



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday, November 2, 2021

6:00 PM

IN AN EFFORT TO PREVENT THE SPREAD OF COVID-19 (CORONAVIRUS), AND IN ACCORDANCE WITH THE GOVERNOR'S EXECUTIVE ORDER N-29-20 (PENDING AB 361 IMPLEMENTATION), THERE WILL BE NO PUBLIC LOCATION FOR ATTENDING THIS BOARD MEETING IN PERSON. MEMBERS OF THE PUBLIC MAY JOIN THE MEETING BY FOLLOWING THE INSTRUCTIONS BELOW:

Meeting Information

Meeting link: <https://sangorgoniomemorialhospital-ajd.my.webex.com/sangorgoniomemorialhospital-ajd.my/j.php?MTID=m63e1b9da3cec6a1947093205bb723e75>

Meeting number: 2551 331 1842

Password: 1234

More ways to join

Join by video system

Dial [25513311842@webex.com](tel:25513311842)

You can also dial 173.243.2.68 and enter your meeting number.

Join by phone

+1-510-338-9438 USA Toll

Access code: 2551 331 1842

Password: 1234

Emergency phone number if WebEx tech difficulties

951-846-2846

code: 3376#

THE TELEPHONES OF ALL MEMBERS OF THE PUBLIC LISTENING IN ON THIS MEETING MUST BE "MUTED".

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

Members of the public who wish to comment on any item on the agenda may speak during public comment or submit comments by emailing publiccomment@sgmh.org on or before 1:00 PM on Tuesday, November 2, 2021, which will become part of the board meeting record.

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
<ul style="list-style-type: none"> • October 5, 2021, regular meeting | All | A |
|------|--|-----|---|

NEW BUSINESS

- | | | | |
|-------|--|---------------|------------|
| IV. | Healthcare District Board Chair monthly report | D. Tankersley | verbal |
| V. | * Proposed Action - Approve September 2021 Financial Report
<ul style="list-style-type: none"> ▪ ROLL CALL • Informational: Measure A Funds Report – September 2021 | M. Kammer | B

C |
| VI. | Quarterly Common Area Maintenance (CAM) Fees report | M. Kammer | D |
| VII. | * Proposed Action – Approve 2021 Meeting Dates
<ul style="list-style-type: none"> ▪ ROLL CALL | D. Tankersley | E |
| VIII. | * Proposed Action – Approve to enter a Lease Agreement and Use, License & Service Agreement between Intuitive Surgical and San Gorgonio Memorial Healthcare District for a da Vinci robotics surgical equipment system.
(approval recommended by Finance Committee 10/26/2021)
<ul style="list-style-type: none"> ▪ ROLL CALL | S. Barron | F |

San Gorgonio Memorial Healthcare District
Board of Directors Regular Meeting
November 2, 2021

IX. Informational – Price Increase Letter D. Tankersley G

X. FOR REVIEW – Existing 2021 Slate of Officers D. Tankersley H
(Proposed approval for 2022 Slate of Officers scheduled for December 2021 –
Effective January 2022 meeting.)

XI. General Information

***** ITEMS FOR DISCUSSION/APPROVAL IN CLOSED SESSION** D. Tankersley

- Proposed Action – Approve Medical Staff Credentialing
(*Health & Safety Code §32155; and Evidence Code §1157*)

XII. **ADJOURN TO CLOSED SESSION**

RECONVENE TO OPEN SESSION

***** REPORT ON ACTIONS TAKEN DURING CLOSED SESSION** D. Tankersley

XIII. Future Agenda Items

XIV. 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.

I certify that on October 29, 2021, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Healthcare District, and on the San Gorgonio 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 October 29, 2021



Ariel Whitley, Executive Assistant

TAB A

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

October 5, 2021

The regular meeting of the Board of Directors of the San Gorgonio Memorial Healthcare District was held on Tuesday, October 5, 2021. In an effort to prevent the spread of COVID-19 (coronavirus), and in accordance with the Governor’s Executive Order N-29-20, there was no public location for attending this board meeting in person. Board members and members of the public participated via WebEx.

Members Present: Phillip Capobianco III, Howard Katz, Ehren Ngo, Dennis Tankesley (Chair)

Excused Absence: Joel Labha

Required Hospital: Steve Barron (CEO), Pat Brown (CNO/COO), Daniel Heckathorne (CFO), Annah Karam (CHRO), Karan Singh, MD (CMO), 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 6:12 pm.	
Public Comment	Members of the public who wished to comment on any item on the agenda were encouraged to submit comments by emailing publiccomment@sgmh.org prior to this meeting. No public comment emails were received.	
OLD BUSINESS		
Proposed Action - Approve Minutes September 7, 2021, regular meeting and the September 14, 2021, special meeting	Chair Tankersley asked for any changes or corrections to the minutes of the September 7, 2021, regular meeting and the September 14, 2021, special meeting.	The minutes of the August September 7, 2021, regular meeting and the September 14, 2021, special meeting minutes will stand correct as presented.
NEW BUSINESS		
Healthcare District Board Chair Monthly report	Chair Tankersley briefly reported that the Measure H renewal process is moving forward in the right direction.	

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP												
<p>Proposed Action – Approve the August 2021 Financial Report</p>	<p>Margaret Kammer reviewed the August 2021 Finance Report as included on the board tablets.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="407 499 1214 615"> <tr> <td>Capobianco</td> <td>Yes</td> <td>Katz</td> <td>Yes</td> </tr> <tr> <td>Labha</td> <td>Absent</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capobianco	Yes	Katz	Yes	Labha	Absent	Ngo	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C., (Tankersley/Katz), the SGMHD Board of Directors approved the August 2021 Financial report as presented.</p>
Capobianco	Yes	Katz	Yes											
Labha	Absent	Ngo	Yes											
Tankersley	Yes	Motion carried.												
<p>• Informational - Measure A expenditures – August 2021</p>	<p>Chair Tankersley noted that a copy of the Measure A funds and expenditures – August 2021 were included on the board tablets.</p>													
<p>Proposed Action – Approve MRI Trailer Relocation Project</p>	<p>The Hospital is looking to relocate the MRI Trailer. Its current location is far from the hospital. For this reason, inpatient MRIs cannot be performed. Relocating the MRI trailer will allow for inpatient MRIs, leading to an improvement in inpatient volumes.</p> <p>The project will go out to bid and the financial analysis will be submitted to the Board for final approval at a later time.</p> <p>It was noted that the Hospital Board recommends approval.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="407 1314 1214 1430"> <tr> <td>Capobianco</td> <td>Yes</td> <td>Katz</td> <td>Yes</td> </tr> <tr> <td>Labha</td> <td>Absent</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capobianco	Yes	Katz	Yes	Labha	Absent	Ngo	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C., (Tankersley/Ngo), the SGMHD Board of Directors approved the MRI Trailer Relocation Project</p>
Capobianco	Yes	Katz	Yes											
Labha	Absent	Ngo	Yes											
Tankersley	Yes	Motion carried.												
<p>Proposed Action – Approve Amendments to FY 2022 Operating Budget</p>	<p>The Hospital Board recommends a net budget adjustment of \$839,787.00 to the FY2022 Operating Budget.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="407 1654 1214 1770"> <tr> <td>Capobianco</td> <td>Yes</td> <td>Katz</td> <td>Yes</td> </tr> <tr> <td>Labha</td> <td>Absent</td> <td>Ngo</td> <td>Yes</td> </tr> <tr> <td>Tankersley</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Capobianco	Yes	Katz	Yes	Labha	Absent	Ngo	Yes	Tankersley	Yes	Motion carried.		<p>M.S.C., (Tankersley/Katz), the SGMHD Board of Directors approved the amendments to FY 2022 Operating Budget</p>
Capobianco	Yes	Katz	Yes											
Labha	Absent	Ngo	Yes											
Tankersley	Yes	Motion carried.												
<p>General Information</p>	<p>None</p>													

AGENDA ITEM	DISCUSSION	ACTION / FOLLOW-UP
Adjourn to Closed Session	Chair Tankersley, reported the items to be reviewed and discussed and/or acted upon during Closed Session will be: <ul style="list-style-type: none"> ➤ Proposed Action – Approve Medical Staff Credentialing The meeting adjourned to Closed Session at 6:22 pm.	
Reconvene to Open Session	The meeting reconvened to Open Session at 6:49 pm. At the request of Chair, Tankersley, Ariel Whitley reported on the actions taken/ information received during closed session as follows: <ul style="list-style-type: none"> ➤ Approved Medical Staff Credentialing 	
Future Agenda Items	None.	
Adjournment	The meeting was adjourned at 6:49 pm.	

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

September 2021 Unaudited Financial Report

FY 2022

Presented by:

M. Kammer

Page 1

**SAN GORGONIO MEMORIAL DISTRICT
BANNING, CALIFORNIA**

9/30/21

PAGE 2

FY 2022

	ACT CUR 09/30/21	BUD CUR 09/30/21	PRIOR YR 09/30/20	ACT YTD 09/30/21	BUD YTD 09/30/21	Prior YTD 09/30/20
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	\$13,836	\$0	\$0	\$41,507	\$0
Clinic Revenues	\$0	\$0	\$0	\$0	\$0	\$9,018
Tax Subsidies Measure D	\$233,333	\$239,583	\$188,750	\$699,999	\$718,750	\$377,500
Tax Subsidies Advelorum	\$150,000	\$166,667	\$113,740	\$450,000	\$500,000	\$227,480
Other Non-Operating Revenue - Grants	\$0	\$4,064	\$0	\$0	\$12,191	\$0
	\$383,333	\$424,149	\$282,223	\$1,149,999	\$1,272,448	\$613,998
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	\$31,415	\$27,563	\$6,077	\$84,758	\$82,688	\$6,077
Supply Expense	\$0	\$0	\$0	\$0	\$0	\$0
Utilities	\$4,819	\$2,481	\$2,295	\$6,660	\$7,442	\$4,297
Repairs and Maintenance	\$21,729	\$7,000	\$9,665	\$30,984	\$21,000	\$16,097
Insurance Expense	\$0	\$0	\$0	\$0	\$0	\$0
All Other Operating Expenses	\$0	\$234,333	(\$3,847)	\$0	\$703,000	(\$2,559)
IGT Expense	\$0	\$0	\$0	\$0	\$0	\$0
Leases and Rentals	\$0	\$0	\$0	\$0	\$0	\$0
Clinic Expenses	\$0	\$0	\$63,364	\$0	\$0	\$143,428
	\$57,963	\$271,376	\$77,554	\$122,402	\$814,129	\$167,340
EBIDA	\$325,370	\$152,773	\$224,936	\$1,027,597	\$458,319	\$446,658
Depreciation						
Depreciation	\$504,865	\$504,865	\$494,658	\$1,514,595	\$1,514,595	\$989,316
Interest Expense (Non-Governmental Pr						
Interest Expense (Non-Governmental Pr	\$360,360	\$402,229	\$379,690	\$1,080,791	\$1,206,687	\$758,700
	\$865,225	\$907,094	\$874,348	\$2,595,386	\$2,721,282	\$1,748,016
Contributions						
Contributions	\$2,538	\$75,000	\$11,182	\$34,499	\$225,000	\$11,690
Tax Subsidies for GO Bonds - M-A						
Tax Subsidies for GO Bonds - M-A	\$613,966	\$666,667	\$597,442	\$1,841,897	\$2,000,000	\$1,194,883
Total Non Operating Revenue/(Expens	\$616,504	\$741,667	\$608,624	\$1,876,396	\$2,225,000	\$1,206,573
NET INCOME	\$76,649	(\$12,654)	(\$40,788)	\$308,607	(\$37,963)	(\$94,785)

Balance Sheet - Assets

SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT
BANNING, CALIFORNIA

9/30/21

PAGE 3

	Current Month 09/30/2021	Prior Month 08/30/2021	ASSETS Positive/ (Negative) Variance	Percentage Variance	Prior Year 06/30/2021
					\$12,264,322
Current Assets -DISTRICT ONLY					
Cash and Cash Equivalents	\$667,528	\$703,116	(\$35,588)	-5%	\$748,291
Gross Patient Accounts Receivable	\$0	\$0	\$0	0.00%	\$514,806
Less: Bad Debt and Allowance Reserve	\$0	\$0	\$0	0.00%	(\$428,743)
Net Patient Accounts Receivable	\$0	\$0	\$0	0.00%	\$86,063
Interest Receivable	\$3,432,483	\$2,435,184	\$997,299	41%	\$542,747
Other Receivables	\$0	\$0	\$0	0.00%	\$0
Inventories	\$0	\$0	\$0	0.00%	\$0
Prepaid Expenses	\$126,169	\$126,224	(\$55)	0%	\$55
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	\$4,226,180	\$3,264,524	\$961,656	29%	\$1,377,156
Assets Whose Use is Limited					
Cash	\$0	\$0	\$0	0.00%	\$0
Investments	\$6,221,176	\$7,015,817	(\$794,641)	-11%	\$15,465,582
Bond Reserve/Debt Retirement Fund	\$0	\$0	\$0	0.00%	\$0
Trustee Held Funds	\$0	\$0	\$0	0.00%	\$0
Funded Depreciation	\$0	\$0	\$0	0.00%	\$0
Board Designated Funds	\$0	\$0	\$0	0.00%	\$0
Other Limited Use Assets	\$0	\$0	\$0	0.00%	\$0
	\$0	\$0	\$0	0.00%	\$0
Total Limited Use Assets	\$6,221,176	\$7,015,817	(\$794,641)	-11%	\$15,465,582
Property, Plant, and Equipment					
Land and Land Improvements	\$4,828,182	\$4,828,182	\$0	0%	\$4,828,182
Building and Building Improvements	\$128,669,491	\$128,669,491	\$0	0%	\$129,257,409
Equipment	\$26,704,444	\$26,562,627	\$141,817	1%	\$26,562,627
Construction In Progress	\$299,244	\$229,244	\$70,000	31%	\$229,244
Capitalized Interest	\$0	\$0	\$0	0.00%	\$0
Gross Property, Plant, and Equipmen	\$160,501,361	\$160,289,544	\$211,817	0%	\$160,947,462
Less: Accumulated Depreciation	(\$84,601,882)	(\$84,097,017)	(\$504,865)	1%	(\$83,087,287)
Net Property, Plant, and Equipment	\$75,899,479	\$76,192,527	(\$293,048)	0%	\$77,860,175
Other Assets					
Unamortized Loan Costs	\$720,753	\$723,342	(\$2,589)	0%	\$728,520
Assets Held for Future Use	\$0	\$0	\$0	0.00%	\$0
Investments in Subsidiary/Affiliated Org.	\$16,951,383	\$16,860,221	\$91,162	1%	\$16,860,221
Other	\$0	\$0	\$0	0.00%	\$0
Total Other Assets	\$17,672,136	\$17,583,563	\$88,573	1%	\$17,588,741
TOTAL UNRESTRICTED ASSETS	\$104,018,971	\$104,056,431	(\$37,460)	0%	\$112,291,654
Restricted Assets	\$0	\$0	\$0	0.00%	\$0
TOTAL ASSETS	\$104,018,971	\$104,056,431	(\$37,460)	0%	\$112,291,654

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

9/30/21

PAGE 4

	Cur Month 09/30/2021	Cur Month 08/31/2021	Positive/ (Negative) Variance	Percentage Variance	Prior Year 06/30/2020
Current Liabilities					
Accounts Payable	\$324,841	\$250,605	\$74,236	30%	\$291,294
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	\$1,271,014	\$899,446	\$371,568	41%	\$2,484,778
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	\$3,930,855	\$3,485,051	(\$445,804)	-13%	\$5,111,072
Long Term Debt					
Bonds/Mortgages Payable	\$102,996,935	\$103,010,293	(\$13,358)	0%	\$105,677,009
Revenue Bond Payable	\$315,000	\$315,000	\$0	0%	\$315,000
Current Portion	\$0	\$0	\$0	0.00%	\$0
Total Long Term Debt	\$103,311,935	\$103,325,293	(\$13,358)	0%	\$105,992,009
Other Long Term Liabilities					
Deferred Revenue	\$0	\$0	\$0	0.00%	\$0
Accrued Pension Expense (Net of Currer	\$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	\$107,242,790	\$106,383,518	(\$859,272)	-1%	\$111,103,081
Net Assets:					
Unrestricted Fund Balance	(\$3,300,468)	(\$2,221,360)	(\$1,079,108)	49%	\$2,012,369
Temporarily Restricted Fund Balance	\$0	\$0	\$0	0.00%	\$0
Restricted Fund Balance	\$0	\$0	\$0	0.00%	\$0
Net Revenue/(Expenses)	\$76,649	(\$105,727)	\$182,376	-172%	(\$823,796)
TOTAL NET ASSETS	(\$3,223,819)	(\$2,327,087)	\$896,732	-39%	\$1,188,573
TOTAL LIABILITIES AND NET ASSETS	\$104,018,971	\$104,056,431	\$37,460	0%	\$112,291,654
	\$0	\$0			\$0

TAB C

San Geronio Memorial Healthcare District

Measure A analysis of Project Funds Paid by General Category

9/30/2021

	Measure A	Current Month-Measure A	District Funds
	<u>Project-to-Date</u>	<u>09/30/2021 UPDATE</u>	<u>09/30/2021 UPDATE</u>
Computer Equipment	\$ 5,311,028	\$ -	
Radiology Equipment	\$ 1,526,641	\$ -	
Legal/Regulatory/Bonds	\$ 3,143,910	\$ -	
Architectural (HDR)-ALL PHASE 1 PROJ	\$ 11,756,851	\$ -	
Construction Management-ALL PHASE 1	\$ 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 9/01/14	\$ 7,015,575		
Expenditures prior to 9/01/14 all phases	\$ 111,445,293		
Project expenditures using District Funds			
TCU Conversion 0001	\$0.00	\$0.00	\$ 108,612
Medical Records Conversion 0004	\$0.00	\$0.00	\$ 13,618
Pharmacy Conversion 0005	\$0.00	\$0.00	\$ 50,447
CIP Patient Care Facility-0008	\$0.00	\$0.00	\$ 2,100
Project Expenditures using Measure A funds			
TCU Conversion 0001	\$ 539,852.53	\$0.00	
Medical Records Conversion 0004	\$0.00	\$0.00	
Pharmacy Conversion 0005	\$0.00	\$0.00	
CIP Patient Care Facility-0008	\$1,338,416.28	\$0.00	\$0.00
OR Electrical Conversion	\$0.00	\$0.00	\$39,751.00
Other Construction Costs	\$150,247.92	\$0.00	
Other Non-Construction Costs	\$193,576.42	\$0.00	\$5,955.22
Total Expenditures	\$ 113,667,386	\$ -	\$ 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/	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	39,032
Interest Income SUBTOTAL	5,902,174
Total Proceeds Available for Measure A:	\$ 113,943,539

