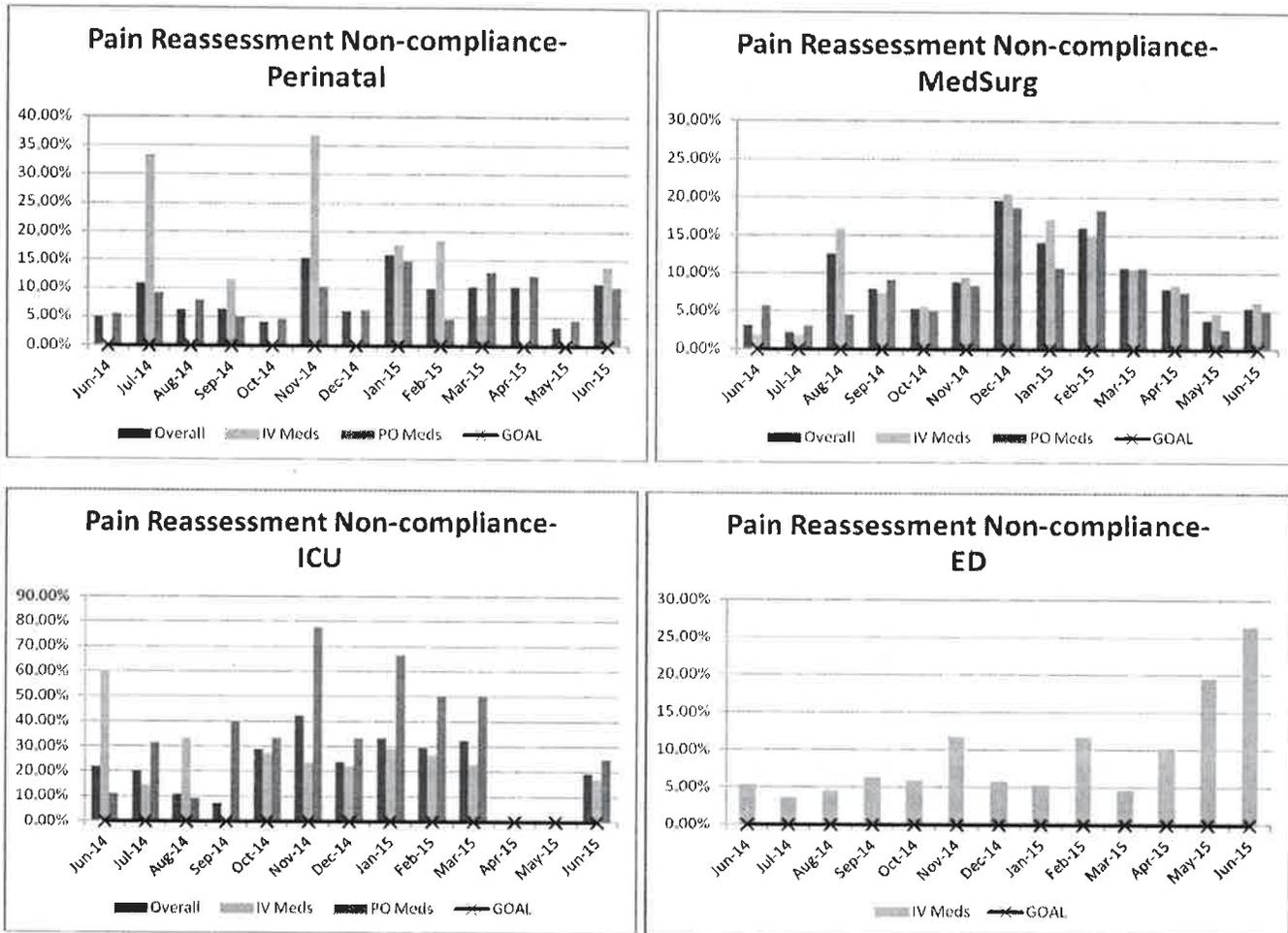


Important Note: Some months have small sample sizes and % compliance should be interpreted with caution.

- f. Care plans reviewed by Case Management and interventions made to produce care plans. Progress has been made in developing individualized care plans.



- g. Fire drill date, times, attendance and outcomes, smoke detector tests, and fire extinguisher test grids have been approved. All fire drills were complete and compliant from May 6, through present.
- h. Pain Re-Assessment. NIH conducts pain re-assessment after administering pain medications and uses a 1-10 scale. Please note that different scales are used for different departments for easier visualization, but that the scale will be used starting in September for better inter-departmental comparison.



CMS Core Measures Project (DMAIC)

- 1. *Project Progress (Analyze/Improve)*
 - a. *Analyze: Identified additional failure points and root causes of failures and waste.*
 - b. *Improve: In process of brainstorming solutions with many ideas focusing on mistake-proofing, automation and standard work strategies.*

Important Note: After completion of this project, other regulatory reporting projects will be conducted to improve the efficiency of these processes and increase opportunity for spending more time on value-added projects.

Clinical Documentation Improvement

- 1. **Emergency Department Charge Capture Improvement Project (DMAIC)**
 - a. *Project Progress (Control & Close-out): System/process changes have been implemented with measurable improvements noted. HIMs Coordinator is in the process of validating the changes with stakeholders, establishing ongoing monitoring and evaluation of the new process, and formally closing out the project.*

2. OB Biliscan Charge Capture Improvement Project (DMAIC)
 - a. *Project Progress (Improve): Developing improvement strategies to test, including policies & procedures, training modules/manual, competencies & skills checklists, ongoing monitoring & evaluation plan.*
3. Perinatal Chargemaster Improvement Project.

No new updates.

Performance Excellence Training

1. Customer Service Training Implementation Project (PMBOK)
 - a. Project Progress (Execution) Continue to develop train-the-trainer AIDET implementation strategy.
 - Pilot tested the “Introduction to Customer Service” training with several small group of Phlebotomy employees on June 4, 12, 26. Opportunities identified included in the next pilot test with train-the-trainer group in July include clarifying learning objectives and job description verbiage for managers.
 - *Train-the-trainer workshop held on 7/24/15; plan to team teach next area after phlebotomy*
 - *Some initial AIDET observations conducted by project team in Phlebotomy area; team will meet to discuss observations*
2. Lean Six Sigma Green Belt training. (For more information about this methodology, please visit <http://asq.org/cert/six-sigma-green-belt/bok>. Lean Six Sigma is a scientific, data-driven methodology for improving processes and systems.
 - *Project & problem work sessions held on 7/10/15 and 7/31/15-help course participants work on charters and ensure due diligence and that proper tools are being used and methodology is being followed.*
 - *Class participant projects using a Lean Six Sigma or PMBOK methodology include the following:*
 - *CMS Core Measures Improvement project (Analyze/Improve)*
 - *OB Biliscan Charge Capture Improvement Project (Improve)*
 - *Perinatal Chargemaster Improvement Project (Initiate/Define)*
 - *EVS Route Standardization Improvement Project (Initiate)*
 - *Medical Records Lean Work Board Project (FOCUS-PDSA-Understand)*
 - *Emergency Department Charge Capture Improvement Project (Control & Close-Out)*
 - *Physician On/Offboarding Improvement Project (Initiate/Define)*
3. Project Management Consulting/Mentoring.
 - *Chief Performance Excellence Office (CPEO) had One on one meetings with three managers in order to provide project management learning materials and give brief introduction to project management.*
 - *CPEO and Quality Improvement Analyst in-training are acting as project facilitators for the Antibiotic Stewardship Implementation project*

Baldrige and the Journey to Excellence

1. See Handout – Category 4 - Measurement, Analysis and Knowledge Management

Strategic Communications Report

Marketing/Internal Communication Projects

1. *Louisa Salisbury joins the Pediatric Team*
2. *Taste the Difference – Chef Mark Gavriel and the NIH Dietary Staff take meals to new highs*

Events

1. *Dr. Meredick, orthopedic surgeon, spoke about Musculoskeletal Health to the community on 7/23/15. (See Attached.) He will do another speaking engagement in the coming months.*

Medical Staff Office Report

Medical Staff Office Updates

1. No new updates since last BOD meeting. See Chief of Staff report for more information.

Project Management Methodology Keys

FOCUS-PDSA CYCLE: F (Find), O (Organize), C (Clarify), U (understand), S(Select), P(Plan), D(DO), S (Study), A (Act)

DMAIC: Define –Measure-Analyze-Improve-Control

DMADV: Define-Measure-Analyze-Design-Verify

PMBOK: Initiate-Plan-Execute-Monitor & Control-Close-Out



NORTHERN INYO HOSPITAL
People you know, caring for people you love.

150 Pioneer Lane, Bishop, CA

(760) 873-5811 | www.NIH.org

93514

FOR IMMEDIATE RELEASE

Contact: Barbara Laughon
NIH Strategic Communications
(760) 873-5811 ext. 3415

State gives green light to NIH patient care improvements

Surveyors from the California Department of Public Health visited Northern Inyo Hospital (NIH) for a licensing survey on July 21-22. The hospital can now provide the following improvements for its patients.

Swing Bed increase

The state granted NIH five additional Swing Beds, bringing its available total to 10. Medicare allows certain small rural hospitals to use its beds as needed, either for acute care or skilled care. This allows physicians to “swing” patients from one level of care to another while staying within the same bed and same facility.

A good example of a Swing Bed stay is when someone undergoes joint replacement surgery. A Swing Bed allows patients to recover in a hospital setting versus a nursing home. In the hospital, patients have easy access to nursing care and rehabilitative services including physical, occupational and speech therapy. The goal of Swing Bed programs is to help patients becoming as independent as possible before discharge.

Swing Beds also allow patients to stay closer to family and friends, reducing stress from possibly being placed outside the community and eliminating high transportation costs. It also provides the patient with continuity of care since they will be working with the same nurses and therapists they had during their surgery or illness.

RHC Exam Rooms added, Women’s Health added

The Rural Health Clinic’s (RHC) Family Practice now has three additional exam rooms. The additional exam rooms are expected to ease patient flow and should reduce patient wait times at the RHC, which experiences about 24,000 patient visits per year.

In addition, women's health care services are now part of the RHC, housed in the adjacent building connected by a ramp/walkway. These services will include obstetrical care, well women exams and minor gynecological procedures. RHC Family Practice will continue to provide family practice/primary care, preventive care, chronic disease management and acute illness care.

Patients making appointments should call (760) 873-2602 for women's health or (760) 873-2849 for family practice.

Infusion Center to relocate

The new NIH Infusion Center will now occupy a much larger space within the older main hospital off Pioneer Lane.

What makes the new space unique is that it offers five individual exam rooms, enhancing privacy for patients. NIH nursing staff is working to make the new location a warmer, more welcoming place for patients to undergo treatment. The Infusion Center is expected to begin operations by early Fall.

