



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday, February 7, 2023

6:00 PM

Modular C Classroom

600 N. Highland Springs Avenue, Banning, CA 92220

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at (951) 769-2160. **Notification 48 hours prior to the meeting** will enable the Healthcare District to make reasonable arrangements to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].

TAB

I. Call to Order

D. Tankersley, Chair

II. Public Comment

A five-minute limitation shall apply to each member of the public who wishes to address the Healthcare District Board of Directors on any matter under the subject jurisdiction of the Board. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Board Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the Healthcare District Board of Directors, we want you to know that the Board acknowledges the comments or concerns that you direct to this Board. While the Board may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the Hospital CEO, or other Hospital Executive personnel, to do further research and report back to the Board prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board’s part; a response will be forthcoming.

NOTE: ALL MEMBERS OF THE SAN GORGONIO MEMORIAL HOSPITAL BOARD OF DIRECTORS ARE INVITED PARTICIPANTS AND MAY ADDRESS THE SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT BOARD OF DIRECTORS AT ANY TIME DURING THIS MEETING.

TAB

OLD BUSINESS

III. * **Proposed Action - Approve Minutes**

All

- January 3, 2023, regular meeting

A

NEW BUSINESS

- | | | | |
|------------|---|---------------|--------|
| IV. | *Proposed Action - Approve December 2022 Financial Report <ul style="list-style-type: none">▪ ROLL CALL | M. Kammer | B |
| | <ul style="list-style-type: none">• Informational: Measure A Funds Report – December 2022 | | C |
| V. | Quarterly Common Area Maintenance (CAM) Fees Report | M. Kammer | D |
| VI. | *Proposed Action – Adopt Resolution No. 2023-02
(Change in banking authorized signers) <ul style="list-style-type: none">▪ ROLL CALL | M. Kammer | E |
| VII. | *Proposed Action – Approve Professional Services agreement with
Walter P. Moore to constitute critical and mandatory
steps toward obtaining seismic compliance beyond 2030. <ul style="list-style-type: none">▪ ROLL CALL | D. Tankersley | F |
| VIII. | Annual Completion of FPPC Statement of Economic Interest (Form 700)
For 2022 (completed forms due back by March 10, 2023) | D. Tankersley | verbal |
| IX. | General Information | | |
| *** | ITEMS FOR DISCUSSION/APPROVAL IN CLOSED SESSION | D. Tankersley | |
| | <ul style="list-style-type: none">➤ Proposed Action – Approve Medical Staff Credentialing
(<i>Health & Safety Code §32155; and Evidence Code §1157</i>) | | |
| X. | ADJOURN TO CLOSED SESSION | | |
| | RECONVENE TO OPEN SESSION | | |
| *** | REPORT ON ACTIONS TAKEN DURING CLOSED SESSION | D. Tankersley | |
| XI. | Future Agenda Items | | |
| XII. | Adjournment | D. Tankersley | |

***Action Required**

In accordance with The Brown Act, *Section 54957.5*, all public records relating to an agenda item on this agenda are available for public inspection at the time the document is distributed to all, or a majority of all, members of the Board. Such records shall be available at the Healthcare District Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Certification of Posting

San Geronio Memorial Healthcare District
Board of Directors Regular Meeting
February 7, 2023

I certify that on February 3, 2023, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Geronio Memorial Healthcare District, and on the San Geronio Memorial Hospital website, said time being at least 72 hours in advance of the regular meeting of the Board of Directors (*Government Code Section 54954.2*).

Executed at Banning, California on February 3, 2023



Ariel Whitley, Executive Assistant

TAB A

REGULAR MEETING OF THE
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
BOARD OF DIRECTORS

January 3, 2023

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors was held on Tuesday, January 3, 2023, in Modular C meeting room, 600 N. Highland Springs Avenue, Banning, California.

Members Present: Randal Stevens, Lanny Swerdlow, Dennis Tankersley (Chair)

Members Absent: Shannon McDougall, Darrell Petersen

Required Hospital: Steve Barron (CEO), Pat Brown (CNO/COO), Annah Karam (CHRO), Margaret Kammer (Controller), Ariel Whitley (Executive Assistant)

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
Call To Order	Chair, Dennis Tankersley called the meeting to order at 6:06 pm.													
Public Comment	No public comment.													
OLD BUSINESS														
Proposed Action - Approve Minutes December 6, 2022, regular meeting.	Chair, Dennis Tankersley asked for any changes or corrections to the minutes of the December 6, 2022, regular meeting. There were none.	The minutes of the December 6, 2022, regular meeting will stand correct as presented.												
NEW BUSINESS														
Proposed Action – Approve the November 2022 Financial Report	Margaret Kammer reviewed the November 2022 Finance Report. This was included as a handout. BOARD MEMBER ROLL CALL: <table border="1" style="margin-left: 20px;"> <tr> <td>McDougall</td> <td>Yes</td> <td>Petersen</td> <td>Absent</td> </tr> <tr> <td>Stevens</td> <td>Absent</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	McDougall	Yes	Petersen	Absent	Stevens	Absent	Swerdlow	Yes	Tankersley	Yes	Motion carried.		M.S.C., (Tankersley/Swerdlow), the SGMHD Board of Directors approved the November 2022 Financial report as presented.
McDougall	Yes	Petersen	Absent											
Stevens	Absent	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												
• Informational - Measure A expenditures – November 2022	Chair Tankersley noted that a copy of the Measure A funds and expenditures – November 2022 was given as a handout.													

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
Reminder – All Healthcare District Board Members Annual Execution of Confidentiality and Nondisclosure Agreement	Chair Tankersley noted that the Confidentiality and Nondisclosure Agreement is presented annually for each board member’s signature. These were given to each Board Member to return to Ariel Whitley.													
Proposed Action – Annual Approval of District Bylaws	Chair Tankersley noted that the bylaws require that the Board review and approve their bylaws annually. He asked if there were any suggested changes to the current District Board Bylaws. It was noted that staff had no recommended changes. No changes were recommended. BOARD MEMBER ROLL CALL: <table border="1" data-bbox="407 835 1214 953"> <tr> <td>McDougall</td> <td>Yes</td> <td>Petersen</td> <td>Absent</td> </tr> <tr> <td>Stevens</td> <td>Absent</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	McDougall	Yes	Petersen	Absent	Stevens	Absent	Swerdlow	Yes	Tankersley	Yes	Motion carried.		M.S.C., (Tankersley/Swerdlow) the SGMHD Board of Directors approved their bylaws as presented.
McDougall	Yes	Petersen	Absent											
Stevens	Absent	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												
2023 Slate of Officers	Chair Tankersley noted that a copy of the 2022 Slate of Officers was included on the board tablet.													
Proposed Action – Nominate/Approve 2023 District Board Chair	Lanny Swerdlow nominated Dennis Tankersley as the Healthcare District Board Chair. BOARD MEMBER ROLL CALL: <table border="1" data-bbox="407 1276 1214 1394"> <tr> <td>McDougall</td> <td>Yes</td> <td>Petersen</td> <td>Absent</td> </tr> <tr> <td>Stevens</td> <td>Absent</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Abstain</td> <td colspan="2">Motion carried.</td> </tr> </table>	McDougall	Yes	Petersen	Absent	Stevens	Absent	Swerdlow	Yes	Tankersley	Abstain	Motion carried.		M.S.C., (Swerdlow/McDougall), the SGMHD Board of Directors approved Dennis Tankersley as the 2023 District Board Chair.
McDougall	Yes	Petersen	Absent											
Stevens	Absent	Swerdlow	Yes											
Tankersley	Abstain	Motion carried.												
Proposed Action – Nominate/Approve 2023 District Board Vice Chair	Dennis Tankersley nominated Lanny Swerdlow as the Healthcare District Board Vice Chair. BOARD MEMBER ROLL CALL: <table border="1" data-bbox="407 1604 1214 1722"> <tr> <td>McDougall</td> <td>Yes</td> <td>Petersen</td> <td>Absent</td> </tr> <tr> <td>Stevens</td> <td>Absent</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	McDougall	Yes	Petersen	Absent	Stevens	Absent	Swerdlow	Yes	Tankersley	Yes	Motion carried.		M.S.C., (Dennis/McDougall), the SGMHD Board of Directors approved Lanny Swerdlow as the 2023 District Board Vice Chair.
McDougall	Yes	Petersen	Absent											
Stevens	Absent	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p>Proposed Action – Nominate/Approve 2023 District Board Secretary/Treasurer</p>	<p>Lanny Swerdlow nominated Shannon McDougall as the Healthcare District Board Secretary/Treasurer.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="407 457 1214 573"> <tr> <td>McDougall</td> <td>Yes</td> <td>Petersen</td> <td>Absent</td> </tr> <tr> <td>Stevens</td> <td>Absent</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	McDougall	Yes	Petersen	Absent	Stevens	Absent	Swerdlow	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C., (Swerdlow/Tankersley), the SGMHD Board of Directors approved Shannon McDougall as the 2023 District Board Secretary/Treasurer.</p>
McDougall	Yes	Petersen	Absent											
Stevens	Absent	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												
<p>Proposed Action – Recommend Approval to the Healthcare District Board of Resolution No. 2023-01, a resolution approving the form and authorizing the execution and delivery of a first amendment to line of credit with First Foundation Public Finance, a Delaware Statutory Trust and a wholly-owned subsidiary of First Foundation Bank and approving certain other actions.</p>	<p>Danial Heckathorne reviewed and explained Resolution No. 2023-01, a resolution approving the form and authorizing the execution and delivery of a first amendment to line of credit with First Foundation Public Finance, a Delaware Statutory Trust and a wholly owned subsidiary of First Foundation Bank and approving certain other actions.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="407 978 1214 1094"> <tr> <td>McDougall</td> <td>Yes</td> <td>Petersen</td> <td>Absent</td> </tr> <tr> <td>Stevens</td> <td>Absent</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	McDougall	Yes	Petersen	Absent	Stevens	Absent	Swerdlow	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C. (Tankersley/McDougall), the SGMHD Board of Directors voted to approve Resolution No. 2023-01, a resolution approving the form and authorizing the execution and delivery of a first amendment to line of credit with First Foundation Public Finance, a Delaware Statutory Trust and a wholly owned subsidiary of First Foundation Bank and approving certain other actions.</p>
McDougall	Yes	Petersen	Absent											
Stevens	Absent	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												
<p>Proposed Action – Recommend Approval to the Healthcare District Board of the replacement of SGMH’s Acudose ADCs with Omnicell ADCs at the current price of \$562,831.60 plus taxes and shipping.</p>	<p>The Hospital Board is recommending that SGMH replaces the Acudose ADCs with Omnicell ADCs at the current price of \$562,831.60 plus taxes and shipping.</p> <p>A Purchase Order to secure this price is required to be generated before December 30, 2022 and will include the language “Subject to final Board approval”.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="407 1818 1214 1934"> <tr> <td>McDougall</td> <td>Yes</td> <td>Petersen</td> <td>Absent</td> </tr> <tr> <td>Stevens</td> <td>Absent</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	McDougall	Yes	Petersen	Absent	Stevens	Absent	Swerdlow	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C. (Tankersley/Swerdlow), the SGMHD Board of Directors voted to approve the replacement of SGMH’s Acudose ADCs with Omnicell ADCs at the current price of \$562,831.60 plus taxes and shipping.</p>
McDougall	Yes	Petersen	Absent											
Stevens	Absent	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p>Proposed Action – Recommend Approval to the Healthcare District Board of the renewal of the 3M Software Coding Agreement.</p>	<p>SGMH has been using 3M coding software for many years. This software facilitates the coding needed for each medical chart. The coding is then used for billing purposes and reporting purposes. The current agreement expires on January 6, 2023.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="407 569 1214 684"> <tr> <td>McDougall</td> <td>Yes</td> <td>Petersen</td> <td>Absent</td> </tr> <tr> <td>Stevens</td> <td>Absent</td> <td>Swerdlow</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	McDougall	Yes	Petersen	Absent	Stevens	Absent	Swerdlow	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C. (Tankersley/Swerdlow), the SGMHD Board of Directors voted to approve the renewal of the 3M Software Coding Agreement.</p>
McDougall	Yes	Petersen	Absent											
Stevens	Absent	Swerdlow	Yes											
Tankersley	Yes	Motion carried.												
<p>General Information</p>	<p>None.</p>													
<p>Adjourn to Closed Session</p>	<p>Chair, Tankersley reported the items to be reviewed and discussed and/or acted upon during Closed Session will be:</p> <ul style="list-style-type: none"> ➤ Proposed Action – Approve Medical Staff Credentialing. <p>The meeting adjourned to Closed Session at 6:37 pm.</p>													
<p>Reconvene to Open Session</p>	<p>The meeting reconvened to Open Session at 6:40 pm.</p> <p>At the request of Chair, Tankersley, Ariel Whitley reported on the actions taken/ information received during closed session as follows:</p> <ul style="list-style-type: none"> ➤ Approved Medical Staff Credentialing 													
<p>Future Agenda Items</p>	<p>None.</p>													
<p>Adjournment</p>	<p>The meeting was adjourned at 6:40 pm.</p>													

In accordance with The Brown Act, *Section 54957.5*, all reports and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Healthcare District Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Minutes respectfully submitted by Ariel Whitley, Executive Assistant

TAB B



SAN GORGONIO
MEMORIAL HEALTHCARE
DISTRICT

December 2022 Unaudited Financial Report

FY 2023

Presented by:

