

JAN 26 2016

**COUNTY OF SHASTA
GRANT AGREEMENT**

**Mayers Memorial Hospital District
Grant Amount: \$400,000**

THIS AGREEMENT dated **JAN 26 2016** is by and between the County of Shasta, a political subdivision of the State of California, ("County") and Mayers Memorial Hospital District, a hospital district organized under California law ("MMH").

RECITALS:

A. MMH has been a hospital serving the frontier area of Shasta County, as well as parts of three other North State counties since 1956. MMH is the only local acute care hospital for the approximately 17,000 people living in the eastern portion of Shasta County.

B. MMH is raising funds to pay for the development, design, and construction of a new 10,700 square foot hospital facility to be located at 43563 Highway 299E Fall River Mills, CA 96028, Assessor's Parcel Numbers 018-200-030 and 018-200-041, and to retrofit to be more seismically sound its existing building located at 43563 Highway 299E Fall River Mills, CA 96028, Assessor's Parcel Numbers 018-200-007 and 018-200-030 (collectively, the "New Hospital Project").

C. MMH requested grant funding to be applied to the New Hospital Project, with the goal of increasing the delivery of vital medical services in the eastern portion of Shasta County, for the diagnosis, care, prevention, and treatment of human illness, or physical, mental, or developmental disability, including convalescence and rehabilitation and including care during and after pregnancy, or for any one or more of these purposes, for one or more persons.

D. Government Code Section 26227 authorizes the Shasta County Board of Supervisors to finance or assist in the financing of the acquisition or improvement of real property and furnishings to be owned or operated by any public agency, nonprofit corporation, or nonprofit association to carry out programs deemed by the Board of Supervisors to be necessary to meet the social needs of the population of the County, including but not limited to, the health needs of the population of the County.

E. The Shasta County Board of Supervisors has deemed the programs carried out by MMH to be necessary to meet the social needs of the population of the County, including, but not limited to, the Burney and Intermountain Area.

F. The 2008 Hatchet Ridge Wind Project Community Benefit Agreement authorizes the Shasta County Board of Supervisors to expend Community Benefit Funds provided pursuant to that Community Benefit Agreement for purposes that will benefit the community of Burney.

G. The Shasta County Board of Supervisors has determined that a grant of \$400,000 to MMH from the 2008 Hatchet Ridge Wind Project Community Benefit Agreement to assist with the construction of the New Hospital Project (1) is needed to carry out programs deemed by the Board of Supervisors to be necessary to meet the social needs of the population of County, and (2) serves purposes that will benefit the community of Burney.

Therefore, the parties agree as follows:

1. Grant. County agrees to grant MMH the sum of \$400,000, contingent on MMH receiving approval of the New Hospital Project from the California Office of Statewide Health Planning and Development (OSHPD). Said contingency shall be satisfied before County payment of the aforementioned sum to MMH.

2. Use of Funds.

a. MMH shall use Grant funds exclusively for the development, design, and construction of the New Hospital Project. MMH shall maintain and operate each facility in the New Hospital Project as a "health facility," as that term is defined in Government Code section 15432(d) as it may be amended from time to time, to promote the health and social welfare of County including, but not limited to, the people of Burney and the Intermountain Area.

b. MMH understands and agrees that any construction improvements to the New Hospital Project must comply with prevailing wage requirements in accordance with the provisions of Article 2 (commencing with section 1770) of Chapter 1 of Part 7 of Division 2 of the Labor Code.

3. Term of Agreement. The term of this Agreement shall commence on the date of signing by all parties of this Agreement and shall end in 25 years.

4. Termination of Agreement. At any time prior to expiration of the term of this Agreement, County, acting either through its Board of Supervisors or its County Executive Officer, shall have the right to terminate this Agreement effective immediately upon the County giving written notice thereof to MMH and to demand return to the County of all funds granted to MMH under this Agreement, if any of the following occurs:

a. MMH fails to perform its responsibilities under this Agreement or fails to comply with any and/or all of the terms and conditions in this Agreement as determined by County;

b. MMH does not commence and complete the New Hospital Project within a time period determined by County;

c. During the term of this agreement, MMH voluntarily or involuntarily discontinues use of any of the New Hospital Project facilities as a "health facility," as that term is defined in Government Code section 15432(d) as it may be amended from time to time;

d. MMH transfers ownership and/or sells any of the New Hospital Project facilities at any time during the term of this Agreement; and/or

e. MMH is dissolved during the term of this Agreement, MMH shall return such funds within 30 days of County's written demand for return of the funds.

5. Publicity. Publicity generated by MMH for the New Hospital Project during the initial year of this Agreement shall make reference to the contribution of County.