Infusion Therapy is the intravenous administration of medication and is most often used when oral medications will not work. For many people chemotherapy for the treatment of cancer is the most familiar type of Infusion Therapy. Other types include intravenous antibiotics and therapeutic infusions such as iron replacement and infusions for bone health.

Northern Inyo Hospital is a 25-bed, not-for-profit Critical Access Hospital located in Bishop. Accredited by The Joint Commission, NIH has been providing health care to the Eastern Sierra since 1946.

###

You Asked. We Listened.



Louisa Salisbury, MD, joins Pediatrics Team

Northern Inyo Hospital welcomes Louisa Salisbury, MD, our newest pediatrician to join the Northern Inyo Associates' Pediatric Team. She will work alongside Dr. Charlotte Helvie, MD, and Colleen McEvoy, Certified Pediatric Nurse Practitioner, starting in the middle of August.

Back from New England

Louisa Salisbury is a native Californian, originally hailing from the San Francisco Bay area. After venturing to New England for her medical training Louisa is thrilled to be back home on the West Coast.

Louisa is a graduate of the University of Vermont College of Medicine and completed her Pediatrics training at Tufts Medical Center in Boston. She's passionate about preventive care and child development and believes strongly in the health benefits of an active lifestyle and the great outdoors.

It truly takes a village

Louisa firmly believes "it takes a village" and in order to help our children become healthy, happy individuals that will grow up to reach their full potential we have to involve our communities, our schools and our families.



NORTHERN INYO HOSPITAL

NORTHERN INYO ASSOCIATES – PEDIATRICS
152-H Pioneer Lane, Bishop • (760) 873-6373



Taste the Difference

What's Happening? NIH Chef Mark Gavriel and the NIH Dietary Staff take meals to new highs.



Top row, left to right, Mark Gavriel, Rick St. Louis, Asia Gonzalez, Robert Lopez and Richard Dunchock
Sitting, Susan Pernal, Emilia Lopez, Maria Lawrence and Cesar Cardelas Acosta. Photo by Barbara Laughon

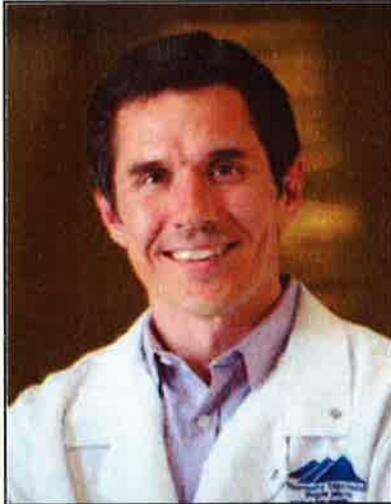
As a young cook, Mark Gavriel's mentor told him real chefs *always* added steps to their cooking and *never* took any away – words that still resonate with Mark today. Whether he is toasting raw garlic in olive oil; or making tré s leches and strawberry shortcake from scratch, adding steps doesn't necessarily mean Mark is in the back churning butter either.

Coming into the NIH kitchen, Mark saw the staff had the knowledge and potential to take the quality of the food to a much higher level. In order to help the staff adapt to the two additional prep hours his approach brought to the kitchen, Mark worked right beside the staff.

Based on feedback from patients and employees, Mark and the kitchen staff fine-tuned the menu and added new recipes.

"We are now making more from scratch," Mark said. "I try to encourage the crew to think: 'What is our contribution to this recipe? Why will people remember it compared to other places they may have had it before?' I remind them, too, we cook because we love to cook, and we want people to taste our efforts every single day."

NIH Healthy Lifestyle Talks – Open to Public



Speaker

Richard Meredith, MD

*Specializing in Trauma,
Sports Medicine/Arthroscopy, and
Joint Preservation/Reconstruction*

A free of charge, educational presentation

Advancing Musculoskeletal Health

*How maintaining musculoskeletal
health can improve your quality of life*

Thursday, July 23, 6:30 p.m.

**Northern Inyo Hospital Birch Street Annex
2957 Birch St., Bishop**

Photos by Bob Rice



Northern Inyo Hospital

STERIS®



AGREEMENT RENEWAL

QUOTED AGREEMENT #: 1-2599247125/3

DATE PRINTED: 7/27/2015

INVOICE TO: 44131

PO #: ***PO REQUIRED

NORTHERN INYO HOSPITAL

PARTS PO #:

ATTN:

150 PIONEER LN

ATTN: ACCOUNTS PAYABLE

BISHOP, CALIFORNIA 93514

AGREEMENT TERM: 08/01/2015- 07/31/2016

BILLING FREQUENCY: Monthly

Please return a signed copy of the equipment listing and a hard copy of the purchase order as acceptance to the attention of your contract administrator at:

STERIS Corporation

5960 Heisley Road

Mentor OH 44060

ATTN: Service Contracts Administration Department

PHONE: 1-800-333-8828 with Agreement Questions

FAX: 1-440-392-8932

This agreement cannot be active and no PM inspections performed, until the receipt of a hard copy purchase order showing the payment terms, agreement numbers or serial numbers, start date, applicable taxes and the full value of the contract. The purchase order has to be received no later than the 1st day of the agreement term, or PM Service will be delayed. Providing the PO within the required timeline will ensure we can maintain the agreement term, scheduled PM dates, and maintain contract customer status for preferred unscheduled hourly rates.

Agreement

Comments: If you accept, please sign/date and return with your PO to Wendy Burgett
Wendy_burgett@steris.com
Phone: 440-392-8399
Fax :440-392-8932

Thank you

EQUIPMENT LISTING

QUOTED AGREEMENT #: 1-2599247125/3
 EQUIPMENT ADDRESS: NORTHERN INYO HOSPITAL
 150 PIONEER LN,
 BISHOP, CALIFORNIA, 93514

Equipment Description	Serial #	Dept	Agreement Product	Status	Coverage Type	Annual Price	Total Line Price
16 IN. CENT VAC SD STM CAB	032731111	OR SS 1	SelectChoice Agreement	Quoted	Comprehensive	\$3,898.10	\$3,898.10
Start Date: 08/01/2015	End Date: 07/31/2016	No. of Annual Inspections: 2	**Inspection Schedule				
16 IN. CENT VAC SD STM CAB	032731109	OR SS 2 & 3	SelectChoice Agreement	Quoted	Comprehensive	\$3,898.10	\$3,898.10
Start Date: 08/01/2015	End Date: 07/31/2016	No. of Annual Inspections: 2	**Inspection Schedule				
48 IN. PLATFORM PREVAC STERILIZER,SGL HINGE,RH,CAB,480V	032301121	Central Supply	SelectChoice Agreement	Quoted	Comprehensive	\$5,693.30	\$5,693.30
Start Date: 08/01/2015	End Date: 07/31/2016	No. of Annual Inspections: 2	**Inspection Schedule				
48 IN. PLATFORM PREVAC STERILIZER,SGL HINGE,RH,CAB,480V	032481111	SPD Left	SelectChoice Agreement	Quoted	Comprehensive	\$5,693.30	\$5,693.30
Start Date: 08/01/2015	End Date: 07/31/2016	No. of Annual Inspections: 2	**Inspection Schedule				
PACKAGED SYSTEM 1E	400157	OR 1	SelectChoice Agreement	Renewal	Comprehensive	\$5,692.50	\$5,692.50
Start Date: 08/01/2015	End Date: 07/31/2016	No. of Annual Inspections: 4	**Inspection Schedule				
PACKAGED SYSTEM 1E	400171	OR BETWEEN RM A/B	SelectChoice Agreement	Renewal	Comprehensive	\$5,692.50	\$5,692.50
Start Date: 08/01/2015	End Date: 07/31/2016	No. of Annual Inspections: 4	**Inspection Schedule				
PACKAGED SYSTEM 1E	402177	SPD	SelectChoice Agreement	Renewal	Comprehensive	\$5,692.50	\$5,692.50
Start Date: 08/01/2015	End Date: 07/31/2016	No. of Annual Inspections: 4	**Inspection Schedule				
V-PRO1 SINGLE DOOR CABINET 208-230V (ENGLISH)	032781115	CS	SelectChoice Agreement	Renewal	Comprehensive	\$14,676.30	\$14,676.30

Start Date: 08/01/2015 **End Date:** 07/31/2016 **No. of Annual Inspections:** 2

****Inspection Schedule**

VISION (SC) 460-480V, 3PH, 60HZ, STEAM 3611211004 SPD SelectChoice Agreement Renewal Comprehensive \$5,982.30 \$5,982.30

Start Date: 08/01/2015 **End Date:** 07/31/2016 **No. of Annual Inspections:** 4

****Inspection Schedule**

No.of items to be inspected: 9 **Address Sub Total** \$56,918.90

No.of items to be inspected: 9
Billing Frequency: Monthly

Total Agreement Price \$ 56,918.90

The Service Coverage Description set forth in Attachment A and the Terms and Conditions, set forth in Attachment B shall apply to the provisions of services under this Agreement and are incorporated herein by reference.

STERIS Agreement #: 1-2599247125/3

SUBSCRIBER

STERIS

By: _____

By: _____

Name:

Name:

Title:

Title:

Date:

Date:

PO #:

ATTACHMENT A
SERVICE COVERAGE DESCRIPTIONS

1. Comprehensive (Platinum): Comprehensive service includes all parts and labor to perform (i) scheduled preventive maintenance in accordance with STERIS's then current Preventive Maintenance Check List ("PMCL") and (ii) unscheduled repair visits, provided that parts required during unscheduled repair visits are not subject to the parts exclusions as outlined in Section 5(d). Subscriber is eligible to participate in STERIS's current Surgical Upgrade Program with the purchase of new Surgical Capital Equipment.

