

EMPLOYMENT AGREEMENT
NATIVIDAD MEDICAL CENTER CHIEF EXECUTIVE OFFICER

THIS EMPLOYMENT AGREEMENT ("Agreement") is entered into as of the date set forth below by and between the COUNTY of MONTEREY ("County"), on behalf of Natividad Medical Center ("Hospital") and Dr. Charles R. Harris, ("Dr. Harris") (each a "Party," and collectively, the "Parties").

RECITALS

A. The County owns and operates a general acute care, teaching hospital facility located in Salinas, California, known as Natividad Medical Center, which is fully accredited by The Joint Commission ("TJC"). Hospital requires a Chief Executive Officer ("CEO") to operate and administer the functions of the Hospital, including its activities and programs.

B. The Hospital is a 172-bed acute care hospital owned and operated by the County as a disproportionate share financed healthcare facility critical to the health and welfare of the residents of Monterey County and the business community.

C. The Hospital is the designated Level II Trauma Center on the Central Coast.

D. Health care delivery models are changing rapidly due to technological innovations and implementation of the Affordable Care Act's performance requirements and regulations, and the Hospital's continued success will require innovation and flexibility.

E. To meet these various needs, the Board of Supervisors delegated authority and control over the Hospital's Human Resources, Purchasing and Information Technology operations to the Hospital's CEO in order to enhance dedicated operational efficiencies and provide effective oversight at the Hospital, thereby improving the level of service and Hospital operating revenues, as well as increasing the Hospital's business efficiencies.

F. Dr. Harris is currently the Interim CEO, is a duly qualified and experienced professional with many years of service in healthcare, and has the skills to lead the Hospital.

NOW, THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt of which is hereby acknowledged by each Party, the Parties agree as follows:

1. Appointment

Dr. Harris is hereby appointed Hospital CEO. Dr. Harris's employment shall be "Full-Time Employment," which is defined as the time commitment associated with a highly compensated executive rendering professional and administrative services on behalf of the County consistent with the highest standards of the industry.

Dr. Harris specifically acknowledges that his employment status pursuant to this Agreement is "At-Will," subject only to the terms and conditions contained or specifically referenced herein. It is expressly agreed by the Parties that no work, act, commission or omission of Dr. Harris, shall be construed to make or render him a "permanent" County employee with a vested property right either to continued County employment, or to any County employee benefits other than those specifically set forth herein. Without limiting the foregoing, no offer or obligation of permanent employment with the

County or with the Hospital is intended or implied in any manner by this Agreement. The Parties acknowledge and understand that Dr. Harris, as an executive and as a highly compensated Dr. Harris, is exempt from the minimum wage and overtime provisions of the statutes and regulations of the Fair Labor Standards Act, Title 29 U.S.C. Section 201, et seq.

2. Term

This Agreement shall be effective as of the date last signed by the Parties, and Dr. Harris's services as Hospital CEO shall commence on Saturday March 26, 2022. The Hospital CEO is appointed by and serves at the pleasure of the Monterey County Board of Supervisors. This agreement is for at-will employment and may be terminated as set forth below.

3. Compensation

A. Salary

Dr. Harris shall be compensated during the term of this Agreement at a salary rate of Four Hundred Forty-Four Thousand Three Hundred Twelve Dollars and Ninety-Six cents (\$444,312.96) per year, paid bi-weekly in arrears, commencing with the first payroll after the beginning of his tenure as Hospital CEO. The salary rate may be adjusted from time-to-time by the Board of Supervisors.

B. Benefits

Dr. Harris shall receive the same benefits, changes in benefits, benefit program options, changes in benefit program options and general salary adjustments as all other "Y" Unit employees of County. The summary of current Unit Y benefits is attached hereto as Exhibit B.