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		37,906
Total Interest Income earned		\$ 5,902,174
Project Expenditures (from above)	\$	113,667,386
Total Consolidated Funds available:	\$	276,153.01
	spent to date	100%

MEASURE A BALANCES:		
	Balances as of 09/30/2021	
Bank of Hemet Series A	4310	-
Security Bank of California Construction Fu	1812	5,990
Security Bank of California Money Market	2509	270,163
Total Balances		\$ 276,153
	VARIANCE \$	(0.00)

TAB D

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

Billings From

1/1/2011 Thru

9/30/2021

SUMMARY

		<u>TOTAL BILLED</u>	<u>TOT COLLECTED</u>	<u>AMT DUE</u>	<u>Mos in arrears</u>
Building #1	San Gorgonio Investors	\$47,398.64	\$47,413.41	-\$14.77	0
Building #2	Ahsan Qazi, MD & Jeung Yoo, MD Highland Springs Medical Building Partners	\$62,766.39	\$60,766.23	\$2,000.16	4
Building #3	Ahsan Qazi, MD & Jose Limon, Memorial Hospital Professional Building	\$60,900.58	\$60,301.12	\$599.46	1
Building #4	Rancho Paseo Medical Group	\$64,764.60	\$60,200.86	\$4,563.74	8
Building #5	Rancho Paseo Medical Group Highland Springs LLC	\$62,904.03	\$56,260.49	6643.54	13
Lots 6 & 7	Wellness Properties-Dr. Borna	\$93,848.52	\$93,825.39	\$23.13	0
TOTALS		\$392,582.76	\$378,767.50	\$13,815.26	

TAB E

HEALTHCARE DISTRICT
2022 MEETING DATES FOR BOARD APPROVAL

Healthcare District – meeting begins at 6:00 pm

Tuesday, January 4
Tuesday, February 1
Tuesday, March 1
Tuesday, April 5
Tuesday, May 3
Tuesday, June 7
Tuesday, July 5
Tuesday, August 2
Tuesday, September 6
Tuesday, October 4
Tuesday, November 1
Tuesday, December 6

Measure A Community Oversight Committee – meeting begins at 5:15 pm

Wednesday, May 18
Wednesday, November 16

Measure D Community Oversight Committee – meeting begins at 5:00 pm

Wednesday, May 18
Wednesday, November 16

TAB F

Date: October 21, 2021

Subject: Proposed Action to Enter into a Lease Agreement and Use, License & Service Agreement between Intuitive Surgical and San Gorgonio Memorial Healthcare District for a daVinci robotics surgical equipment system.

Overview

The Hospital has been approached to procure a robotic surgical system. These types of systems have become very common in larger hospitals for several years, and now it is considered a necessary standard of surgical care for almost all hospitals.

An extensive review of the proposed project has been taken by the Executive Team, various Physicians and Surgeons, along with significant coordination and assistance with the operation and financial proformas for the project from the team at Intuitive, the parent company of the robotic systems.

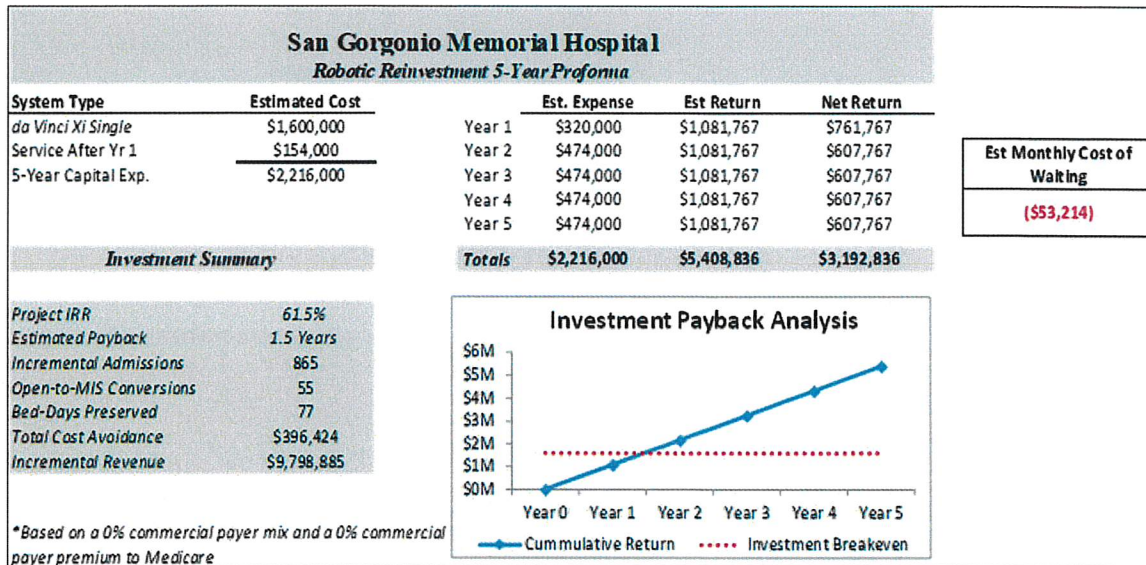
A summary of the key lease terms is shown below, along with a summary of the financial proforma.

Lease Conditions			
Lease Period	60 Months. The Lease Period may be extended in accordance with the Lease Agreement.		
Commencement Date	This Lease Agreement will commence on the date of Acceptance specified in the Acceptance Document.		
Interest Rate	3.50%		
Periodical Lease Payments	Months 1-60 \$26,212.97 per month	No. of Periodical Lease Payments: 60 (subject to extension of Lease Period)	<input checked="" type="checkbox"/> Monthly payments
	Lessee agrees and acknowledges payments due herein shall not be excused by any contingencies including, but not limited to, Lessee's internal practices, policies, or any state approvals.		
	<input type="checkbox"/> The first Periodical Lease Payment is due on Commencement Date. Thereafter, each subsequent Periodical Lease Payment is due on the corresponding day of each month, as applicable, of the Lease Period (payments in advance).		
	<input checked="" type="checkbox"/> The first Periodical Lease Payment is due one month after the Commencement Date. Thereafter, each subsequent payment is due on the corresponding day of each month of the Lease Period (payments in arrears).		
Deposit	\$300,000.00	The Deposit, if any, is due on the Commencement Date	
Balloon Payment	N/A	The Balloon Payment, if any, is due on the last day of the Lease Period.	
End of Lease Options	<input type="checkbox"/> End of Lease option A applies (see 11.1 of Standard Terms and Conditions)		
	<input checked="" type="checkbox"/> End of Lease option B applies (see 11.2 of Standard Terms and Conditions)		
	<input checked="" type="checkbox"/> See Special Conditions below		
Funding Amount	Original Equipment Cost (OEC): \$1,900,000.00	Down-Payment from Lessee to Lessor: \$300,000.00	Funding Amount: \$1,600,000.00

There will be a fair market buy-out option at the end of the 60 months at an amount not to exceed \$190,000. The equipment can be purchased at that time or traded in for an upgraded model at that time. Monthly Service fees will be paid after the first year at an annual cost of \$154,000. (Licenses and taxes are over and above these costs.)

The District's Attorney and Financial Advisor have both reviewed the Lease Agreement.

Following is a 5 Year Financial Proforma of the Program



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All incremental costs for staffing and supplies have been included in the overall proforma calculations. The Finance team worked closely and extensively with Nick Schafer, Area Sales Manager for Intuitive in the review and development of the financial proformas. We have collectively agreed on the results of the proforma, however, if the payor mix for outpatient cases does not fully develop as expected, the worst-case scenario still shows a significant positive Net Return.

Board approval is also requested for the following additional costs associated with the acquisition of the robotic equipment include the following:

Low Temperature Sterilizer \$138,000 + \$7,000 estimated electrical and construction changes (see attached quote). These costs are not included in the proforma, but will not jeopardize the positive financial results.

I/T Ethernet Connectivity Projected at \$6,400 or less.

(See attached documents)

San Gorgonio Hospital

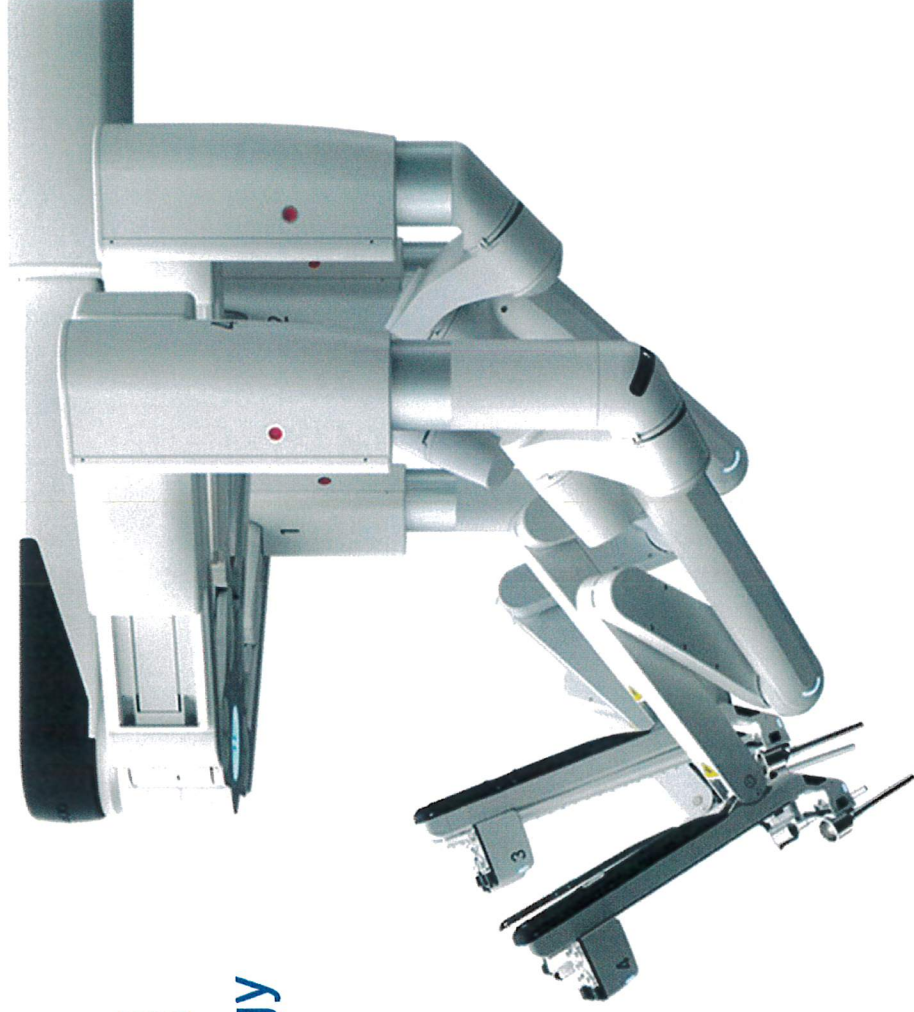
Investing in the Future of Technology

Nick Schafer- Area Sales Manager

Bryan Botma – Clinical Sales Manager

June 23rd , 2021

INTUITIVE



Agenda

- Adoption of da Vinci Surgery
- Market Overview
- da Vinci Xi
- Why Hospitals Invest
- Proforma
- Finance Options

INTUITIVE.



Every
25 seconds
a surgeon starts a da Vinci® procedure

8.5M
da Vinci® patients and counting

100%
Used by 100% of the top-ranked U.S.
hospitals for cancer, urology, gynecology,
gastroenterology

25 years
of continuous innovation

6K Plus

Intuitive Surgical da Vinci® Systems
in hospitals on 6 continents, in
66 countries, all 50 U.S. states

24,000

peer-reviewed publications on da
Vinci® robotic-assisted surgery

2,700

patents with 1,900 more pending

55,000

da Vinci® trained surgeons



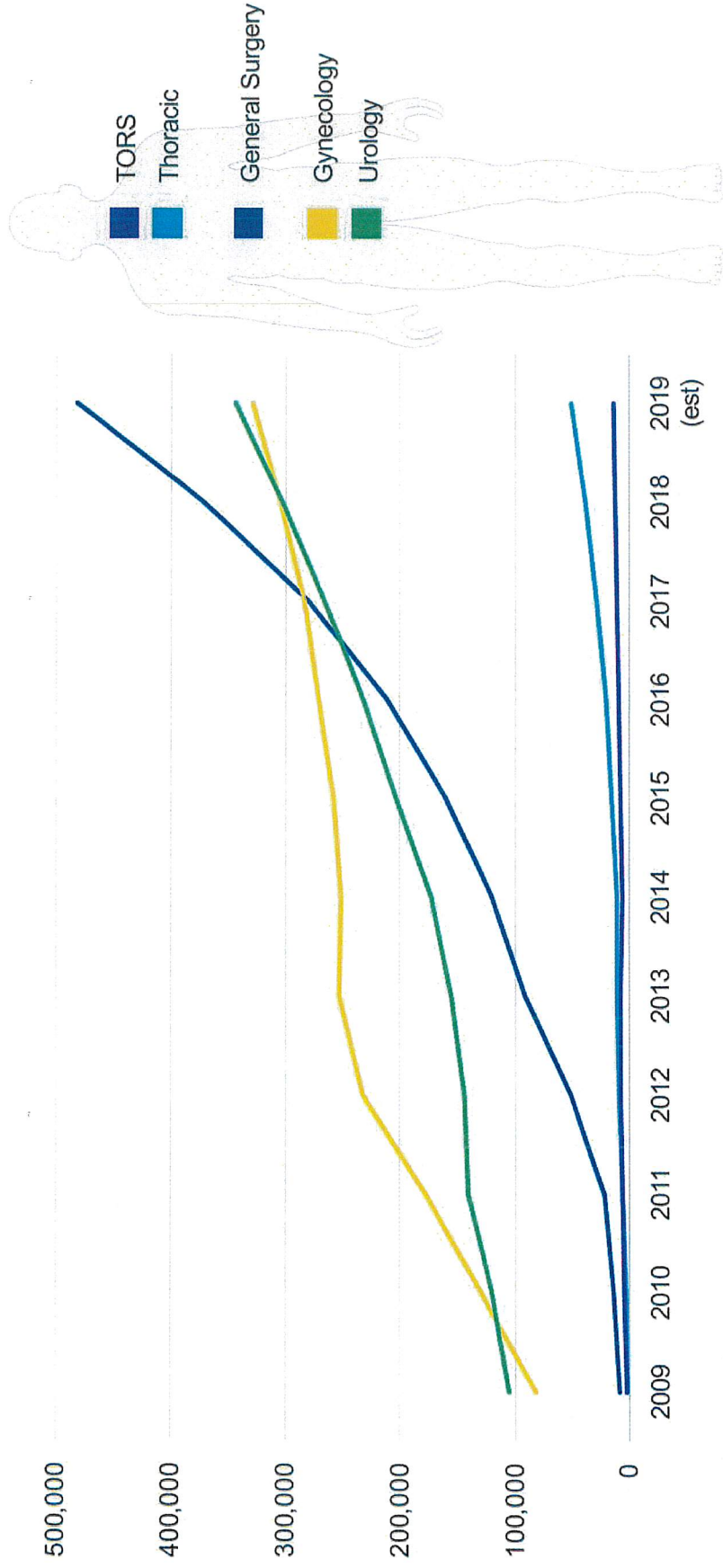
By the Numbers Video

INTUITIVE <https://www.intuitivesurgical.com/>

Intuitive Confidential

Growth in Procedure Categories

Global adoption over last 10 years



Source: Intuitive 2019 earnings report

INTUITIVE

Evolution of da Vinci[®] Technology

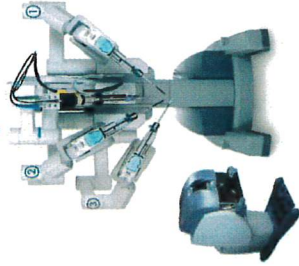
20 Years of Advanced Robotic-Assisted Surgery Learning & Development

1999 – GEN 1



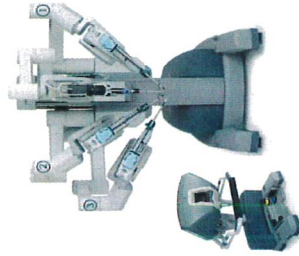
DAVINCI[®]

JANUARY - 2006



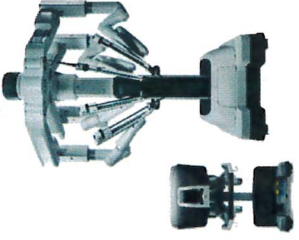
DAVINCI[®] S[®]

APRIL - 2009



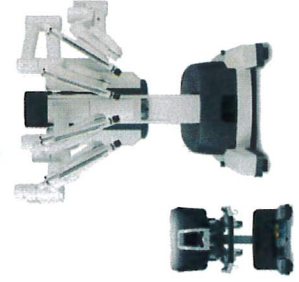
DAVINCI[®] SP[®]

APRIL - 2014



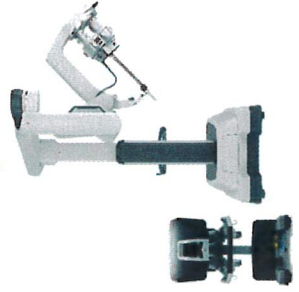
DAVINCI[®] Xi[®]

MAY - 2017



DAVINCI[®] X[®]