STERIS Service Maintenance Coverage	Comprehensive
	Complete maintenance and repair package for those who want the simplest way to cover their investment
EQUIPMENT MAINTENANCE	
Meets OEM Recommended Maintenance & Safety Standards	●
Scheduled Maintenance Labor	●
Scheduled Maintenance Parts (Where applies)	●
Travel Charges	●
Repair Labor	●
Repair Parts	●
CUSTOMER SUPPORT	
Priority Technical Support 24/7	●
Customer Care Center	●
Place Service Request online at eService.com	●
Detailed Service Documentation	●

2. Priority Technical Support is also included in addition to Remote Monitoring if the covered equipment is capable and enabled with this technology. Subscriber can also use eservice.steris.com to schedule and track service requests, and also purchase service parts.
3. Normal Working Hours – The Services for surgical equipment will be performed Monday through Friday, 8:00 A.M. to 8:00 P.M., local time, excluding federal holidays ("Normal Working Hours"). The Services for infection prevention equipment will be performed Monday through Friday, 8:00 A.M. to 5:00 P.M., local time, excluding federal holidays ("Normal Working Hours"). Any Service not performed during Normal Working Hours shall be billed at the then current applicable rate as set forth in Attachment A section 4(a).
4. Overtime Coverage Options: Overtime coverage, unless included as part of a Service Option and indicated on the Equipment List, will be charged at prevailing rates for any service performed outside Normal Working Hours.
 - a. Overtime coverage options must be noted on the Equipment List and are as follows:

Option	Equipment Type	Hours	Description
PM Late	Infection prevention	M-F 5:00 PM – 12:00 AM	Provides scheduled PMs during the hours indicated, excludes holidays
PM Late	surgical	M-F 8:00 PM – 12:00 AM	Provides scheduled PMs during the hours indicated, excludes holidays
PM 24x5	Both	M-F 24 hrs	Provides scheduled PMs during the hours indicated, excludes holidays
OT 24x7	Both	24x7	Provides unscheduled maintenance at any time, includes holidays
5. Priority Technical Support: Priority Technical Support service for STERIS equipment for the term of the Agreement to include; unlimited calls to the STERIS service hotline, calls related to STERIS equipment shall be placed ahead of calls related to equipment that is not registered for Priority Support coverage and STERIS shall route all calls to the appropriate Technical Support resource based on the equipment serial number.
6. 1st Year Preventive Maintenance Service Option: During the warranty period for new Equipment purchased by Subscriber, Subscriber will have for surgical equipment a Performance Check Service Option. Infection preventive equipment will have a 1st Year Preventive Maintenance Service Option. The Performance Check Service Option includes labor to perform a scheduled inspection in accordance with STERIS's then current Performance Checklist. The 1st Year Preventive Maintenance Service Option includes all parts (if applicable) and labor to perform scheduled preventive maintenance in accordance with STERIS's then

current PMCL. Parts and labor for unscheduled repair visits during the warranty period are covered by the standard equipment warranty. Priority Technical Support is also included, as well as access to eservice.steris.com to schedule and track service requests, and also purchase service parts.

7. Block of Time: Subscriber agrees to purchase an annual prepaid retainer for a specific value of STERIS labor and travel.
8. Block of Parts: Subscriber agrees to purchase an annual prepaid retainer for a specific value of STERIS parts.
9. Additional Service Options: In addition to the Service Options set forth in paragraphs 1 – 5 above, Subscriber may select from one or both of the following additional Service Options. If selected, the prices for additional Service Options selected by Subscriber shall be set forth on the Equipment List and such prices are not included in the price for the other Service Options selected by Subscriber. The following additional Service Options may be selected by Subscriber on the Equipment List for any piece of Equipment:
 - a. Chamber Cleaning – STERIS will provide periodic interior surface cleaning of the chamber walls of certain sterilizers included on the Equipment List. Unless otherwise included in the Service Option selected by Subscriber, the chamber cleaning services do not include any repairs or maintenance service that may be discovered during the course of the chamber cleaning services. All chemicals and equipment used in connection with such chamber cleaning services will be provided by STERIS. The Equipment List indicates the frequency of the chamber cleaning that is included in the Services.
 - b. Calibration Services – STERIS will provide NIST (National Institute of Standards and Technology) traceable on-site calibration of process measuring equipment used in manufacturing and manufacturing-support environments. The calibration services do not include any repairs or maintenance service that is discovered during the course of the calibration services. The Equipment List indicates the frequency of the calibration services that is included in the Services.
10. Prices:
 - a. Prices: During the Initial Term of this Agreement, the Prices for the Service Options for each piece of Equipment selected by Subscriber are listed in the service agreement.
 - b. Zone Charges (flat travel fee from STERIS primary technician’s residence for unscheduled, billable work):
 - i. Zone 1 0-161M Prevailing Rate
 - ii. Zone 2 162-402M Prevailing Rate
 - iii. Zone 3 403-803M Prevailing Rate
 - iv. Zone 4 >804M Prevailing Rate

Attachment B – STERIS Terms & Conditions

1. Terms and Conditions:

- (a) The terms and conditions set forth in this Agreement ("STERIS's Terms") apply to all Services sold or provided by STERIS pursuant to this Agreement. The terms and conditions contained in or referenced by any purchase order or other document issued by Subscriber shall not take precedence over STERIS's Terms unless signed by an authorized representative of both STERIS and Subscriber. No course of dealing, custom or usage that is contrary to STERIS's Terms shall apply.
- (b) STERIS reserves the right to correct any typographical or clerical errors in price, specifications, quotations or acknowledgements.

2. Services:

Subscriber has selected from the service options described in Attachment A (each a "Service Option") for each piece of equipment listed in this agreement (the "Equipment List"). The Service Options selected by Subscriber are referred to in this Agreement as the "Services". STERIS agrees to provide Subscriber with the Services according to the terms and conditions of this Agreement.

3. Service Parameters:

STERIS will perform the Services according to the following parameters and in accordance with the Service Options selected by Subscriber

- (a) Recall Alerts - STERIS will provide a recall alert monitoring and notification service for STERIS equipment.
- (b) Documentation - The parties agree to provide each other with the following documentation with respect to the Equipment:
 - (i) an accurate inventory of the Equipment, the current form of which is included in this agreement (the "Equipment List").
 - (ii) Subject to the confidentiality obligations contained in Section 14 below, STERIS will provide Subscriber with copies of all field service corrective maintenance work orders related to the Equipment that is owned or operated by Subscriber.
- (c) Normal Working Hours – The Services will be performed Monday through Friday, 8:00 A.M. to 5:00 P.M., local time, excluding federal holidays ("Normal Working Hours"). Any Services not performed during Normal Working Hours shall be billed at the then current applicable rate as set forth on Attachment A.
- (d) Response Time - STERIS will provide the following response times for unscheduled service calls placed through the STERIS Call Center at 1-800-333-8828: (i) initial phone contact with the Subscriber within four (4) hours and (ii) on-site service within 48 hours. All response times are in accordance with Section 3(c).
- (e) ProConnect Response Center – STERIS will include priority access to the ProConnect Response Center. Depending on the service option selected, this includes high priority technical support, online service management and remote monitoring of enabled STERIS products. If selected, STERIS will remotely monitor all connected equipment from its ProConnect Response Center via an internet connection.

4. Term and Termination:

- (a) Term - The Term of this Agreement is as stated on page one of the Agreement.
- (b) Termination for Insolvency –
Either party may terminate this Agreement by written notice to the other if such other party shall make any assignment or any general arrangement for the benefit of creditors, shall file a petition or otherwise commence, authorize or acquiesce in the commencement or continuance of a proceeding under any bankruptcy, insolvency, creditors protection or similar law, have any such proceeding filed against it and remain outstanding for thirty (30) days or otherwise become bankrupt or insolvent (however evidenced) or be unable to pay its debts as they fall due.
- (c) Termination for Breach – This Agreement may also be terminated by either party in the event of a material breach of the terms of this Agreement by the other party, provided that the breaching party shall have a period of sixty (60) days following receipt of written notice of an alleged breach of any of the terms of this Agreement within which to correct such breach. If the breach is not corrected within that period, the non breaching party may terminate this Agreement immediately by providing written notice of termination. Payment and service will continue until the effective date of the termination. This Agreement shall be automatically terminated, however, as to any item of Equipment at the time that such item leaves the exclusive control of Subscriber.
- (d) Refunds/Cancellation Charges -If this Agreement is terminated by Subscriber other than in accordance with Section 4(c) above, Subscriber will pay to STERIS the difference, if any, between
 - (i) the value of the Services provided by STERIS during the then current term of this Agreement, as calculated at STERIS's then current time and material rates, as of the effective date of such termination and

- (ii) the total fees paid by Subscriber during the then current term of this Agreement as of the effective date of such termination. The parties acknowledge and agree that the payment contemplated by this Section 4(d) is not a penalty, but is instead a reasonable attempt to quantify the damages to STERIS in the event of the termination contemplated by this Section 4(d) and that this Section 4(d) is reasonable under the circumstances.
- (e) End of Term – if the entire value of the Block of Parts and/or Block of Time Contract is not used by Subscriber prior to expiration of this Agreement, Subscriber will not be entitled to a refund for any portion of the remaining value of the Agreement.
- (f) Returns / Restocking Charges – STERIS will accept returns of service parts purchased pursuant to this Agreement and issue Subscriber a credit for such service parts subject to the following restrictions.
 - (i) Return must be requested within 30 days of the purchase date, as indicated on the packing slip.
 - (ii) Items must be a STERIS catalog item. “Special” or “made to order” items manufactured by STERIS or purchased from a vendor are not eligible for return.
 - (iii) Items must be in “new” condition. Damaged or used items are not eligible for return.
 - (iv) Items must be complete. All accessories, instructions and special packaging material must be included. Incomplete items are subjected to additional restocking charges.
 - (v) If an item is sold sterile, then the item must be in the original, unopened, and undamaged packaging.
 - (vi) If an item has an expiration date, then there must be at least 120 days remaining until the expiration date.
 - (vii) Temperature sensitive and electronic/electrical components are not eligible for return.
 - (viii) Printed circuit boards may be returned only if the seal has not been broken on the package (package has not been opened).
 - (xi) All returns are subject to a 20% restocking charge, plus freight, crating, and re-certification charges, as appropriate.