M. Kammer

Page 1

**SAN GORGONIO MEMORIAL DISTRICT
BANNING, CALIFORNIA**

12/31/22

PAGE 2

FY 2023

	ACT CUR 12/31/22	BUD CUR 12/31/22	PRIOR YR 12/31/21	ACT YTD 12/31/22	BUD YTD 12/31/22	Prior YTD 12/31/21
Gross Patient Revenue						
Inpatient Routine Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Inpatient Ancillary Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Outpatient Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Long Term Care Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Home Health Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Total Gross Patient Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Discounts and Allowances						
Discounts and Allowances	\$0	\$0	\$0	\$0	\$0	\$0
Bad Debt Expense (Governmental Provic	\$0	\$0	\$0	\$0	\$0	\$0
Prior Year Settlements	\$0	\$0	\$0	\$0	\$0	\$0
Charity Care	\$0	\$0	\$0	\$0	\$0	\$0
Total Deductions From Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Net Patient Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Other Operating Revenue						
Other Operating Revenue	\$0	\$0	\$0	\$0	\$0	\$0
Clinic Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Tax Subsidies Measure D	\$246,994	\$246,994	\$233,333	\$1,481,963	\$1,481,963	\$933,332
Tax Subsidies Advelorum	\$154,500	\$154,500	\$150,000	\$927,000	\$927,000	\$600,000
Other Non-Operating Revenue - Grants	\$0	\$10,833	\$0	\$0	\$65,000	\$0
	\$401,494	\$412,327	\$383,333	\$2,408,963	\$2,473,963	\$1,532,332
EXPENSES						
Salaries and Wages	\$0	\$0	\$0	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0	\$0	\$0	\$0
Contract Labor	\$0	\$0	\$0	\$0	\$0	\$0
Physicians Fees	\$0	\$0	\$0	\$0	\$0	\$0
Purchased Services	\$134,079	\$7,104	\$37,272	\$140,238	\$42,625	\$159,302
Supply Expense	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$3,616	\$2,333	\$1,765	\$12,525	\$14,000	\$10,190
Repairs and Maintenance	\$10,638	\$10,667	\$6,500	\$60,054	\$64,000	\$43,984
Insurance Expense	\$0	\$0	\$0	\$0	\$0	\$0
All Other Operating Expenses	\$8	\$140,829	\$0	\$159,363	\$140,829	\$0
IGT Expense	\$0	\$0	\$0	\$0	\$0	\$0
Leases and Rentals	\$0	\$0	\$0	\$0	\$0	\$0
Clinic Expenses	\$0	\$0	\$0	\$0	\$0	\$0
	\$148,341	\$160,933	\$45,537	\$372,180	\$261,454	\$213,476
EBIDA	\$253,153	\$251,394	\$337,796	\$2,036,783	\$2,212,509	\$1,319,856
Depreciation						
Depreciation	\$406,450	\$550,044	\$504,865	\$2,582,292	\$3,300,262	\$2,524,325
Interest Expense (Non-Governmental Prc	\$556,436	\$468,587	\$360,607	\$2,291,761	\$2,811,520	\$1,802,005
	\$962,886	\$1,018,630	\$865,472	\$4,874,053	\$6,111,781	\$4,326,330
Contributions						
Contributions	\$1,015	\$466,744	\$1,523	\$1,396,679	\$2,800,466	\$37,545
Tax Subsidies for GO Bonds - M-A	\$627,353	\$615,404	\$613,966	\$3,764,119	\$3,692,425	\$3,069,829
Total Non Operating Revenue/(Expens	\$628,368	\$1,082,148	\$615,489	\$5,160,798	\$6,492,890	\$3,107,374
NET INCOME	(\$81,365)	\$314,912	\$87,813	\$2,323,528	\$2,593,618	\$100,900

Balance Sheet - Assets

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
BANNING, CALIFORNIA

12/31/22

PAGE 3

	Current Month 12/31/2022	Prior Month 11/30/2022	ASSETS Positive/ (Negative) Variance	Percentage Variance	Prior Year 06/30/2022
Current Assets -DISTRICT ONLY					
Cash and Cash Equivalents	\$2,030,781	\$2,077,409	(\$46,628)	-2%	\$1,873,283
Gross Patient Accounts Receivable	\$0	\$0	\$0	0.00%	\$0
Less: Bad Debt and Allowance Reserve	\$0	\$0	\$0	0.00%	\$0
Net Patient Accounts Receivable	\$0	\$0	\$0	0.00%	\$0
Interest Receivable	\$3,978,247	\$5,836,289	(\$1,858,042)	906%	\$1,178,859
Other Receivables	\$660,465	\$660,465	\$0	0%	\$660,465
Inventories	\$0	\$0	\$0	0.00%	\$0
Prepaid Expenses	\$126,169	\$126,169	(\$0)	0%	\$426,159
Due From Third Party Payers	\$0	\$0	\$0	0.00%	\$0
Due From Affiliates/Related Organization	\$0	\$0	\$0	0.00%	\$0
Other Current Assets	\$0	\$0	\$0	0.00%	\$0
Total Current Assets	\$6,795,662	\$8,700,332	(\$1,904,670)	33%	\$4,138,766
Assets Whose Use is Limited					
Cash			\$0	0.00%	
Investments	\$11,732,131	\$8,809,050	\$2,923,081	1%	\$12,704,494
Bond Reserve/Debt Retirement Fund			\$0	0.00%	\$0
Trustee Held Funds			\$0	0.00%	\$0
Funded Depreciation			\$0	0.00%	\$0
Board Designated Funds			\$0	0.00%	\$0
Other Limited Use Assets	\$0	\$0	\$0	0.00%	\$0
			\$0	0.00%	\$0
Total Limited Use Assets	\$11,732,131	\$8,809,050	\$2,923,081	1%	\$12,704,494
Property, Plant, and Equipment					
Land and Land Improvements	\$4,828,182	\$4,828,182	(\$124,453,309)	0%	\$4,828,182
Building and Building Improvements	\$129,281,491	\$129,281,491	\$99,393,698	0%	\$129,281,561
Equipment	\$27,119,506	\$29,887,793	\$25,037,137	0%	\$26,856,789
Construction In Progress	\$2,353,203	\$2,082,369	\$92,747,563	0%	\$1,679,782
Capitalized Interest				0.00%	\$0
Gross Property, Plant, and Equipment	\$163,582,382	\$166,079,835	\$92,725,089	0%	\$162,646,314
Less: Accumulated Depreciation	(\$90,800,810)	(\$90,394,360)	(\$406,450)	1%	(\$89,145,667)
Net Property, Plant, and Equipment	\$72,781,572	\$75,685,475	\$92,318,640	-1%	\$73,500,647
Other Assets					
Unamortized Loan Costs	\$627,385	\$592,272	\$614,440	0.00%	\$614,440
Assets Held for Future Use				4%	
Investments in Subsidiary/Affiliated Org.	\$26,205,242	\$26,205,242	\$26,205,242	0.00%	\$0
Other					
Total Other Assets	\$26,832,627	\$26,797,514	\$26,819,682	4%	\$614,440
TOTAL UNRESTRICTED ASSETS	\$118,141,992	\$120,014,636	(\$1,872,644)	1%	\$90,958,347
Restricted Assets	\$0	\$0	\$0	0.00%	\$0
TOTAL ASSETS	\$118,141,992	\$120,014,636	(\$1,872,644)	1%	\$90,958,347



SAN GORGONIO
MEMORIAL HEALTHCARE
DISTRICT

December 2022 Unaudited Financial Report

FY 2023

Presented by:

M. Kammer

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**SAN GORGONIO MEMORIAL DISTRICT
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Tax Subsidies Measure D	\$246,994	\$246,994	\$233,333	\$1,481,963	\$1,481,963	\$933,332
Tax Subsidies Advelorum	\$154,500	\$154,500	\$150,000	\$927,000	\$927,000	\$600,000
Other Non-Operating Revenue - Grants	\$0	\$10,833	\$0	\$0	\$65,000	\$0
	\$401,494	\$412,327	\$383,333	\$2,408,963	\$2,473,963	\$1,533,332
EXPENSES						
Salaries and Wages	\$0	\$0	\$0	\$0	\$0	\$0
Fringe Benefits	\$0	\$0	\$0	\$0	\$0	\$0
Contract Labor	\$0	\$0	\$0	\$0	\$0	\$0
Physicians Fees	\$0	\$0	\$0	\$0	\$0	\$0
Purchased Services	\$134,079	\$7,104	\$37,272	\$140,238	\$42,625	\$159,302
Supply Expense	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$3,616	\$2,333	\$1,765	\$12,525	\$14,000	\$10,190
Repairs and Maintenance	\$10,638	\$10,667	\$6,500	\$60,054	\$64,000	\$43,984
Insurance Expense	\$0	\$0	\$0	\$0	\$0	\$0
All Other Operating Expenses	\$8	\$140,829	\$0	\$159,363	\$140,829	\$0
IGT Expense	\$0	\$0	\$0	\$0	\$0	\$0
Leases and Rentals	\$0	\$0	\$0	\$0	\$0	\$0
Clinic Expenses	\$0	\$0	\$0	\$0	\$0	\$0
	\$148,341	\$160,933	\$45,537	\$372,160	\$261,454	\$213,476
EBIDA	\$253,153	\$251,394	\$337,796	\$2,036,783	\$2,212,509	\$1,319,856
Depreciation						
Depreciation	\$406,450	\$550,044	\$504,865	\$2,582,292	\$3,300,262	\$2,524,325
Interest Expense (Non-Governmental Pro						
Interest Expense (Non-Governmental Pro	\$556,436	\$468,587	\$360,607	\$2,291,761	\$2,811,520	\$1,802,005
	\$962,886	\$1,018,630	\$865,472	\$4,874,053	\$6,111,781	\$4,326,330
Contributions						
Contributions	\$1,015	\$466,744	\$1,523	\$1,396,679	\$2,800,466	\$37,545
Tax Subsidies for GO Bonds - M-A						
Tax Subsidies for GO Bonds - M-A	\$627,353	\$615,404	\$613,966	\$3,764,119	\$3,692,425	\$3,069,829
Total Non Operating Revenue/(Expens	\$628,368	\$1,082,148	\$615,489	\$5,160,798	\$6,492,890	\$3,107,374
NET INCOME	(\$81,365)	\$314,912	\$87,813	\$2,323,528	\$2,593,618	\$100,900

Balance Sheet - Liabilities and Net Assets
SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
BANNING, CALIFORNIA

12/31/22

	Cur Month 12/31/2022	Cur Month 12/31/2022	Positive/ (Negative) Variance	Percentage Variance	PRIOR YEAR 06/30/2022
Current Liabilities					
Accounts Payable	\$506,662	\$497,298	\$9,364	-22%	\$930,446
Notes and Loans Payable	\$0	\$0	\$0	0.00%	\$0
Accounts Payable- Construction	\$0	\$0	\$0	0.00%	\$0
Accrued Payroll Taxes	\$0	\$0	\$0	0.00%	\$0
Accrued Benefits	\$0	\$0	\$0	0.00%	\$0
Accrued Pension Expense (Current Portion)	\$0	\$0	\$0	0.00%	\$0
Other Accrued Expenses	\$0	\$0	\$0	0.00%	\$0
Accrued GO Bond Interest Payable	\$2,183,248	\$1,615,481	\$567,767	40%	\$2,526,756
Property Tax Payable	\$0	\$0	\$0	0.00%	\$0
Due to Third Party Payers	\$0	\$0	\$0	0.00%	\$0
Advances From Third Party Payers	\$0	\$0	\$0	0.00%	\$0
Current Portion of LTD (Bonds/Mortgages)	\$2,335,000	\$2,335,000	\$0	0%	\$2,335,000
Current Portion of LTD (Leases)	\$0	\$0	\$0	0.00%	\$0
Other Current Liabilities	\$0	\$0	\$0	0.00%	\$0
Total Current Liabilities	\$5,024,910	\$4,297,779	\$577,132	-8%	\$5,842,204
Long Term Debt					
Bonds/Mortgages Payable	\$96,487,744	\$99,542,891	(\$3,055,147)	0%	\$103,043,956
Revenue Bond Payable	\$11,765,791	\$11,779,417	(\$13,626)	0%	\$2,293,348
Current Portion	\$0	\$0	\$0	0.00%	\$0
Total Long Term Debt	\$108,253,353	\$111,322,308	(\$3,068,773)	0%	\$105,337,304
Other Long Term Liabilities					
Deferred Revenue	\$0	\$0	\$0	0.00%	\$0
Accrued Pension Expense (Net of Current)	\$0	\$0	\$0	0.00%	\$0
Other	\$0	\$0	\$0	0.00%	\$0
Total Other Long Term Liabilities	\$0	\$0	\$0	0.00%	\$0
TOTAL LIABILITIES	\$113,278,445	\$115,620,087	(\$2,491,642)	0%	\$111,179,503
Net Assets:					
Unrestricted Fund Balance	\$1,830,302	\$1,830,302	\$0	1%	(\$1,141,993)
Temporarily Restricted Fund Balance	\$0	\$0	\$0	0.00%	\$0
Restricted Fund Balance	\$0	\$0	\$0	0.00%	\$0
Net Revenue/(Expenses)	\$3,033,245	\$2,564,248	\$468,997	106%	\$2,216,045
TOTAL NET ASSETS	\$4,863,547	\$4,394,550	\$468,997	2104%	\$1,074,052
TOTAL LIABILITIES AND NET ASSETS	\$118,141,991	\$120,014,636	(\$2,022,645)	-1%	\$112,253,560
	(\$0)	\$0			\$0