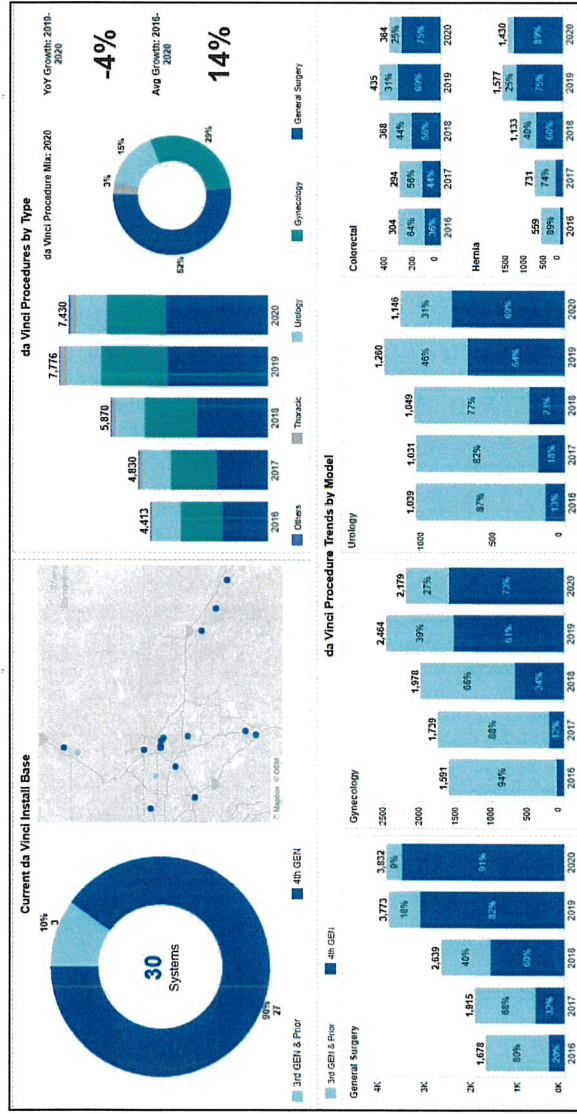
JUNE - 2018



DAVINCI[®] SP[®]

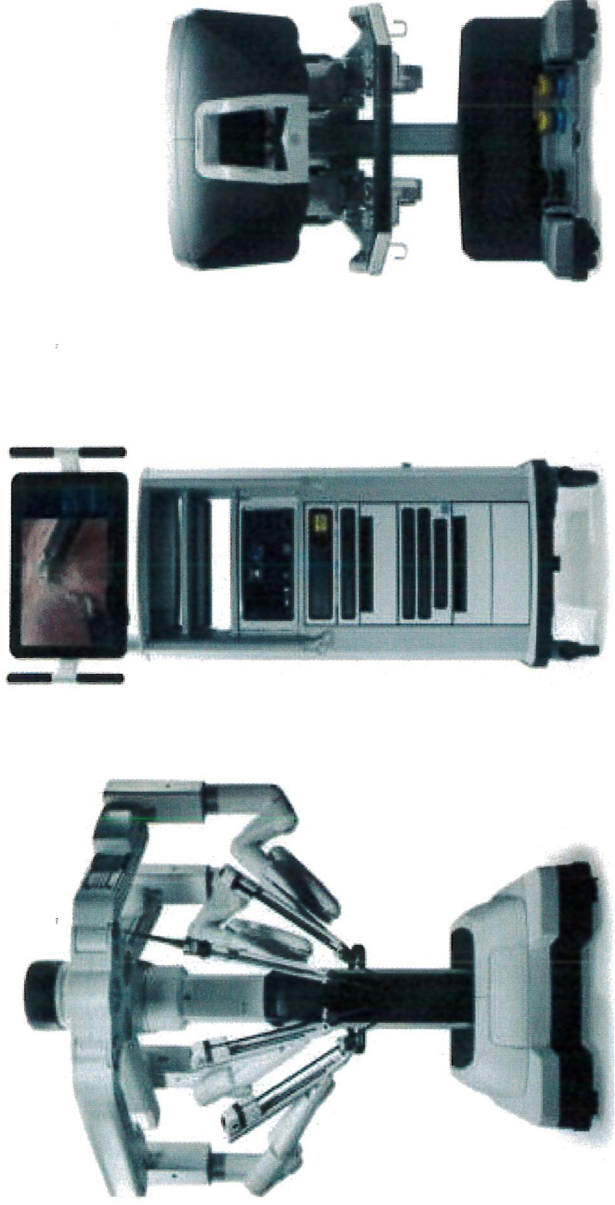
INTUITIVE

da Vinci I.E. Adoption



Hospital	da Vinci SI	da Vinci X	da Vinci Xi	da Vinci SP	Total OR Systems
Eisenhower Medical Center	0	0	3	0	3
Loma Linda University Heart and Surgical Hospita	0	0	3	0	3
Riverside Community Hospital	0	0	2	0	3
Redlands Community Hospital	0	0	2	0	3
Loma Linda University Medical Center	0	0	2	0	2
St. Bernardine Medical Center	1	0	1	0	2
Desert Regional Medical Center	0	1	1	0	2
VA Loma Linda Healthcare System	0	0	2	0	2
St. Mary Medical Center	0	0	1	0	1
Kaiser - Fontana Medical Center	1	0	0	0	1
Corona Regional Medical Center	0	0	1	0	1
Riverside County Regional Medical Center	0	0	1	0	1
John F. Kennedy Memorial Hospital	0	0	1	0	1
Desert Valley Hospital	1	0	0	0	1
Loma Linda University Children's Hospital	0	0	1	0	1

Da Vinci Xi: Our Most Capable System



Advanced instrumentation, vision and features such as integrated table motion. The da Vinci Xi is versatile and flexible, with setup automation and guidance that promotes OR efficiency. It provides multi-quadrant access and is used for a variety of different procedures.

Platform For Advanced Technologies

Magnified 3D HD Vision



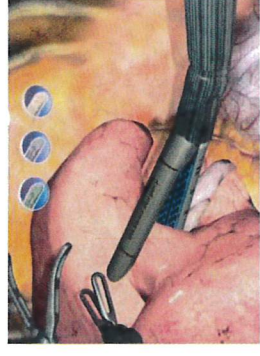
EndoWrist Instrumentation with Intuitive Motion



Table Motion with Trumpf Bed



SimNow



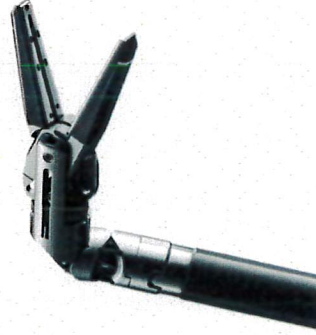
da Vinci Stapling



Stapler with complete control, full articulation, and intelligent feedback. 30MM, 45MM, 60MM

INTUITIVE

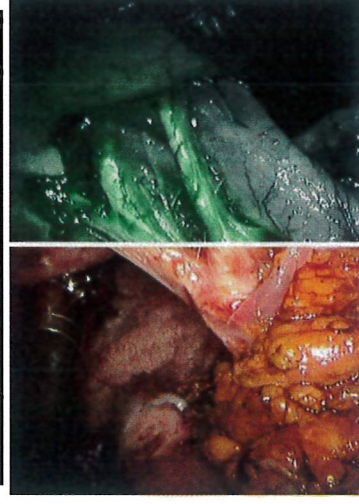
Vessel Sealer Extend



SynchroSeal

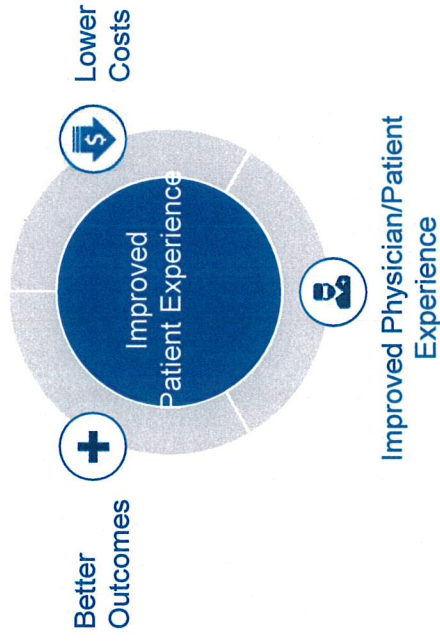


Firefly Fluorescence Imaging



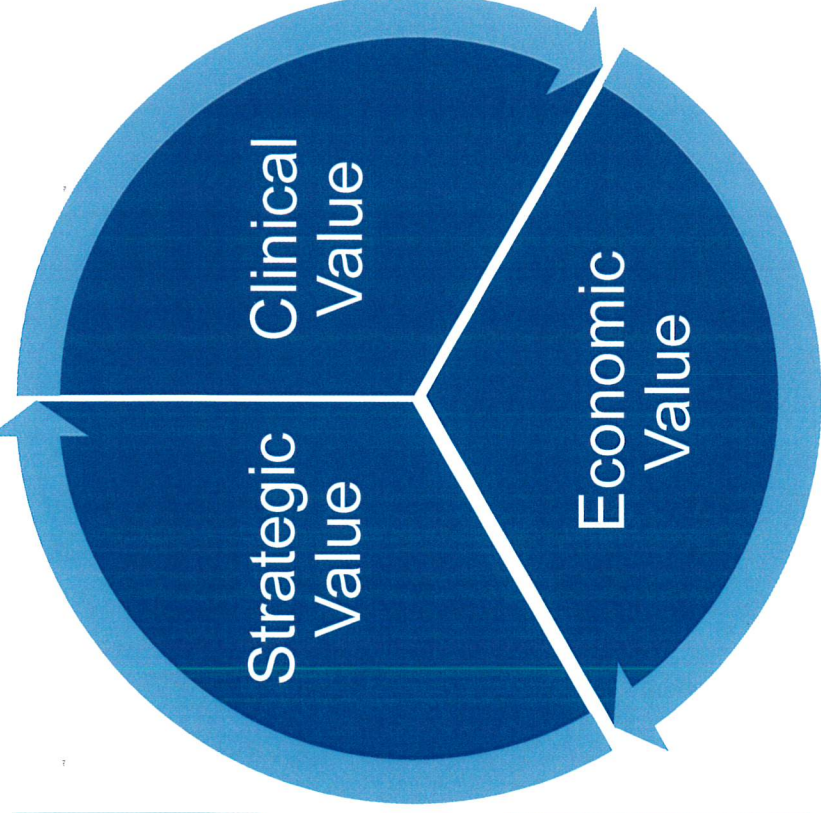
Why Hospitals Invest and Reinvest in da Vinci

Hospital Quadruple Aim



The Value of Da Vinci Utilization at your Institution

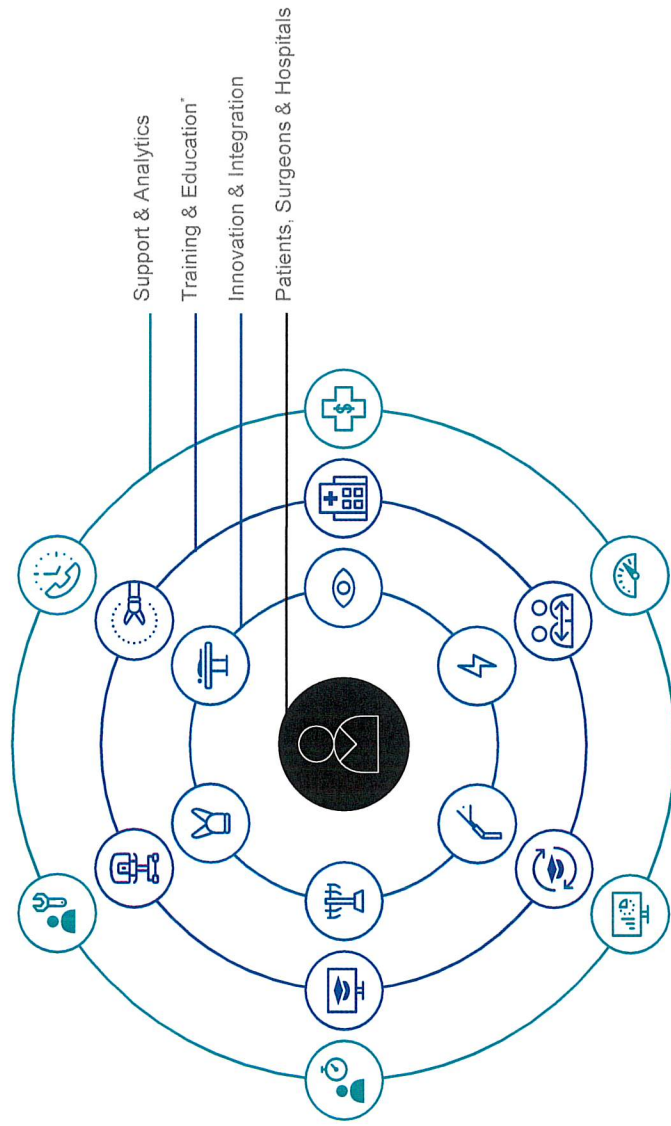
- Surgeon Recruitment
- Incremental Patient Volumes
- Open to MIS Shift
- Improved Throughput
- Staff Retention



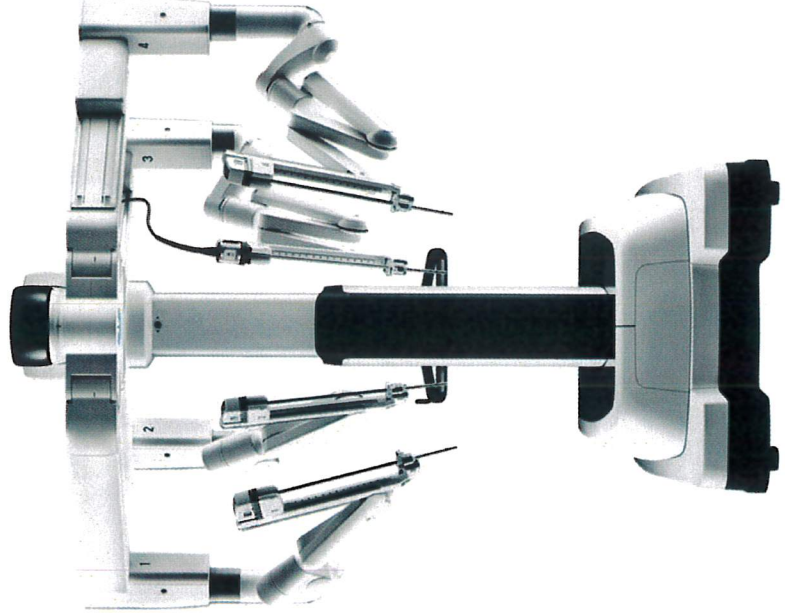
- Improved Clinical Outcomes
 - LOS
 - Blood transfusions
 - Conversions
 - Complications
 - SSIs
 - Readmissions
 - Opioid Use

- Increased Proficiency to improve (OR Time, I&A)
- Improved Clinical Outcomes
- Achieve a Lower Total Cost to Treat
- Create a Favorable Payor Mix

The Value of da Vinci 4th GEN: Integrated ecosystem to meet the unique needs of your institution



Business Justification



INTUITIVE



Specialty	Procedures	Future Surgeons
General Surgery	<ul style="list-style-type: none"> • Colon/Rectal • Hernia • Cholecystectomy • Nissen • Sleeve • Gastrectomy 	<ul style="list-style-type: none"> • Dr Arnold • Dr Depew • Dr Yoh • Dr Yung • Dr Manasrah • Dr Bobby
Gynecology	<ul style="list-style-type: none"> • Malignant Hysterectomy • Complex Benign GYN • Benign Hysterectomy • Sacrocolpopexy 	<ul style="list-style-type: none"> • Recruit
Urology	<ul style="list-style-type: none"> • Prostatectomy • Partial Nephrectomy • Nephrectomy • Cystectomy 	<ul style="list-style-type: none"> • Dr Hajiha

Xi Pricing

Da Vinci Xi System Pricing

- \$1,900,000 Xi Single Console w/ Integrated Table Motion Upgrade & E100
 - 180K discounts/concessions
 - 80k I&A account credit
 - Service Yr. 1 @ \$0.00
 - Yrs. 2-5 @ \$154,000/yr.

60 Month FMV Lease

- \$26,212/month for 60 months
- 300K down payment
- First year service included on lease
- Tech obsolescence protection
 - If ISI launches a new da Vinci system during the term of the lease, SGMH has option to exit existing lease & purchase/lease new system

Please submit orders electronically via GHX or fax to 408-523-2377

Items	Part Number	Qty	Item	Price	Discount	Subtotal
da Vinci Systems		1	da Vinci Xi® Single Console System One (1); da Vinci Xi System Surgeon Console One (1); da Vinci Xi System Patient Cart One (1); da Vinci Xi System Vision Cart da Vinci Xi System Documentation da Vinci Xi System Software Training Instrument Starter Kit Accessory Starter Kit Drapes Vision Equipment (All kits subject to change without notice)	\$1,900,000.00	\$75,000.00	\$1,825,000.00
da Vinci System Upgrades		1	E-100 generator is a bipolar electro-surgical unit (ESU) used with compatible CV instruments - SynchronSeal and VSE	\$25,000.00	\$0.00	\$25,000.00
		1	da Vinci® Xi® Integrated Table Motion Sold with System Upgrade includes: - Table Connection hardware module for patient cart - Integrated Table Motion software Upgrade Note: Integrated Table Motion requires connection to a Trumpf Motion Controller 70000V operating table for feature use. The TruSystem 70000V operating table is sold and serviced by Trumpf Medical.	\$75,000.00	\$25,000.00	\$50,000.00
Freight		1	System Freight - West (AZ, CA, CO, ID, MT, NM, NV, OR, UT, WA, WY)	\$5,000.00	\$5,000.00	\$0.00
Total						\$1,900,000.00
Service						
Part Number		Qty	Item	Price		Subtotal
		1	Da Vinci Xi® v/Complete Care Service Plan (single console) Years 2-5, per Year	\$154,000.00		\$154,000.00
		1	Year One System Service (Included in System Fee unless an amount is listed)	\$0.00		\$0.00
Additional Information						
Customer to receive \$80K I&A credit.						