5. Pricing and Payment:

- (a) Pricing - The prices for the Services are set forth in the Equipment List (the “Prices”). The Prices shall be firm for the first year of the Initial Term. Thereafter, STERIS shall have the right to increase the Prices on an annual basis by providing at least sixty (60) days prior notice of such increase to Subscriber.
- (b) Taxes - All charges are exclusive of applicable federal, state or local taxes. Unless Subscriber supplies an exemption or direct payment certificate, Subscriber shall pay, or reimburse STERIS for paying, any such taxes and STERIS may add such taxes to its invoices.
- (c) Payment – Invoices shall be sent to Subscriber on a monthly basis with the exception of Block of Time, Block of Parts and Priority Technical Support Agreements which will be invoiced in advance on an annual basis. Subscriber shall pay all invoices within thirty (30) days of receipt. STERIS may assess interest charges for late payment at the rate of 1½% per month or the highest rate allowed by law, whichever is less, and Subscriber agrees to pay such charges. STERIS will be relieved of any obligation to render Services during the period of time in which Subscriber's account is in arrears, provided that STERIS has given Subscriber thirty (30) days prior written notice. STERIS shall not be obligated to make up or provide reimbursement for Services not performed as a result of Subscriber's delinquent account status.
- (d) Exclusions -The Services do not include, and Subscriber agrees to pay STERIS at its then prevailing labor rates and parts prices for, any services not included in the Service Option selected by Subscriber for any given piece of Equipment, including, without limitation, the following:
 - (i) Equipment overhauls, welding, rebuilds, upgrades and/or relocations, door assemblies, Light cameras, surgical monitors or recorders not purchased from STERIS, generators, water tanks, reservoirs, SYSTEM 1e trays and monochrome display. For life science Subscribers, all pumps, transducers, or components with a sales price greater than \$5,000.
 - (ii) Consumable and expendable items including, but not limited to, filters, cleaning agents, biological and chemical indicators, recording charts, paper, ink pens, ribbons, pen arms, surgical lamps, light handles, batteries, and all hydraulic oils;
 - (iii) Surgical table accessories;
 - (iv) Visits made at Subscriber's request to perform Services on Equipment which was not available or which could not be located;
 - (v) Services requested by Subscriber due to failure of defective accessory items;
 - (vi) Services or parts requested by anyone other than STERIS, unless authorized in writing by STERIS;
 - (vii) Parts, manuals and/or labor found necessary to bring Equipment up to normal operating condition during the Pre-PM Inspection, provided that if Subscriber does not wish to bring the Equipment up to normal operating condition, STERIS will delete the Equipment from the Equipment List;
 - (viii) Repairs resulting from operator error, misuse, abuse, improper operation or installation, defective accessories, being dropped, fire, loss, theft, utility failure, negligence by any party or other acts beyond the reasonable control of STERIS, or where STERIS determines that in fact no repair is actually required;
 - (ix) Parts or labor required for recall or safety oriented modifications to non-STERIS Equipment;
 - (x) Any repairs which are estimated by STERIS to cost in excess of 50% of the unit's current value (STERIS will provide Subscriber with a written estimate in such cases);

- (xi) Services performed outside of Normal Working Hours, unless work outside Normal Working Hours is provided for in the Equipment List; and
- (xii) Service lines, shut off valves, disconnect switches or other components not a part of the Equipment unless otherwise specified.
- (xiii) Any parts for Equipment that is not designated as parts inclusive on the Equipment List; and
- (xiv) Unless the 1st Year Preventive Maintenance Option listed on Attachment A is selected by the Subscriber, preventive maintenance during the Warranty Period for capital equipment is not covered by this Agreement and is available through a separate agreement with STERIS.
- (xv) All oil changes in excess of the quantity of (2) for all V-PRO units with a standard maintenance agreement are billable events to be charged at then current parts and labor rates. Oil changes above the standard quantity of (2) may be included in the maintenance agreement for an additional fee.

6. Additions or Deletions of Equipment:

- (a) Additions or deletions of Equipment to or from the Equipment List may be made at any time, subject to both the inspection contemplated by Section 6(b) below and to the advance written agreement of both STERIS and Subscriber. Additions to contract after the 15th (fifteenth) of the month will be effective the 1st (first) of the following month. Additions to contract made before the 15th (fifteenth) of the month will be eligible for immediate coverage but will be invoiced for the entire month. Deletions may be made only where Equipment has been taken out of service. If Subscriber elects to keep an item of Equipment in service after STERIS has determined that the item can no longer be effectively or safely maintained, Subscriber will assume full responsibility for that decision and will defend and indemnify STERIS for any claims or liability arising from the condition or use of that item including any personal injuries to or death of any employees of Subscriber or STERIS.
- (b) Prior to the addition of any equipment to the Equipment List during the term of this Agreement, a Pre-PM inspection may be required to verify that the equipment is operating in accordance with the manufacturer's original equipment specifications (the "Pre-PM Inspection"). The Pre-PM Inspection will be at Subscriber's expense.
- (c) If ProConnect Remote Monitoring is included in this agreement, it will be enabled on any equipment added to the agreement that is capable of supporting this feature. Remote monitoring will be enabled as part of the next scheduled service visit, where applicable.

7. Shipment & Delivery:

- (a) STERIS shall select the method and carrier for delivery of all service parts. All shipments of service parts by STERIS pursuant to this Agreement shall be FOB Origin . Title and risk of loss or damage to the service parts shall pass from STERIS to Subscriber upon delivery to a carrier at point of shipment.
- (b) Any shipment, delivery, or performance date stated in the Subscriber's purchase order or other document delivered in connection with an order for service parts pursuant of this Agreement is approximate only and does not constitute any guarantee of shipment, delivery, or performance on any particular date.
- (c) Shipping and handling of any parts covered under the terms of this contract shall be the responsibility of STERIS with the exception of Exclusions as outlined in Section 5(d). Shipping and handling outlined in parts in Section 5(d) will be the responsibility of the Subscriber. Any extra charges incurred for additional services, such as shipment from point specified by customer, or customer's carrier, or special handling at the destination, must be paid by the Subscriber.

8. Equipment Manuals:

Subscriber will be responsible for acquiring any necessary operating and maintenance manuals for non-STERIS equipment covered under this Agreement. The cost of such manuals will be paid by Subscriber.

9. Subscriber's Responsibilities:

- (a) Access to Equipment - Subscriber shall provide STERIS's personnel with free and safe access to the Equipment on each date that service calls are made pursuant to this Agreement and shall assist STERIS's representative in any reasonable manner (including the provision of appropriate services such as electrical power, water, etc.) in said representative's performance of the Services. Subscriber will make all Equipment available for the Services as scheduled. STERIS will not be responsible for providing the Services for Equipment that is not made available. Subscriber shall be responsible for paying any and all fees or costs associated with security or other facility access requirements. STERIS shall only provide information that it deems reasonable and appropriate to secure access to the facility.
- (b) Current Vendors - Subscriber, as a contractor of current service vendors, will be responsible for paying
 - (i) any amounts owed to a vendor that is terminated as a result of this Agreement or
 - (ii) any amounts owed to STERIS for Services performed prior to the time this Agreement either terminates or expires.
- (c) Employee Training - Subscriber acknowledges that it is the responsibility of Subscriber for ensuring that all personnel permitted to operate the Equipment will be adequately trained and supervised and that the Equipment will be operated in compliance with the manufacturer's instructions and all applicable laws, rules, regulations and/or standards.
- (d) Parking – Subscriber will provide STERIS personnel with suitable parking facilities, at no charge, while performing the Services.

- (e) Unauthorized Repair Personnel - Subscriber will permit only STERIS representatives, or any other party acting on behalf of STERIS, to make repairs or to replace parts of the Equipment.
- (f) Invoices - With respect to services or parts provided by STERIS which are excluded from the Services under the terms of this Agreement, such services or parts will be charged at STERIS's then prevailing rate. Subscriber will maintain a standing purchase order to cover any such service and parts billing, and will pay all such charges in full within thirty (30) days of the date of STERIS's invoice. While payment for such services is not part of the Services, the rendering of such additional services shall otherwise be subject to the terms and conditions of this Agreement, notwithstanding the provisions of any purchase order issued by Subscriber.
- (g) Hazard Communication - Subscriber will provide STERIS with information as to all known hazards or hazardous materials which STERIS's personnel may encounter when working on Equipment and in the environments within which Equipment is located.
- (h) ProConnect Response Center – if Subscriber elects to utilize the ProConnect Response Center, Subscriber agrees to:
 - (i) Work with STERIS Technical Support prior to dispatching a service technician
 - (ii) Allow STERIS to monitor all connected equipment from its ProConnect Response Center
 - (iii) Computer Requirements
 - 1. Desktop, server or virtual computer that meets the following minimum hardware/software requirements to run the ProConnect Remote Monitoring software, service agent and support software.
 - a. Windows XP SP 2 or higher or Windows Server 2003
 - b. 2.8 GHz Processor Speed
 - c. 512 MB RAM
 - d. 5 GB Free Hard Drive Space
 - e. CD-ROM Drive
 - f. Login for STERIS assigned
 - g. Connected on facility network
 - h. Continuous access to Internet through ports 80 and 443
 - (iv) Network Requirements at Each Sterilizer or Washer
 - 1. An active TCP/IP 10/100 BaseT Ethernet network drop with a RJ45 jack within 10' of each unit
 - 2. An IP address is required for each unit
 - 3. Ethernet patch cables to connect each unit to provided RJ45 jack
 - 4. ProConnect will run on a wireless network if hard wiring to an Ethernet network is not practical.
 - 5. If physical access to the computer running the ProConnect software is not practical, some method of remote access such as Remote Desktop should be enabled.
 - (v) Some equipment requires 120 VAC power for an external router.

10. Excused Performance:

STERIS's obligation to provide the Services will be relieved during any period during which STERIS's employees do not have access to Equipment or parts by reason of war, act of terrorism, military action, nuclear hazard, energy shortage, government action, labor unrest, fire, act of God, obsolescence or any other reason not within STERIS's reasonable control. It is understood that certain manufacturers of Equipment may have or may hereafter adopt a policy whereby replacement parts will be sold only to Equipment users. In the event that STERIS notifies Subscriber that a part or parts cannot be obtained directly from a manufacturer by STERIS, Subscriber will use its best efforts to obtain such parts directly from the manufacturer or assist STERIS in obtaining such parts. If a part or parts are so purchased by Subscriber, STERIS will credit Subscriber's account for the cost of such part or parts. STERIS will not be responsible if Equipment is removed from service by virtue of its or Subscriber's inability to obtain necessary replacement parts.

11. Limited Warranty:

STERIS warrants that the Services and parts, and the labor associated with such parts, provided hereunder will be free from defects in material and workmanship under normal use and operation for a period of ninety (90) days from the date provided (the "Warranty Period"). During the Warranty Period, STERIS will repair such defects or replace any defective parts or labor at STERIS's expense. All replacement parts (whether new or reconditioned) will be of equivalent quality to the parts replaced, and

replaced parts will become the property of STERIS. Parts generally considered as expendable during normal use are not covered under this warranty, nor is any repair or part replacement made necessary by operator error, misuse, abuse, improper operation, defective accessories, being dropped, fire, loss, theft, power failure, negligence by any party other than STERIS, or other acts or omissions beyond the reasonable control of STERIS, or where STERIS determines that in fact no repairs actually required. EXCEPT AS PROVIDED HEREIN, STERIS MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE SUBJECT MATTER HEREOF, SERVICES TO BE PERFORMED BY STERIS PURSUANT TO THE TERMS HEREOF, OR PARTS TO BE SUPPLIED HEREUNDER.

12. Limitation of Liability:

In no case, whether as a result of breach of contract, breach of warranty or tort (including STERIS's or Subscriber's willful acts or negligence or strict liability) shall STERIS or Subscriber be liable to the other for any consequential or incidental damages incurred by the other, including but not limited to loss of revenue, profits or goodwill.