6. Non-Discrimination. MMH agrees to comply with applicable laws prohibiting discrimination in employment or in the provision of services because of race, color, religion, national origin, age, sex, sexual orientation, mental or physical disability, or any additional classification or status protected by law.

7. Indemnity. MMH agrees to accept all responsibility for loss or damage to any person or entity, including but not limited to County, and to defend, indemnify, hold harmless, reimburse and release County, its elected officials, agents, officers, attorneys, employees, volunteers, boards and commissions, from and against any and all actions, claims, damages, disabilities, liabilities and expenses, including but not limited to attorney's fees and the cost of litigation (including, but not limited to, attorney's fees and costs of litigation incurred in an action by County to enforce the indemnity provisions herein), that may be asserted by any person or entity, including MMH, arising out of or in connection with the performance of MMH hereunder, whether or not there is concurrent negligence on the part of County, but, to the extent required by law, excluding liability due to the sole negligence of or due to the willful misconduct of County. If there is a possible obligation to indemnify, MMH's duty to defend exists regardless of whether it is ultimately determined that there is not a duty to indemnify. County shall have the right to select its own legal counsel at the expense of MMH, subject to MMH's approval, which approval shall not be unreasonably withheld. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for MMH or its agents under workers' compensation acts, disability benefit acts, or other employee benefit acts.

As part of this Grant Agreement, MMH agrees to defend, indemnify, release and hold harmless County, its elected officials, agents, officers, attorneys, employees, volunteers, boards and commissions from any claim, action or proceeding brought against any of the foregoing individuals or entities, the purpose of which is to attack, set aside, void, or annul the approval of this Agreement. This indemnification shall include but not be limited to, damages, costs, expenses, attorney's fees or expert witness fees that may be asserted by any person or entity, including MMH, arising out of or in conjunction with the approval of this Agreement, whether or not there is concurrent passive or active negligence on the part of County.

As County is merely a grantor of funds to MMH, the provisions of this section are intended to be construed as broadly as permitted under California law and are intended to relieve County of any liability associated with the ownership, construction, or operation of the New Hospital Project.

8. Compliance with Laws, Prevailing Wages. MMH understands and agrees that use of County funds in connection with New Hospital Project shall require the payment of prevailing wages in accordance with the California Labor Code. MMH agrees to comply with all applicable laws and regulations affecting the New Hospital Project, and agrees to provide reasonable documentation of such compliance promptly upon County's request.

9. Right to Audit and Inspect. MMH understands and agrees to permit County the right to audit and inspect all records, notes and writings of any kind for the purpose of monitoring MMH's compliance with the terms and conditions of this Agreement, including the requirement MMH maintain and operate each facility as a "health facility," as that term is defined in Government Code section 15432(d), to promote the health and social welfare of County including, but not limited to, the people of Burney and the Intermountain Area.

10. Obligations After Termination. The following sections shall remain in full force and effect after termination of this Agreement: (1) Paragraph 6, Non-Discrimination; and (2) Paragraph 7, Indemnification.

11. Insurance.

a. MMH shall maintain throughout the term of this Agreement, fire, flood, and extended coverage insurance to provide replacement coverage for the New Hospital Project facilities.

b. MMH shall also obtain, from an insurance carrier authorized to transact business in the State of California, and maintain during the term of this Agreement, Commercial General Liability Insurance for the New Hospital Project facilities (including the building and premises) of not less than Two Million Dollars (\$2,000,000) combined single limit bodily injury and property damage per occurrence and Five Million Dollars (\$5,000,000) aggregate. Any of MMH's Excess Insurance shall contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of the County.

c. MMH shall obtain and maintain continuously required Workers' Compensation and Employer's Liability Insurance to cover MMH and MMH's employees with an insurance carrier authorized to transact business in the State of California covering the full liability for compensation for injury to those employed by MMH. MMH hereby certifies that MMH is aware of the provisions of section 3700 of the Labor Code, which requires every employer to insure against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of the Labor Code, and MMH shall comply with such provisions prior to the distribution of funds by County to MMH under this Agreement.

d. Any deductible or self-insured retention exceeding \$25,000 for MMH shall be disclosed to and be subject to approval by the County Risk Manager prior to the distribution of funds by County to MMH under this Agreement.

e. All insurance (except workers' compensation and professional liability) shall include an endorsement or an amendment to the policy of insurance that names *Shasta County, its elected officials, officers, employees, agents, volunteers, boards and commissions, as*

additional insureds and provides that coverage *shall not be reduced or canceled without 30 days' written prior notice certain to the County*. Any available insurance proceeds in excess of the specified minimum limits and coverage pursuant to the terms of this agreement shall be applicable to the Additional Insured. The additional insureds coverage shall be equal to Insurance Service Office endorsement CG 20 10 for on-going operations, and CG 20 37 for completed operations. MMH shall provide County the endorsements or amendments to MMH's policies of insurance as evidence of insurance protection before the distribution of funds by County to MMH under this Agreement.