System Financials and Assumptions

Hospital ID	10720
Purchase, Lease, or Rental	Lease
Duration of Contracted Term (Yrs)	5
System Name	da Vinci Xi Single
Sum of Lease/Rental Payments	\$1,600,000
Annual Service Cost (Purchase/Lease Only)	\$154,000
Commercial Payer Mix	0%
Commercial Payer Premium to Medicare	0%
Cost of 1 Bed/Day	\$1,050
OR Fixed Cost per Case	\$750
OR Variable Cost per Minute	\$22

Procedure	New Robotic Patient Source	% Converted from OPEN (Existing Only)	Medicare/Commercial Blended Payment	Estimated Annual Volumes					Total Procedures	5-Year Annualized
				Year 1	Year 2	Year 3	Year 4	Year 5		
Inguinal Hernia	Incremental		\$3,557	25	25	25	25	25	125	25
Ventral Hernia (OP)	Incremental		\$3,557	20	20	20	20	20	100	20
MP Chole	Incremental		\$3,307	32	32	32	32	32	160	32
Prostatectomy	Incremental		\$10,252	24	24	24	24	24	120	24
Partial Nephrectomy	Incremental		\$27,500	12	12	12	12	12	60	12
Sleeve Gastrectomy	Incremental		\$16,863	48	48	48	48	48	240	48
Gastric Bypass	Incremental		\$25,699	12	12	12	12	12	60	12
Colon Resection	Existing	90%	\$15,000	12	12	12	12	12	60	12
Fundoplication	Existing		\$10,000	6	6	6	6	6	30	6
Inguinal Hernia	Existing		\$2,242	25	25	25	25	25	125	25
Ventral Hernia	Existing		\$1,919	20	20	20	20	20	100	20
MP Chole	Existing		\$4,500	32	32	32	32	32	160	32
									0	0
									0	0
TOTALS				268	268	268	268	268	1340	268

Contribution Margin Analysis (Incremental)

Incremental Procedures

Estimated da Vinci Financial Cash Flow Analysis (USD)									
Procedure Type	Est Annual Cases	Modeled I&A Cost (US Avg)	Medicare/Commercial Blended Pmt	Length of Stay Cost per Case	Operating Room Cost per Case	Incremental Cost per Case	Total Incremental Costs	Incremental Revenue	
Totals	173	\$1,440	\$11,328			\$5,393	\$933,038	\$1,959,777	
Ventral Hernia (OP)	20	\$1,015	\$3,557		\$1,806	\$2,821	\$56,420	\$71,140	
Inguinal Hernia	25	\$920	\$3,557		\$1,630	\$2,550	\$63,750	\$88,925	
Sleeve Gastrectomy	48	\$1,843	\$16,863	\$3,150	\$1,740	\$6,733	\$323,184	\$809,447	
Gastric Bypass	12	\$1,860	\$25,699	\$3,150	\$2,620	\$7,630	\$91,560	\$308,394	
MP Chole	32	\$1,170	\$3,307		\$2,136	\$3,306	\$105,792	\$105,824	
dVP	24	\$1,648	\$10,252	\$1,470	\$4,600	\$7,718	\$185,232	\$246,048	
dVPN	12	\$1,505	\$27,500	\$3,150	\$4,270	\$8,925	\$107,100	\$330,000	

Financial Procedure Analysis

NET Annual Incremental	NET Annual Impact of Converted	Total Estimated Annual Return on dV Program
\$1,026,739	\$55,028	\$1,081,767
\$14,720		\$14,720
\$25,175		\$25,175
\$486,263		\$486,263
\$216,834		\$216,834
\$32		\$32
\$60,816		\$60,816
\$222,900		\$222,900

Contribution Margin Analysis (Converted)

Converted Procedures

Estimated da Vinci Financial Cash Flow Analysis (USD)

Procedure Type	Est. Annual Cases	Modeled I&A Cost (US Avg)	Medicare/Commercial Blended Pmt	Est. Reimbursement less all dW Costs	Est. Annual Cash Flow after all dV Costs	OR Cost per Case	Contribution Margin per dV Case	Annual dV Contribution Margin	LOS for Conv. Cases	Est. Bed Days Gained	LOS Savings	Complications Savings	Transfusion Savings	Conversion Savings	Total Savings	Total Increm. Expenses	Increase in Reimbursement	Annual Net Financial Impact of dV	
TOTALS	95	\$1,332	\$5,036	\$3,704	\$351,895	\$2,311	\$1,393	\$132,321	15	15	\$16,170	\$63,115		\$2,809	\$79,285	\$24,257		\$55,028	
Colon Resection	12	\$2,246	\$15,000	\$12,754	\$153,048	\$4,380	\$8,374	\$100,488	5.0	2	\$2,520	\$43,212		\$956	\$45,732	\$24,257		\$21,475	
Ventral Hernia	20	\$1,183	\$1,919	\$736	\$14,720	\$1,806	-\$1,070	-\$21,400	2.5	10	\$10,500	\$19,903		\$1,853	\$30,403			\$30,403	
Inguinal Hernia	25	\$1,145	\$2,242	\$1,097	\$27,425	\$1,630	-\$533	-\$13,325											
Fundoplication	6	\$1,643	\$10,000	\$8,357	\$50,142	\$3,632	\$4,725	\$28,350	3.5	3	\$3,150				\$3,150			\$3,150	
MP Chole	32	\$1,170	\$4,500	\$3,330	\$106,560	\$2,136	\$1,194	\$38,208											\$3,150

Est. da Vinci Secondary Benefits Analysis

Procedure Type	Est. Annual Cases	Modeled I&A Cost (US Avg)	Medicare/Commercial Blended Pmt	Est. Reimbursement less all dW Costs	Est. Annual Cash Flow after all dV Costs	OR Cost per Case	Contribution Margin per dV Case	Annual dV Contribution Margin	LOS for Conv. Cases	Est. Bed Days Gained	LOS Savings	Complications Savings	Transfusion Savings	Conversion Savings	Total Savings	Total Increm. Expenses	Increase in Reimbursement	Annual Net Financial Impact of dV
TOTALS	95	\$1,332	\$5,036	\$3,704	\$351,895	\$2,311	\$1,393	\$132,321	15	15	\$16,170	\$63,115		\$2,809	\$79,285	\$24,257		\$55,028
Colon Resection	12	\$2,246	\$15,000	\$12,754	\$153,048	\$4,380	\$8,374	\$100,488	5.0	2	\$2,520	\$43,212		\$956	\$45,732	\$24,257		\$21,475
Ventral Hernia	20	\$1,183	\$1,919	\$736	\$14,720	\$1,806	-\$1,070	-\$21,400	2.5	10	\$10,500	\$19,903		\$1,853	\$30,403			\$30,403
Inguinal Hernia	25	\$1,145	\$2,242	\$1,097	\$27,425	\$1,630	-\$533	-\$13,325										
Fundoplication	6	\$1,643	\$10,000	\$8,357	\$50,142	\$3,632	\$4,725	\$28,350	3.5	3	\$3,150				\$3,150			\$3,150
MP Chole	32	\$1,170	\$4,500	\$3,330	\$106,560	\$2,136	\$1,194	\$38,208										

San Gorgonio Memorial Hospital Robotic Reinvestment 5-Year Proforma

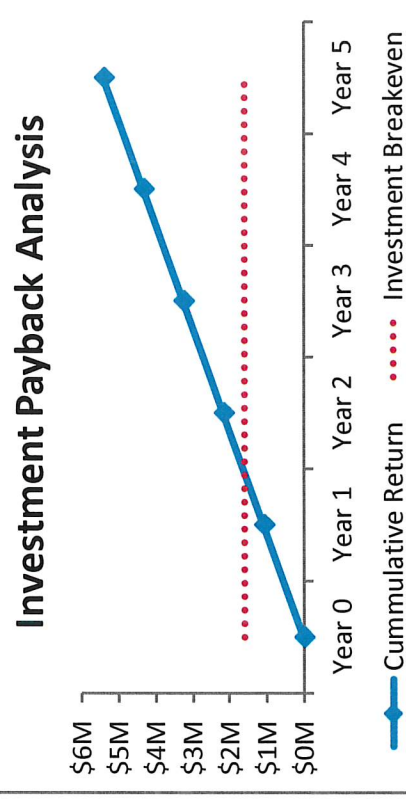
System Type	Estimated Cost
da Vinci Xi Single Service After Yr 1	\$1,600,000
5-Year Capital Exp.	\$154,000
	<u>\$2,216,000</u>

	Est. Expense	Est Return	Net Return
Year 1	\$320,000	\$1,081,767	\$761,767
Year 2	\$474,000	\$1,081,767	\$607,767
Year 3	\$474,000	\$1,081,767	\$607,767
Year 4	\$474,000	\$1,081,767	\$607,767
Year 5	\$474,000	\$1,081,767	\$607,767
Totals	\$2,216,000	\$5,408,836	\$3,192,836

Est Monthly Cost of Waiting
(\$53,214)

Investment Summary

Project IRR	61.5%
Estimated Payback	1.5 Years
Incremental Admissions	865
Open-to-MIS Conversions	55
Bed-Days Preserved	77
Total Cost Avoidance	\$396,424
Incremental Revenue	\$9,798,885



*Based on a 0% commercial payer mix and a 0% commercial payer premium to Medicare

INTUITIVE™

intuitivesurgical.com

Verified Volume Growth

Surgeon	Speciality	Est Annual Volume
Dr Depew	GS	40
Dr. Arnold	GS	48
Dr. Manasrah	GS	48
Dr Yung	GS	40
Dr. Yoh	GS	40
Dr. Hajjha (Group)	URO	48

- Recruitment of Beaver Medical Group
- Surgeon Recruitment
- Incremental Patient Volumes
- Open to MIS Shift
- Improved Throughput

LEASE AGREEMENT

This Lease Agreement ("Lease Agreement") is made and entered into as of **November __, 2021** between **Intuitive Surgical, Inc.**, a Delaware corporation, located at 1020 Kifer Road, Sunnyvale, California 94086 ("Lessor" or "Intuitive"); and

Lessee: San Geronio Memorial Healthcare District

Registered Address: 600 N. Highland Springs Avenue, Banning, CA 92220

Lessor and Lessee are contemporaneously entering into a Use, License & Service Agreement, dated **November __, 2021**.

The Lessor and the Lessee are referred to as the "Parties" collectively, or "Party" individually.

Qty.	Included in Periodical Lease Payment	Not included in Periodical Lease Payment	Equipment Description	Price
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	System Type ("System"): da Vinci® Xi™ Single Console System	\$1,825,000.00
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Service during the first twelve months of the Lease Period	Included in Periodical Lease Payments
n/a	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Service beginning on the thirteenth month of the Lease Period, or if Lessee purchases the Equipment ("Service"); see Special Conditions	\$154,000.00/ per year*
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	System delivery fee	Waived
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	da Vinci® Integrated Table Motion Upgrade	\$50,000.00
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	E-100 Generator	\$25,000.00

*Intuitive will credit Lessee a pro-rata amount of the annual Service fee Lessee has paid to Intuitive for the leased System based on the number of months remaining in the current Service year from the date the leased System is de-installed. The credit will be applied to Lessee's account with Intuitive within thirty (30) days from the date the leased System is de-installed. The Service price indicated above will be valid for a period of five (5) years from the effective date of this Lease Agreement.

Lease Conditions			
Lease Period	60 Months. The Lease Period may be extended in accordance with the Lease Agreement.		
Commencement Date	This Lease Agreement will commence on the date of Acceptance specified in the Acceptance Document.		
Interest Rate	3.50%		
Periodical Lease Payments	Months 1-60 \$26,212.97 per month	No. of Periodical Lease Payments: 60 (subject to extension of Lease Period)	<input checked="" type="checkbox"/> Monthly payments
	Lessee agrees and acknowledges payments due herein shall not be excused by any contingencies including, but not limited to, Lessee's internal practices, policies, or any state approvals.		
	<input type="checkbox"/> The first Periodical Lease Payment is due on Commencement Date. Thereafter, each subsequent Periodical Lease Payment is due on the corresponding day of each month, as applicable, of the Lease Period (payments in advance). <input checked="" type="checkbox"/> The first Periodical Lease Payment is due one month after the Commencement Date. Thereafter, each subsequent payment is due on the corresponding day of each month of the Lease Period (payments in arrears).		
Deposit	\$300,000.00	The Deposit, if any, is due on the Commencement Date	
Balloon Payment	N/A	The Balloon Payment, if any, is due on the last day of the Lease Period.	
End of Lease Options	<input type="checkbox"/> End of Lease option A applies (see 11.1 of Standard Terms and Conditions)		
	<input checked="" type="checkbox"/> End of Lease option B applies (see 11.2 of Standard Terms and Conditions)		
	<input checked="" type="checkbox"/> See Special Conditions below		
Funding Amount	Original Equipment Cost (OEC):	Down-Payment from Lessee to Lessor: \$300,000.00	(Intentionally Left Blank)
	\$1,900,000.00		

Direct Debit

Notwithstanding the agreed due date of the periodical Lease Payments, the Lessor will be authorized to deduct the Periodical Lease Payments from the Lessee's bank account on the following dates: (i) on the fifth (5th) calendar day of the month, if the Commencement Date is before the eleventh (11th) calendar day of the month; (ii) on the fifteenth (15th) calendar day of the month, if the Commencement Date is before the twenty-first (21st) calendar day of the month; or (iii) on the twenty-fifth (25th) calendar day, if the Commencement Date is between the twenty-first (21st) calendar day and the end of the month. The Lessee is required to have sufficient funds in its account during the period in which a withdrawal is scheduled and will notify the Lessor in case of any changes of its account details. The Lessee hereby authorizes the Lessor, to collect all payments to be made by the Lessee by direct debit from the following bank account:

Bank :	Bank Account no.:
Name of signatory:	Must be signed by duly authorized representative of Lessee

Special Conditions*

If Lessee is not in default, on each anniversary date of Acceptance, Lessee will have the option to upgrade the Equipment at a price to be mutually agreed to between the parties. Lessee must provide Lessor written notice sixty (60) days prior to the anniversary date of Acceptance with regards to intent. If Lessee exercises its upgrade option, service will be purchased on the upgraded Equipment. If Lessor does not receive notice as to Lessee's intent, Lessee will be deemed to continue the Lease as outlined above. Lessor agrees to a not-to-exceed fair market value residual payment of \$190,000, plus applicable taxes, in Section 11.2 below if the Lessee exercises its right to purchase the Equipment at the end of the Lease Period.

*If Lessee is required to send written notice or has questions regarding this Lease Agreement, all communications should be directed to CustomerFinance@intusurg.com.

All amounts are denominated in USD and net of taxes, any applicable taxes will be for the account of the Lessee. Where the terms of this Lease Agreement are inconsistent with the Special Conditions above, if any, the Special Conditions prevail. The Standard Terms and Conditions of Leasing attached hereto are hereby incorporated to and form an integral part of this Agreement. All references to this Agreement will include the terms and conditions set out herein, in the Annexes and the Standard Terms and Conditions of Leasing. By signing this Lease Agreement, Lessee agrees to be bound by and undertakes to comply with all the terms and conditions set out in this Lease Agreement.

BOTH PARTIES HAVE READ, UNDERSTOOD, AND AGREED TO BE BOUND BY THE TERMS AND CONDITIONS OF THIS AGREEMENT AND EXECUTE THIS AGREEMENT AS OF THE EFFECTIVE DATE.

IF THIS AGREEMENT IS NOT SIGNED BY BOTH PARTIES AND RETURNED TO INTUITIVE ON OR BEFORE NOVEMBER [TBD], 2021 THE TERMS WILL BE SUBJECT TO CHANGE.

ACCEPTED BY: **INTUITIVE SURGICAL, INC.**

By: _____

Name: _____

Title: _____

Date: _____

ACCEPTED BY: **SIGNED FOR AND ON BEHALF OF LESSEE**

By: _____

Name: _____

Title: _____

Email: _____

Date: _____

DRAFT

Standard Terms and Conditions of Leasing

1. DEFINITIONS

Terms not herein defined will have the meanings set out in the Lease Agreement, unless the context otherwise requires.

"**Acceptance**" means the Equipment is deemed accepted by Lessee upon delivery to Lessee's designated location as evidenced by Lessee's execution of an acceptance letter, a form of which is attached hereto as Annex 1.

"**Lease Agreement**" means the agreement between the Lessor and the Lessee for the lease of the Equipment from the Lessor to the Lessee, including the Annexes thereto, incorporating these Standard Terms and Conditions.

"**Event of Default**" means an event specified under Clause 12 of these Terms and Conditions.

"**Equipment**" means the equipment specified in the Lease Agreement and any part thereof including, without limitation, all component parts and all software.

"**Lease Payment**" means the payment of rent for the lease of the Equipment, owed by the Lessee to the Lessor under the Lease Agreement, including but not limited to the periodical installments and the Balloon Payment.

"**Termination Sum**" means the aggregate of:

- (i) all Lease Payments due and payable under the Lease Agreement;
- (ii) an amount equal to one hundred percent of all remaining Lease Payments yet to fall due under the Lease Agreement discounted by the 3.50% annual interest rate inherent in the Lease Agreement; and
- (iii) all other sums due and payable under the Lease Agreement (including, without limitation, Default Interest, costs and expenses related to or connected with the termination of the Lease Agreement and any sum recoverable from the Lessee).

"**Total Loss**" includes any actual, constructive, or agreed total loss, theft, damage beyond repair, taking back of the Equipment (or any part thereof) by the owner of the Equipment pursuant to a right incorporated in the Lease Agreement for the sale of the Equipment and any seizure or confiscation of the Equipment.

2. LEASE, SELECTION AND DELIVERY OF EQUIPMENT

(a) The Lessor agrees to lease to the Lessee and the Lessee agrees to lease from the Lessor the Equipment on the terms and conditions as set out in the Lease Agreement.

(b) The Lessee has chosen the Equipment and agreed with the Lessor upon the terms of delivery of the Equipment.

(c) Upon delivery, the Lessee will inspect the Equipment, ensure that the Equipment is in good and working order and condition, and issue and deliver the duly signed and dated Acceptance Letter set out in Annex 1 of the Lease Agreement to the Lessor.

3. LEASE AND OTHER PAYMENTS

(a) The Lessee will pay (i) to the Lessor the Lease Payment and all other payments on the dates and in the manner specified in the Lease Agreement, and (ii) all taxes, rates, registration charges or other applicable expenses in respect to the Equipment.

(b) If the Lessee fails to pay any amount payable by it under the Lease Agreement on its due date, it will pay to the Lessor interest on the overdue amount ("Default Interest") from and excluding such due date up to and including the date of actual payment. Default Interest will be twelve per cent (12%) per annum, or the maximum rate allowed by applicable law, whichever is lower, and will be calculated on a daily basis. Default Interest will be payable by the Lessee on demand by the Lessor.

(c) The Lessee will pay all payments when due under the Lease Agreement notwithstanding that the Equipment are unusable for any reason at any time during the Lease Period, and the Lessor will not be liable to provide the Lessee with any replacement equipment.

(d) The Lessor will have a right to set off in respect of any payments, charges or other sums due or prematurely due and payable, and the Lessee agrees to waive any legal defense against such set-off. The Lessee will have no right of set-off in respect of any payments, charges or other sums due or claimed to be due to the Lessee from Lessor hereunder.