13. Indemnity:

Nothing contained in this Agreement is intended to relieve either STERIS or Subscriber from claims, liability, damages or expenses resulting from bodily injury, including death, or from property damage incurred due to the willful acts, the negligence or the strict liability of that party. STERIS agrees to defend, indemnify and hold Subscriber harmless from any and all claims, liability, damages or expenses (including reasonable attorneys' fees) due to personal injuries, including death to employees of STERIS or Subscriber or to third parties and for property damage to the extent caused by the willful acts or the negligence of STERIS or the strict liability of STERIS. Subscriber agrees to defend, indemnify and hold STERIS harmless from any and all claims, liability, damages or expenses (including reasonable attorneys' fees) due to personal injuries, including death, to employees of Subscriber or STERIS or to third parties and from property damage to the extent caused by the willful acts or the negligence of Subscriber or the strict liability of Subscriber.

14. Non Disclosure:

Subscriber acknowledges that in the course of preparing to perform and performing its obligations under this Agreement, STERIS has spent and will spend considerable effort and expense in compiling information and developing maintenance schedules, reports, protocols and procedures for STERIS's use in administering this Agreement. Portions of this information, including but not limited to maintenance schedules, reports, compilations of information, procedure manuals and forms, may be provided to Subscriber and its employees from time to time in written materials (the "STERIS Materials"). In addition, STERIS will make use of a computer system utilizing custom software developed by STERIS at great expense (the "STERIS Software"). Subscriber acknowledges that the STERIS Materials, STERIS Software, and the compilations of data prepared for use with the STERIS Software are the property of STERIS; agrees to treat them as confidential; agrees not to permit their disclosure to any third party; and agrees not to copy or use the STERIS Materials or STERIS Software except in accordance with this Agreement. Upon termination of this Agreement, Subscriber agrees to return all STERIS Materials, STERIS Software, or any copies thereof which are within its possession or control (other than reports which have been delivered to Subscriber by STERIS and which must be maintained by Subscriber for regulatory compliance) to STERIS and to refrain from making any claim to or use of the STERIS Materials, STERIS Software and related compilations of data. STERIS agrees that all information of Subscriber which is marked "Confidential" and which comes into STERIS's possession during the term of this Agreement will be treated as such, will be used only for provision of the Services, and will not be disclosed by STERIS to third parties. Subscriber acknowledges that all equipment data collected through ProConnect Remote Monitoring shall be considered STERIS confidential information.

15. Non Solicitation:

For the duration of this Agreement and for a period of two (2) years thereafter, Subscriber agrees not to solicit for employment or employ any STERIS technician or manager who has been engaged in providing services in connection with this Agreement. Due to the difficulty of ascertaining damages in the event of a breach of this provision, Subscriber agrees to pay STERIS as liquidated damages a sum equal to twelve (12) months pay for each hired technician or manager at the rate of the last full month of employment with STERIS. This charge shall be in addition to, and not in lieu of, the Company's right to terminate this contract pursuant to Section 4, obtain an injunction against the continued employment of the covered employee, as well as to pursue any other legal or equitable remedies which may be available.

16. Notices:

Any notice, instruction or other document pertaining to this Agreement shall be in writing and shall be delivered personally or sent by United States certified mail, return receipt requested, and addressed to Subscriber or STERIS as shown on the face of this contract, unless otherwise specified.

17. Severability:

Any portion of this Agreement found to be invalid by a court of competent jurisdiction shall not be cause for the cancellation or invalidation of the remaining clauses of this Agreement.

18. Waivers:

The failure to enforce any term of this Agreement by either party shall not act as a waiver of that party's right to insist on later performance of that or any other term of this Agreement, nor shall it act as a waiver of any of the party's rights with respect to the non performance.

19. Independent Contractor:

STERIS and Subscriber hereby acknowledge that STERIS shall perform the Services for Subscriber as an independent contractor. Nothing in this Agreement shall be construed to create the relationship of employer and employee or principal and agent between STERIS and Subscriber.

20. Complete Agreement, Modification and Applicable Law:

This Agreement, including the Attachments hereto, constitutes the entire agreement and understanding between the parties hereto and supersedes all other agreements (whether written or oral) with respect to the subject matter hereof. No waiver or modification shall be effective unless in writing and signed by an authorized representative of each party. No course of dealing or trade usage not contained herein will be binding upon the parties hereto. This Agreement shall be governed by the laws of Ohio and the United States, applicable therein. For the purposes of any legal proceedings arising in connection with this Agreement, each of the parties agrees to the original and non-exclusive jurisdictions of the courts of Ohio.

SUBSCRIBER

STERIS CORPORATION

By: _____

By: _____

Name:

Name:

Title:

Title:

Date:

Date:

PO #:

Agreement # 1-2599247125/3



Subject: Sole Source

Dear Customer:

Please be advised that STERIS is the sole factory-authorized supplier of parts and service for the equipment that we manufacture including products under the brand names of AMSCO®, Finn Aqua®, and HAMO.

All replacement parts manufactured or marketed by STERIS Corporation are compliant with original equipment manufacturer specifications. These parts are sold and shipped directly to the end user of the products. Distributors are not utilized.

STERIS has over 950 factory trained personnel who maintain our equipment through preventative maintenance agreements assuring that STERIS-manufactured equipment continues to operate in compliance with O.E.M. specifications.

As the manufacturer of STERIS equipment, we recommend taking a number of factors into consideration when determining the appropriate number of annual preventative maintenance (PM) inspections. These factors include but are not limited to previous experience with the machine, adherence to recommended routine operator maintenance protocol, quality of utilities, technical expertise of the service provider, and equipment usage rates.

Unless there are complicating factors as described above, the routine maintenance set forth in the chart is recommended and reflects the PM visits covered by our current standard service agreement. Please work with your STERIS service representative to determine, taking into consideration all relevant factors, if the appropriate PM visits for your equipment differ from the standard agreement. STERIS is in the process of revising product manuals to reflect our updated recommendations.

Steam Sterilizers	<input type="checkbox"/> 2 PM inspections annually
Electric Sterilizers	<input type="checkbox"/> 4 PM inspections annually
Generators – Stand Alone	<input type="checkbox"/> 4 PM inspections annually
V-PRO VHP Sterilization Systems	<input type="checkbox"/> 2 PM inspections annually or every 750 cycles, whichever is more frequent
Washers	<input type="checkbox"/> 4 PM inspections annually
Surgical Equipment	<input type="checkbox"/> 2 PM inspections annually
System 1E	<input type="checkbox"/> 4 PM inspections annually

Sincerely,

Debra Huya

Debra Huya Manager, Service Contracts
(440) 392-7629 phone
(440) 392-8932 fax

NORTHERN INYO HOSPITAL
STATEMENT OF OPERATIONS (Preliminary)
for period ending June 30, 2015

	ACT MTD	BUD MTD	VARIANCE	ACT YTD	BUD YTD	VARIANCE
Unrestricted Revenues, Gains & Other Support						
Inpatient Service Revenue						
Routine	903,016	628,346	274,670	9,708,921	7,644,886	2,064,035
Ancillary	2,991,775	2,363,775	628,000	31,916,269	28,759,227	3,157,042
Total Inpatient Service Revenue	3,894,791	2,992,121	902,670	41,625,190	36,404,113	5,221,077
Outpatient Service Revenue	6,642,607	6,567,886	74,721	83,484,883	79,909,283	3,575,600
Gross Patient Service Revenue	10,537,397	9,560,007	977,390	125,110,073	116,313,396	8,796,677
Less Deductions from Revenue						
Patient Service Revenue						
Deductions	201,214	310,801	(109,587)	2,630,945	3,781,413	(1,150,468)
Contractual Adjustments	4,649,411	3,030,969	1,618,442	51,394,778	36,876,810	14,517,968
Prior Period Adjustments *	(1,634,119)	-	(1,634,119)	(2,124,348)	-	(2,124,348)
Total Deductions from Patient Service Revenue	3,216,506	3,341,770	(125,264)	51,901,375	40,658,223	11,243,152
Net Patient Service Revenue	7,320,892	6,218,237	1,102,655	73,208,698	75,655,173	(2,446,475)
Other revenue	40,915	19,799	21,116	683,963	240,902	443,061
Total Other Revenue	40,915	19,799	21,116	683,963	240,902	443,061
Expenses:						
Salaries and Wages	1,831,025	1,944,142	(113,117)	21,591,743	23,653,710	(2,061,967)
Employee Benefits	1,900,632	1,302,837	597,795	17,184,761	15,851,178	1,333,583
Professional Fees	697,810	564,819	132,991	6,706,806	6,871,962	(165,156)
Supplies	1,477,314	561,835	915,479	7,073,684	6,835,668	238,016
Purchased Services	321,212	325,628	(4,416)	3,720,516	3,961,793	(241,277)
Depreciation	531,014	401,199	129,815	4,955,526	4,881,252	74,274
Bad Debts	163,614	214,617	(51,003)	2,453,244	2,611,174	(157,930)
Other Expense	295,129	344,389	(49,260)	3,756,637	4,190,054	(433,417)
Total Expenses	7,217,749	5,659,466	1,558,283	67,442,918	68,856,791	(1,413,873)
Operating Income (Loss)	144,058	578,570	(434,512)	6,449,744	7,039,284	(589,540)
Other Income:						
District Tax Receipts	31,681	43,808	(12,127)	520,257	532,995	(12,738)
Tax Revenue for Debt	434,146	84,530	349,616	1,376,890	1,028,451	348,439
Partnership Investment Income						
Grants and Other						
Contributions Unrestricted	8,209	7,966	243	201,901	96,916	104,985
Interest Income	6,171	11,212	(5,041)	155,745	136,415	19,330
Interest Expense	(288,820)	(188,605)	(100,215)	(3,529,802)	(2,294,687)	(1,235,115)
Other Non-Operating Income	(69,771)	2,766	(72,537)	(51,599)	33,652	(85,251)
Net Medical Office Activity	(620,597)	(459,520)	(161,077)	(4,703,868)	(5,590,819)	886,951
340B Net Activity	79,000	42,305	36,695	377,915	514,717	(136,802)
Non-Operating Income/Loss	(419,982)	(455,538)	35,556	(5,652,561)	(5,542,360)	(110,201)
Net Income/Loss	(275,924)	123,032	(398,956)	797,182	1,496,924	(699,742)

*Northern Inyo Hospital
Balance Sheet (Preliminary)
Period Ending June 30, 2015*

Current Assets:	Current Month	Prior Month	Change
Cash and Equivalents	5,509,074	5,328,941	180,133
Short-Term Investments	11,184,185	9,652,260	1,531,925
Assets Limited as to Use	-	-	-
Plant Replacement and Expansion Fund	2	2	-
Other Investments	978,712	978,712	-
Patient Receivable	47,534,265	47,818,786	(284,521)
Less: Allowances	(36,789,049)	(36,482,014)	(307,035)
Other Receivables	28,067	(373,703)	401,771
Inventories	3,031,041	3,856,078	(825,038)
Prepaid Expenses	1,349,326	1,287,726	61,599
Total Current Assets	32,825,623	32,066,789	758,834
Internally Designated for Capital Acquisitions	1,124,209	1,124,199	10
Special Purpose Assets	893,342	893,325	17
Limited Use Asset; Defined Contribution Pension	389,122	389,122	-
Revenue Bonds Held by a Trustee	2,660,378	3,001,921	(341,543)
Less Amounts Required to Meet Current Obligations	-	-	-
Assets Limited as to use	5,067,050	5,408,566	(341,516)
Long Term Investments	1,000,000	1,552,143	(552,143)
Property & equipment, net Accumulated Depreciation	87,118,324	82,995,199	4,123,126
Unamortized Bond Costs	-	-	-
Total Assets	126,010,998	122,022,697	3,988,301