C. Outside Employment and Honoraria

No outside employment shall be undertaken by Dr. Harris which does or may present a conflict of interest, or which has or may have the appearance of a conflict of interest with the duties and obligations of Dr. Harris under the provisions of this Agreement. No outside employment that is compensated may be undertaken without the prior written approval of the Board of Supervisors, which approval shall not be unreasonably withheld. Dr. Harris agrees at all times to adhere to FPPC or other applicable laws, rules and regulations.

Honoraria are subject to the policies, practices and procedures that are adopted, amended and revoked from time to time, by or under the authority of the County's Board of Supervisors, County Administrative Officer or the Fair Political Practices Commission (FPPC). Income received from professional honoraria, writings, patents, licenses, public appearances, lectures (outside of and apart from Dr. Harris's contractual obligations pursuant to this Agreement), medical business ventures and non-medical activities shall belong to Dr. Harris, who shall be solely responsible for payment of any applicable taxes and deductions therefrom; and Dr. Harris shall have the sole right to set the fees for such matters.

4. Termination

A. General

The procedure(s) for terminating this Agreement shall be limited to that which is specifically set forth in this Agreement, any mutually agreed upon written amendment hereto or as required by law. Dr. Harris's employment with the County shall terminate upon termination of this Agreement.

B. Without Cause

Dr. Harris and County each acknowledge that employment pursuant to this Agreement is "at will" employment, that the terms of this Agreement constitute their entire working relationship, and that there is no other or additional agreement or covenant, either express or implied, between Dr. Harris and the County, for long-term or permanent employment. Dr. Harris and the County each have the separate and independent right to terminate this employment relationship at any time, for any reason or no reason, within the sole discretion of each of them.

i. The Party desiring to terminate this Agreement shall give written notice to the other Party indicating the date of termination.

ii. Upon termination by the County without cause, the County shall pay to Dr. Harris a severance payment of six (6) months compensation at the then current rate paid within thirty (30) days of the effective date of termination. No severance shall be paid if Dr. Harris terminates this Agreement, or he is terminated for cause or breach.

C. For Cause

Except as otherwise set forth herein, this Agreement and the employment of the Dr. Harris shall terminate immediately upon the occurrence of any one or more of the following events, and such termination shall constitute "termination for cause:"

i. The suspension or debarment of Dr. Harris or the Hospital from participation in Medicare programs;

ii. The County determines that Dr. Harris has violated County's policies for an alcohol/drug free workplace;

iii. Dr. Harris is charged with a serious violation of law, regulation, or professional ethics that the County determines may result in harm either to patient care or to the reputation of the County;

iv. The County determines that Dr. Harris is in material violation or breach of any provision of this Agreement, and thirty (30) days has passed since written notice of the violation or breach has been given by the County, without remedy thereof by Dr. Harris to the satisfaction of the County;

v. The County determines that any representation made by Dr. Harris in this Agreement, hereinabove, is in any material respect false, untrue or misleading, including any material omission;

vi. The County determines that Dr. Harris has failed to give prompt written notice to the County of the existence of an investigation concerning the professional competence of Dr. Harris by the medical staff of a hospital or health care facility at which Dr. Harris has been granted staff privileges, by the applicable California licensing board or the equivalent licensing authority of any other state, or of the existence of any pending or threatened action or proceeding concerning Dr. Harris involving allegations of professional misconduct, malpractice or incompetence, or sexual harassment on the part of Dr. Harris, or of the existence of any pending or threatened action or proceeding concerning Dr. Harris involving allegations of Medicare fraud;

vii. A finding of "Reasonable Cause" is made to believe, after investigation, that Dr. Harris has committed acts of discrimination, and/or sexual harassment, and/or workplace violence, either in or having a nexus with the workplace; or

viii. A finding, after investigation, is made that Dr. Harris has violated a workplace policy and/or procedure that the County determines have resulted in harm either to patient care or to the reputation of the County.

D. Notice and Cure

With respect to any material breach not specifically listed above, including Dr. Harris's failure to meet the performance criteria established by the Board of Supervisors or Hospital Board of Trustees, as modified from time to time, for either the provision of professional services or administrative performance, the Parties agree that each Party shall give the other notice of any such breach, and shall afford the other a reasonable amount of time, not to exceed thirty (30) days, to cure said breach prior to giving notice of termination of this Agreement for cause.