(e) Lessee agrees that Lessee's obligation and duty to pay all sums due and to become due pursuant to this Lease Agreement will be absolute and unconditional and are not subject to any defense, counterclaim, setoff or recoupment by reason of any past, present, or future claims which lessee may have against Lessor. Additionally, Lessee will not assert against any assignee of this Agreement any defense, counterclaim, setoff or recoupment by reason of any past, present, or future claims which Lessee may have against Lessor. OK

4. LOCATION, USE AND MAINTENANCE OF THE EQUIPMENT

(a) The Equipment will be kept at the Location as set out in the Lease Agreement and will not be removed without the prior written consent of the Lessor.

5. OWNERSHIP, INSPECTION AND TESTING

(a) The Lessor may at any time during the Lease Period require inspection of the Equipment, provided the Lessor gives at least 48 hours written notice. For such purpose, the Lessee will ensure that the Lessor and its authorized representatives have access to the Equipment and the premises at which the Equipment is located and to the records (including books of accounts) relating to the Equipment, during normal business hours. The Lessee will keep proper accounts of all its dealings in relation to the Equipment and deliver to the Lessor any such records when requested by the Lessor.

6. PROHIBITION AGAINST DEALING WITH EQUIPMENT

(a) The Lessee will not (i) sell, transfer, lease, sub-lease or otherwise dispose of the Equipment (ii) create, permit, or allow to subsist any security interest, lien, or encumbrance on the Equipment, (iii) affix the Equipment to any premises in such a manner as to make it a part of such premises, (iv) represent itself to be, hold itself out as being or suffer or permit anything to be done whereby it may be reputed to be, the owner of the Equipment, and/or (v) alter or modify or permit any alteration of the Equipment, without the Lessor's prior written consent.

(b) The Lessee will notify the Lessor immediately of any enforcement of any security interest created by it and/or any landlord of the premises on or in which the Equipment is located or the appointment of any receiver of all or part of the assets of the Lessee.

7. REPRESENTATIONS AND WARRANTIES

(a) The Lessee represents and warrants to the Lessor that: (i) it has the power to enter into and perform, and has taken all necessary action to authorize the entry into and performance of the Lease Agreement and the transactions contemplated by the Lease Agreement; and (ii) all information supplied by it or on its behalf to the Lessor in connection with the Lease Agreement are true and accurate as at the date at which it is stated to be given.

8. TOTAL LOSS AND INSURANCE

(a) The Lessee will bear the risks related to a Total Loss of the Equipment after delivery. If a Total Loss occurs with respect to the Equipment, Lessee will promptly notify Lessor thereof. On the Lease Payment date following such notice, Lessee will pay to Lessor an amount equal to the Termination Sum plus a sum equal to the calculated residual value at the time of expiration of the Lease Period, if any. Upon the making of such payment by Lessee, the payment obligation for such Equipment will cease, the Lease Agreement as to such Equipment will terminate and, except in the case of a Total Loss, Lessor will be entitled to recover possession at Lessee's expense in accordance with Clause 10 below. Provided that Lessor has received all payments to be made by the Lessee under this Lease Agreement, the Lessee will be entitled to the proceeds of any recovery in respect of that Equipment from insurance or otherwise.

(b) If not agreed otherwise in writing, the Lessee will at its own expense insure the Equipment on a policy and terms with such insurers as may be approved by the Lessor and will keep this insurance coverage in place until the Equipment is returned to the Lessor or the title has been transferred to the Lessee.

(c) The proceeds of the insurances will be paid to the Lessor and applied towards satisfaction of all amounts owing by the Lessee to the Lessor under the Lease Agreement.

(d) If the Lessee fails to comply with this Clause 8 the Lessor may (but is not obligated to do so), at the expense of the Lessee, effect any insurance, and all costs and expenses incurred in so doing will be repaid to the Lessor by the Lessee on demand.

9. OWNERSHIP IN THE EQUIPMENT

The Lessor will be the sole legal and beneficial owner of the Equipment and the Lessee will not do or permit to be done anything that could prejudice the rights of the Lessor in respect of the Equipment. Lessor agrees that Lessee may record this Equipment as an asset on its Balance Sheet pursuant to current GASB requirements for operating leases. During the Lease Period ownership in the Equipment will not for any reason pass to the Lessee OK

10. RETURN OF EQUIPMENT

(a) In the event that the Lease Agreement is terminated for any reason other than by reason of a Total Loss, the Lessee will, at its own risk, cost and expense, immediately (i) return the Equipment to the Lessor or its designated agent, by delivering the Equipment to such address as the Lessor may require or (ii) allow the Lessor access to pick up the Equipment. The Lessee will return the Equipment to the Lessor, free and clear of any security interest and in good working condition without any damage or fault which would affect the value of the Equipment or its operation (reasonable wear and tear excepted) together with all licenses, certificates and other documents relating to the Equipment.

(b) If upon return the Equipment is not in the condition stated in Clause 10(a) above, the Lessor may at its own discretion cause such reasonable repair works as it deems necessary to be carried out by a provider of its choice. All reasonable costs and expenses in connection with such repairs will be paid by the Lessee.

11. END OF LEASE OPTIONS

11.1 OPTION A Applicable Not Applicable

(a) *Provided* that the Lessee has fulfilled all its obligations under this Lease Agreement and paid the Balloon Payment, if any, in full, title to the Equipment will pass to the Lessee on an "as is where is" basis without any warranties whatsoever given by the Lessor at the end of the Lease Period.

(b) The Lessee may request the Lessor to re-lease all (but not part thereof) of the Equipment to the Lessee at the end of the Lease Period, *provided* that the Lessee's financial situation has not deteriorated and that the Lessee has duly fulfilled its obligations under this Lease Agreement. The Lease Payments and the Lease Period of the re-lease will be determined between the Parties hereto at the time of re-lease. If the Lessee wishes to renew the Lease Agreement, it will notify the Lessor in writing no less than ninety (90) days prior to the end of the Lease Period. If the Lessor does not confirm acceptance of the Lessee's request within four (4) weeks, it is deemed to have been declined. In case the Lessor refuses such request, the Lessee continues to be obliged to make the Balloon Payment in the manner and on the date as specified in the Lease Agreement.

11.2 OPTION B Applicable Not Applicable

Provided that no Event of Default has occurred at the end of the Lease Period, the Lessee may, by written notice to the Lessor not less than 90 days prior to the end of the Lease Period, exercise one of the options below.

(a) The Lessee may request the Lessor to sell all (but not part thereof) of the Equipment to the Lessee after the end of the Lease Period and the Lessor will meet such request *provided* that the Lessee has fulfilled all its obligations under this Lease Agreement. The purchase price of the Equipment will be an amount equal to the fair market value, as determined by the Lessor, or, if applicable, as indicated in the Special Conditions noted above. Upon payment of the purchase price, title to the Equipment will pass to the Lessee on an "as is where is" basis without any warranties whatsoever given by the Lessor. If no sale can be achieved, the Lessee will return the Equipment to the Lessor immediately at the end of the Lease Period in accordance with Clause 10 hereof, or

(b) The Lessee may request the Lessor to re-lease all (but not part thereof) of the Equipment to the Lessee at the end of the Lease Period, *provided* that, the Lessee's financial situation has not deteriorated and that the Lessee has duly fulfilled its obligations under this Lease Agreement. If the Lessor does not confirm acceptance of the Lessee's request within four (4) weeks, it is deemed to have been declined. The Lease Payments and the Lease Period of the re-lease will be determined between the Parties hereto at the time of re-lease. If the Lessor refuses such request, the Lessee will return the Equipment to the Lessor immediately at the end of the Lease Period in accordance with Clause 10 hereof.

(c) If the Lessee fails to provide sufficient written notice as noted above, the Lease Agreement will be automatically renewed for a period of one (1) month at any one time, at the price of the most recent Periodical Lease Payment, unless either Party gives notice to the other party no less than two (2) weeks prior to the end of the respective renewal period of its desire to terminate the Lease Agreement. Unless otherwise agreed between the Parties, the Lessee will in such case return the Equipment to the Lessor in accordance with Clause 10 hereof.

12. EVENT OF DEFAULT

Each of the events set out in this Clause 12 is an Event of Default. Upon the occurrence of an Event of Default, the Lessor may by written notice to the Lessee terminate the Lease Agreement, which will take effect in accordance with its terms.

(a) The Lessee does not pay on the due date any amount payable by it under the Lease Agreement in the prescribed manner, and such default is not cured within ten (10) days.

(b) The Lessee does not comply with any term of the Lease Agreement, any Sales/Use, License and Service Agreement between Lessor and Lessee, or any other similar agreement governing the use of the Equipment.

(c) Any representation made or repeated by the Lessee in the Lease Agreement is proved to be incorrect in any material respect when made or deemed to be repeated.

(d) The Lessee is unable to pay its debts as they fall due, admits its inability to pay its debts as they fall due, or is otherwise deemed for the purposes of any law to be insolvent, or (by reason of actual or anticipated financial difficulties) begins negotiations with any creditor for the rescheduling of any of its indebtedness.

(e) Any step is taken with a view to a moratorium, rehabilitation or composition with any of the Lessee's creditors, a meeting of its shareholders, directors or other officers is convened for the purpose of considering any resolution for, to petition for or to file documents with a court or any registrar for, its winding-up, bankruptcy, dissolution or judicial management or any such

resolution is passed or any person petitions for or files documents for the same, an order for its bankruptcy, winding-up, judicial management or dissolution is made or any other analogous step or procedure is taken in any jurisdiction.

(f) Any provisional attachment, attachment, sequestration, distress, execution or analogous event that affects the Equipment of the Lessee and is not discharged within 14 days

(g) Where the Lessee, is an individual, the Lessee dies, becomes partly or wholly incapacitated.

(h) It is or becomes unlawful for the Lessee to perform any of its obligations under the Lease Agreement, or the Lease Agreement is not effective in accordance with its terms.

(i) An event or series of events occur which, in the reasonable opinion of the Lessor, is likely to result in a Total Loss.

(j) The Lessee abandons the Equipment or does anything which, in the reasonable opinion of the Lessor, prejudices the rights of the Lessor in or over the Equipment.

(k) There is, in the Lessor's reasonable opinion, a material change in the shareholding of the Lessee or any person, or group of persons acting in concert, acquires control of the Lessee.

13. TERMINATION

(a) After execution of the Lease Agreement, the Lessee will, except as set out in Clause 13(f), not be entitled to cancel or terminate the Lease Agreement before expiration of the Lease Period.

(b) Any termination of the Lease Agreement and any delivery of the Equipment by the Lessee to the Lessor will be without prejudice to any right or claim the Lessor may have against the Lessee under the Lease Agreement (including, without limitation, for arrears in Lease Payment, other sums payable by the Lessee under the Lease Agreement and damages for breach of the Lease Agreement).

(c) Where the Lease Agreement is terminated due to an Event of Default, the Lessee will pay to the Lessor the Termination Sum.

(d) Until the Lessor has received the Termination Sum in full, all obligations of the Lessee under the Lease Agreement will continue and the Lessee will continue to pay the Lease Payment notwithstanding any repossession of the Equipment by the Lessor.

(e) Upon termination of the Lease Agreement, the Lessor will without prejudice to any other rights which it may have, have the right to repossess the Equipment and for this purpose to enter the land, building or premises at which the Equipment are located and the Lessee will give access to or procure that the Lessor or its agents be given access to the land, building or premises for this purpose.

(f) During the Lease Period, *provided* that no Event of Default has occurred and the Lessee has duly performed all of its obligations under this Lease Agreement the Lessee may by written notice to the Lessor request to early terminate the Lease Agreement. On the Lease Payment date following such notice, Lessee will pay to Lessor an amount equal to the Termination Sum. Upon the making of such payment by Lessee, the payment obligation for such Equipment will cease and the Lease Agreement as to such Equipment will terminate. The Lessee will in such case return the Equipment to the Lessor in accordance with Clause 10 hereof.

14. SUBMISSION OF MATERIALS

Upon written request by the Lessor for the purpose of credit preservation, the Lessee will provide the credit status of the Lessee, and cooperate with the Lessor for any investigations thereon. At Lessor's request, the Lessee will provide a copy of its year-end financial statements not later than five (5) months from the end of the financial year. The Lessee will notify the Lessor of any material change or any suspected material change in the credit status of the Lessee.

15. TAXES AND COSTS

(a) Lessee is responsible for all license and registration fees, and all sales, use, property, stamp and other taxes and charges relating in any manner to the Equipment or this Lease Agreement, except the Medical Device Excise Tax. (What is a Medical Device Excise Tax as we are not familiar with this?)

(b) All payments by the Lessee under the Lease Agreement will be made free and clear of and without any deduction for or on account of any taxes and withholding taxes, except to the extent that the Lessee is required by law to make payment subject to taxes. If any amounts in respect of tax or any other deduction must be made from any amounts payable by the Lessee to the Lessor under the Lease Agreement, the Lessee will pay such additional amounts as may be necessary to ensure that the Lessor receives a net amount equal to the full amount which it would have received had the payment not been made subject to tax or the deduction.

(c) The Lessee will bear the costs for the protection or exercise of the Lessor's rights, or the protection, collection or disposition of securities including but not limited to the stamp duty, the and expenses for sending demand or notice to the Lessee, the expenses for registration, change and cancellation of security interest, and all reasonable legal fees which Lessor may incur in connection with the enforcement of this Lease Agreement.

(d) Unless otherwise provided, this Lease Agreement is entered into with the assumption that Lessor is the owner of the Equipment for income tax purposes and is entitled to certain federal and state tax benefits available to the owner of equipment (collectively "Tax Benefits"), including without limitation, accelerated cost recovery deductions and deductions for interest incurred by Lessor to finance the purchase of the Equipment, available under the Code. Lessee represent, warrant, and covenant to Lessor that (a) unless Lessee has provided Lessor with a 501(c)(3) letter indicating that Lessee is tax exempt or Lessee has provided Lessor with documentation that the Lessee is a local public agency and public body of the State of California and is not subject to State or federal income taxes, then Lessee is not a tax exempt entity (as defined in Section 168(h) of the Code), (b) Lessee will use the Equipment solely within the United States, and (c) Lessee will take no position inconsistent with the assumption that Lessor is the owner of the Equipment for any tax purposes. If, because of any act or omission by Lessee, or any party acting through Lessee, or the breach or the inaccuracy of any representation, warranty or covenant made by Lessee in this Agreement, Lessor reasonably determines that Lessor cannot claim, are not allowed to claim, lose, or must recapture any or all of the Tax Benefits otherwise available with respect to the Equipment (a "Tax Loss"), then Lessee will, promptly upon demand, pay to Lessor an amount sufficient to provide Lessor the same after-tax rate of return and aggregate after-tax cash flow through the end of the term of the Lease Agreement as Lessor would have realized but for such Tax Loss OK

16. INDEMNITY

The Lessee will indemnify the Lessor against all damages, claims or liabilities which may be incurred or suffered by the Lessor in connection with: (i) the occurrence of any Event of Default; (ii) any late payment of any sum (including, without limitation, any overdue amount) being received from any source otherwise than on its due date, and is not cured within ten (10) days; (iii) Lessee's breach of any law affecting the Equipment, their use, operation or leasing, or the Lease Payment to be paid; (iv); the execution or enforcement (including any attempts thereof) of any of the rights, powers, remedies, authorities or discretions vested in the Lessor under or pursuant to the Lease Agreement; or (v); any loss arising from non-or incomplete performance by Lessee of the Lease Agreement, the delivery and the inspection of the Equipment.

17. FORCE MAJEURE

(a) Neither Lessor nor Lessee will be liable for any loss, damage, detention, delay, or failure to perform in whole or in part resulting from causes beyond that party's control including, but not limited to, acts of terrorism, acts of God, fire, earthquake, war, the threat of imminent war, riots, or other acts of civil disobedience, insurrection, labor or trade disputes, shortage of components, any governmental law, order, regulation, ordinance or any other supranational legal authority, explosion, storms, floods, lightning, or earthquake.

18. UCC FILINGS AND FINANCING STATEMENTS. Lessee authorizes Lessor to file a financing statement with respect to the Equipment and grants the Lessor the right to sign such financing statement on Lessee's behalf.

19. UCC-ARTICLE 2A Provisions: Lessee agrees that this Lease Agreement is a Finance Lease as that term is defined in Article 2A of the Uniform Commercial Code ("UCC"). Lessee waives any and all rights and remedies granted Lessee under Sections 2A-508 2A-522 of the UCC.

20. MISCELLANEOUS

(a) The Lease Agreement will not be construed to be a purchase or an agreement for the purchase of the Equipment by the Lessee.

(b) The Lessee may not assign or transfer any of its rights and obligations under the Lease Agreement without the Lessor's prior written consent. The Lessor may at any time without the consent of the Lessee assign or transfer any of its rights and obligations under the Lease Agreement and dispose of its rights and title to the Equipment.

(c) This Lease Agreement constitutes the entire obligation of the parties hereto and supersedes any prior expressions of intent or understandings with respect to this transaction. Any amendment of this Lease Agreement will be in writing and will be signed by duly authorized representatives of both parties hereto.

(d) No failure or delay on the part of the Lessor to exercise any right provided for in this Lease Agreement will constitute a waiver of such right or any obligation of the Lessee under this Lease Agreement, nor will any single or partial exercise of any such right preclude any further exercise thereof. No waiver by the Lessor hereunder will be effective unless it is in writing. The rights and remedies provided for in this Lease Agreement are cumulative and not exclusive of any other rights or remedies which the Lessor may otherwise have.

(e) If any one or more of the provisions of this Lease Agreement or any document executed in connection herewith will be invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions contained herein will not in any way be affected or impaired thereby.

(f) The Lessee makes no representations whatsoever as to the proper treatment of this Lease Agreement for tax purposes. The Lessee acknowledges that the Lessor is the legal owner of the Equipment.

(g) All notices, claims, requests, demands, and other formal communications hereunder will be in writing and will be deemed given at the time of personal delivery or completed facsimile, or, if sent by a reputable overnight courier or registered or certified mail, one business day after such sending.

(h) The Lessee will notify the Lessor promptly of any changes in company name, registered office, and any other matters which may affect this Lease Agreement.

(i) This Agreement shall be governed by the laws of the State of California, excluding its conflicts of laws principles. With respect to any legal action or proceeding relating to this Agreement, the parties consent and submit to the exclusive jurisdiction of the Federal and State courts located in Santa Clara County, California, and the parties agree that venue therein is proper. OK

(j) For the avoidance of doubt, the Lessee retains all rights, warranties and remedies granted to it under the corresponding Use, License and Service Agreement.