Northern Inyo Hospital
Balance Sheet (Preliminary)
Period Ending June 30, 2015

Liabilities and Net Assets

Current Liabilities:

Current Maturities of Long-Term Debt	2,397,957	81,828	2,316,129
Accounts Payable	1,521,680	1,137,977	383,703
Accrued Salaries, Wages & Benefits	5,289,386	4,933,472	355,914
Accrued Interest and Sales Tax	261,509	618,349	(356,839)
Deferred Income	0	44,416	(44,416)
Due to 3rd Party Payors	3,396,997	3,829,497	(432,500)
Due to Specific Purpose Funds	-	-	-
Total Current Liabilities	12,867,529	10,645,539	2,221,990

Long Term Debt, Net of Current Maturities	47,955,050	50,353,007	(2,397,957)
Bond Premium	1,132,201	1,140,210	(8,008)
Accreted Interest	8,213,924	8,103,375	110,549
Total Long Term Debt	57,301,176	59,596,592	(2,295,416)

Net Assets

Unrestricted Net Assets less Income Clearing	54,151,769	49,814,135	4,337,634
Temporarily Restricted	893,342	893,325	17
Net Income (Income Clearing)	797,182	1,073,106	(275,924)
Total Net Assets	55,842,294	51,780,566	4,061,727

Total Liabilities and Net Assets	126,010,998	122,022,697	3,988,301
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NORTHERN INYO HOSPITAL
 OPERATING STATISTICS (Preliminary)
 for period ending June 2015

	FYE 2015		FYE 2014	Variance	
	Month to Date	Year-to-Date	Year-to-Date	from PY	
Licensed Beds	25	25	25		
Total Patient Days with NB	402	4,144	3,070	1,074	35%
Swing Bed Days	107	862	173	689	
Discharges with NB	107	1,263	1,145	118	
Days in Month	30	365	365		
Occupancy	13.40	11.35	8.41	3	
Average Stay (days)	3.76	3.28	2.68	1	
Hours of Observation (OSHDP)*	1,063	7,668	8,095	(427)	
Observation Adj Days	44	320	337	(18)	
ER Visits (OSHDP)	726	7,948	7,746	202	
Outpatient Visits (OSHDP)	9,262	37,684	38,545	(861)	
IP Surgeries (OSHDP)	67	270	294	(24)	
OP Surgery (OSHDP)	244	1,043	1,050	(7)	
Worked FTE's	296.00	298.00	321.00	(23)	
Paid FTE's	336.00	337.00	367.00	(30)	
Payor %					
Medicare		42%	43%	-1%	
Medi-Cal		21%	17%	5%	
Insurance, HMO & PPO		34%	36%	-2%	
Indigent (Charity Care)		0.4%	1%	-1%	
All Other		2%	3%	-1%	
Total		<u>100%</u>	<u>100%</u>		

***Observation Hours have been corrected for the year**

Investments as of 6/30/2015

ID	Purchase Date	Maturity Date	Institution	Broker	Rate	Principal Invested
1	02-Jun-15	01-Jul-15	LAIF (Walker Fund)	Northern Inyo Hospital	0.30%	323,344.36
3	22-Jun-15	01-Jul-15	Local Agency Investment Fund	Northern Inyo Hospital	0.30%	10,328,916.12
4	16-Apr-14	15-Oct-16	Wachovia Corp New Note	Multi-Bank Service	1.38%	552,142.50
SHORT TERM INVESTMENTS						11,204,402.98
5	13-Jun-14	13-Jun-18	Synchrony Bank Retail-FNC	Financial Northeaster Corp.	1.60%	250,000.00
6	28-Nov-14	28-Nov-18	American Express Centurion Bank	Financial Northeaster Corp.	2.00%	150,000.00
7	02-Jul-14	02-Jul-19	Barclays Bank	Financial Northeaster Corp.	2.05%	250,000.00
8	02-Jul-14	02-Jul-19	Goldman SachsBank USA NY CD	Financial Northeaster Corp.	2.05%	250,000.00
9	20-May-15	20-May-20	American Express Centurion Bank	Financial Northeaster Corp.	2.05%	100,000.00
LONG TERM INVESTMENTS						\$1,000,000.00
TOTAL INVESTMENTS						\$12,204,402.98
2	02-Jun-15	01-Jul-15	LAIF Defined Cont Plan	Northern Inyo Hospital	0.30%	389,121.83
TOTAL LAIF						11,041,382.31

NORTHERN INYO HOSPITAL
 OPERATING STATISTICS (Preliminary)
 for period ending June 2015

	FYE 2015		FYE 2014		
	Month to Date	Year-to-Date	Year-to-Date	Variance from PY	
Licensed Beds	25	25	25		
Total Patient Days with NB	402	4,144	3,070	1,074	35%
Swing Bed Days	107	862	173	689	
Discharges with NB	107	1,263	1,145	118	
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Hours of Observation (OSHDP)*	1,063	7,668	8,095	(427)	
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Outpatient Visits (OSHDP)	9,262	37,684	38,545	(861)	
IP Surgeries (OSHDP)	67	270	294	(24)	
OP Surgery (OSHDP)	244	1,043	1,050	(7)	
Worked FTE's	296.00	298.00	321.00	(23)	
Paid FTE's	336.00	337.00	367.00	(30)	
Payor %					
Medicare		42%	43%	-1%	
Medi-Cal		21%	17%	5%	
Insurance, HMO & PPO		34%	36%	-2%	
Indigent (Charity Care)		0.4%	1%	-1%	
All Other		2%	3%	-1%	
Total		<u>100%</u>	<u>100%</u>		

***Observation Hours have been corrected for the year**

Financial Indicators as of June 30, 2015										
	Target	Jun-15	May-15	Apr-15	Mar-15	Feb-15	Jan-15	Dec-14	Nov-14	Oct-14
Current Ratio	>1.5-2.0	2.55	3.01	3.20	3.21	3.41	3.46	3.04	2.62	2.69
Quick Ratio	>1.33-1.5	2.21	2.56	2.68	2.66	2.81	2.89	2.56	2.18	2.27
Days Cash on Hand prior method	>75	147.86	159.00	139.61	126.67	138.83	130.36	143.21	127.59	122.64
Days Cash on Hand Short Term Sources	>75	82.92	83.33	78.31	71.26	61.69	60.80	73.66	55.44	61.35
Debt Service Coverage	>1.5-2.0	1.97	2.02	2.16	1.94	1.93	1.97			
Debt Service Coverage as outlined in 2010 and 2013 Revenue Bonds require that the district has a debt service coverate ratio of 1.50 to 1 (can be 1:25 to 1 with 75 days cash on hand)										
Debt Service Coverage is calculated as Net Income (Profit/Loss) from the Income Statement PLUS Depreciation & Interest Expense added back divided by the Current Interest & Principle for TOTAL DEBT from the Debt Information divided by number of closed fiscal periods										
Current Ratio Equals (from Balance Sheet) Current Assets divided by Current Liabilities										
Quick Ratio Equals (from Balance Sheet) Current Assets;Cash and Equivalents through Net Patient Accounts Receivable Only divided by Current Liabilities										
Updated Days Cash on hand Short Term = current cash & short term investments / by total operating expenses year-to-date / by days in fiscal year										

BUDGET VARIANCE ANALYSIS

Jun-15 Fiscal Year Ending June 30, 2015

Year to date for the period ending June 30, 2015

	1074	or	35%	more IP days than in the prior fiscal year
\$	5,221,077	or	14.34%	over budget in IP Ancillary Revenue and
\$	3,575,600	or	4.5%	over budget in OP Revenue resulting in
\$	8,796,677	or	7.6%	over budget in gross patient revenue &
\$	(2,446,475)	or	-3.2%	under budget in net patient revenue

Year-to-date Net Revenue was	\$	73,208,698
Total Operating Expenses were:	\$	67,442,918

for the fiscal year to date

\$	(1,413,873)	or	-2.1%	under budget. Wages and Salaries were
\$	(2,061,967)	or	-8.7%	under budget and Employee Benefits
\$	1,333,583	or	8.4%	over budget.

80% Employee Benefits Percentage of Wages

The following expense areas were also over budget for the year for reasons listed:

\$	1,333,583	or	8.4%	Employee Benefits due to funding of Defined Contribution Plan & extremely high Health Claims
\$	1,235,115	or	54%	Interest Expense over budget due to Accretive Interest on Capital Appreciation Bonds
\$	238,016	or	3%	*Supplies due to Surgery Supplies Expense
\$	74,274	or	2%	**Depreciation due to Capitalized Interest

Other Information:

\$	6,449,744		Operating Income, less
\$	(5,652,561)		loss in non-operating activities created a net income of;
\$	797,182	\$ (699,742)	under budget.
		41.48%	Contractual Percentages for Year and
		34.96%	Budgeted Contractual Percentages including
\$	2,124,348		in prior year cost report settlement activity for Medicare & Medi-Cal and the associated reduction in 3rd party liabilities for open years

Non-Operating actives included:

\$	(4,703,868)	loss	\$	886,951	under budget in Medical Office Activities & Over Budget on Interest Expense
\$	377,915		\$	(136,802)	under budget in 340B Pharmacy Activity

Contractual Percentage Information

Month Percentage	Year Percentage
31%	41%

Our Interim Cost Report to Medicare resulted in a payable to Medicare of \$2 Million which is reflected in the higher contractual percentage

*During the year-end inventory counts, we identified problems related to the method being used for management of the surgery inventory related to surgical supplies. This caused ~\$984,000 in additional expenses for supplies. Surgery believes they understand the problem and will be doing cycle counts of inventory during the upcoming year.

**While re-opening and filing cost reports for the accretive interest for the Capital Appreciation Bonds, we identified that \$4 Million of capitalized interest for the building project was identified causing the increase in depreciation and the large increase of assets on the Balance Sheet.

NORTHERN INYO HOSPITAL RURAL HEALTH PHYSICIAN INCOME GUARANTEE AND PRACTICE MANAGEMENT AGREEMENT

This agreement ("Agreement") is made and entered into on _____ 2015, by and between Northern Inyo Healthcare District ("District) and Matthew Wise, M.D. ("Physician").