E. Termination for Jeopardy

Notwithstanding anything to the contrary in this Agreement, in the event performance by either Party of any term, covenant, condition or provision of this Agreement should jeopardize the Hospital's license(s), its participation in or reimbursement from the Medicare, Medi-Cal, Blue Cross or other reimbursement or payment programs, its tax-exempt status or the tax-exempt status of interest earned on any of its bonds or other financial obligations, or its full accreditation by the TJC or any other state or nationally recognized accreditation organization, or if for any other reason said performance should be in violation of any statute, ordinance, or be otherwise deemed illegal, or be deemed unethical by any recognized body, agency, or association in the medical or hospital fields, the Parties shall use their best efforts to resolve the illegality through the renegotiation of the applicable provisions of this Agreement. If the Parties are unable to reach agreement on such changes within thirty (30) days after initiating negotiations, either Party may, at their sole option, terminate this Agreement upon thirty (30) days prior written notice to the other Party. Such termination, Dr. Harris shall not be eligible for the severance payment described in paragraph 4.B.ii, above.

F. Proration upon Termination

Except as otherwise provided in this Agreement, Dr. Harris's compensation and benefits under this Agreement shall be prorated to the last day during which the Dr. Harris actually performs services for the County.

G. Withholding upon Termination

The County shall have the right to withhold from Dr. Harris's compensation any amounts owed by Dr. Harris to the County at the termination of employment, to the extent allowed by law, and Dr. Harris hereby expressly consents to such withholding.

5. Services to be Rendered

Dr. Harris shall diligently perform all duties assigned to the position of Hospital CEO as contained within the most recent Board of Supervisors' approved Hospital Bylaws and attachments, and as set forth in Exhibit A, attached hereto and incorporated herein by reference, as well as within the expected standards of best practices in the industry for his position, and other related duties assigned from time to time. Dr. Harris shall comply with all applicable County personnel and other County policies and procedures, as adopted or amended from time to time, whether referenced in this Agreement or not. In addition, Dr. Harris shall comply with all applicable Hospital and Medical Staff Bylaws, regulations, policies and procedures as may be adopted or amended from time to time.

The Hospital's Board of Trustees and the County Board of Supervisors may evaluate the performance of Dr. Harris at least twice annually, and at other times at the Boards' discretion. The County Board of supervisors may provide direction to and goals for Dr. Harris consistent with standards of the industry.

6. Medical/ Mental Examinations and Testing

A. Representation

Dr. Harris represents that he is physically and mentally capable of safely and competently performing the services required by this Agreement. During the term of this Agreement, the County, at its sole discretion, may require Dr. Harris to undergo medical/mental examination(s), including all necessary testing, which will be performed by physicians and/or other health care professionals designated by the County and at the County's sole expense, to verify that Dr. Harris is currently capable of safely and competently performing the services required by this Agreement; and if not, to determine those limitations to which Dr. Harris is subject. Dr. Harris agrees to undergo such examination(s) if requested by the county, in accordance with County and/or Hospital policies, as adopted and amended from time to time.

B. Drug and Alcohol-Free Workplace

It is the policy of the County to maintain a workplace that is free of alcohol and drugs, in order to protect patients and co-workers, and the County has adopted policies to that effect in compliance with federal and state law. Dr. Harris represents that he is now and will remain in compliance with this policy, so that he can safely and competently perform all of the services required by this Agreement. The Parties mutually agree that abuse of drugs or alcohol is incompatible with health, safety, efficiency and the successful delivery of high-quality health care to patients. Employees who are under the influence of or impaired by a drug or alcohol on the job endanger their own health and safety, as well as that of patients.

i. The conduct prohibited by this policy includes but is not limited, to the following:

- a. the abuse of any legal drug;
- b. the possession or use of any illegal drug;
- c. the abuse of alcohol; and
- d. working while impaired by the use of a legal drug, an illegal drug, and/or alcohol.

ii. If the County has a reasonable suspicion that Dr. Harris is performing services in an impaired condition, the County may refer the matter to the Hospital's Medical Director for handling in accordance with applicable Hospital policies and/or Medical Staff Bylaws and/or County policies, as amended and adopted from time to time. Dr. Harris's refusal to cooperate with the process shall be deemed, within the County 's discretion, a material breach of this Agreement, as set forth in Paragraph 4.C, above.