ACCEPTANCE DOCUMENT

I, the undersigned, as an authorized representative of the below named hospital, acknowledge that the following product was (check the box below which applies):

Delivered Installed

CUSTOMER

END USER

CLM Agreement Number:	
-----------------------	--

Equipment Description	Serial Number

ACCEPTANCE
ACCEPTANCE CRITERIA - PER AGREEMENT:

Signature: _____ Date: _____

Print Name: _____

Title: _____

Please email signed acceptance letter to Acceptance@Intusurg.com

837921-03, Rev F

USE, LICENSE & SERVICE AGREEMENT

Agreement No.: MA-864-2021 (415740)

This Use, License & Service Agreement ("Agreement") is made and entered into as of **September 10, 2021** (the "Effective Date") and is between **Intuitive Surgical, Inc.**, a Delaware corporation ("Intuitive"), located at 1020 Kifer Road, Sunnyvale, California 94086, and **San Geronio Memorial Hospital** located at 600 N. Highland Springs Avenue, Banning, CA 92220 (collectively "Customer").

The parties agree as follows:

1. Introduction.

Customer agrees to obtain and license the Software and Documentation from Intuitive, and Intuitive agrees to respectively provide and license certain software and equipment to Customer, as well as provide Service for the System all according to the terms and conditions of this Agreement. Customer is contemporaneously entering into a lease agreement (the "**Lease Agreement**") dated **September 10, 2021** for the lease of the System. The Lease Agreement may also cover other equipment and/or the Services and/or a System delivery fee and/or other fees as further specified in Exhibit A and the Lease Agreement.

2. Definitions.

2.1 "**Acceptance**" means Customer's acceptance of the System as specified in **Exhibit A**.

2.2 "**Delivery Date**" means the estimated scheduled date for delivery of the System to Customer specified in **Exhibit A**.

2.3 "**Instruments and Accessories**" means those instruments or accessories made or approved by Intuitive for use with the System.

2.4 "**Proctoring**" means the assistance, coaching, or surgical training provided by a surgeon (the "Proctor") who is familiar with the System to another surgeon (the "Proctee") on how to perform a particular surgical procedure (or procedures) using the System.

2.5 "**Services**" means the support and maintenance of the System described in Section 5 for the Service fees designated in the **Lease Agreement**.

2.6 "**System**" means the items comprising the da Vinci® Surgical System specified in **Exhibit A** consisting of certain hardware components ("Hardware"), software program elements ("Software") and related manuals, labeling, instructions for use, notifications or other documentation ("Documentation"), that Customer may receive, obtain and license under this Agreement. If Customer obtains multiple Systems under this Agreement, all references to "System" or "System(s)" apply to each System obtained and licensed. Each System obtained is a separate transaction to be delivered, accepted, and paid for separately.

2.7 "**Taxes**" means any taxes, levies, or similar governmental charges, now in force or enacted in the future, and however designated, including related penalties and interest, imposed by any governmental authority on, or measured by, the activities described.

2.8 "**Customer's Access Requirements**" means any reasonably applicable requirements designated by Customer that Intuitive personnel must meet to gain access to Customer's facility. Such requirements may include, but are not limited to, compliance with Customer's site policies and vendor credentialing requirements, such as vaccination, immunization, background investigation, training, hospital orientation, and liability insurance coverage.

2.9 "**Reprocess**" or "**Reprocessing**" means Customer's process for cleaning, disinfection, and sterilization of Instruments and Accessories, including testing to validate cleaning, disinfection and sterilization process as may be required by applicable law and/or regulation.

3. System Delivery, Use, Disposal.

3.1 **Delivery and Installation.** Subject to credit approval of Customer by Intuitive, Intuitive will use commercially reasonable efforts to deliver the System on or before the Delivery Date. Each party will provide the other party with thirty (30) days' notice, or if this Agreement is executed within thirty (30) days before the Delivery Date, a reasonable advance notice of any change in the Delivery Date. Customer will fully cooperate with Intuitive to permit Intuitive to install the System. Intuitive will use commercially reasonable efforts to install the System in an efficient and expeditious manner. Customer will also provide Intuitive with information, consultation, and advice reasonably necessary to permit installation.

3.2 **Delivery Terms.** Intuitive will deliver the System to Customer's designated location noted as the "Ship-to" in **Exhibit A** using a carrier selected by Intuitive. Fees for shipping the System are specified in the **Lease Agreement**. Risk of loss or damage to the System passes to the Customer upon delivery of the System to Customer.

3.3 **On-Site Support.** At no charge to Customer, Intuitive will provide periodic on-site support to Customer's designated personnel on the proper operation and upkeep of the System in order for Customer to operate the System as further described in Section 3.4. To clarify, this support includes, but is not necessarily limited to, training on draping the System for use in surgery, proper attachment of Instruments and Accessories, cleaning of parts of the System, the Instruments and Accessories and discussing

opportunities to improve cost efficiencies. The cleaning to be performed regularly by Customer is described in the Documentation.

3.4 **Use of System.** Customer will ensure the proper use of the System consistent with the Documentation, and Customer will ensure the proper management and supervision of the System. Customer will not, nor will Customer permit any third party to, modify, disassemble, reverse engineer, alter, or misuse the System or Instruments and Accessories. Prohibited actions include, but are not limited to: (1) adding or subtracting any Customer or third party equipment, hardware, firmware, or software to or from the System, or (2) reconfiguring any of the Intuitive equipment, Hardware, firmware, or Software as originally provided to Customer as part of the System without Intuitive's express written permission. Customer will ensure that the System is moved and operated only by trained personnel in accordance with the Documentation and Intuitive's instructions. If Customer fails to comply with the requirements of this Section 3.4, Intuitive may terminate this Agreement immediately upon written notice, and any warranties applicable to the System will become void.

3.5 **Reprocess and Disposal.** Customer is responsible for properly Reprocessing and/or disposing of all medical instruments, devices, and systems related to the operation and function of the System, including Instruments and Accessories, in accordance with the Documentation and the then current local environmental and safety laws and standards.

4. **Software License and Restrictions.**

Software embedded within the System is provided under license and is not sold to Customer. Subject to the terms and conditions of this Agreement, Intuitive grants to Customer a non-exclusive, non-transferable, fully paid, restricted use license to use the Software solely as incorporated in the System in machine-executable object code form and solely in connection with the operation of the System as described in the Documentation. Customer must not use, copy, modify, or transfer the Software or any copy thereof, in whole or in part, except as expressly provided in this Agreement. In addition, Customer must not reverse engineer, decompile, disassemble, attempt to derive the source code for, or otherwise manipulate the Software, except that manipulation of the Software is permitted if, and then only to the extent that, the foregoing prohibition on manipulation is required to be modified by applicable law. In that case, Customer must first request from Intuitive the information to be sought from the Software, and Intuitive may, in its discretion, provide information to Customer under good faith restrictions and impose reasonable conditions on use of the Software. The structure and organization of the Software are valuable trade secrets of Intuitive and Customer will protect the Software as Intuitive's Proprietary Information (as defined in Section 13). Intuitive reserves all rights to the Software not expressly granted to Customer. Some components of the Software may be provided to Customer under a separate license, such as an open source license. In the event of a conflict between this Agreement and any such separate license, the separate license will prevail with respect to the component that is the subject of such separate license.

5. **Services.**

5.1 **Services Included.** If Customer is current in payment to Intuitive of the Service fees specified in Exhibit A, Intuitive, directly or through one of its designated service providers, will provide Services to Customer as listed below. Intuitive will use parts sourced by Intuitive, which may, at Intuitive's discretion, include reconditioned parts, ("Equivalent to New" or "ETN"). ETN parts are components, assemblies, or partial products which have had prior usage, but have been inspected, reworked, and tested as required so that their function, performance, and appearance will be essentially equivalent to that of new parts. Regardless of whether parts are new or ETN, Intuitive's appropriate warranties under Section 10.1(A) apply. Customer may contact Intuitive to upgrade its Service Plan to **dv Premium Care Plan**. A \$15,000/year uplift fee to annual Service fees set forth in Exhibit A will be charged; a detailed Service plan description will be provided to Customer for its acceptance and signature.

Intuitive will provide Services under the **dv Complete Care Plan**, with benefits and limitations as follows:

- (A) Adjust parts on the System from time to time;
- (B) Replace defective or malfunctioning System parts (excludes Instruments and Accessories; and any items contained in the Instrument Starter Kit, Camera Starter Kit, and Training Instrument Starter Kit set forth in Exhibit A);
- (C) Repair System operational malfunctions;
- (D) Replace and install Software, Hardware, and mechanical equipment for safety and reliability;
- (E) Provide twenty four (24) hours per day, seven (7) days per week (24 x 7) telephone support by qualified service personnel;
- (F) Provide and install Software upgrades for feature enhancements. Software upgrades and Service with respect to additional equipment not included on Exhibit A may be subject to separate terms to be agreed upon by the parties;
- (G) Provide preferred pricing and next day service repairs or replacement due to accidental damage on endoscopes and camera heads;
- (H) Respond to Customer's request for Services described in Section 5.1(B)-(C) by phone, e-mail, or an on premise visit, during normal business hours (excluding Intuitive holidays) promptly as is reasonable after Intuitive's receipt of Customer's request, but not later than twenty-four (24) hours after Intuitive's receipt. Normal business hours are Monday through Friday, 8:00 a.m. - 5:00 p.m. Customer's local time. Billable rates are applicable for service outside of normal business hours, and for reasons defined below in Section 5.2 (Limitations of Service).
- (I) Perform System preventative maintenance inspections as necessary to maintain factory specifications.
- (J) Provide on-site visits for support of advanced training of Customer's personnel on sterile Reprocessing process.
- (K) When the system is connected to OnSite®, remotely monitor system to diagnose potential issues and proactively dispatch a Field Service Engineer to make repairs when needed.
- (L) Provide access to the da Vinci Surgery Customer Portal.

5.2 **Limitations on Services.**

- (A) **General.** Intuitive does not have an obligation to provide Services (1) on any System where installation, repair, or adjustments have been made by an individual other than an Intuitive technician or an individual approved by Intuitive or (2) which are either necessary or desired as a direct or indirect result, in whole or in part, of unauthorized repair, modification, disassembly, alteration, addition to, subtraction from, reconfiguration, or misuse of the System, or negligence or recklessness on the part of Customer.
- (B) **Cleaning.** Regular daily cleaning of the System as described in the Documentation is not included in the Services.
- (C) **Additional Equipment.** Intuitive's Services obligations do not include the provision to Customer of any hardware developed by Intuitive that is not contained in the initial System obtained by Customer, and which Intuitive offers as a separate product or for an additional fee.
- (D) **Time and Materials.** If the System needs repair or maintenance services due to any of the circumstances described in Section 5.2(A)-(B) above, Intuitive may, at its sole election, provide repair services at Customer's expense and at Intuitive's then current time and material rates. Intuitive is not obligated to provide Services on any System for which any applicable warranty has been voided, or for which the performance of Services is otherwise excused by the terms of this Agreement.
- (E) **Unauthorized Instruments and Accessories.** The System is designed for use only with the Instruments and Accessories. If Customer uses the System with any surgical instrument or accessory not made or approved by Intuitive, Intuitive may discontinue Services, and any warranties applicable to any Services provided prior to any discontinuance will be void.

5.3 Customer's Obligations.

- (A) **Notice, Access, and Cooperation.** Customer will notify Intuitive or Intuitive's designated service provider of any requests for Services. Customer will fully cooperate with and assist Intuitive in the provision of Services.
- (B) **Clinical Liaison.** Customer will designate one of its employees, agents, or representatives as a "Clinical Liaison." The Clinical Liaison will be the point of contact with Intuitive for installation, Services, use of the System, and other related issues. Nothing in this Section 5.3 authorizes Customer or the Clinical Liaison to perform Services or to perform any act otherwise prohibited by this Agreement.

6. Training.

Intuitive offers training to surgical personnel on the use and operation of the System. At Customer's request, at mutually agreed times and at mutually agreed locations, Intuitive will provide training in the use of the System to Customer's surgical personnel in accordance with the terms specified in Exhibit A.

7. Proctoring.

At Customer's request, and upon Customer's issuance of a purchase order, Intuitive will arrange for Proctoring at Customer's location in accordance with the terms specified in Exhibit A. Each Proctor is an independent contractor, is not an agent or employee of Intuitive, and is not authorized to act on behalf of, or legally bind Intuitive. Intuitive is not responsible for Proctoring services provided by Proctors. The decision to utilize a Proctor is solely that of the Customer. Customer is responsible for ensuring that each Proctor meets Customer's credentialing requirements.

8. Instruments and Accessories.

Instruments and Accessories will be made available to Customer from Intuitive pursuant to separate orders placed by Customer to Intuitive from time to time in accordance with the terms and conditions contained in the then current Instrument and Accessory Catalog. Instruments and Accessories are subject to a limited license to use those Instruments and Accessories with, and prepare those Instruments and Accessories for use with, the System. Customer is responsible for Reprocessing Instruments in accordance with the Documentation. Any other use is prohibited, whether before or after the Instrument or Accessory's license expiration, including repair, refurbishment, or reconditioning not approved by Intuitive, and cleaning or sterilization inconsistent with the Documentation. This license expires once an Instrument or Accessory is used up to its maximum number of uses, as is specified in the Documentation accompanying the Instrument or Accessory. Customer may purchase Instruments and Accessories for the purpose of Customer's Reprocessing requirements. The cost of Instruments and Accessories used in Customer's Reprocessing, including Instrument and Accessories used or involved in destructive testing, will be the responsibility of the Customer. Customer may contact Intuitive's Customer Support Department if, during the Reprocessing, Customer experiences results unacceptable under applicable law and/or regulation. Intuitive will provide commercially reasonable assistance in such investigations and remediation efforts but will not be obligated to conduct or pay for such studies or provide materials at no cost or reduced cost as a condition of purchase or continued use.

9. Pricing and Payment Terms.

9.1 System.

- (A) **Price.** Customer will pay the "Periodical Lease Payments" amount as indicated in the Lease Agreement for the lease of the System. At the termination of the Lease Agreement, the terms and conditions applicable to end of lease options are set forth in the Lease Agreement.

9.2 Services.

- (A) **Price.** While the System is being leased by Customer, either (i) the price of annual Services is included in the “Periodical Lease Payments” amount as indicated in the **Lease Agreement**; or (ii) the price of annual Services is not included in the Periodical Lease Payments, and Customer will pay for the Services separately at the price specified in the **Lease Agreement**. If, after the term of the lease, or pursuant to Special Conditions in the Lease Agreement, if any, Customer purchases the System from Intuitive under the applicable terms and conditions of the Lease Agreement, Customer will pay for the Services at the price specified in the Lease Agreement. The issuance of a purchase order by Customer is for the convenience of the Customer solely; therefore, whether or not Customer issues a purchase order does not affect Customer’s commitment to pay for Services under this Agreement during the Initial Term (as defined in Section 14).
- (B) **Payment Terms.** Unless as otherwise indicated in **Exhibit A**, Intuitive will deliver to Customer an invoice for the annual Services fee thirty (30) days prior to the first anniversary of Acceptance and each subsequent anniversary of Acceptance throughout the Initial Term of the Agreement. Customer will pay the invoice for Services not later than thirty (30) days after the date of invoice. In the event Customer requires a purchase order to be referenced on a Service invoice to facilitate payment, Customer will provide Intuitive with a purchase order number sixty (60) days prior to each anniversary of Acceptance. Interest will accrue from the date on which payment is due, at an annual rate of twelve percent (12%) or the maximum rate permitted by applicable law, whichever is lower. After the Initial Term of the Agreement, and subject to mutual written agreement, annual Services may be renewed at Intuitive’s then current list price.

9.3 **Taxes.**

Customer will be deemed to be Taxable until such time as customer provides the Intuitive tax department with the appropriate, fully executed tax exemption certificate as directed below: Attn: Tax Department, Intuitive Surgical, Inc., 1020 Kifer Road, Sunnyvale, CA 94086; fax number: 408-523-1390; email at TaxEmail@intusurg.com.

10. **Warranty and Disclaimer.**

10.1 **System Warranty.**

- (A) Intuitive warrants to Customer that:
- (1) the System as delivered will be free and clear of all liens and encumbrances (except as otherwise specified in this Agreement), and
 - (2) for the period specified in **Exhibit A**, the System will be free from defects in material and workmanship and will conform in all material respects to the Documentation when used in accordance with the Documentation and Intuitive’s instructions.
- (B) Intuitive’s obligations under this Section 10.1 are limited to the repair (as further described in Section 5.1(B)-(C)) or, at Intuitive’s option, replacement of all or part of the System.
- (C) This warranty is void with respect to any claims:
- (1) due to any installation, repair, adjustment, modification, disassembly, alteration, reconfiguration, addition to, subtraction from, or misuse of the System by Customer or any third party without the express written permission of Intuitive; or
 - (2) to the extent Customer has not operated, repaired, or maintained the System in accordance with the Documentation or any reasonable handling, maintenance, or operating instructions supplied by Intuitive; or
 - (3) to the extent Customer has used the System with surgical instruments or accessories that are not Instruments or Accessories; or
 - (4) to the extent Customer or Customer’s employee, agent, or contractor has subjected the System to unusual physical or electric stress, misuse, abuse, negligence, or accident.
- (D) The foregoing expresses Customer’s sole and exclusive remedy, and Intuitive’s sole and exclusive liability, for any breach of warranty with respect to the System by Intuitive.

10.2 **Services Warranty.** Intuitive warrants that the Services will be performed consistent with generally accepted industry standards. If Intuitive breaches this warranty, Customer’s sole and exclusive remedy will be to require Intuitive to re-perform the Services.

10.3 **No Other Warranties.** INTUITIVE MAKES NO OTHER WARRANTY, EXPRESS OR IMPLIED, IN CONNECTION WITH THE SYSTEM OR SERVICES PROVIDED HEREUNDER AND THIS TRANSACTION, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, AND NON-INFRINGEMENT. SOME JURISDICTIONS DO NOT ALLOW THE

LIMITATION OR EXCLUSION OF IMPLIED WARRANTIES; THEREFORE, THE ABOVE LIMITATION WILL APPLY ONLY TO THE EXTENT PERMITTED BY APPLICABLE LAW.