TAB C

San Geronio Memorial Healthcare District

Measure A analysis of Project Funds Paid by General Category

12/31/2022

Measure A

		<u>Project-to-Date</u>
Computer Equipment	\$	5,311,028
Radiology Equipment	\$	1,526,641
Legal/Regulatory/Bonds	\$	3,143,910
Architectural (HDR)-ALL PHASE 1 PROJE	\$	11,756,851
Construction Management-ALL PHASE 1 F	\$	12,875,601
Contractors 1-A (HELIPAD/COOLING TOW	\$	7,814,103
Other	\$	3,021,460
Contractors 1-B (CENTRAL PLANT)	\$	20,800,201
Contractors 1-C (ED/ICU)	\$	28,157,355
Contractors 1-E Dietary Remodel	\$	5,225,946
Contractors 1-Medley Project	\$	4,796,620
Previous Expenditures for Measure A-Phase 1	\$	104,429,717
Contractors, Architect, Mgmt - 2-A Patient Facility prior to 9	\$	7,015,575
Expenditures prior to 9/01/14 all phases	\$	<u>111,445,293</u>
Project expenditures using District Funds		
TCU Conversion 0001		\$0.00
Medical Records Conversion 0004		\$0.00
Pharmacy Conversion 0005		\$0.00
CIP Patient Care Facility-0008		\$0.00
Project Expenditures using Measure A funds		
TCU Conversion 0001	\$	539,852.53
Medical Records Conversion 0004		\$0.00
Pharmacy Conversion 0005		\$0.00
CIP Patient Care Facility-0008		\$1,338,416.28
OR Electrical Conversion		\$0.00
Other Construction Costs		\$150,247.92
Other Non-Construction Costs		\$193,576.42
Total Expenditures	\$	113,667,386

Current Month-Measure A
12/31/2022

District Funds
12/31/2022

\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-
\$	-

\$ -

\$0.00	\$	108,612
\$0.00	\$	13,618
\$0.00	\$	50,447
\$0.00	\$	2,100

\$0.00		
\$0.00		
\$0.00		
\$0.00		\$0.00
\$0.00		\$39,751.00
\$0.00		
\$0.00		\$5,955.22

\$ - \$ 220,483

Measure A Project General Obligation Funds
Statement of Funds Flows

PROCEEDS SUMMARY:	
Initial Project Fund transfer from sale of General Obligation Bonds 2006 A to FSA :	25,200,349
Initial Project Fund Transfer from sale of General Obligation Bonds 2006 B (08/08/2	24,876,964.91
Initial Project Fund from sale of General Obligation Bonds 2006 C (08/14/2009)	57,800,000
Planholder Checks project to date and refunds for overpayments	24,072
HDR Returned payments	139,979
Initial Proceeds	108,041,365
Investment Income	
FSA Inc. (Series 2006 A)	1,762,060
BB&T GIC (Series 2008 B)	1,461,176
Bank of Hemet Series A	1,001
City National Money Market	81
GE Capital (Series 2009 C)	2,638,823
Security Bank Money Market	39,239
Interest Income SUBTOTAL	5,902,381
Total Proceeds Available for Measure A:	\$ 113,943,745

Projected Interest by end of Project>	5,912,351
Total Projected Proceeds Available for Measure A:	\$ 113,953,716

FUND FLOWS:		
Total Measure A Funds Initial Proceeds (from above)		108,041,364.81
Add:	<u>Rate</u>	<u>Interest Income</u>
FSA Inc. (Series 2006 A), FY 07	5.27%	1,030,536.43
FSA Inc. (Series 2006 A), FY 08	5.27%	635,706.73
FSA Inc. (Series 2006 A), FY 09	5.27%	95,817.32
BB&T GIC (Series 2008 B) FY 09	4.94%	680,384
BB&T GIC (Series 2008 B) FY 10	4.94%	648,151
BB&T GIC (Series 2008 B) FY 11	4.94%	132,640
GE Capital (Series 2009 C) FY 10	1.75%	688,722
GE Capital (Series 2009 C) FY 11	1.75%	956,529
GE Capital (Series 2009 C) FY 12	1.75%	591,104.24
GE Capital (Series 2009 C) FY 13	1.75%	293,402.39
GE Capital (Series 2009 C) FY 14	1.75%	109,065.59
Bank of Hemet Series A		1,001
City National Money Market		81
Security Bank Construction funds		1,126
Security Bank Construction Money Market		38,113
Total Interest Income earned		\$ 5,902,381
Project Expenditures (from above)	\$	113,667,386
Total Consolidated Funds available:	\$	276,359.62
	spent to date	100%

MEASURE A BALANCES:		
	Balances as of 12/31/2022	
Bank of Hemet Series A	4310	-
Security Bank of California Construction Fu	1812	5,990
Security Bank of California Money Market	2509	270,370
Total Balances	\$	276,360
	VARIANCE \$	(0.00)

TAB D

Update on Medical Office Building Common Area Maintenance Fees Billings and Payments

Billings From

1/1/2011 Thru

12/31/2022

SUMMARY

		<u>TOTAL BILLED</u>	<u>TOT COLLECTED</u>	<u>AMT DUE</u>	<u>Mos in arrears</u>
Building #1	San Gorgonio Investors	\$55,011.74	\$53,503.89	\$1,507.85	3
Building #2	Ahsan Qazi, MD & Jung Yoo, MD Highland Springs Medical Building Partners	\$70,379.49	\$66,856.71	\$3,522.78	7
Building #3	Ahsan Qazi, MD & Jose Limon, Memorial Hospital Professional Building	\$68,513.68	\$66,909.14	\$1,604.54	3
Building #4	Rancho Paseo Medical Group	\$72,377.70	\$67,306.28	\$5,071.42	9
Building #5	Rancho Paseo Medical Group Highland Springs LLC	\$70,517.13	\$63,365.91	7151.22	14
Lots 6 & 7	Wellness Properties-Dr. Borna	\$109,074.72	\$99,915.82	\$9,158.90	9
TOTALS		\$445,874.46	\$417,857.75	\$28,016.71	

TAB E

**SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
RESOLUTION NO. 2023-02**

BE IT RESOLVED, that at a regular board meeting held February 7, 2023 by the Board of Directors of San Gorgonio Memorial Healthcare District, a California Non-profit Public Benefit Corporation, that Ehren Ngo, former Vice Chair of the Healthcare District Board of Directors; Joel Labha, former Secretary and Treasurer of the Healthcare District Board of Directors and Patricia Brown, former Chief Nursing Officer of the Hospital are hereby removed as an authorized signers with all financial institutions, as well as all others not listed as follows.

Authorized signers for all financial institutions shall be: Dennis Tankersley, Chair of the Healthcare District Board of Directors; Shannon McDougall, Secretary and Treasurer of the Healthcare District Board of Directors; Steven Barron, Chief Executive Officer of the Hospital, and Angela Brady, Chief Nursing Officer of the Hospital are authorized to enter into deposit accounts, transfer funds, brokerage, invest, manage cash, deposit service agreements and sign on behalf of the corporate with financial institutions. They may designate from time to time who is authorized to withdraw funds, initiate payment orders and otherwise give instructions on behalf of the Healthcare District with respect to its deposit and brokerage accounts. Two (2) signatures are required for withdrawal amounts in excess of \$10,000.

AND BE IT FURTHER RESOLVED, that this authorization is in addition to any other authorizations in effect and shall remain in full force until written notice of its revocation is delivered to said financial institutions.

Signed: _____ DATE: February 7, 2023
Shannon McDougall, Secretary/Treasurer
San Gorgonio Memorial Healthcare District Board of Directors

TAB F

San Geronio Memorial Hospital and San Geronio Memorial Health Care District

To: Finance Committee, Board of Directors, and District Board

Agenda Item for January 31, 2023, Finance Committee and February 7, 2023, Board Meetings

Subject:

Engagement for Structural Engineering Professional Services For Seismic Compliance –

San Geronio Memorial Healthcare District & Hospital are mandated by the State of California to submit a plan for mitigation of potential damage from a major earthquake by January 1st, 2024. The Scope of services covers NPC-3 Evaluation of NPC-2 Buildings.

Walter P Moore Company is recommended to be the Structural Engineer of Record. They will review the existing drawings and previously approved HCAI projects related to nonstructural items. They will prepare a consolidated NPC-3 evaluation package for submittal to HCAI, and submittal of a plan of action.

Recommended Action: To approve the agreement to complete critical and mandatory steps toward obtaining seismic compliance beyond 2030. The total Structural fee for basic services is \$105,000 with Reimbursable Expenses (Estimated) at \$2,400 and Budgetary "Allowance" for MEP Engineers (if needed) \$18,000.

Copies of the supporting documents are included in the packet.