7. Compliance with Ethics and Laws

A. General

In providing professional and/or administrative services under this Agreement, Dr. Harris shall at all times comply with: (i) all applicable laws, rules and regulations of each governmental authority having jurisdiction over the Hospital, including, without limitation, regulations, federal and state laws which apply to the operation of the hospital; (ii) Hospital Bylaws, policies, rules and regulations; and with (iii) Hospital's quality assurance, utilization review, and hospital compliance plan functions. In addition, in performing his responsibilities and obligations pursuant to the terms of this Agreement, Dr. Harris shall actively assist the Hospital in assuring that the Hospital meets the standards and requirements of the TJC, the requirements of Hospital licensure, and/or applicable third-party payor certification requirements.

B. Ethics

Dr. Harris covenants that in performing his duties for the County, Dr. Harris will comply with all of the ethics, laws and regulations governing the provision of professional and administrative services by a hospital CEO, including all applicable federal, state and/or local statutes, regulations or ordinances applicable to the practice of medicine.

C. Discrimination, Sexual Harassment and Workplace Violence

The County has policies which prohibit discrimination in any of its forms, including sexual harassment, and which forbid violence in the workplace or anywhere else that has a nexus with the workplace. Dr. Harris covenants to become and remain informed regarding such policies, and to fully comply therewith.

During his employment by the County, Dr. Harris shall not unlawfully discriminate against any person because of race, religious creed, color, sex, national origin, ancestry, physical disability, mental

disability, medical condition, marital status, age (over 40), or sexual orientation, either in fulfilling his employment responsibilities and obligations or in the furnishing of services to recipients. Dr. Harris shall ensure that the evaluation and treatment of those persons he supervises, and applicants for employment, and all persons receiving or requesting services are free of such discrimination. Dr. Harris shall, in the performance of this Agreement, fully comply with all federal, state, and local laws and regulations that prohibit discrimination. The provision of services primarily or exclusively to a targeted population that may be designated in this Agreement shall not be deemed to be prohibited discrimination.

8. General

A. Notices

Notices under this Agreement shall be sent to the Parties by personal delivery, electronic facsimile, electronic mail, or certified U.S. mail, return receipt requested, postage prepaid to the United States Postal Service. Notice shall be deemed effective upon delivery or transmission if delivered or sent by facsimile/electronic mail, and on the third (3rd) day after mailing. All notices required by this Agreement shall be sufficient if given in writing that is delivered to Dr. Harris personally or to Dr. Harris's last known residence address, or sent by first class or by certified mail to the Dr. Harris's last known residence, Dr. Harris's electronic mail address or facsimile number. Notices to the County shall be sent to the County Administrative Office. Dr. Harris undertakes to keep the County notified at all times of Dr. Harris's current address, electronic mail address and telephone number. Either Party may change its respective address by written notice in accordance with this Agreement.

B. Waiver of Breach

The waiver by either Party of a specific breach of any provision of this Agreement by the other Party shall not operate or be construed as a waiver of any subsequent breach by the other Party.

C. Integration, Modification, Waiver of Agreement

Each Party agrees that the making, execution and delivery of this Agreement has not been induced by any representations, statements, warranties or agreements other than those herein expressed. This Agreement, including the recitals, attachments and exhibits hereto, embodies the entire understanding of the Parties. There are no further or other agreements or understandings, written or oral, in effect between the Parties relating to the subject matter hereof, unless expressly referred to by reference herein. Without limiting the foregoing, this Agreement shall supersede all prior agreements between the Parties as of the effective date hereof. This Agreement may be amended or modified only by an instrument in writing, signed by the Parties.