11. Indemnification.

11.1 Intuitive's Indemnification Obligations.

- (A) **Intellectual Property Indemnification.** Intuitive will indemnify Customer against all liabilities, expenses, or damages in connection with any third party claim that the System infringes any third party patent, trade secret, or copyright. If Customer is enjoined from the use of the System due to any such third party claim, Intuitive will promptly, at its option and expense, either (1) substitute the System or any part thereof with non-infringing material that will perform substantially in accordance with the Documentation; or (2) obtain the right of Customer to continue to use the System; or (3) remove the System.
- (B) **Indemnification Limitations.** Intuitive has no obligation under this Section 11.1 to the extent any claim of infringement is based upon or arises out of: (1) any modification to the System if the modification was not made directly by Intuitive or through its designated service provider; or (2) the use or combination of the System with any hardware, software, products, data or other materials not specified, provided or approved by Intuitive.
- (C) **THE PROVISIONS OF THIS SECTION 11 STATE THE SOLE AND EXCLUSIVE OBLIGATIONS OF INTUITIVE FOR ANY PATENT, COPYRIGHT, TRADEMARK, TRADE SECRET OR OTHER INTELLECTUAL PROPERTY RIGHTS INFRINGEMENT.**

11.2 Customer's Indemnification Obligations. Intuitive will not be liable for, and Customer will indemnify and hold Intuitive harmless from and against, any claims or damages caused by Customer's failure to comply with the requirements of Sections 3.4 (Use of the System) or 3.5 (Disposal).

11.3 Claim Notification Requirement. A party's indemnification obligations under this Section 11 will not apply unless the indemnified party promptly notifies the indemnifying party of the claim as soon as the indemnified party became aware of it. The indemnifying party will have the right to control the defense or settlement of any claim at its cost and with its choice of counsel. The indemnified party will provide all reasonable cooperation to assist the indemnifying party in the defense or settlement of the claim.

12. Limitation of Liability.

Except for a breach of the obligations in Sections 3.4 (Use of System), 4 (Software License and Restrictions), 8 (Instruments and Accessories), 9 (Pricing and Payment Terms), 11 (Indemnification), 13 (Proprietary Information), to the extent permitted by applicable law, each party's aggregate liability to the other for claims relating to this Agreement, whether for breach in contract or tort (including negligence), is limited to an amount equal to the sum of amounts paid by Customer under this Agreement for the activity (such as procurement of the System, Service, or training) giving rise to the claim. Except for a breach of the obligations in Sections 3.4, 4, 8, or 13, neither party will be liable for any indirect, punitive, special, incidental, or consequential damages in connection with or arising out of this Agreement (including loss of business, revenue, profits, use, data, or other economic advantage), even if that party has been advised of the possibility of damages. Some jurisdictions do not allow the limitation of liability for incidental or consequential damages; therefore in those jurisdictions, the foregoing limitation of liability applies only to the extent permitted by law.

13. Proprietary Information.

"Proprietary Information" includes, but is not limited to, all non-public information (1) of the disclosing party ("Disclosing Party") that relates to past, present, or future research, development, or business activities or the results of those activities and (ii) that the Disclosing Party has received from others and is obligated to treat as confidential and proprietary. In addition, Intuitive's Proprietary Information includes the terms and conditions of this Agreement and all information derivable from the System, but excluding information that can be learned simply through observation of the System and its operation. Proprietary Information does not include information previously known by the receiving party ("Receiving Party") as demonstrated by the Receiving Party's contemporaneous written records, or information publicly disclosed without breach of an obligation of confidentiality, either before or after the Receiving Party's receipt of the information. The Receiving Party will hold all Proprietary Information of the Disclosing Party in strict confidence and must not use for any purpose, or disclose to any third party, any Proprietary Information, except (1) as expressly authorized in this Agreement or in writing by the Disclosing Party, and (2) as required by law or by court order. Notwithstanding any provision of this Agreement, the Receiving Party shall be permitted to disclose the Disclosing Party's Confidential Information solely to the extent that such disclosure is required by law or by order of any court or governmental authority, provided, however, that the Receiving Party shall first have given advance notice to the Disclosing Party, so as to permit the Disclosing Party as owner of the information an opportunity to review such information for confidentiality and privilege preservation and/or to attempt to obtain a protective order or similar administrative or legal remedy requiring that the Confidential Information so disclosed be used only for the purposes for which the order was issued or for such other legal requirement, and that the Receiving Party shall cooperate with the Disclosing Party in such efforts. The Receiving Party will use the same degree of care to protect the Proprietary Information as Receiving Party uses to protect its own information of like kind, but not less than all reasonable steps to maintain the confidentiality of the Proprietary Information.

14. Term.

14.1 Initial Term. The Initial Term is specified in Exhibit A.

14.2 **Termination and Survival.** Either party may terminate this Agreement if the other party breaches a material term or condition of this Agreement and fails to cure the breach following thirty (30) days' written notice from the non-breaching party. Sections 3.4, 3.5, 4, 9.1, 9.3, 11, 12, 13, 14.2, 15, and any other provision which by its nature will survive, will remain in effect notwithstanding the expiration or termination of this Agreement.

15. Miscellaneous.

15.1 **Assignment.** This Agreement will be binding upon the permitted successors and assigns of the parties. Neither party may assign this Agreement without the prior written consent of the other party, except pursuant to a transfer of all or substantially all of a party's assets and business relating to the subject of this Agreement, whether by merger, re-organization, sale of assets, sale of stock, or otherwise. Customer may not assign or transfer the Software license granted to it under this Agreement to any third party without Intuitive's prior written consent. Any attempt by either party to assign this Agreement or any rights or duties hereunder contrary to the foregoing provision is void.

15.2 **Costs.** Except as otherwise specifically provided herein, each party will bear its own costs and expenses incurred in connection with the performance of its obligations hereunder.

15.3 **Debarment.** Intuitive warrants and represents that individuals of its organization involved in providing Services under this Agreement have not been convicted of any criminal offense relating to health care and are not debarred, excluded, or otherwise ineligible for participation in any federal or state health care program. If at any time before completion of this Agreement, Intuitive or any individual in its organization involved in providing Services under this Agreement is so convicted or is debarred, excluded or otherwise determined to be ineligible, Intuitive will notify Customer in writing, the individual will immediately cease providing Services under this Agreement, and Intuitive will replace the individual with a replacement employee reasonably suitable to Customer, and, if it is Intuitive, this breach will be considered a material breach by Intuitive.

15.4 **Federal Audit.** As a medical device manufacturer, Intuitive has an obligation to report certain adverse event details to the Food and Drug Administration (FDA). Intuitive may request, and Customer shall provide Intuitive, all information necessary to fulfill Intuitive's complaint reporting obligation of adverse events. Until the expiration of four (4) years after furnishing Services under this Agreement, Intuitive will make available upon written request of the Secretary of the Department of Health and Human Services (the "Secretary") or upon request of the U.S. Comptroller General, or any of their duly authorized representatives, this Agreement and the books, documents, and records of Intuitive that are necessary to certify the nature and extent of costs for which Customer may properly seek reimbursement. If Intuitive carries out any of the duties of this Agreement through a subcontract with a value or cost of ten thousand dollars (\$10,000) or more over a twelve (12) month period, the subcontract will contain a clause to the effect that until the expiration of four (4) years after furnishing of services under the subcontract, the subcontracting party will make available, upon written request of the Secretary, or upon request of the U.S. Comptroller General or any of their duly authorized representatives, the subcontract, and the books, documents, and records of the organization that are necessary to verify the nature and extent of the costs. Intuitive will promptly notify Customer of any requests for information made under this provision.

15.5 **Force Majeure.** Neither party will be liable for any loss, damage, detention, delay, or failure to perform in whole or in part resulting from causes beyond that party's control including, but not limited to, acts of terrorism, acts of God, fire, earthquake, war, the threat of imminent war, riots, or other acts of civil disobedience, insurrection, labor or trade disputes, shortage of components, any governmental law, order, regulation, ordinance or any other supranational legal authority, explosion, storms, floods, lightning, or earthquake.

15.6 **Insurance.** Intuitive has obtained, and will maintain throughout the term of the Agreement, (i) Commercial General Liability Insurance including coverage for contractual liability, product liability, personal injury and bodily injury in an amount not less than \$1,000,000 per occurrence/\$3,000,000 aggregate (or as may be aggregated by the excess liability policy on the General Liability policy); or (ii) a self-insurance program of equivalent protection. Intuitive will furnish the Customer with a certificate of insurance evidencing the coverage as outlined above, or comparable evidence of self-insurance, on Customer's request. Intuitive carries, and will continue to carry, Workers' Compensation Insurance as required by law.

15.7 **Interpretation.** Headings used in this Agreement are provided for convenience only and do not in any way affect the meaning or interpretation hereof. The terms "sale", "purchase", "acquire", "procure" and variations of such terms, as used in this Agreement with respect to the System, do not imply that the Software and Documentation aspect of the System are sold or purchased; the Software and Documentation are licensed under this Agreement and the Hardware is being leased and may be sold under the Lease Agreement as the case may be. Neither party is the drafter of this Agreement. Accordingly, the language of this Agreement will not be construed for or against either Party.

15.8 **Notices.** Any notices given under this Agreement must be in writing and will be deemed given and received five (5) days after the date of mailing, one (1) day after dispatch by overnight courier service or electronic mail, or upon receipt if by hand delivery, or upon completion of confirmed transmission if by facsimile. Any notices under this Agreement must be sent to Intuitive or the Customer at the address shown in the preamble above, in both cases to the Contracts Dept/General Counsel's office. Each party may change its address for receipt of notices by giving the other party notice of the new address.

15.9 **Relationship of the Parties.** The parties' relationship is one of contract, and they are not, and will not be construed as partners, joint venturers, or agent and principal. Neither party is authorized to act for, or on behalf of, the other party.

- 15.10 **Severability.** If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, then that provision will not affect the validity of the remaining provisions of the Agreement, and the parties will substitute a valid provision for the invalid provision that most closely approximates the intent and economic effect of the invalid provision.
- 15.11 **Access to Customer's Facilities.** Intuitive agrees that any Intuitive personnel who routinely provide Services at Customer's facilities will use commercially reasonable efforts to comply with Customer's Access Requirements, provided that Customer provides Customer's Access Requirements in writing prior to execution of this Agreement. Customer's need for Service may be unplanned and urgent with patient safety at stake. Therefore, if Customer denies access to its facilities to any Intuitive personnel for performance of Services (Section 5) or Warranty (Section 10) obligations in connection with a surgical procedure because such personnel have not met Customer's Access Requirements, Intuitive's Services and warranty obligations in this Agreement will be suspended during such denial of access, provided that Intuitive uses commercially reasonable efforts to find replacement Intuitive personnel who comply with Customer's Access Requirements. Customer will indemnify and hold harmless Intuitive from any losses, claims, liabilities or causes of action arising from such denial of access.
- 15.12 **Data Use.** Customer agrees that Intuitive and its affiliates within the Intuitive Surgical group of companies (collectively, "Intuitive") may collect data relating to the use of Intuitive products ("Data"). In some instances Data may be communicated via data gathering or transmission technology to Intuitive. In other instances, Intuitive may require Customer and Customer agrees to provide Data to Intuitive. Such Data may be used for a variety of purposes, including, but not limited to (1) providing support and preventative maintenance of Intuitive products, (2) improving Intuitive products or services, (3) ensuring compliance with applicable laws and regulations, (4) providing a general resource for Intuitive's research and business development, and (5) relationship management, including but not limited to a) proctoring and other activities, b) procedure reporting, and c) customer efficiency and cost saving. Intuitive does not intend to collect protected health information (PHI) as defined by the Health Insurance Portability and Accountability Act of 1996 (HIPAA) or analogous foreign patient privacy laws or regulations, as may be amended from time to time. In the event any Data communicated to Intuitive identifies an entity or individual, Intuitive will not share such Data with any third parties without the entity's or individual's consent, unless required by law or regulatory authorities.
- 15.13 **Waivers.** No waiver of any right by either party under this Agreement will be of any effect unless the waiver is in writing and signed by the waiving party. Any purported waiver not consistent with the foregoing is void.
- 15.14 **Counterparts.** This Agreement may be executed by facsimile or in multiple copies, each of which is an original, and all of which taken together will constitute one single agreement.
- 15.15 **Representations and Warranties by Customer.** Customer represents and warrants to Intuitive that: (i) it has the power to enter into and perform, and has taken all necessary action to authorize the entry into and performance of, the Agreement and the transactions contemplated by the Agreement; and (ii) all information supplied by it or on its behalf to Intuitive in connection with the Agreement and any guarantee (as the case may be) are true and accurate as at the date at which it is stated to be given.
- 15.16 **Entire Agreement; Amendment.** This Agreement is the entire agreement between Intuitive and Customer and supersedes any prior agreements, understandings, promises, and representations made either orally or in writing by either party to the other party concerning the subject matter herein, pricing, and the applicable terms. Any terms or conditions in Customer's purchase order that are different from, inconsistent with, or in addition to, the terms and conditions of this Agreement will be void and of no effect, unless otherwise mutually agreed to in writing by the parties. This Agreement may be amended only in writing, signed by both parties. Any purported oral modification intended to amend the terms and conditions of this Agreement is void.

BOTH PARTIES HAVE READ, UNDERSTOOD, AND AGREED TO BE BOUND BY THE TERMS AND CONDITIONS OF THIS AGREEMENT AND EXECUTE THIS AGREEMENT AS OF THE EFFECTIVE DATE.

IF THIS AGREEMENT IS NOT SIGNED BY BOTH PARTIES AND RETURNED TO INTUITIVE ON OR BEFORE SEPTEMBER 25, 2021 THE TERMS WILL BE SUBJECT TO CHANGE.

ACCEPTED BY:

Intuitive Surgical, Inc.

By: _____

Name: _____

Title: _____

Date: _____

ACCEPTED BY:

San Geronio Memorial Hospital

By: _____

Name: _____

Title: _____

Email: _____

Date: _____

DRAFT

EXHIBIT A Equipment List

1. Intuitive will provide Customer with the following:

da Vinci® Xi™ Single Console System (Firefly™ Fluorescence Imaging Enabled)

One (1): da Vinci® Xi™ System Surgeon Console
One (1): da Vinci® Xi™ System Patient Cart
One (1) da Vinci® Xi™ System Vision Cart
Warranty period: One (1) year from the Acceptance.

da Vinci® Xi™ System Documentation including:

User's Manual For System
Warranty period: n/a

User's Manual for Instruments and Accessories
Warranty period: n/a

One (1) da Vinci® Xi™ Cleaning & Sterilization Kit
Warranty period: 90 days from Acceptance
Two (2) da Vinci® Xi™ Instrument Release Kit (IRK)
Warranty period: 90 days from Acceptance

da Vinci® Xi™ System Software

Warranty period: One (1) year from the Acceptance.

Instrument and Accessories including:

Accessory Starter Kit

Two (2): Box of 6: 8 mm Bladeless Obturator
One (1): 8 mm Blunt Obturator
Four (4): Box of 10: 5 mm - 8 mm Universal Seal
Four (4): 8 mm Cannula
Three (3): Monopolar Energy Instrument Cord
Three (3): Bipolar Energy Instrument Cord
One (1): Box of 3: da Vinci® Xi™ Gage Pin
Three (3): Instrument Introducer
One (1): Box of 10: Tip Cover for Hot Shears™ (MCS)
One (1): Pmed Cable, Covidien ForceTraid ESU
Warranty period: 90 days from Acceptance

Drapes

Two (2): Pack of 20 da Vinci® Xi™ Arm Drape
One (1): Pack of 20 da Vinci® Xi™ Column Drape
Warranty period: 90 days from Acceptance

Vision Equipment:

Two (2): da Vinci® Xi™ Endoscope with Camera, 8 mm 0 degree
Two (2): da Vinci® Xi™ Endoscope with Camera, 8 mm 30 degree
Four (4): da Vinci® Xi™ Endoscope Sterilization Trays
Warranty period: One (1) year from the Acceptance.

Training Instrument Starter Kit

One (1): Large Needle Driver
One (1): ProGrasp™ Forceps
One (1): Maryland Bipolar Forceps
One (1): Hot Shears™ (Monopolar Curved Scissors)
One (1): Tip-Up Fenestrated Grasper
One (1): Mega™ SutureCut™ Needle Driver
Warranty period: 90 days from Acceptance

(all kits subject to change without notice) (rev 4/2015)

2. **Equipment and Service.**

Qty.	Included in Periodical Lease Payment	Not included in Periodical Lease Payment	Equipment Description
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	System Type: da Vinci® Xi™ Single Console System
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Service during the first twelve months of the Lease Period
N/A	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Service beginning on the thirteen month of the Lease Period, or if Lessee purchases the Equipment*
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	System delivery fee
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	da Vinci® Integrated Table Motion Upgrade
1	<input checked="" type="checkbox"/>	<input type="checkbox"/>	E-100 Generator

*The applicable Service price is valid for a period of five years from the effective date of this Agreement.

Subject to availability, any Instruments or Accessories provided to Customer as set forth in Exhibit A, Section 2 are subject to the Terms of the *da Vinci EndoWrist Instrument & Accessory Catalog* as if such Terms were contained in this Agreement. Delivery charges will be *Pre-Pay & Add*. If Exhibit A, Section 2 includes Instruments or Accessories, they will be shipped FCA Intuitive’s warehouse. If Single Site Instruments are listed, they will be delivered upon Customer’s completion of the advanced instrument training verification.

Intuitive makes no representation with regard to Certificate of Need requirements for this Lease. It is Customer’s responsibility to determine whether this transaction complies with Customer’s State Certificate of Need law and what Certificate of Need filing, if any, needs to be made with regard to this transaction.

The estimated delivery date for the System is **September 30, 2021** (“**Delivery Date**”). The Delivery Date is an estimated "on or before" delivery date to Customer's designated location (see "Ship-to" below).

Customer will pay to Intuitive all fees for the purchase of Systems, Instruments, Accessories, Service or other fees that are not included in Periodical Lease Payment, as such fees are further detailed in the Lease Agreement, and not later than thirty (30) days after the date of Intuitive’s invoice.

3. **Acceptance.** The System is deemed accepted by Customer upon delivery to Customer’s designated location (“Acceptance”). An example of Acceptance Document is hereto attached as Exhibit B.

4. **The “Ship-To” information for Customer is:**

San Gorgonio Memorial Hospital
600 N. Highland Springs Avenue
Banning, CA 92220

5. **The “Bill-To” information for Customer is:**

San Gorgonio Memorial Hospital
600 N. Highland Springs Avenue
Banning, CA 92220
Customer’s PO Number:

6. **Taxes and Costs.**

6.1 Customer will be deemed to be Taxable until such time as customer provides the Intuitive tax department with the appropriate, fully executed tax exemption certificate as directed below: Attn: Tax Department, Intuitive Surgical, Inc., 1020 Kifer Road, Sunnyvale, CA 94086; fax number: 408-523-1390; email at TaxEmail@intusurg.com.