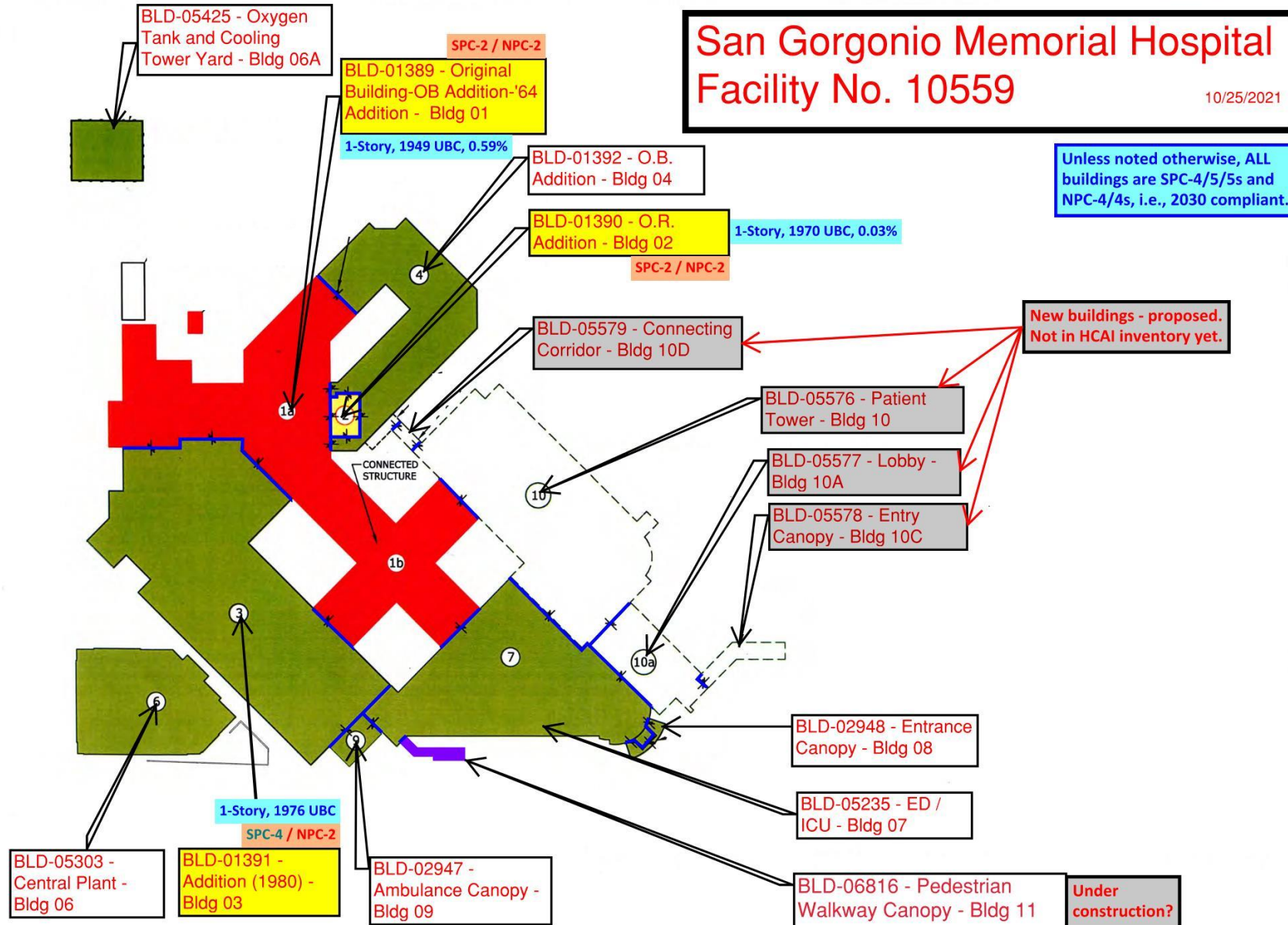
2030 Seismic Compliance

for

San Geronio Memorial Hospital



Current Seismic Status



Campus Google Map



History of Relevant Seismic Projects



Projects By Facility Facility: 10559 - San Gorgonio Memorial Hospital				If a cell is filled with Yellow or Red, contact your RCO or Compliance Officer. Yellow or Red is an indication time limits have been or are about to be exceeded or failure to submit NoSoC.								These project cost are milestone and are reflected in the Project Closure Summary Report.			
Project Number	Project Name	Status	% Complete	Primary Gravity LFRS	Kind of Project	Open Date	Approval Date	BP Issue Date	Const. Start Date	Last Field Report	Closed Date	First Costs	First Contract Costs	Costs Before Final	Project Type
HL072658-0	6 STORY PATIENT BED TOWER	Cancelled		Yes	Addition	12/04/07			1/1/1900	No Field Reports	08/26/09	[Type: Estimated] [Date: 12/04/2007] [Const Cost: \$82M] [Fixed Equip: \$0] [Imaging: \$4M]	Unknown	[Type: Estimated] [Date: 12/04/2007] [Const Cost: \$82M] [Fixed Equip: \$0] [Imaging: \$4M]	New Building (2007)
HL072658-0-GEO	6 STORY PATIENT BED TOWER	Cancelled		Yes	Addition	04/08/08			1/1/1900	No Field Reports		Unknown	Unknown	Unknown	Geotech
SL072896-0	PHASE 3 -BLDG AREAS C/D - NPC4 UPGRADE	Closed Inactive		No	Remodel	12/27/07			1/1/1900	No Field Reports	11/12/10	[Type: Estimated] [Date: 12/27/2007] [Const Cost: \$2M] [Fixed Equip: \$0] [Imaging: \$0]	Unknown	[Type: Estimated] [Date: 12/27/2007] [Const Cost: \$2M] [Fixed Equip: \$0] [Imaging: \$0]	NPC-4 Upgrade
HL103010-0	PHASE 2A TOWER ADDITION	Withdrawn		Yes	Addition	12/07/10			1/1/1900	No Field Reports		[Type: Estimated] [Date: 12/07/2010] [Const Cost: \$83.5M] [Fixed Equip: \$0] [Imaging: \$10M]	Unknown	[Type: Estimated] [Date: 06/02/2011] [Const Cost: \$83.5M] [Fixed Equip: \$0] [Imaging: \$10M]	New Building (2010)
HL103010-0-GEO	PHASE 2A TOWER ADDITION	Approved		Yes	Addition	06/02/11	05/30/13		1/1/1900	No Field Reports		Unknown	Unknown	Unknown	Geotech
I-2012-00010	San Gorgonio Phase 2A Patient Building	Closed Inactive	4%	No		02/29/12	06/19/13	06/08/15	06/24/15	M. Marrs - FV - 4% on 2019-07-30	09/02/20	Unknown	Unknown	Unknown	New Building (2012)
IM-2012-00004	San Gorgonio Patient Building	Closed Inactive	0%	Yes	New Building	02/27/12			1/1/1900	L. Choi - FV - 0% on 2013-10-11	09/02/20	[Type: Estimated] [Date: 02/27/2012] [Const Cost: \$65.5M] [Fixed Equip: \$18M] [Imaging: \$10M]	[Type: Contract] [Date: 06/29/2015] [Const Cost: \$65M] [Fixed Equip: \$5M] [Imaging: \$7.5M]	[Type: Estimated] [Date: 11/03/2016] [Const Cost: \$65M] [Fixed Equip: \$5M] [Imaging: \$7.5M]	New Building (2012)

Recommended Next Steps for 2030 Compliance



1. Proceed with NPC evaluation of three NPC-2 buildings (HCAI deadline is 01/01/2024).
2. Proceed with (a) Material Testing & Condition Assessment and (b) SPC-4D upgrade designs for two SPC-2 buildings (HCAI deadline for SPC-4D reclassification is 01/01/2030).

**Walter P Moore
can assist SGMH
in obtaining
2030 compliance**



Steps for NPC-2 to NPC-4D Reclassification

1. Prepare complete non-structural evaluation to NPC-3 and NPC-4D for HCAI submittal (deadline is 01/01/2024).
2. Prepare CDs for upgrade of deficient non-structural anchorages for HCAI submittal (deadline is 01/01/2026).
3. Obtain HCAI approval of upgrade CDs (deadline is 01/01/2028).
4. Field implement upgrade of deficient anchorages (deadline is 01/01/2030).
5. Select a Level (1 or 2 or 3) for NPC-4D and develop an Operational Plan.
6. Design and install holding tanks for NPC-5 (deadline is 01/01/2030).

Steps for SPC-2 to SPC-4D Reclassification

- 1. Prepare MTCAP (Material Testing & Condition Assessment Program) for each SPC-2 building and submit to HCAI for approval followed by field implementation.**
- 2. Perform detailed SPC-4D upgrade designs and prepare construction documents for HCAI approval.**

Summary of Success Stories

Note:
 Info presented on slides 9 through 17 (both inclusive) is from projects worked on by Balram at another firm.

SPC-2 Reclassifications				
#	Hospital	Bldgs.	With VSI	W/O VSI
1	Southern California Hospital - Culver City	3	2	1
2	Community Hospital of Huntington Park	1	1	
3	Children's Hospital of Orange County	1		1
4	Coast Plaza Doctors Hospital	1	1	
5	Citrus Valley - Inter Community Campus	7		7
6	East Los Angeles Doctors Hospital	2	2	
7	Memorial Hospital of Gardena	1	1	
8	Glendale Adventist Medical Center	3	1	2
9	Hoag Memorial Hospital Presbyterian	6	1	5
10	Mission Community Hospital	3	1	2
11	Motion Picture & Television Fund	1	1	
12	Prov. Little Company of Mary San Pedro	7	2	5
13	Prov. Saint Joseph Medical Center	2		2
14	Prov. Tarzana Medical Center	3	3	
15	Scripps La Jolla Medical Center	8	4	4
16	Sherman Oaks Hospital	1	1	
17	Silver Lake Medical Center	3		3
18	Simi Valley Hospital	2		2
19	USC Verdugo Hills Hospital	2	1	1
20	Valley Presbyterian Hospital	3	2	1
21	Victor Valley Community Hospital	3		3
22	Los Angeles Community Hospital	1	1	
23	Barlow Respiratory Hospital	5	1	4
TOTALS		69	26	43
		100%	37.7%	62.3%

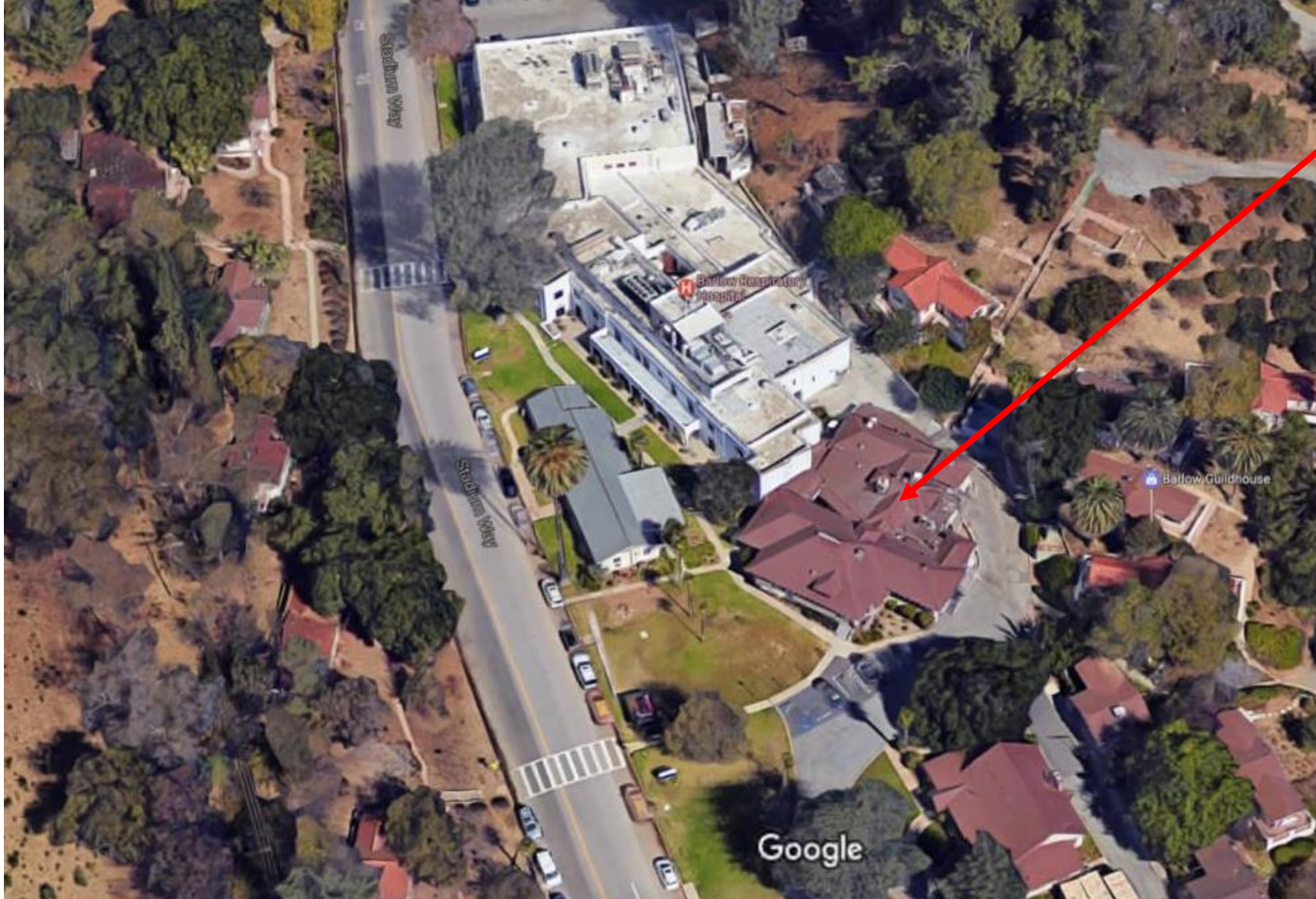
I: Victor Valley Global Medical Center

“Birdcage”



- ▶ **Construction for “Birdcage” was stopped immediately after 1994 Northridge Earthquake.**
- ▶ **We obtained SPC-5 reclassification with a retrofit cost of ±\$80,000.**

II: Barlow Respiratory Hospital

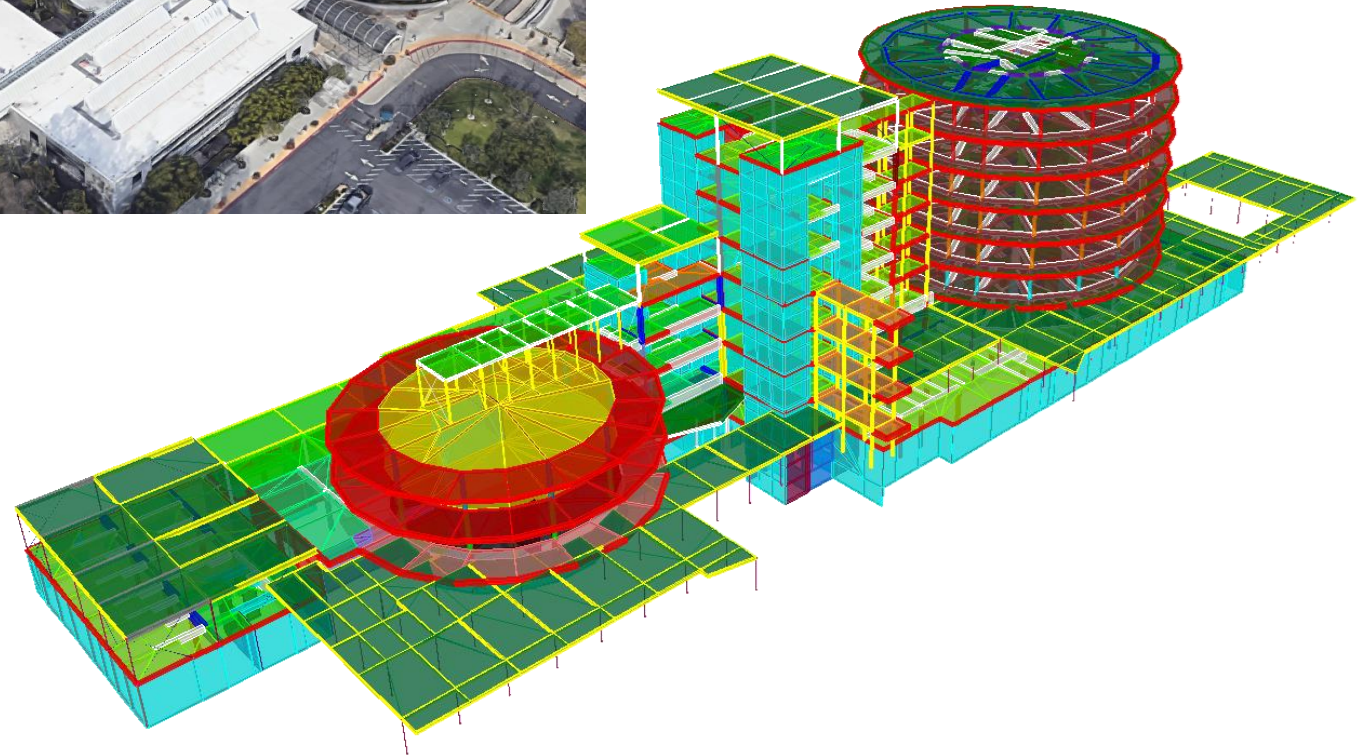


Kitchen Building (built in 1902) was reclassified to SPC-2 with zero upgrade

- Campus had 5 SPC-1 buildings.
- BRH had designed a new \$90M building with HCAI approval.
- We reclassified 4 buildings to SPC-2 with zero upgrade.

III: Valley Presbyterian Hospital

- Number of (N) seismic separations were proposed by prior engineer.
- We ran HAZUS 4 times.
- We even severed (E) rebars.
- Retrofit limited to fiber-wrap.
- “Structural” retrofit cost was less than \$10/SF (2013 \$s).