RECITALS

- A. District, which is organized and exists under the California Local Health Care District Law, *Health & Safety Code Section 32000, et seq.*, operates Northern Inyo Hospital ("Hospital"), a general acute care hospital serving northern Inyo County, California, including the communities of Bishop and Big Pine.
- B. The District Board of Directors has found, by Resolution No. 09-01, that it will be in the best interests of the public health of the aforesaid communities to obtain a licensed Obstetrician Gynecologist ("OB/GYN") to practice in said communities, on the terms and conditions and surgeon who is a board-certified/eligible specialist in the practice of obstetrics and set forth below.
- C. Physician is a physician and surgeon, engaged in the private practice of medicine, licensed to practice medicine in the State of California and certified by the American Board of Obstetrics and Gynecology. Physician desires to continue to operate his practice ("Practice") in Bishop, California, and practice OB/GYN in the aforesaid communities.

IN WITNESS WHEREOF, THE PARTIES AGREE AS FOLLOWS:

I.

COVENANTS OF PHYSICIAN

Physician shall continue to operate his Practice in medical offices ("Offices") provided by District in Bishop, California. Physician shall operate his practice for the "Term" (as such term is defined in Section 4.01 below) of this Agreement, and provide and comply with the following:

- 1.01. **Services.** Physician shall provide Hospital with the benefit of his direct patient care expertise and experience, and shall render the scope of services described in Exhibit "A" attached hereto and incorporated by reference herein. Physician shall provide Hospital with patient medical record documentation of all direct patient care services rendered hereunder; such documentation shall be submitted to Hospital on an ongoing basis, and shall be in the form, and contain the information, reasonably requested by the Hospital such that a complete medical record can be assembled.
- 1.02. **Limitation on Use of Space.** Physician shall use no part of any of the Offices for anything other than for the private practice of OB/GYN medicine unless specifically agreed to, in writing, by the parties.

1.03. Medical Staff Membership and Service: Physician shall:

- a) Apply for and maintain Provisional or Active Medical Staff (“Medical Staff”) membership with OB/GYN and OB/GYN surgical privileges sufficient to support a part time OB/GYN practice, for the Term of this Agreement.
- b) Provide on-call coverage to the Hospital’s Emergency Services within the scope of privileges granted to him by Hospital and as required by the Hospital Medical Staff. Physician shall not be required to provide more than twenty-five percent (25%) of the annual call in weekly increments unless otherwise agreed upon from time to time.
- c) Maintain books, records, documents, and other evidence pertaining to all costs and expenses incurred, and revenue acquired, pursuant to this Agreement to the extent, and in such detail, as will properly reflect all net costs, direct and indirect, of labor, materials, equipment, supplies, and services, and other costs and expenses of whatever nature, for which he may claim payment or reimbursement from the District. Physician acknowledges and agrees that any federal office authorized by law shall have access, for the purpose of audit and examination, to any books, documents, papers, and records of Physician which are relevant to this Agreement, at all reasonable times for a period of four (4) years following the termination of this Agreement, during which period Physician shall preserve and maintain said books, documents, papers, and records. Physician further agrees to transfer to the District, upon termination of this Agreement, any books, documents, papers or records which possess long-term [*i.e.*, more than four (4) years] value to the Hospital. Physician shall include a clause providing similar access in any sub-contract he may enter with a value of more than Ten Thousand Dollars (\$10,000) or for more than a twelve (12) month period, when said sub-contract is with a related organization.
- d) At all times comply with all relevant policies, rules and regulations of the Hospital, subject to California and federal statutes governing the practice of medicine.
- e) District expressly agrees that said services might be performed by such other qualified physicians as the Physician may employ or otherwise provide so long as each such physician has received proper training, is properly licensed, has been granted privileges by the Hospital Medical Staff, and has received approval in writing from the Hospital.

II. COVENANTS OF THE DISTRICT

2.01. Hospital Services.

- a) Space. District shall make the Offices available for the operation of Physician’s Practice either through a direct let or through an arrangement with a landlord.
- b) Equipment. In consultation with Physician, Hospital shall provide all equipment as may be reasonably necessary for the proper operation and conduct of Physician's Practice at the Offices. Hospital shall repair, replace or supplement such equipment and maintain it in good working order.

- 2.02. **General Services.** District shall furnish ordinary janitorial services, maintenance services, and utilities, including telephone service, as may be required for the proper operation and conduct of Physician's Practice
- 2.03. **Supplies.** District shall purchase and provide all supplies as may be reasonably required for the proper treatment of Physician's Practice patients. Physician shall inform Hospital of supply needs in a timely manner and shall manage the use of supplies in an efficient manner that promotes quality and cost-effective patient care.
- 2.04. **Personnel.** District shall determine the initial number and types of employees and place them in the Practice initially. Physician and Hospital will mutually agree to subsequent staffing requirements.
- 2.05. **Business Operations.** District shall be responsible for all business operations related to operation of the Practice, including personnel management, billing and payroll functions. Physician will provide the appropriate billing codes, which will be used unless changed by the mutual consent of the Physician and Hospital. Hospital will incur and pay all operating expenses of the Practice.
- 2.06. **Hospital Performance.** The responsibilities of District under this Article shall be subject to District's usual purchasing practices and applicable laws and regulations.
- 2.07. **Practice Hours.** The District desires, and Physician agrees, that Physician's Practice shall operate on a part time basis, maintaining hours of operation in keeping with the part time practice of one OB/GYN surgeon while permitting a surgery schedule sufficient to service the patients of the Practice. Specific shifts will be scheduled according to normal operating procedures of the Practice and will be mutually agreed upon by Hospital and Physician.

Physician will specifically provide a total of 16 weeks per year allocated, on an annual and concurrent basis, as follows:

- 13 weeks of GYN /OB/C-Section call.
- 16 weeks of clinic service depending on the needs of the patients.
- 16 weeks of surgical services.

Physician shall receive 36 weeks per year paid time off during which time Physician must accomplish any licensure, CME, and any other absence hours-such as vacation, illness, jury duty, bereavement, etc.

Physician agrees to coordinate his schedule with any other physician(s) contracted by the Hospital for like services.

III.

COMPENSATION

- 3.01. Minimum Income Guarantee.** At all times during the Term of this Agreement, including any extensions or renewals hereof, District shall guarantee Physician an annual income of no less than \$147,812.60. Compensation from District shall be payable to Physician at the higher of (a) the Minimum Income Guarantee amount paid at the rate of \$5,685.10 every two (2) weeks. Additionally, Physician will be entitled to a \$500 per day stipend for taking any C-Section call in excess of 13 weeks per year. All payments shall be made on the same date as the District normally pays its employees.
- 3.02. Malpractice Insurance.** At all times during the Term of this Agreement, including any extensions or renewals hereof, District will secure and maintain malpractice insurance for the benefit of the physician with limits of no less than \$1 million per occurrence and \$3 million per year. Tail coverage will also be provided.
- 3.03. Health Insurance.** At all times during the Term of this Agreement, including any extensions or renewals hereof, Physician will be (i) admitted to the Hospital's self-funded Medical Dental Vision Benefit Plan and be provided the benefits contained therein as if he were an employee of District. Physician will be responsible for physician portion and will not be eligible for employee discounts.
- 3.04. Billing for Professional Services.** Subject to Section 2.05 above, Physician assigns to District all claims, demands and rights of Physician to bill and collect for all professional services rendered to Practice patients, for all billings for surgical services, for all billings consulting performed or provided by the Physician. Physician acknowledges that Hospital shall be solely responsible for billing and collecting for all professional services provided by Physician to Practice patients at Practice and for all surgical services performed at the District, and for managing all Practice receivables and payables, including those related to Medicare and MediCal beneficiaries. Physician shall not bill or collect for any services rendered to Practice patients or Hospital patients, and all Practice receivables and billings shall be the sole and exclusive property of Practice. In particular, any payments made pursuant to a payer agreement (including co-payments made by patients) shall constitute revenue of the Practice. In the event payments are made to Physician pursuant to any payer agreement, Physician shall promptly remit the payments directly to District.

IV.

TERM AND TERMINATION

- 4.01. Term.** The term ("Term") of this Agreement shall be two (2) years beginning at 12:01 a.m. on 8/9/2015 and expiring at 12:00 a.m. on 8/8/2017.
- 4.02. Termination.** Notwithstanding the provisions of Section 4.01, this Agreement may be terminated:
- a). By Hospital or Physician at any time, without cause or penalty, upon one hundred and eighty (180) days' prior written notice to the Hospital;

b). Immediately by Hospital in its sole discretion if Physician fails to maintain the professional standards described in Article V of this Agreement;

c). Immediately upon permanent closure of the Hospital;

d). By either party upon written notice to the other party in the event that any federal, state or local government or agency passes, issues or promulgates any law, rule, regulation, standard or interpretation at any time while this Agreement is in effect that prohibits, substantially restricts, substantially limits or in any way substantially changes the arrangement contemplated herein or which otherwise significantly affects either party's rights or obligations under this Agreement; provided that in such event, Hospital must give notice to Physician equal to that provided to Hospital by the relevant federal, state or local government or agency. If this Agreement can be amended to the satisfaction of both parties to compensate for any such prohibition, restriction, limitation or change, this clause shall not be interpreted to prevent such amendment; or

e). By either party in the event of a material breach by the other party and, in such event, the non-breaching party shall have the right to terminate this Agreement after providing thirty (30) days' written notice to the breaching party, unless such breach is cured to the reasonable satisfaction of the non-breaching party within the thirty (30) days; or

f). Should Hospital fail to pay Physician any monetary benefits as defined in this Agreement and/or fail to provide non-monetary benefits as defined in this Agreement, within ten (10) days of the date such amount was due and payable, Physician may terminate this Agreement by providing ten (10) days prior written notice.

4.03. Rights Upon Termination. Upon any termination or expiration of this Agreement, all rights and obligations of the parties shall cease except those rights and obligations that have accrued or expressly survive termination.

4.04. Post Termination Patient Care. Upon termination or expiration of this Agreement, until such time as the District has made medically appropriate referrals of any of Physician's patients who continue to need his services, District shall continue to compensate Physician for the services that he renders to such patients at the rate of 50% of all fees collected for such services and shall pay within ten (10) days of receipt.

V.

PROFESSIONAL STANDARDS

5.01. Medical Staff Membership. It is a condition of this Agreement that Physician maintains Active Medical Staff membership on the Hospital Medical Staff with appropriate clinical privileges and maintains such membership and privileges throughout the Term of this Agreement.