6.2 Customer is responsible for all license and registration fees, and all sales, use, property, stamp and other taxes and charges relating in any manner to the System or this Agreement, except the Medical Device Excise Tax.

7. **Term.** The initial term of this System obtained under this Agreement will commence as of the Effective Date and will continue until the end of the Lease Term ("Initial Term") unless earlier terminated as provided in this Agreement. Thereafter, this Agreement may be renewed for successive one (1) year terms ("Renewal Term(s)") upon mutual written agreement of the parties.

8. **Training.** As of the Effective Date, the price for training (based on a porcine model) is three thousand dollars (\$3,000.00) per surgeon or physician’s assistant. The payment terms for training are net thirty (30) days from the date of Intuitive’s invoice. This pricing will remain in effect during the first year of the Initial Term. Thereafter, training will be made available to Customer at Intuitive’s then current list price for training.

9. **Proctoring.** As of the Effective Date, the rate for Proctor's services is three thousand dollars (\$3,000.00) per day. The payment terms for Proctoring are net thirty (30) days from the date of Intuitive's invoice. This pricing will remain in effect during the first year of the Initial Term. Thereafter, Proctoring will be made available to Customer at Intuitive's then current list price for Proctoring.
10. **da Vinci® Instruments and Accessories Credit.** Customer will be given a credit in the amount of \$80,000.00 towards the future purchase of da Vinci® Instruments and Accessories

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EXHIBIT B

ACCEPTANCE DOCUMENT

I, the undersigned, as an authorized representative of the below named hospital, acknowledge that the following product was (check the box below which applies):

Delivered Installed

CUSTOMER

END USER

CLM Agreement Number:	
-----------------------	--

Equipment Description	Serial Number

ACCEPTANCE
ACCEPTANCE CRITERIA - PER AGREEMENT:

Signature: _____ Date: _____

Print Name: _____

Title: _____

Please email signed acceptance letter to Acceptance@Intusurg.com

Sales Quotation For: SAN GORGONIO MEMORIAL HOSPITAL



Account Manager:

Rhonda Ankilewitz

ASP

972-365-7643

rhonda.ankilewitz@asp.com

ASP has a long track record designing and delivering innovative infection prevention solutions that dramatically raise the level of healthcare and safety for those who matter most. Our pioneering technology, global distribution, and established leadership position enable us to simplify the process of buying and operating infection prevention products and services every day, for thousands of medical facilities around the world.

Important information: Prior to use, refer to the complete instructions for use supplied with the device(s) for proper use, indications, contraindications, warnings and precautions.

ASP Advanced Sterilization Products

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33 Technology Dr, Irvine, CA 92618
AP-2100116-1



Make orders out to:
ADVANCED STERILIZATION PRODUCTS SERVICES, INC.
 33 TECHNOLOGY DR
 IRVINE CA 92618

Sold-to
 SAN GORGONIO MEML HOSP
 600 N HIGHLAND SPRING AVE
 BANNING CA 92220-3046

Quotation	
Repeat Printout	
Number	1300166159
Date	Oct 20, 2021
Reference Number	304
Customer Number	8005507
Valid from	Oct 20, 2021
Valid to	Dec 31, 2021

Currency USD

Final amount **138,000.00**

Conditions:

Promotional discounts are subject to all terms and conditions of that promotion, including purchase order delivery and shipping dates. Please see our promotional offer enclosed. Delivery contingent on inventory position. Pricing is subject to change without notice after the validity date above.

GPO Pricing: The group purchasing organization pricing below has been provided based upon the Customer's representation that it is a member in good standing of that group purchasing organization and eligible to participate under the group purchasing organization's agreement. Any failure by Customer to meet membership requirements, may result in a price adjustment. This information is confidential and may not be shared with any third party without the prior written consent of ASP. Sales under the contract agreement will be subject to all terms and conditions of that agreement. Pricing and terms per contract. Otherwise list price and standard terms of sale apply.

Item	Item Detail						Value
10	Material:	10104007	ST100NX ALLCLEAR 1-DR DUO				
	Quantity:	1 EA					
	Price:	Type	Rate	CURR	per	UOM	Value
		PREMIER LTS PP-OR-1818	199,000.00	USD	per	1 EA	199,000.00
		Discount 1	0.00				-65,200.00
		Net Value 2	133,800.00	USD	per	1 EA	133,800.00
20	Material:	11347001	INSTALL KIT FOR STERRADS				
	Quantity:	1 EA					
	Price:	Type	Rate	CURR	per	UOM	Value
		PREMIER LTS PP-OR-1818	1,200.00	USD	per	1 EA	1,200.00
30	Material:	114738-01	ASP ACCESS LICENSE FEE				
	Quantity:	1 EA					
	Price:	Type	Rate	CURR	per	UOM	Value
		ASP List Price	10,000.00	USD	per	1 EA	10,000.00
		Valued Customer Promotion	0.00				-7,000.00
		Net Value 2	3,000.00	USD	per	1 EA	3,000.00

Items Total without Tax **138,000.00**

Fees, freight and taxes will be applied when ordered and invoiced.

The pricing contained in this quote represents the annual price as described in the attached ASP ACCESS™ SUBSCRIPTION AGREEMENT. Please note that the price is contingent on the receipt of fully executed ASP ACCESS™ SUBSCRIPTION AGREEMENT.



Installation Options

Dear Customer,

Thank you for purchasing our STERRAD® Sterilization System(s). The purpose of this letter is to make you aware of the installation options that are available to you. You may choose one of the following options:

- **Advanced Sterilization Products (ASP):** Installation by ASP can be purchased. ASP will coordinate and perform installation/validation of the unit, after which your one-year service warranty will begin.

-or-

- **Universal Hospital Services (UHS):** You may choose to independently coordinate installation/validation through a third-party vendor. Pricing will be provided by the vendor. To be put in touch with a trained third-party vendor, please contact our Customer Service Department at 888-783-7723.

-or-

- **"Self" Install Equipment:** You may choose to install the equipment yourself. You will be required to purchase the necessary tools to install the equipment. Failure to follow the directions in the Installation Guide may void the equipment warranty.

If you have any questions or would like to schedule installation of your STERRAD® Sterilization System, please reach out to your ASP Corporate Account Director, ASP Account Manager, or our Customer Service Department at 888-783-7723.

Again, thank you for choosing ASP for your low-temperature sterilization needs. We value your partnership and appreciate your business.

Sincerely,

A handwritten signature in black ink, appearing to read "Amy Smith". The signature is fluid and cursive.

Amy Smith
Vice President, Global Marketing

33 Technology Drive, Irvine, CA 92618, USA. Tel: 949.581.5799. Fax: 949.581.5997

ASP ACCESS™ SUBSCRIPTION AGREEMENT

This subscription agreement is between Advanced Sterilization Products Services Inc., a New Jersey corporation (the "Company"), having its principal place of business at 33 Technology Drive, Irvine, California, 92618, and the Customer named below ("Customer").

Customer:

Customer No. _____
Name _____
Address _____
City/State/Zip _____

Section 1. Subscription Terms

(a) ASP ACCESS™ Subscription and Pricing. The Company shall provide the subscription services set forth on Schedule A and as further set forth in ASP Cloud Services Terms and Conditions, available at <https://www.asp-access.com> (the "Cloud Services Agreement") (collectively, the "Subscription" or alternatively, the "Services") to the Customer at the pricing indicated on Schedule A. The pricing is calculated for a consecutive 12-month period beginning on the Effective Date.

(b) ASP ACCESS™ Data Station. The Customer must access and use the Subscription through the ASP ACCESS™ Data Station (the "Data Station"). The Company will include the rental of one (1) new unit of a Data Station with the Subscription if the Company determines in its sole discretion that rental of a new Data Station is necessary for the Customer to use the Subscription. Title to the rented Data Station will remain with the Company.

(c) Barcode Scanner. The Company may include new units of a Barcode Scanner Kit (the "Scanner") with the Subscription at Company's sole discretion. In the event the Scanners are returned by the Customer, the Company shall have no obligation to credit or refund any monetary amounts paid by the Customer pursuant to this agreement. Delivery of the Scanner(s) will be F.O.B. Origin.

(d) Payment. Payment terms are net thirty (30) days. The Customer shall provide one purchase order for the entire amount shown on Schedule A with this agreement. The Customer shall be billed at the interval selected on Schedule A. In addition to paying the invoiced price, the Customer shall pay any and all taxes and other fees imposed on this transaction by any federal, state or local governmental authority. This section shall not apply to organizations that are tax-exempt if the organization provides proper supporting documentation to Company.

(e) Activation. The Subscription includes one (1) on-site visit during normal business hours (Monday through Friday, 8 a.m. to 5 p.m. local time) by a Company Field Service Engineer to activate the Subscription and install the Data Station and Scanner(s), if applicable. Such on-site visit will be scheduled at a mutually agreed upon date and time. The Company shall have reasonable access to the Customer's STERRAD® equipment during the aforementioned visit. The Customer will incur charges for any subsequent visits by a Company Field Service Engineer for activation, installation or troubleshooting.

(f) Subscription License. The Company grants the Customer a non-exclusive, non-transferable worldwide right and license to access and use the Services as set forth on Schedule A and as further set forth in the Cloud Services Agreement.

(g) Term and Termination. This agreement is effective on the date the Subscription is activated as determined by the Company (the "Effective Date"). The term of this agreement is three (3) years. Either party may terminate this agreement at any time upon 30 days' written notice.

(h) Early Termination. If the Customer terminates this agreement prior to the End Date, the Customer will keep the Scanner(s) and the Company will invoice the Customer in the amount of \$1,300.00 per Scanner, payable within 30 days.

(i) De-activation and Return of Data Station. The Customer must arrange and coordinate with the Company for the de-activation of the Subscription and return of the rented Data Station, if applicable, at least 30 days prior to the expiration or termination of this agreement.

(i) If the Customer did not rent a Data Station, the Company shall conduct one (1) on-site visit during normal business hours by a Company representative to de-activate the subscription. The parties will schedule such on-site visit at a mutually agreed upon date that is no later than 60 days from expiration or termination.

(ii) If the Customer rented a Data Station, the Customer must select from one of the following two return options: 1) Ship the Data Station to the Company in accordance with the Company's directions. The cost of such return will be paid by the Company; or 2) Schedule an on-site visit for a Company representative to de-activate the Subscription and pick up the Data Station. The Customer will be charged \$2,400.00 for such on-site visit.

(iii) If any rented Data Station is not returned to the Company within 60 days, the Customer shall allow the Company to peacefully repossess the Data Station, without a court order, and the Customer will not make any claims against the Company for trespass, damage or any other reason related to such repossession. In addition, the Company shall invoice the Customer in the amount of \$5,000.00, payable within 30 days, for the late return and repossession of the Data Station.

Section 2. Miscellaneous Terms

THIS DOCUMENT CONTAINS CONFIDENTIAL AND PROPRIETARY TRADE SECRETS OF THE PROVIDER AND ITS AFFILIATES.
ITS CONTENTS MAY NOT BE DISCLOSED BY AN AUTHORIZED RECIPIENT WITHOUT THE PROVIDER'S PRIOR WRITTEN CONSENT.

(a) Entire Agreement. This agreement constitutes the entire agreement between the parties concerning the terms and conditions for payment of the Subscription and supersedes all prior negotiations and agreements between the parties concerning such subject matter of this agreement. The terms of any purchase order, invoice, or similar document used to implement this agreement shall be subject to and shall not modify this agreement. The parties acknowledge and agree that the terms and conditions for use of the ASP ACCESS™ Cloud Services shall be governed by the Cloud Services Agreement.

(b) Assignment. Customer may not assign, directly or indirectly, this agreement or any of its rights or obligations under this agreement, either voluntarily or involuntarily (whether by merger, acquisition, consolidation, dissolution, change of control, operation of law, or otherwise), without the prior written consent of the Company. Any purported assignment in violation of this section will be void.

(c) Confidentiality. Each party shall hold the agreement and its terms and conditions in strict confidence and not disclose it to any other person or entity. The Company may disclose this agreement to its affiliates.

(d) Dispute Resolution. This Agreement shall be deemed to be made and entered into pursuant to the laws of the state of Delaware without giving effect to its choice of law principles. In the event of any controversy or claim arising out of or relating to this agreement (including without limitation any controversy or claim involving the parent company, subsidiaries, or affiliates under common control of the Company, the Customer or any Participant (a "Dispute"), the parties shall submit such Dispute for resolution to the United States District Court for the State of Delaware, if that court has subject matter jurisdiction, or otherwise to the state court of appropriate jurisdiction. EACH PARTY HEREBY IRREVOCABLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY FEDERAL OR STATE JUDICIAL PROCEEDING. EACH PARTY HEREBY WAIVES ANY RIGHT TO SEEK PUNITIVE, EXEMPLARY, COVER, MULTIPLIED OR CONSEQUENTIAL DAMAGES, PREJUDGMENT INTEREST OR ATTORNEYS' FEES OR COSTS EXCEPT AS MAY BE REQUIRED BY STATUTE.

(e) Notices. All written notices, described as such herein, required to be given by either party under this Agreement shall be sent to the Customer at the address set forth above to the attention of _____, and to the Company at the address set forth above to the attention of Contract Administration.

(f) Offer Expiration. Until fully executed, this agreement constitutes an offer that is valid until December 31, 2021. If there are any changes to this agreement or if the Customer does not sign it by that date, then the Company reserves the right to withdraw or modify this offer in its sole discretion. This agreement is not valid until all signatures required below have been made.

The Company:
ADVANCED STERILIZATION PRODUCTS SERVICES
INC.

The Customer:

By: _____

Name:

Title:

Date: _____

By: _____

Name:

Title:

Date: _____

THIS DOCUMENT CONTAINS CONFIDENTIAL AND PROPRIETARY TRADE SECRETS OF THE PROVIDER AND ITS AFFILIATES.
ITS CONTENTS MAY NOT BE DISCLOSED BY AN AUTHORIZED RECIPIENT WITHOUT THE PROVIDER'S PRIOR WRITTEN CONSENT.

SCHEDULE A: ASP ACCESS™ SUBSCRIPTION DETAILS

Product Code	Description	Duration	Annual Price
ACCESS	<p>Access to and use of the following Services:</p> <ul style="list-style-type: none"> ✓ Automatic correlation of STERRAD VELOCITY™ Biological Indicator results and STERRAD® cycle records ✓ Barcode scanning to help reduce the risk of data entry errors ✓ Automatic tracing of positive STERRAD VELOCITY™ Biological Indicators to the associated STERRAD® sterilizer and processed instruments ✓ Intuitive on-screen guidance to ensure correct operation, reducing incidence of user error 	3 Years	\$3,000.00 per Year
	<p>Rental of one (1) ASP ACCESS™ Data Station, product code 53001, as needed (determined by the Company in its sole discretion)</p> <ul style="list-style-type: none"> ✓ The Company will: <ul style="list-style-type: none"> <input type="checkbox"/> Include rental of an ASP ACCESS™ Data Station <input type="checkbox"/> Not include rental of an ASP ACCESS™ Data Station 		
	<p>Activation of Services at one (1) Customer location</p>		
	<p>One-time on-site visit by Company Field Service Engineer for installation and activation</p>		
	<p>The Scanner(s) may be included with the Subscription as needed (determined by the Company in its sole discretion).</p>		
	<p>Billing interval options</p> <ul style="list-style-type: none"> ✓ The Subscription will be invoiced at the start of the selected billing interval: <ul style="list-style-type: none"> <input type="checkbox"/> Annually <input type="checkbox"/> Semi-annually (6-month) <input type="checkbox"/> Quarterly (3-month) <input type="checkbox"/> Monthly (1-month) ✓ The Customer must provide one (1) purchase order for the entire term of the agreement 		

THIS DOCUMENT CONTAINS CONFIDENTIAL AND PROPRIETARY TRADE SECRETS OF THE PROVIDER AND ITS AFFILIATES. ITS CONTENTS MAY NOT BE DISCLOSED BY AN AUTHORIZED RECIPIENT WITHOUT THE PROVIDER'S PRIOR WRITTEN CONSENT.

TAB G

October 1, 2021

Subject: Price Increase San Gorgonio Memorial Hospital

Dear Mr. Dan Mares,

Over the past 2 years, the landscape industry has experienced costly new government regulations and spiraling increases in operating costs.

In addition to normal inflationary costs, we've experienced another state mandated labor rate increase.

- Due to spiraling wage inflation, severe labor shortages in part due to COVID-19 and the California mandated shutdown in March of 2020, with a reopening in June of this year, our labor costs have risen 25%.
- Rising fuel costs in the past 12 months have risen 45%.
- Workers compensation and liability insurance costs have risen by 37%.
- The costs for using the county landfill and green waste dumps have also increased. These increases have effectively put a squeeze on the landscape industry and other service providers, forcing up wage rates across the board.

The Environmental Protection Agency, the State Department of Pesticide Regulation, the State of California Department of Consumer Affairs, the San Bernardino County Agriculture Department, Cal OSHA, the Health and Safety Code, the Department of Motor Vehicles the Department of Homeland Security (and the list goes on) all have to be dealt with, and the costs continue to rise.

Elite has absorbed the increased cost as part of doing business, without increasing charges to you, our customer. The burden is extremely heavy. We have done everything in our power to cut our other costs. However these combined increases are too much to bear leaving us no other alternative but to implement a price increase at this time.

As of November 1, 2021, your monthly maintenance price will increase by 20%.

- **General labor rates: \$30.00/hr. First increase in 16 years.**
- **Technical and irrigation labor rates: \$42.50/hr. First increase in 16 years.**

Main Hospital \$3,346.00 per month
MOB Buildings \$1,781.00 per month
Helipad \$1,048.00 per month

We truly regret having to take this action, but to continue to provide the professional service you have come to expect from Elite, it is necessary. If you have any questions or require any additional information, please feel free to contact me. I will be happy to assist you in any way we can. Thank you again for choosing Elite to service your landscape needs.

Sincerely, Steven E. Mead President

TAB H



2021 SLATE OF OFFICERS

<u>POSITION</u>	<u>NAME</u>
Chair	Dennis Tankersley
Vice Chair	Ehren Ngo
Secretary/Treasurer	Joel Labha