IV: Olympia Medical Center

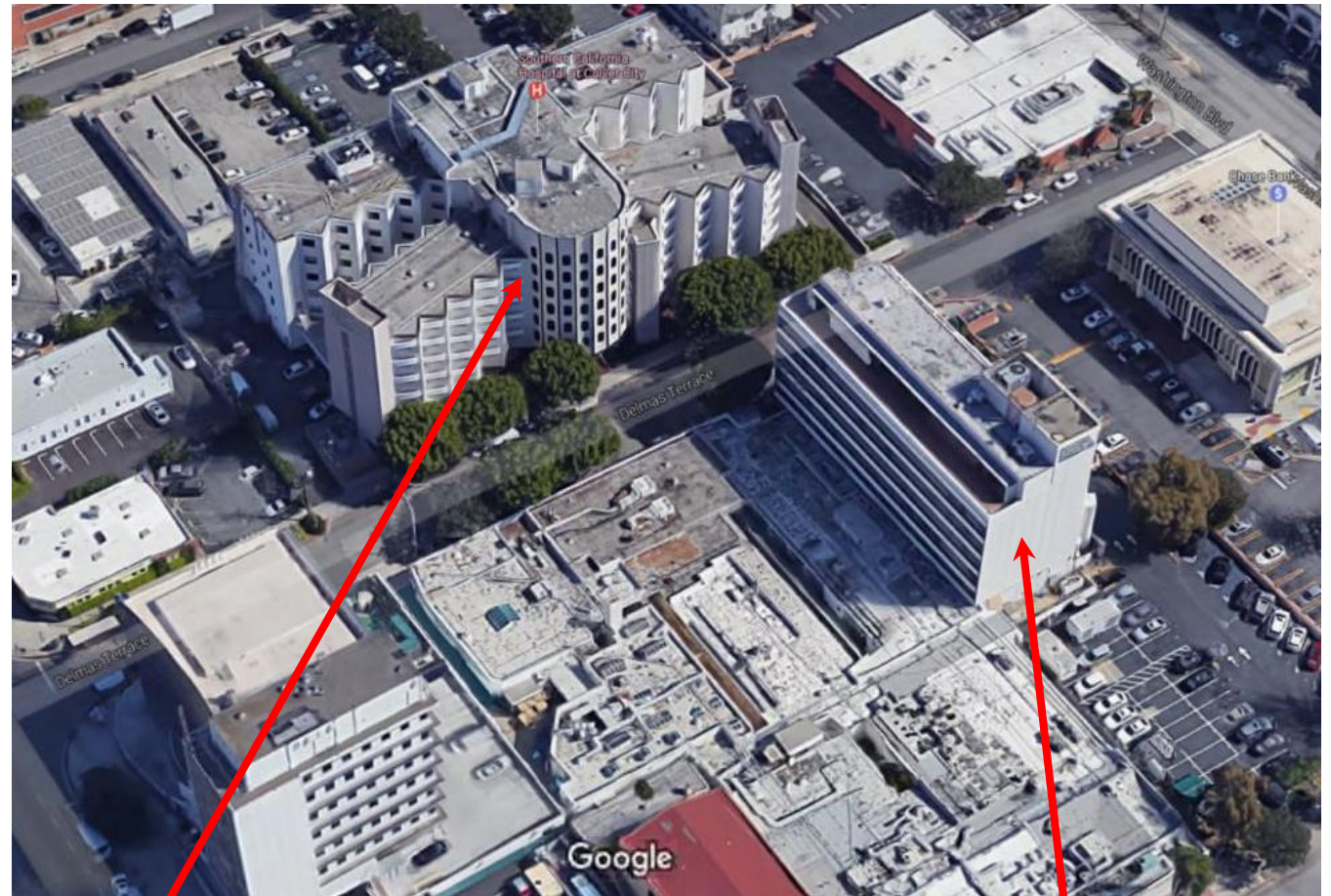
- Prior engineer had proposed new shear walls & footings plus lot of interior retrofit causing significant disruption to hospital.
- Couldn't get HCAI approval for 3 years.
- We got SPC-2 approval without any new walls and less than half the scope of retrofit (mostly outside the building) within 9 months.



East Wing

V: Southern California Hospital – Culver City

- Prior engineer's solution was to demo top 5 floors of Pavilion and retrofit remaining 2 stories with a lot of new shear walls & new footings.
- We designed SPC-2 retrofit for Pavilion with whole building intact ($\pm 158,000$ SF) and "structural" cost of less than \$1,000,000 (2015 \$s).
- "Structural" retrofit cost for Tower ($\pm 53,500$ SF) was $\pm \$1,200,000$.

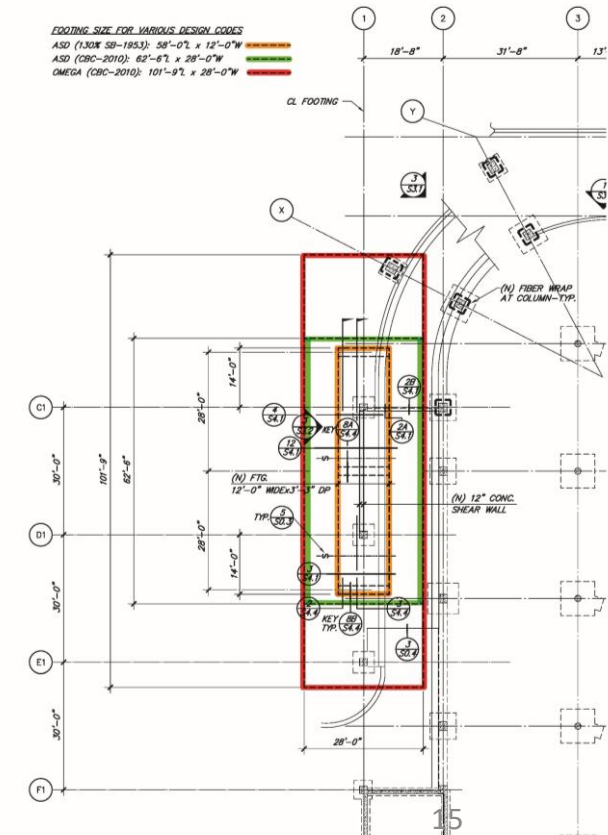
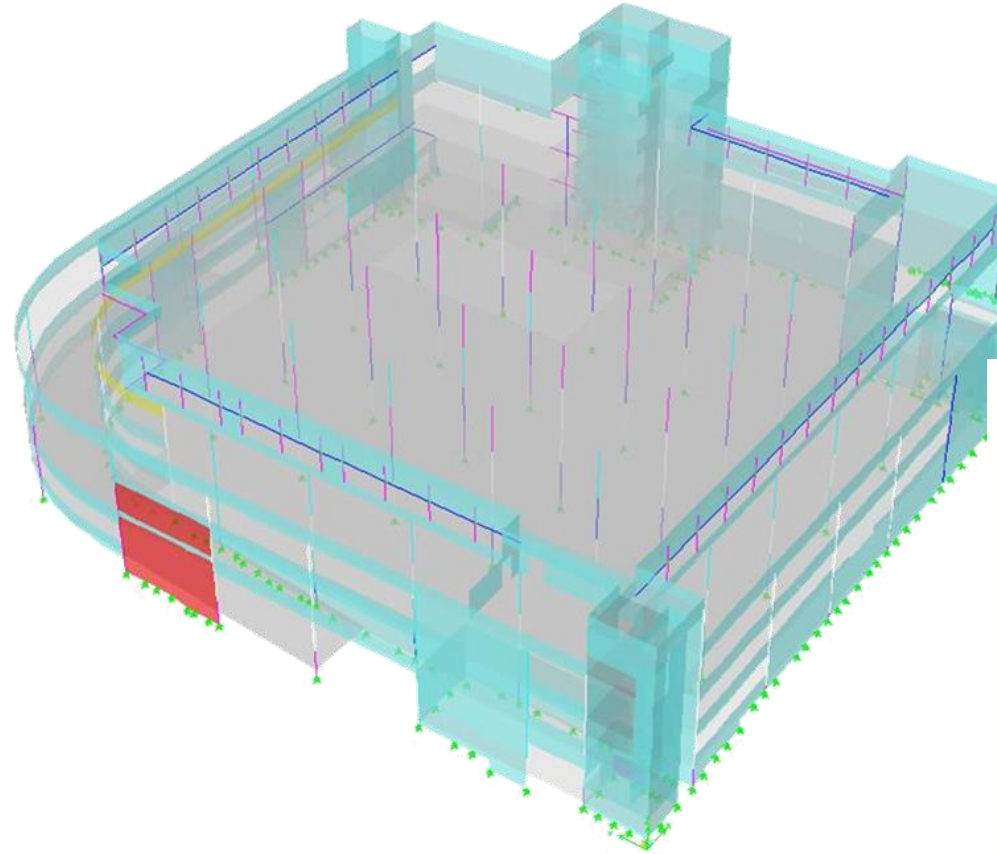


Pavilion

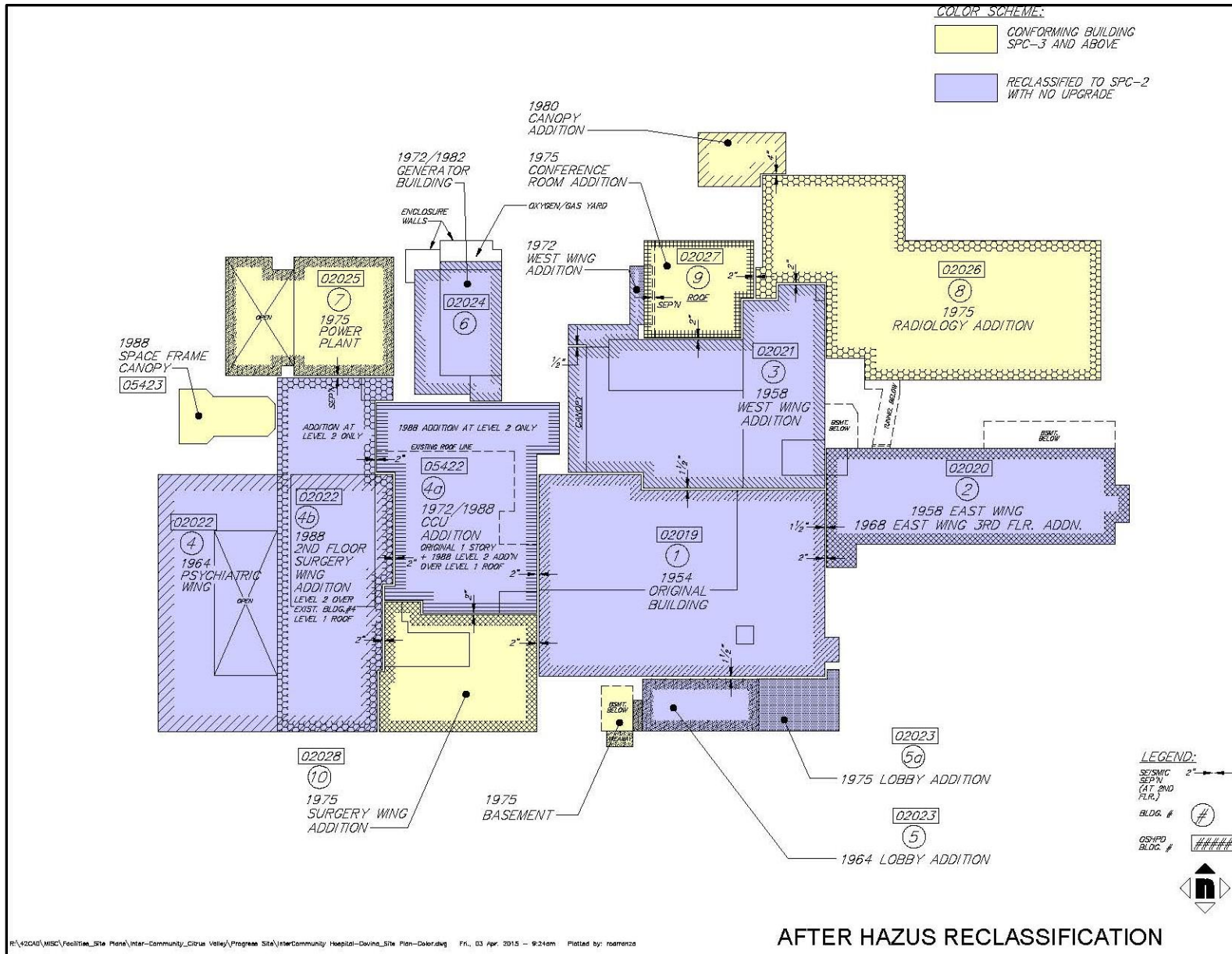
Tower

VI: Adventist Health Glendale

- New shear wall was needed to mitigate Torsion.
- Building Code required designing new wall & its footing per current code, which would have needed 120' long footing.
- We submitted an AMC to design footings for much smaller forces.
- “Structural” upgrade cost was less than \$4.50/SF (2012 \$s).