f. The insurance coverage required by this Agreement shall be in effect at all times during the Agreement. In the event any insurance coverage expires at any time during the term of the Agreement, MMH shall provide, at least twenty (20) days prior to said expiration date, a new endorsement or policy amendment evidencing insurance coverage as provided for herein.

g. Any of MMH's excess insurance shall contain a provision that such coverage shall also apply on a primary and non-contributory basis for the benefit of County.

h. MMH releases County from liability for loss or damage covered by MMH's fire, flood, and extended insurance coverage and waives subrogation rights of the insurer(s).

12. No Political or Religious Activity. County funds shall be used only for the purposes specified in this Agreement and in any attachments hereto. No County funds shall be used for any political activity, or to further the election or defeat of any candidate for political office. No County funds shall be used for purposes of religious worship, instruction, or proselytizing.

13. Merger. This writing is intended both as the final expression of the Agreement between the parties hereto with respect to the included terms and as a complete and exclusive statement of the terms of the Agreement, pursuant to Code of Civil Procedure Section 1856. No modification of this Agreement shall be effective unless and until such modification is evidenced by a writing signed by both parties.

14. Severability. In the event that any provision of this Agreement shall be held by a court to be invalid or illegal for any reason, said invalidity or illegality shall not affect the remaining provisions of this Agreement.

15. Method and Place of Giving Notice. Any notice required to be given pursuant to the terms and provisions of this agreement shall be in writing and shall be sent first-class mail to the following addresses:

If to County: County Executive Officer
1450 Court Street, Suite 308A
Redding, CA 96001
Phone: 530-225-5561
Fax: 530-229-8238

If to MMH: Chief Executive Officer
P.O. Box 459
Fall River Mills, CA 96028
Phone: 530-336-5511

Written notice shall be deemed to be effective two days after mailing.

16. Assignment/Delegation. Neither party shall assign, sublet, or transfer any interest in or delegate any duty under this Agreement without the written consent of the other, and no assignment shall have any force or effect whatsoever unless and until the other party shall have so consented.

17. Status of Parties. This Agreement shall not be construed to create a joint venture or partnership. Neither party is the agent of the other for any purpose. There are no third party beneficiaries to this Agreement, and it may be enforced only by the parties hereto.

18. Notice of Claim. If any claim for damages is received by MMH or if any lawsuit is instituted that in any way, directly or indirectly, contingently or otherwise, affects or might reasonably affect County, MMH shall give prompt and timely notice thereof to County. Notice shall be prompt and timely if given within 30 days following the date of receipt of a claim or 10 days following the date of service of process of a lawsuit.

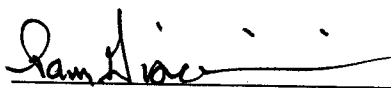
19. Agreement Preparation. It is agreed and understood by the parties that this agreement has been arrived at through negotiation and that neither party is to be deemed the party which created any uncertainty in this agreement within the meaning of Civil Code section 1654.

[SIGNATURE PAGE FOLLOWS]

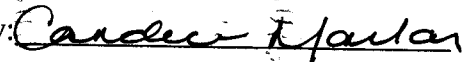
IN WITNESS WHEREOF, County and MMH have executed this agreement on the dates set forth below. By their signatures below, each signatory represents that he/she has the authority to execute this agreement and to bind the party on whose behalf his/her execution is made.

COUNTY OF SHASTA

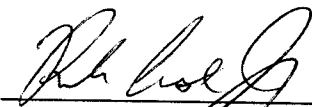
Date: JAN 26 2016


PAM GIACOMINI, CHAIRMAN
Board of Supervisors
County of Shasta, State of California

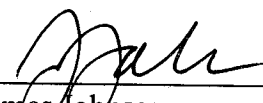
ATTEST
LAWRENCE G. LEES
Clerk of the Board of Supervisors

By: 

Approved as to form:

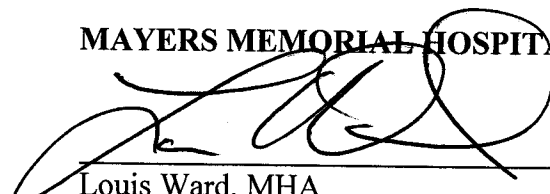

Rubin E. Cruse, Jr.
County Counsel

RISK MANAGEMENT APPROVAL


James Johnson
Risk Management Analyst

MAYERS MEMORIAL HOSPITAL DISTRICT

Date: 12/11/2015


Louis Ward, MHA
Chief Executive Officer
Mayers Memorial Hospital District
Tax I.D. # 94-1634940