5.02. Licensure and Standards. Physician shall:

a) At all times be licensed to practice medicine in the State of California;

b) Comply with all policies, bylaws, rules and regulations of Hospital, Hospital Medical Staff, and Practice, including those related to documenting all advice to patients and proper sign-off of lab and X-ray reports;

c) Be a member in good standing of the Provisional or Active Medical Staff of Hospital;

d) Maintain professional liability coverage in an amount required for membership on the Active

Medical Staff of Hospital, at District's sole expense;

- e) Participate in continuing education as necessary to maintain licensure and the current standard of practice; and
- f) Comply with all applicable laws, rules and regulations of any and all governmental authorities, and applicable standards and recommendations of the Joint Commission.
- g) At all times conduct himself, professionally and publicly, the same as a reasonable physician acting under the same or similar circumstances, and in accordance with the standards of, the American College of Obstetricians and Gynecologists, the Hospital Medical Staff, and the District. Further, he shall not violate any California law which prohibits (1) driving a motor vehicle under the influence of alcohol or prescription drugs or the combined influence of such substances, (2) unlawful use of controlled substances, (3) being intoxicated in a public place in such a condition as to be a danger to himself or others, and/or (4) conduct justifying imposition of an injunction prohibiting harassment of Hospital employees in their workplace. Entry of any injunction, judgment, or order against Physician based upon facts, which constitutes the above offenses, shall be a material breach of this Agreement.

5.03 Amendment of Standards. None of the policies, bylaws, rules and regulations of Hospital, Hospital Medical Staff, or Practice shall be altered without Physician's consent. [(or, as a backup position) shall be altered without providing Physician advance notice and a meaningful opportunity to object.]

VI.

RELATIONSHIP BETWEEN THE PARTIES

6.01. Professional Relations.

- a) Independent Contractor. No relationship of employer and employee is created by this Agreement. In the performance of Physician's work and duties, Physician is at all times acting and performing as an independent contractor, practicing the profession of medicine. District shall neither have nor exercise control or direction over the methods by which Physician performs professional services pursuant to this Agreement; provided, however, that Physician agrees that all work performed pursuant to this Agreement shall be in strict accordance with currently approved methods and practices in Physician's professional specialty and in accordance with the standards set forth in this Agreement.
- b) Benefits. Except as specifically set forth in this Agreement, it is understood and agreed that Physician shall have no claims under this Agreement or otherwise against Hospital for social security benefits, worker's compensation benefits, or any other employee benefit of any kind. In addition, Hospital shall have no obligation to reimburse Physician for any costs or expenses associated with Physician's compliance with continuing medical education requirements.

6.02. Responsibility for Own Acts. Each party will be responsible for its own acts or omissions and all claims, liabilities, injuries, suits, demands and expenses for all kinds which may result or arise out of any malfeasance or neglect, caused or alleged to have been caused by either party, their employees or representatives, in the performance or omission of any act or responsibility of either party under this contract. In the event that a claim is made against both parties, it is the intent of both parties to cooperate in the defense of said claim and to cause their insurers to do

likewise. However, both parties shall have the right to take any and all actions they believe necessary to protect their interest.

- 6.03 **Disclosure of Physician's Information**. Neither District nor Hospital may disclose any information provided by, or about, Physician in connection with any credentialing or peer review deliberations unless such disclosure is otherwise required by law.

VII.

GENERAL PROVISIONS

- 7.01. **No Competition**. For a period of six (6) months after this Agreement has been terminated by District for cause, Physician will not, directly or indirectly, solicit or accept employment with the same or similar duties as under this Agreement, with any person, medical group or any other entity that is a competitor with District, or enter into competition with District, either by himself or through any entity owned or managed, in whole or in part by Physician within a sixty (60) mile radius of Hospital. Physician further acknowledges that in the event this section is determined to be unenforceable by a court of competent jurisdiction, the parties agree that this provision shall be deemed to be amended to any lesser area or duration as determined by any court of competent jurisdiction and that the remaining provisions shall be valid and enforceable.
- 7.02. **Access to Records**. To the extent required by Section 1861(v)(i)(I) of the Social Security Act, as amended, and by valid regulation which is directly applicable to that Section, Physician agrees to make available upon valid written request from the Secretary of HHS, the Comptroller General, or any other duly authorized representatives, this Agreement and the books, documents and records of Physician to the extent that such books, documents and records are necessary to certify the nature and extent of Hospital's costs for services provided by Physician.

Physician shall also make available such subcontract and the books, documents, and records of any subcontractor if that subcontractor performs any of the Physician's duties under this Agreement at a cost of \$10,000.00 or more over a twelve (12) month period and if that subcontractor is organizationally related to Physician.

Such books, documents, and records shall be preserved and available for four (4) years after the furnishing of services by Physician pursuant to this Agreement. If Physician is requested to disclose books, documents or records pursuant to this subsection for purposes of an audit, Physician shall notify Hospital of the nature and scope of such request, and Physician shall make available, upon written request of Hospital, all such books, documents or records. Physician shall indemnify and hold harmless Hospital in the event that any amount of reimbursement is denied or disallowed because of the failure of Physician or any subcontractor to comply with its obligations to maintain and make available books, documents, or records pursuant to this subsection. Such indemnity shall include, but not be limited to the amount of reimbursement denied, plus any interest, penalties and legal costs.

This section is intended to assure compliance with Section 1861 of the Social Security Act, as amended, and regulations directly pertinent to that Act. The obligations of Physician under this section are strictly limited to compliance with those provisions, and shall be given effect only to the extent necessary to insure compliance with those provisions. In the event that the requirements or those provisions are reduced or eliminated, the obligations of the parties under this section shall

likewise be reduced or eliminated.

- 7.03. **Amendment**. This Agreement may be amended at any time by mutual agreement of the parties, but any such amendment must be in writing, dated, and signed by both parties.
- 7.04. **No Referral Fees**. No payment or other consideration shall be made under this Agreement for the referral of patients, by Physician, to Hospital or to any nonprofit corporation affiliated with District.
- 7.05. **Repayment of Inducement**. The parties stipulate and agree that the income guaranteed to Physician under this Agreement, the covenants of the District to provide office space, and the covenant of Hospital to provide personal, equipment, and certain other benefits, are the minimum required to enable Physician to relocate himself and his practice to Bishop, California; that he is not able to repay such inducement, and that no such repayment shall be required.
- 7.06. **Assignment**. Physician shall not assign, sell, transfer or delegate any of the Physician's rights or duties, including by hiring or otherwise retaining additional physicians to perform services pursuant to this Agreement, without the prior written consent of Hospital.
- 7.07. **Attorneys' Fees**. If any legal action or other proceeding is commenced, by either party, to enforce rights, duties, and/or responsibilities under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs.
- 7.08. **Choice of Law**. This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.09. **Exhibits**. All Exhibits attached and referred to herein are fully incorporated by this reference.
- 7.10. **Notices**. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:
- Hospital: Chief Executive Officer, Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514
- Physician: Mathew Wise, MD
186 Edwards Street, Apartment 4
Bishop, CA 93514
- 7.11. **Attorneys' Fees**. If any legal action or other proceeding is commenced, by either party, to enforce rights, duties, and/or responsibilities under this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs.
- 7.12. **Choice of Law**. This Agreement shall be construed in accordance with, and governed by, the laws of the State of California.
- 7.13. **Exhibits**. All Exhibits attached and referred to herein are fully incorporated by this reference.

7.14. Notices. All notices or other communications under this Agreement shall be sent to the parties at the addresses set forth below:

Hospital: Chief Executive Officer, Northern Inyo Hospital
150 Pioneer Lane
Bishop, CA 93514

Physician: Mathew Wise, MD
186 Edwards Street, Apartment 4
Bishop, CA 93514

Notice may be given either personally or by first-class mail, postage prepaid, addressed to the party designated above at the address designated above, or an address subsequently specified in writing by the relevant party. If given by mail, notice shall be deemed given two (2) days after the date of the postmark on the envelope containing such notice.

7.15. Records. All files, charts and records, medical or otherwise, generated by Physician in connection with services furnished during the Term of this Agreement are the property of Physician's Practice. Physician agrees to maintain medical records according to Practice policies and procedures and in accordance with community standards. Each party agrees to maintain the confidentiality of all records and materials in accordance with all applicable state and federal laws. Hospital agrees to permit Physician to have access, during or after the Term of the Agreement, to medical records generated by Physician if necessary in connection with claims, litigation, investigations, or treatment of patients.

7.16. Prior Agreements. This Agreement represents the entire understanding and agreement of the parties as to those matters contained in it. No prior oral or written understanding shall be of any force or effect with respect to the matters contained in this Agreement.

7.17. Referrals. This Agreement does not impose any obligation or requirement that Hospital shall make any referral of patients to Physician or that Physician shall make any referral of patients to Hospital. The payment of compensation pursuant to section 3.01 is not based in any way on referrals of patients to Hospital.

7.18. Severability. If any provision of this Agreement is determined to be illegal or unenforceable, that provision shall be severed from this Agreement, and the remaining provisions shall remain enforceable between the parties.

7.19. Waiver. The failure of either party to exercise any right under this Agreement shall not operate as a waiver of that right.

7.20. Gender and Number. Use of the masculine gender shall mean the feminine or neuter, and the plural number the singular, and vice versa, as the context shall indicate.

7.21. Authority and Executive. By their signature below, each of the parties represent that they have the authority to execute this Agreement and do hereby bind the party on whose behalf their execution is made.

7.22. Construction. This Agreement has been negotiated and prepared by both parties and it shall be assumed, in the interpretation of any uncertainty, that both parties caused it to exist.

This agreement may be executed in counterparts, each of which shall be an original but all of which shall constitute one and the same agreement.

NORTHERN INYO HEALTHCARE DISTRICT:

By: _____
Victoria Alexander-Lane
Chief Executive Officer

PHYSICIAN:

By: _____
Mathew Wise, M.D.

EXHIBIT A SCOPE OF DUTIES OF THE PHYSICIAN

POSITION SUMMARY

The Physician is a Member of the Northern Inyo Hospital Active Medical Staff and the Clinic multi-disciplinary care team. Physician provides direct primary medical diagnosis and treatment to Practice and Hospital patients. The Physician will provide services commensurate with the equivalent of a part time Obstetrical and Gynecological Practice. Part time shall mean regularly scheduled office hours to meet the service area demand and performance of surgeries as may be required. All time off will be coordinated with Call coverage such that scheduled time off will not conflict with the Physician's call requirement.

Specifically, the Physician will:

1. Provide high quality primary medical care services.
2. Direct the need for on-going educational programs that serve the patient.
3. Evaluate and develop treatment plans to facilitate the individual healthcare needs of each patient.
4. Work with all Practice personnel to meet the healthcare needs of all patients.
5. Assess, evaluate, and monitor on-going health care and medication of Practice patients.
6. Manage all Obstetrical and Gynecological medical and surgical emergencies.
7. Participate in professional development activities and maintain professional affiliations.
8. Participate with Hospital to meet all federal and state Rural Health Clinic regulations.
9. Accept emergency call as provided herein.