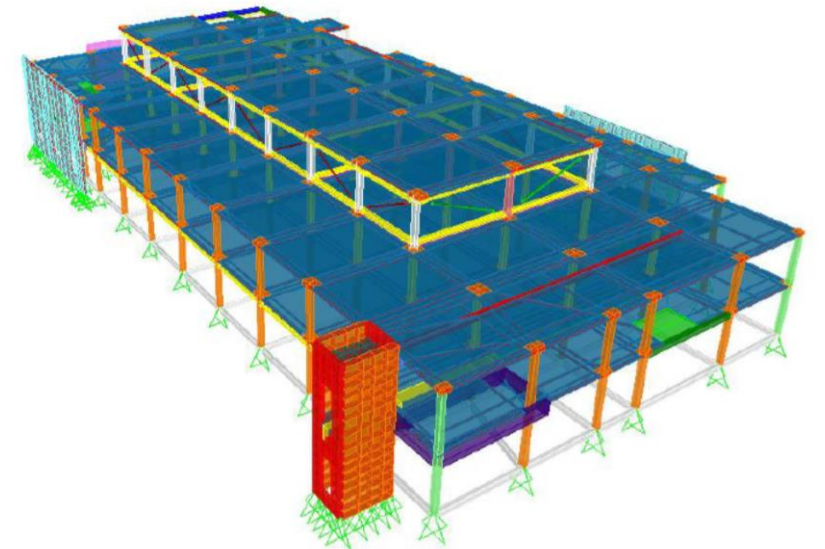
VII: Emanate Health – Intercommunity Campus



- Emanate was originally advised that SPC-1 buildings could not be saved.
- Owner had started preparing for replacement of existing buildings with new buildings
- We reclassified ALL 7 SPC-1 buildings to SPC-2 with zero upgrade.

VIII: Providence Cedars-Sinai Tarzana MC

- Ancillary Building retrofitted from SPC-1 to SPC-4D.
- Installed new SFRS outside building's footprint to minimize disruption inside the operational hospital building.
- Short HCAI review schedule.
- Addressed constructability issues in parallel with SPC-4D retrofit design.
- Already reclassified to SPC-4D.



Benefits of Acting NOW

1. As per geologists, SoCal is long overdue for a big quake.
2. Compliance deadlines might get pushed, but they won't disappear.
3. AB-1882 requires owners to post a sign in the lobby that hospital is non-compliant. This would frighten staff and drive customers/patients away.
4. "Design" costs are a fraction of upgrade construction costs.
5. Once HCAI approves the projects, retrofit construction can be phased.
6. Future code changes cannot be applied retroactively.
7. Construction costs escalate. Sooner you start, lesser the escalation.
8. Save on earthquake insurance premiums for compliant buildings.
9. It would become harder, if not impossible, to find qualified GCs to do the work closer to the deadline. Also, they would charge a premium.

Presenters

1. **Balram Gupta, Ph.D., S.E. / Senior Principal
Healthcare Market Leader – West Coast
Walter P Moore
bgupta@walterpmoore.com
(818) 723-7085 Cell
(213) 694-4796 Direct**

2. **Farrell Johnson, Seismic Consultant
President, HRM-Healthcare Resource Management
hrm_advisor@yahoo.com
(951) 377-6279 Cell**

January 16, 2023

Mr. Steve Barron
Chief Executive Officer
San Geronio Memorial Hospital
600 N. Highland Springs Avenue
Banning, CA 92220

**Re: Proposal for Professional Services
NPC-3 Evaluation of Three NPC-2 Buildings at
San Geronio Memorial Hospital (HCAI Facility ID: 10559)
600 N. Highland Springs Avenue, Banning, CA 92220
Walter P Moore Proposal No. 23-0109**

Dear Steve:

Walter P Moore is pleased to submit this proposal to provide professional services for the referenced project. This project constitutes a critical and mandatory step towards obtaining seismic compliance beyond 2030. Walter P Moore has extensive experience with this type of project, and we are excited that you are taking the first step for 2030 seismic compliance.

This proposal is presented to establish a basis for the commencement of our scope of services for the Project. Walter P Moore would be the prime design consultant for this Project, and we would bring in other consultants, if and as needed, and as articulated in more detail in the proposal. We anticipate that this Proposal and Agreement for Professional Services and attachments, when signed, will serve as our entire Agreement unless superseded by another document signed by both parties.

Basis of Proposal

This proposal is based on your request during our meeting at the hospital on 01/12/23.

Agreement

If this proposal is acceptable, please sign the attached Proposal and Agreement for Professional Services where indicated and return the signed copy to us. This proposal is valid for 60 days.

We very much appreciate the opportunity to provide these services and look forward to collaborating with you on this Project. The undersigned is authorized to bind this proposal.

Sincerely,

WALTER P. MOORE AND ASSOCIATES, INC.



Balram Gupta, Ph.D., S.E. / Senior Principal
Healthcare Market Leader – West Coast
bgupta@walterpmoore.com
(213) 694-4796 Direct; (818) 723-7085 Cell

Attachments



PROPOSAL AND AGREEMENT FOR PROFESSIONAL SERVICES – Terms Attached

Project: NPC-3 Evaluation of Three NPC-2 Buildings at
 San Geronio Memorial Hospital (HCAI Facility ID: 10559)
 600 N. Highland Springs Avenue, Banning, CA 92220

Client: San Geronio Memorial Hospital (SGMH)

Client Contact: Steve Barron

Proposal Date: January 16th, 2023

Proposal Number: 23-0109

Walter P. Moore and Associates, Inc. (Walter P Moore) shall provide services to Client for the Project as defined below and in accordance with the attachments listed below:

Executive Summary

Following table provides relevant information about three buildings at SGMH that are non-compliant for 2030 seismic requirements.

#	Building Name	SGMH / HCAI Bldg. #s	Bldg. Code Year	# Of Stories	Current SPC Rating	Current NPC Rating	Overall Bldg. Area ^{1±} (SF)	NPC-3 Area ^{1±} (SF)
1	Original Bldg. – OB Addition '64	01 / 01389	1949	1	2	2	31,500	9,000
2	OR Addition	02 / 01390	1970	1	2	2	900	900
3	Addition (1980)	03 / 01391	1976	1	4	2	30,000	14,100
TOTAL							62,400	24,000

Our understanding of the project needs and our approach for a successful project outcome is presented in this section.

NPC-3 Evaluation of NPC-2 Buildings

Each NPC-2 building needs to be evaluated, upgraded, and reclassified to NPC-3 first. This entails structural bracing and anchorage of selected non-structural components, equipment, and fire-sprinkler systems in critical care areas, clinical labs, pharmaceutical spaces, imaging spaces, and central & sterile supply spaces.

Overall, NPC-3 reclassification of an NPC-2 building requires completion of the following steps:

1. Preparation of NPC-3 evaluation report: Deadline for HCAI submittal for this is 01/01/2024. In our opinion, this is the most critical step in the overall process since minimizing the number (inventory) of non-compliant components through detailed field investigation and/or research into prior HCAI projects could result in reduction in the scope of required upgrade and consequently cost.
2. Development of Construction Documents (CDs) for NPC-3 upgrade: Deadline for HCAI submittal for this is 01/01/2026. This step can be completed only after the non-compliant components have been identified from the step above.
3. Obtain HCAI approval of upgrade CDs: HCAI deadline for this step is 01/01/2028.
4. Field Implementation of upgrade and NPC-3 reclassification: Field implementation of seismic upgrades is expected to be a phased process to ensure continuity of hospital operations. Once the upgrade

¹Estimated from Life-Safety/Evacuation Plans provided by SGMH and Google maps.

construction projects have been closed in compliance, an updated evaluation (developed in step #1 above) is required to be submitted to HCAI for them to reclassify the building to NPC-3. HCAI deadline for this is 01/01/2030.

Please refer to the attached Schedule SR-01 for a detailed list of included Basic Services, Additional Services if any, and deliverables.

Scope of Services

Schedule SR-01: Scope of Services for NPC-3 Evaluation of NPC-2 Buildings

Compensation

Walter P Moore proposes to provide the defined structural Scope of Services on a fixed-fee basis as follows:

Scope	Fee
NPC-3 Evaluation of Three NPC-2 Buildings	\$105,000
Total Structural Fee for Basic Services	\$105,000
Reimbursable Expenses (Estimated)	\$2,400
Budgetary "Allowance" for MEP Engineers (if needed) ²	\$18,000

Compensation shall be equitably adjusted for changes in the scope of the project as described in the Project Description or changes in the scope of service as described in the Scope of Service.

Miscellaneous out-of-pocket project related expenses including, without limitation; printing, postage, courier costs, lodging, travel expenses, etc., shall be invoiced and paid at the incurred cost. Mileage shall be charged at IRS Standard Business Mileage Rate in effect at the time of travel. Sales tax, if applicable, will be paid by the Client.

Additional Services

Walter P Moore would provide Additional Services not included in the Basic Scope of Services upon request and upon approval by the Client in writing. Additional Services shall be provided without invalidating this Agreement. Additional Services shall be compensated at a mutually agreed upon fee.

Client's Responsibilities

The Client shall provide overall management and coordination of the Project. Walter P Moore agrees to participate in the coordination effort, to be led by the Client, in order that our portion of the project is coordinated with the designs and deliverables of other members of the project team, if any.

The Client shall provide to Walter P Moore, in a timely manner, full information of which the Client is aware regarding any special conditions, design criteria, reports, or special services needed, and to make available any existing data or drawings concerning the project and the project site. Walter P Moore shall be entitled to rely upon the accuracy and completeness of any such information provided.

²Walter P Moore did not have any discussion with any MEP engineers re the potential scope/fee, if needed. Accordingly, we are calling it a budgetary "allowance".

Project Schedule

We are estimating following durations/schedules:

- **NPC-3 Evaluation:** Considering the current unknowns for NPC scope (e.g., schedule for HCAI's concurrence for NPC-3 areas, availability, or lack thereof, of HCAI approved drawings for prior projects in NPC-3 areas, schedule for bringing an architect and 3D laser scanning teams on board, schedule for site visits, etc.), we believe the best approach would be to meet with SGMH and facility personnel immediately upon award of the project and developing a schedule working backwards from the known HCAI submittal deadline of 01/01/2024 while keeping some float.

Walter P Moore's fee for the defined Scope of Services is based, in part, upon the Project being executed in a timely manner without significant delays or interruptions.

In order for Walter P Moore to proceed with its services toward the accomplishment of the Project Schedule, the following information shall be provided by the Client in a timely manner:

- An executed copy of the Agreement for Professional Services
- As-built structural drawings

Payment

As defined in the attached Schedule T2: Terms of Agreement.

Limitation of Liability

To the maximum extent permitted by law, Client agrees to limit Walter P Moore's liability for claims arising from or related to the Agreement or the Scope of Services to the Sum of \$50,000 or Walter P Moore's paid fee, whichever is greater. This limitation shall apply regardless of the cause of action or legal theory pleaded or asserted, including any kind of indemnity.

Terms of Agreement

In accordance with the attached Schedule T2.


Attachments

The following attachments are incorporated by reference as if set forth at length. In the event of a direct conflict between this Agreement and the content of any of the Attachments, this Agreement shall govern.

- Schedule SR-01: Scope of Services for NPC-3 Evaluation
- Schedule T2: Terms of Agreement

PROPOSAL AND AGREEMENT FOR PROFESSIONAL SERVICES
NPC-3 Evaluation for Three NPC-2 Buildings at
San Geronio Memorial Hospital (HCAI Facility ID: 10559)
January 16th, 2023
Page 4 of 4

Executed on this _____ day of _____, 2023 by:

San Geronio Memorial Hospital Accepted:	Walter P. Moore and Associates, Inc.: Balram Gupta, Ph.D., S.E. / Senior Principal Healthcare Market Leader – West Coast
Signature	



Schedule SR-01: Scope of Services for NPC-3 Evaluation of NPC-2 Buildings

I. General Services

- A. Walter P Moore shall be the Structural Engineer of Record (SEOR) for parts of the Project as described in the Agreement Letter.
- B. Walter P Moore will review the existing drawings as required to become generally familiar with the nonstructural systems of the building as described in the engagement letter. The availability of as-built MEP drawings, including those for fire-sprinkler systems, and previously approved HCAI projects related to nonstructural items is an important assumption in this proposal.
- C. Hospital's ability to provide cut-sheets for medical, MEP, and architectural equipment is an important assumption in this proposal.
- D. Walter P Moore will visit the project site to become familiar with the present condition of the building. Walter P Moore's Basic Services do not include performing a detailed assessment of the structural conditions of the facilities nor a survey of field measurements.
- E. If Walter P Moore's evaluation indicates that the structure will not be able to readily accommodate the intended modifications, Walter P Moore will consult with the Hospital as appropriate and make recommendations to modify the location and/or character of the proposed modifications as needed.
- F. The Basic Services to be performed by Walter P Moore includes consultation, as outlined below in Table A: Scope of Services.
- G. The assumptions made in determining the fees and scope of work by Walter P Moore are outlined below in Table A: Scope of Services – under "Notes and Assumptions" column.
- H. The exclusions made in determining the fees and scope of work by Walter P Moore are outlined below in Table B: Exclusions. Walter P Moore's scope of Basic Services does not include structural analysis, design or detailing to upgrade the existing building's gravity or lateral load resisting system to meet the current building code or to meet any SPC requirements.
- I. For each phase of the Work, Walter P Moore will work with the Hospital (or their designated representative) to ascertain the requirements for that phase of the Work, will participate in necessary meetings, will be available for general consultation, will prepare necessary documentation, and will make appropriate recommendations.
- J. Walter P Moore will recommend to the Hospital the appropriate investigations, reports, surveys, tests, and services of other Consultants that should be retained for proper execution of Services. Walter P Moore will assist in the development of appropriate scopes of work for such services. Services that may be required include, but may not be limited to, 3D laser scanning, geotechnical investigations, surveys, material tests, wind tunnel studies, and site-specific seismic studies.

- K. Walter P Moore’s Scope of Services is limited to those items specifically described herein. If requested and authorized by the Client, other Additional Services may be provided for an additional fee.
- L. **Number of meetings included** in the basic scope of services and **deliverables** are identified in the tables below.