The Parties mutually agree that no evidence of any waiver or modification of this Agreement shall be offered or received in evidence in any administrative or court proceeding, or in any litigation between the Parties hereto arising out of or affecting this Agreement, or the rights or obligations of any Party hereunder, unless such waiver or modification is in writing, duly executed as stated above. The Parties further agree that the provisions of this section may not be waived except as herein set forth.

D. Interpretation

Article and Paragraph headings in this Agreement are not to be considered a part of this Agreement; they are included solely for convenience and reference, and are not intended to be full or accurate descriptions of the content thereof. They shall therefore not be interpreted to affect the validity of this Agreement or to limit or affect any rights, obligations, or responsibilities of the Parties arising hereunder. This Agreement is to be interpreted as a whole document, taking into account the intent of its various provisions. Throughout this Agreement, the singular shall include the plural and one gender shall include the other gender wherever necessary.

E. Partial Invalidity.

If any provision of this Agreement is found to be invalid or unenforceable by any court, such provision shall be ineffective only to the extent that it is in contravention of applicable laws or regulations, without invalidating the remaining provisions hereof, unless such invalidity or unenforceability would defeat an essential business purpose of this Agreement.

F. Severability

If any provision of this Agreement shall be for any reason invalid or unenforceable, the remaining provisions shall nevertheless remain in effect.

G. Binding Effect

This Agreement shall bind and shall inure to the benefit of the heirs, successors and assigns of the Parties. Notwithstanding the foregoing, this Agreement, and the rights, duties and obligations created hereunder are personal to Dr. Harris and may not be assigned, subcontracted, or delegated by Dr. Harris.

H. Survival

Except as otherwise expressly provided in this Agreement, all covenants, agreements, representations and warranties, express and implied, shall survive the execution of this Agreement, and shall remain in effect and binding upon the Parties until they have fulfilled all of their obligations hereunder and the statute of limitations shall not commence to run until the time such obligations have been fulfilled.

I. Confidentiality

The County and Dr. Harris shall each comply with all applicable federal and state laws regarding the confidentiality of any and all patient medical records and other Protected Health Information in the Hospital.

Dr. Harris shall comply with any and all federal, state, and local laws that provide for the confidentiality of records and other information. Dr. Harris shall not disclose any confidential records or other confidential information received from the County prepared in connection with the performance of this Agreement unless County specifically permits Dr. Harris to disclose such records or information. Dr. Harris shall promptly transmit to the County any and all requests for disclosure of any confidential records or information. Dr. Harris shall not use any confidential information gained by Dr. Harris in the

performance of this Agreement except for the sole purpose of carrying out Dr. Harris's obligations under this Agreement.

Upon the termination of this Agreement, Dr. Harris shall immediately return to County any County or Hospital records that Dr. Harris used or received from County to perform services under this Agreement.

J. Construction of Agreement

The Parties agree that each Party and its counsel, if any, have fully participated in the review and revision of this Agreement, and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement or any amendment or exhibit hereto.

K. Agreement to Perform Necessary Acts

Each Party agrees to perform any further acts and to execute and deliver any further documents as may be reasonably necessary to fully effectuate the provisions of the Agreement during the term thereof.

L. Statutes and Regulations

Any reference in this Agreement to any statute, regulation, ruling, or administrative order or decree shall include, and be a reference to any successor statute, regulation, ruling, or administrative order or decree.

M. Governing Law

This Agreement is executed and is intended to be performed solely in the State of California. Any dispute as to the validity, construction, enforcement, or performance of this Agreement or any provision hereof shall be determined in accordance with the laws of the State of California. Venue for any legal action brought by a party pursuant to this Agreement shall be in the Courts of Monterey County.