II. Scope of Services

- A. Following written authorization from the Client to proceed with each subsequent phase of the Work, Walter P Moore shall provide the services for each phase as described in Table A: Scope of Services.

Table A: SCOPE OF SERVICES				
PHASE		Included	Not Included	NOTES AND ASSUMPTIONS
A. Preparation of NPC-3 Evaluation Report		X		Shall be prepared in accordance with CAC’2022 (California Administrative Code 2022 edition), Chapter 6, Section 1.3.4, and Table 11.1.
1	Identify extent of NPC-3 areas.	X		Life-safety plans provided by SGMH shall be used.
2	Arrange one preliminary meeting with HCAI Seismic Compliance Unit (SCU) to obtain concurrence for NPC-3 areas.	X		One virtual meeting with HCAI is included.
3	Review publicly available information on HCAI website and work with SGMH to compile a list of previously completed HCAI projects for bracing and anchorage of equipment and/or utilities within the identified NPC-3 areas.	X		Hospital shall provide OSA/HCAI approved documents for previously completed projects within the NPC-3 areas. Two (one in-person and one virtual) meetings with SGMH and facility personnel are included. We have allocated 12 hours for this effort.
4	Review existing as-built documents for the disciplines included in this scope of work (viz. architectural, structural, mechanical, electrical, plumbing, civil).	X		Hospital to provide as-built documents especially for MEP, utilities, and fire protection systems.
5	Perform site visits to observe, photograph, and document NPC-3 related equipment and their bracing and/or anchorages.	X		Two site visits are included. Hospital to coordinate and provide access (escorted, if needed) to NPC-3 areas.
6	Collaborate with a 3D laser scanning team for digital documentation of above-ceiling utilities within the NPC-3 areas and gravity/seismic supports for the same.	X		3D laser scanning team and MEP engineers, if needed, shall be hired by SGMH at their cost and would work under our direction.
7	Collaborate with an architectural team for them to prepare and inventory and document medical	X		Architect shall be hired by SGMH at their cost and would work under our direction.

Table A: SCOPE OF SERVICES				
PHASE		Included	Not Included	NOTES AND ASSUMPTIONS
	equipment and architectural items including, but not limited to, ceilings, cabinets, etc.			
8	Compile cut-sheets for Medical and MEP equipment related to NPC-3 for evaluation and design of existing and new anchorages.	X		SGMH and/or other consultants shall provide cut-sheets of medical and MEP equipment.
9	Document only those above-ceiling utilities that need to have seismic restraints for NPC-3.	X		Info generated by the 3D laser scanning team shall be used for this.
10	Develop NPC-3 Evaluation Report which will include partial plans for each NPC-3 area and a detailed matrix of current conditions of NPC-3 related equipment, including the following: <ul style="list-style-type: none"> • Equipment Name/Type • Photograph • Dimensions • Weight • Mounting (floor, wall, or ceiling) • Existing anchorage (reference to an existing HCAI project, if applicable) • Anchorage (compliant or non-compliant if not included in a previous HCAI project) 	X		WPM would develop detailed matrix of current conditions using the detailed plans of each NPC-3 area created from life-safety plans (to be provided by SGMH in CAD format).
11	Prepare preliminary NPC-3 evaluation package for review with HCAI SCU prior to final submittal.	X		We have allocated 20 hours for this preliminary review.
12	Incorporate HCAI comments, if any, on the preliminary package into the final package.	X		
13	Prepare a consolidated NPC-3 Evaluation package and submit to HCAI SCU.	X		**Deliverable** WPM would provide the detailed matrix for submittal of NPC-3 Evaluation package to HCAI SCU. Entire hospital will be submitted to HCAI as one package.
14	Meet with HCAI SCU, if requested, to present the submitted NPC-3 Evaluation Report.	X		One virtual meeting is included.
15	Respond to HCAI SCU's plan review comments on the NPC-3 Evaluation Report.		X	
B. Construction Documents (CDs) for NPC-3 Upgrade			X	Scope of work shall be provided as an Additional Service once NPC-3 evaluation has been completed and the scope of work is fully defined.
C. Field Implementation of CDs for NPC-3 Upgrade			X	Scope of work shall be provided as an Additional Service once NPC-3 CDs have been completed and the scope of work is fully defined, and

Table A: SCOPE OF SERVICES			
PHASE	Included	Not Included	NOTES AND ASSUMPTIONS
			when a construction schedule has been established to complete the work. It is expected that this will be a phased process that allows continuity of operations to be maintained in the hospital.
D. Update NPC-3 Evaluation Report for submittal to HCAI SCU.		X	Scope of work shall be provided as an Additional Service once NPC-3 Upgrades have been completed.
E. Project Close-Out in accordance with HCAI SCU Requirements.		X	Scope of work shall be provided as an Additional Service once NPC-3 Upgrades have been completed.

III. Exclusions

Exclusions from our Scope of Services are described in Table B: Exclusions

Table B: EXCLUSIONS		
	EXCLUSIONS	NOTES
1	Manual field investigation and documentation of above-ceiling utilities.	This mandatory investigation and documentation shall be performed digitally by utilizing 3D laser scanning to minimize disruption to hospital functions and operations.
2	MEP engineering, architectural, medical equipment planning, and other consulting services.	
3	Development of construction documents (CDs) for NPC-3 upgrade.	
4	Construction administration for NPC-3 upgrade.	
5	Preparation of as-built drawings.	
6	Review of structural anchorage of MEP equipment and/or systems outside of NPC-3 areas.	
7	Study of impact of potential NPC-3 upgrades on disruption to hospital functions.	
8	Review and evaluation of existing MEP equipment or systems to assess functional conditions.	

Table B: EXCLUSIONS		
EXCLUSIONS		NOTES
9	Air measurements, power measurements, and recording of fluid flows.	
10	Review of Article 10 Items in CAC'2022.	
11	Hazardous material monitoring and abatement.	
12	ADA related condition assessment.	
13	Move management, phasing, and evaluations related to ADA upgrades.	
14	Probing, patching, and testing of structural systems to document strength and physical geometry.	
15	Material testing and condition assessment for as-built material strengths and conditions.	
16	Additional efforts because of unforeseen conditions.	
17	Site visits in excess of those indicated in Table A.	
18	Development of Operational Plan for NPC-4D reclassification.	
19	SPC related evaluations and/or upgrades.	
20	Preparation of cost estimates.	
21	Fee for HCAI reviews.	
22	Anchorage designs for any new medical equipment and new food service equipment, if any are proposed as part of Tenant Improvements (TI).	
23	Vibration analysis for equipment.	
24	Phasing Drawings.	
25	Response to HCAI plan review comments.	
26	NPC-5 Evaluation.	
27	Response to outstanding HCAI comments, if any.	
28	Efforts to close prior HCAI projects that might have been closed non-compliant.	
29	Testing of anchors and preparation of anchor testing program.	



Schedule T2 TERMS OF AGREEMENT

I. Compensation & Expenses

A. Walter P. Moore and Associates, Inc., "WALTER P MOORE", shall be paid as stated in the Agreement for Professional Services.

1. Lump Sum Fee - The total fee payable shall be the total sum stated herein, and payments shall be made periodically based upon WALTER P MOORE's percentage complete of the total fee as of the invoice date, or according to the schedule of payment by design phase if such schedule is expressly included herein.
2. Time and Expense Fee - The periodic fee payable shall be the cumulative sum of the mathematical products of the actual hours worked by individuals assigned to and providing services on the Project multiplied by the category billing rate for each respective individual as indicated in the Hourly Billing Rate Schedule attached to this Agreement for Professional Services.

B. WALTER P MOORE shall be compensated for all services provided regardless of whether the improvements designed are built, in whole or in part.

C. Additional Services: Additional Services shall be paid monthly in proportion to the percentage of the Additional Services completed for Fixed Fee compensation, or for the number of hours spent for Time and Expense Fee compensation, as of the invoice date.

D. Reimbursable Expenses: Miscellaneous out-of-pocket project related expenses including, without limitation; printing, postage, courier costs, lodging, travel expenses, etc., shall be charged at the incurred cost. Mileage shall be charged at IRS Standard Business Mileage Rate in effect at the time of travel.

E. Reimbursable Services: Third Party services retained by WALTER P MOORE on behalf of Owner shall be charged at the incurred cost plus 10%.

F. Sales taxes, if applicable, are not included and shall be paid by the Client.

II. Invoices and Payments

A. WALTER P MOORE will prepare and present invoices in WALTER P MOORE's standard format

on a monthly basis, unless other arrangements are stated in the Agreement for Professional Services.

B. Client shall pay WALTER P MOORE for approved invoices within thirty (30) days after receipt of invoice from WALTER P MOORE.

C. If the Client fails to make any payment due WALTER P MOORE for services and expenses within thirty (30) days after receipt of invoice from WALTER P MOORE may charge interest on the amounts due but unpaid at the lesser of the highest legal rate or twelve percent (12%) per annum.

D. Final payment for all fees and expenses is due to WALTER P MOORE no later than completion of the construction of This Part of the Project.

E. Any costs incurred by WALTER P MOORE in collecting delinquent amounts including, without limitation, reasonable attorney's fees shall be reimbursed by the Client. If any portion of WALTER P MOORE's invoice is disputed, the undisputed portion shall be paid by the Client by the due date, and Client shall contemporaneously advise WALTER P MOORE in writing of the basis for any disputed portion of any invoice.

F. WALTER P MOORE reserves the right to declare a substantial breach of this Agreement upon the Client's failure to make payment for services performed or Reimbursable Expenses incurred within ninety (90) days after Client's receipt of invoice from WALTER P MOORE.

G. No deductions shall be made from WALTER P MOORE's compensation on account of penalty, liquidated damages, or on account of the cost of changes in the Work except to the extent such costs are found by a court of competent jurisdiction to be caused by WALTER P MOORE.

III. Responsibilities of the Client

A. The Client shall, with reasonable promptness, perform normal administrative and management tasks to facilitate the design process, including, without limitation, the following:

1. Verify that the contemplated Project will be financed adequately, including provisions for contingencies, to accomplish stated goals and commitments.

2. Define the Project in writing and list the intended functions and needs and enumerate any special design criteria⁷ for This Part of the Project.
3. Provide all available information regarding requirements for This Part of the Project. WALTER P MOORE shall have the right to rely on the accuracy and completeness of any information provided by Client.
4. When requested in writing by WALTER P MOORE, the Client shall furnish the services of other reasonably required consultants including, without limitation, 3D laser scanning, surveyor, MEP engineer, architect, medical equipment planner, geotechnical and testing laboratory. These services shall be furnished at no charge to WALTER P MOORE which shall be entitled to rely upon the accuracy and completeness of any such consultants' work.
5. Advise WALTER P MOORE of the identity and scope of services of other consultants participating in the Project.
6. Review WALTER P MOORE's work for compliance with Client's programmatic requirements and for overall coordination with the work of the Clients' other consultants.
7. Notify WALTER P MOORE promptly if Client becomes aware of any fault with This Part of the Project or WALTER P MOORE's Services.
8. The Client or other professional consultant retained by the Client shall prepare and assemble specifications for the General Conditions, Supplementary Conditions and all components of the Project, and coordinate assembly of WALTER P MOORE's specification sections into the proper format.
9. Furnish to WALTER P MOORE copies of preliminary or detailed estimates of Total Project Construction Cost, bidding documents, change orders, and construction change directives, to the extent that they pertain to This Part of the Project.
10. Furnish to WALTER P MOORE for review and recommendation all construction phase submittals that pertain, directly or indirectly, to This Part of the Project.

11. Confer with WALTER P MOORE before issuing any interpretations or clarifications of documents prepared by WALTER P MOORE.
12. Endeavor to protect the interests of WALTER P MOORE in any dealings with Owner during the course of the Project to same extent as Client protects its interests.

- B. If a signed certificate is to be provided as a deliverable of WALTER P MOORE, the Client shall provide WALTER P MOORE with the exact requested wording no later than five (5) days prior to the anticipated execution date of the Agreement for Professional Services. To the extent such wording is currently available; it shall be attached to the Agreement for Professional Services as an exhibit and made part of the Agreement for Professional Services. Under no circumstances shall WALTER P MOORE be required to execute a certificate that requires WALTER P MOORE to accept duties or have knowledge beyond that required by the Agreement.
- C. CLIENT shall pay all costs WALTER P MOORE incurs because of any professional licensing or other complaint filed against WALTER P MOORE, or anyone related to it, related to any certificate of merit, or its equivalent, that results from this Project.

IV. Instruments of Service

- A. Drawings, specifications, and other documents prepared by WALTER P MOORE pursuant to the Agreement are instruments of WALTER P MOORE's professional services ("Instruments of Service"). WALTER P MOORE shall be deemed the author of these documents and shall retain all common law, statutory, and other reserved rights, including the copyrights. Provided that Client is not in breach of the Agreement, Client is granted a limited, non-exclusive license to use WALTER P MOORE's Instruments of Service for the construction, use, replacement, and maintenance of the Project. The Client shall be permitted to retain copies, including reproducible copies, of the Instruments of Service for the purposes permitted by the non-exclusive license. The Instruments of Service shall not be used on any other project, or for completion of the Project by others, except as permitted by law in the event WALTER P MOORE has been adjudged in default under the Agreement or except by separate

written agreement of the parties with appropriate compensation to WALTER P MOORE. Third parties such as the Contractor shall be permitted to obtain a copy of the Instruments of Service in electronic format in connection with the construction of the Project by executing WALTER P MOORE's standard agreement for such use.