N. Cumulation of Remedies

The various rights, options, elections, powers, and remedies of the respective Parties hereto contained in, granted, or reserved by this Agreement, are in addition to any others that the Parties may be entitled to by law, shall be construed as cumulative, and no one of them is exclusive of any of the others, or of any right or priority allowed by law.

O. Time of Essence

The Parties agree that time is of the essence throughout the term of this Agreement and any extension or renewal thereof, and of every provision hereof in which time is an element. No extension of time for performance of any obligations or acts shall be deemed an extension of time for performance of any other obligations or acts.

P. Counterparts and Electronic Signatures

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. This Agreement may also be executed by electronic signature by a recognized program such as DocuSign, Adobe, or similar.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the day and year set forth.

COUNTY OF MONTEREY

DATED: _____

By _____

Mary L. Adams
Chair of the Board of Supervisors

DATED: 3/14/2022 | 3:57 PM PDT

DocuSigned by:
Charles Harris
By _____
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Dr. Charles R. Harris

APPROVED AS TO LEGAL FORM:

DocuSigned by:
Leslie J. Girard

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Leslie J. Girard
County Counsel

EXHIBIT A

Within policies established by the County Board of Supervisors and/or the Hospital's Board of Trustees, Dr. Harris shall plan, organize, direct, coordinate, manage and administer all aspects of hospital activities to ensure Hospital compliance with established objectives, policies and goals in the treatment and care of patients and effective operation of the Hospital. Dr. Harris shall ensure quality and economical health care services are provided in accordance with all applicable laws and regulations, and with recognized applicable national and community standards.

Dr. Harris shall have responsibility for planning, and for the overall functioning and general administrative direction of the Hospital, to include medical, nursing, financial, ancillary and auxiliary support, residency program, procurement, research and other related hospital services, as well as overseeing the creation and implementation of the Hospital's business plan. Dr. Harris shall also have oversight management responsibility for the Hospital's human resources, purchasing and information technology functions, in accordance with Memorandum of Understanding approved by the County Administrative Officer and the Board of Supervisors, which Memorandum may be amended or revoked at any time by the Board of Supervisors. It is understood that Dr. Harris's duties shall be substantially the same as those of a Chief Executive Officer in a business corporation. The Chief Medical Officer, Chief Financial Officer, Chief Information Officer, Assistant Administrator(s), and Chief Nursing Officer, among others, shall each report directly to Dr. Harris. Individuals who report directly to Dr. Harris shall be consistent with the approved Hospital table of organization. Dr. Harris's duties shall be carried out independently, with broad discretion in exercising control over the facility, its functions and the implementation of policy. Dr. Harris is therefore vested with authority to act on behalf of the Hospital's Board of Trustees in accordance with the Bylaws and policies adopted by that Board or by the Board of Supervisors, as amended from time to time. Dr. Harris understands that while he has independence and discretion, the Board of Supervisors may provide specific direction and may alter reporting structures.

Dr. Harris shall advise the Hospital's Board of Trustees and the County's Board of Supervisors on various issues related to the Hospital's strategic business plan and managed care plans that affect both the County and the Hospital. Dr. Harris shall negotiate services and reimbursement under managed care plans with third-party payors, and make specific recommendations relating to proposed contracts. Dr. Harris shall provide consultation to Hospital's physicians in their role as participants in managed care plans.

Dr. Harris shall actively assist the Hospital in assuring that the Hospital, its Departments and clinics meet the standards and requirements of the TJC, the requirements of Hospital licensure, and applicable third-party payor certification requirements. He shall actively participate in assuring that the Hospital meets the standards established from time to time by the Accreditation Council for Graduate Medical Education's Residency Review Committee for Family Practice for the Hospital's Family Practice Residency Program. He shall assure compliance with all applicable Medicare rules and regulations relating to Hospital functions.

Dr. Harris may perform direct patient care duties as an attending physician in accordance with regulatory requirements to maintain his medical license and appropriate medical staff membership. Dr. Harris shall discharge other duties as assigned from time-to-time by the Board of Supervisors or the Hospital's Board of Trustees.