- B. The Client or WALTER P MOORE shall not make changes in each other's Drawings, Specifications, and other documents without written permission of the other party.

V. Insurance

- A. WALTER P MOORE shall endeavor to maintain professional liability insurance covering claims arising out of the performance of professional services under the Agreement or the Project or caused by negligent errors, omissions or acts for which each may be liable. This insurance, as reflected in the parties' certificates of insurance, shall be maintained in force for a period of One (1) year after the date of Substantial Completion of the Project, if reasonably available and commercially affordable, or as otherwise agreed to and documented by Client and WALTER P MOORE.
- B. If insurance is required, and an Architect or other professional consultants are part of the design team, the Architect and any other consultants shall be required by the Client to obtain and maintain insurance coverage of similar nature to cover errors, omissions, or negligent acts for which the Architect or consultant are legally liable.
- C. Unless otherwise agreed, WALTER P MOORE, Client, Architect, and other professional consultants shall each provide insurance to protect themselves from: 1) claims under workers' or workmen's compensation acts; 2) from general liability claims for damages because of bodily injury, including personal injury, sickness, disease, or death of any employees or of any other person and from claims for damages because of destruction of property including loss of valuable papers and records coverage and including loss of use resulting therefrom; and 3) employment practices liability.
- D. The insurance coverage required by the above paragraphs shall be in not less than the limits required by law and as otherwise agreed.

- E. If Client enters into a construction contract based in whole or in part upon design services performed or deliverables prepared by WALTER P MOORE under the Agreement, Client shall use its best efforts to require in the Contract Documents that the Contractor shall: 1) provide liability insurance appropriate and adequate for the size and complexity of the Project; 2) agree to hold harmless, defend and indemnify Client and WALTER P MOORE against claims and lawsuits by Contractor or its subcontractors or suppliers of any tier for economic loss; and 3a) name WALTER P MOORE as an additional insured party, and 3b) waive any right of subrogation against WALTER P MOORE, under any commercial general liability or builders' risk policy providing coverage with respect to the construction of the Project; provided, however, that Client shall use its best efforts to have Client name WALTER P MOORE as an additional insured on, and waive subrogation against WALTER P MOORE under, any such policies Client provides with respect to the Project.

VI. Controlling Law and Disputes

- A. The Agreement, and its interpretation and performance, shall be governed by the laws of the United States of America and State of Texas notwithstanding any choice of law principles. Exclusive venue for any dispute arising out of the interpretation or performance of the Agreement shall be a court of competent jurisdiction where the Project is located.

VII. Standard of Care

- A. WALTER P MOORE shall provide services under the Agreement in a manner consistent with that degree of care and skill customarily exercised by members of the same profession currently practicing under similar circumstances.

VIII. Time for Performance

- A. WALTER P MOORE shall perform its services as expeditiously as is consistent with the Standard of Care as defined herein and the orderly progress of the Project.

IX. Indemnity, Limitations of Liabilities, Warranty and Remedies

- A. WALTER P MOORE shall not be responsible or held liable for any acts or omissions of Client, Client's other consultants, Contractor or any of its subcontractors or suppliers of any tier or any

- other persons or entity performing any of the Work.
- B. WALTER P MOORE agrees, to the fullest extent permitted by law, to hold harmless and indemnify Client from and against any and all claims, damages, fines, penalties, assessments, requirements or liabilities including, without limitation, claims for injury to persons or property, death, or economic loss, and costs including, without limitation, reasonable attorney's fees and defense and response costs that arise under the Agreement for Professional Services to the extent such damages are caused by the negligence of WALTER P MOORE.
- C. Client agrees, to the fullest extent permitted by law, to hold harmless and indemnify WALTER P MOORE from and against any and all claims, damages, fines, penalties, assessments, requirements or liabilities including, without limitation, claims for injury to persons or property, death, or economic loss, and costs including, without limitation, reasonable attorney's fees and defense and response costs that arise under the Agreement for Professional Services to the extent such damages are caused by the negligence of the Client.
- D. If WALTER P MOORE's construction contract administration services are limited or excluded from WALTER P MOORE's scope of services, it is agreed that WALTER P MOORE's professional services shall not extend to or include any review or site observation of Contractor's work or performance, and Client shall in such circumstances, to the fullest extent permitted by law, hold harmless and indemnify WALTER P MOORE from and against any and all claims, damages, liabilities including without limitation, claims for injury to persons or property, death, or economic loss, or costs including without limitation reasonable attorney's fees and defense costs arising out of, or alleged to arise out of, designs or deliverables of WALTER P MOORE regardless of whether any such claims, damages, liabilities, or costs were, or were alleged to be, caused in part by the negligence or negligent misrepresentation of WALTER P MOORE or someone for whom WALTER P MOORE is legally responsible.
- E. Because remodeling and/or rehabilitation of an existing structure and/or related infrastructure requires that certain assumptions be made regarding existing conditions, and because these assumptions may not be verifiable without expending inordinate amounts of time and money, or damaging otherwise adequate and serviceable portions of the structure, Client agrees, to the fullest extent permitted by law to hold harmless and indemnify WALTER P MOORE from and against any and all claims, damages or liabilities including, without limitation, claims for injury to persons or property, death, or economic loss, and costs including, without limitation, reasonable attorney's fees and defense costs arising out of any designs or deliverables of WALTER P MOORE based in whole or in part upon any assumptions made by WALTER P MOORE regarding existing conditions, excepting only those claims, damages, liabilities or costs to extent caused by the negligence or willful misconduct by WALTER P MOORE.
- F. **To the maximum extent permitted by law, Client agrees to limit Walter P Moore's liability for claims arising from or related to the Agreement or the Scope of Services to the Sum of \$50,000 or Walter P Moore's paid fee, whichever is greater. This limitation shall apply regardless of the cause of action or legal theory pleaded or asserted, including any kind of indemnity.**
- G. Other than as expressly stated herein, WALTER P MOORE makes no other express or implied warranties regarding the performance or result of these services.
- X. **Successors and Assigns**
- A. Client and WALTER P MOORE, respectively, bind themselves, their partners, successors, assigns, and legal representatives to the other party to the Agreement and to the partners, successors, assigns and legal representatives of such other party with respect to all covenants of the Agreement.
- B. Neither party to the Agreement shall transfer, sublet, or assign any rights under or interest in the Agreement (including, without limitation, monies that are due or monies that may be due) without the prior written consent of the other party. Subcontracting by WALTER P MOORE shall not be considered an assignment for purposes of the Agreement, and nothing contained in this paragraph shall prevent WALTER P MOORE from employing such independent professional

associates and consultants as WALTER P MOORE may deem appropriate to assist in the performance of services hereunder.

- C. Nothing under the Agreement shall be construed to confer any rights or benefits in the Agreement to anyone other than Client and WALTER P MOORE, and all duties and responsibilities undertaken pursuant to the Agreement shall be for the sole and exclusive benefit of Client and WALTER P MOORE and not for the benefit of any other party.

XI. Hazardous Material

- A. WALTER P MOORE shall have no responsibility for the detection, presence, removal, encapsulation, treatment, abatement, storage, transportation, disposal, or any other form of identification or handling of any asbestos, asbestos containing products materials or substances, polychlorinated biphenyl (PCB), or any other materials, constituents or substances that are, or are deemed to be, hazardous under the Resource Conservation and Recovery Act of 1976 as amended or any other similar federal, state or local regulation or law ("Hazardous Material"). Client shall use its best efforts to have Client furnish any tests for Hazardous Materials and other laboratory and environmental tests, inspections, reports, mitigation, or removal as necessary or required by law since no such test shall be provided by or through WALTER P MOORE.
- B. Client agrees, to the fullest extent permitted by law, to hold harmless and indemnify WALTER P MOORE from and against any and all claims, damages, fines, penalties, assessments, requirements, or liabilities including, without limitation, claims for injury to persons or property, death, or economic loss, and costs including, without limitation, reasonable attorney's fees and defense and response costs arising out of any claims related to Hazardous Materials.

XII. Termination and Suspension

- A. The Agreement may be terminated by either party upon not less than Seven (7) days' written notice should the other party fail substantially to perform in accordance with the terms of the Agreement through no fault of the party initiating the termination, and such failure to perform is not cured within such Seven (7) days.

- B. After the Project or WALTER P MOORE's services are interrupted or suspended for any cause other than the fault of WALTER P MOORE for more than Forty-Five (45) calendar days in the aggregate over the term of the Agreement, WALTER P MOORE may, at its option at any time thereafter, without waiving any other right or remedy, and without incurring any liability to Client or any other party, terminate the Agreement upon seven days written notice without cure or suspend its services, and WALTER P MOORE shall be compensated for all its services performed and reimbursable expenses incurred prior to the termination or commencement of suspension of services by WALTER P MOORE. WALTER P MOORE shall have no liability to Client or otherwise for such suspension, and Client covenants not to make any claim for any delay or damage alleged to have resulted from such suspension. If WALTER P MOORE elects to suspend its services, Client shall, upon WALTER P MOORE's resumption of services, compensate WALTER P MOORE for expenses incurred as a result of the suspension and resumption of its services, and WALTER P MOORE's schedule and fees for the remainder of WALTER P MOORE's Project services shall be equitably adjusted.
- C. If Client is in breach of the Agreement, WALTER P MOORE may at any time thereafter, without waiving any other right or remedy, and without incurring any liability to Client or any other party, upon Seven (7) calendar days' written notice suspend its services to Client. WALTER P MOORE shall have no liability to Client or otherwise for such suspension, and Client covenants not to make any claim for any delay or damage alleged to have resulted from such suspension. If WALTER P MOORE elects to resume its services, provided that WALTER P MOORE has not previously terminated the Agreement, and upon receipt of payment in full to WALTER P MOORE of all outstanding sums due from Client, or curing of such other breach by Client which caused WALTER P MOORE to suspend services, Client shall as Additional Services compensate WALTER P MOORE for expenses incurred as a result of the suspension and resumption of its services, and WALTER P MOORE's schedule and fees for the remainder of WALTER P MOORE's Project services shall be equitably adjusted.

XIII. Force Majeure

- A. In the event that WALTER P MOORE is obstructed, interrupted, or impeded, directly or indirectly, in performing any of its obligations under the Agreement by an Act of God, sickness, disease, infection, epidemic, government order, building closure, fire, flood, earthquake, terrorism or terrorism threat, adverse weather, war, attack, labor unrest or shortage, civil unrest or any other occurrence beyond the control of WALTER P MOORE, or by any complications, responses (e.g., COVID plans), or unreasonable risks arising from such occurrences, then WALTER P MOORE shall be excused from any further performance of its obligations under the Agreement and entitled to adjustment of the Project schedule and its compensation under this Agreement. Additionally, any obligation by WALTER P MOORE to attend an in-person meeting or site visit shall be: (a) excused if it would, in WALTER P MOORE's judgment, be unsafe or its purposes may be satisfied virtually, and (b) subject to any reasonable protocols that WALTER P MOORE has adopted for the health and safety of its employees.

XIV. Waiver

- A. The failure on the part of either party, at any time, to require full performance by the other party of any portion of the Agreement, shall not be deemed a waiver of, or in any way affect, that party's rights to enforce such provisions or any other provision at a later time. Any waiver by any party of any provision or on any occasion shall not be taken or held to be a waiver of any other provision or on any other occasion.

XV. Severability and Survival of Terms

- A. If any one or more provisions of the Agreement, any portion thereof, or the application thereof to any person or circumstance, shall for any reason be held invalid, illegal or unenforceable in any respect, any such invalidity, illegality or unenforceability shall be deemed stricken and shall not affect any other provision of the Agreement or the application of such provisions to other persons or circumstances, and the balance of the Agreement shall be enforced to the greatest extent permitted by law. Limitations of liability and remedies and all indemnity obligations shall survive termination of the Agreement for any cause.

XVI. Dispute Resolution

- A. If a dispute arises out of or relates to this contract or the breach thereof, and if the dispute cannot be settled through negotiation, the parties agree first to try to settle the dispute by mediation administered by the American Arbitration Association under its Construction Industry Mediation Procedures before resorting to arbitration or litigation.

XVII. Meaning of Terms

- A. **Client** - The party, with which WALTER P MOORE has entered into the Agreement, responsible for managing the overall design including, without limitation, the design and deliverables of WALTER P MOORE as a consultant to the Client.
- B. **Construction Cost of This Portion of the Project** - The total cost incurred by, or if the project is not built, the estimated construction cost to, Client of all elements of the Project designed or specified by WALTER P MOORE. Such Cost shall include the cost (at current market rates if estimated) of all labor and materials furnished including the overhead, fee or profit contingency for This Part of the Project.
- C. **Contractor** - A third party, if any, engaged to provide construction services to Client based in part upon designs and deliverables of WALTER P MOORE.
- D. **WALTER P MOORE** - Walter P. Moore and Associates, Inc., and WALTER P MOORE's independent professional associate or consultant engineering firms.
- E. **Project** - As defined in the Agreement for Professional Services.
- F. **Services** - As defined in the Agreement for Professional Services.
- G. **This Part of the Project** - All elements of the Project design within WALTER P MOORE's engineering discipline designed or specified by WALTER P MOORE.
- H. **Total Project Construction Cost** - The total cost incurred by, or if the project is not built, the estimated construction cost to, Client of all elements of the Project designed or specified by Client and its Consultants. Such Cost shall include the cost at current market rates of all labor and materials furnished including the overhead, fee or profit contingency, plus the cost of equipment specifically specified by Client and its Consultants.