

EXHIBIT A-1 - Rural Floor Budget Neutrality Appeals

Scope of Services and Payment Provisions

This Exhibit A-1 is the Exhibit A-1 referred to in that certain County of Monterey Agreement for Services (More Than \$100,000) – Amended and Consolidated Professional Services Agreement dated for reference purposes only on May 1, 2013, by and between Natividad Medical Center (“NMC”), a general acute care teaching hospital wholly owned and operated by the County of Monterey, which is a political subdivision of the State of California, and Toyon Associates Inc., a California corporation (hereinafter “Contractor” or “Toyon”) (the “Amended and Consolidated Agreement”). All initially capitalized terms defined in the Amended and Consolidated Agreement shall have the same meanings in this Exhibit A-1.

The Service provided through this Exhibit A-1 is for the purpose of pursuing additional PPS reimbursement through the Medicare appeals process by disputing CMS transition to a State level rural floor budget neutrality factor.

Toyon will pursue additional PPS reimbursement through the Medicare appeals process by disputing CMS’ transition to a State level rural floor budget neutrality factor. The PPS Program is a budget neutral program, which means any increase or decrease in any funding source has to be offset by applying a budget neutrality factor, since the annual Medicare PPS budget is set each year by Congress and cannot be adjusted.

1. Background:

The regulations require each State to have a rural floor. The rural floor is the wage index established based on the wage indices for all the hospitals in the State. If a hospital’s wage index is below the rural floor, it receives the wage index set at the rural floor. This means that California’s rural floor will be based on the wage indices of California hospitals that are not subject to the rural floor. Since there are a significant number of hospitals in Southern California that are not subject to the rural floor, the transition to the specific budget neutrality factor in California will have a large negative impact on California hospitals not subject to the rural floor, especially Northern California hospitals.

Toyon is disputing the change from a national budget neutrality factor to individual state neutrality factors through a group appeal. Contractor’s obligations with respect to the Exhibit A-1 Scope of Services remains in effect for so long as the foregoing issue stays unresolved, such that the applicable Services shall be deemed “Contractor Surviving Obligations” (as defined below) if not resolved by the Expiration Date. As such, this Exhibit A-1 Scope of Services will not be an on-going cost. Once the litigation concludes and payments are distributed, the work pursuant to this Exhibit A-1 will be completed and this Exhibit A-1 will expire.

2. Scope of Services:

Toyon’s service will include this appeal, and include, but are not limited to, the following:

- Prepare and file appeal letters to the Provider Reimbursement Review Board (PRRB) to establish the issue.

- Develop appeal strategy, perform research, and obtain documentation needed to pursue the rural floor budget neutrality issue.
 - Prepare and file preliminary and final position papers.
 - Review the Intermediary's preliminary and final position papers.
 - Attempt to obtain administrative resolutions with the Intermediary in advance of scheduled PRRB hearings.
 - Represent Natividad Medical Center at PRRB hearings if administrative resolution cannot be obtained. This includes preparation of testimony, evidence, and hearing strategy.
 - If a PRRB Medicare hearing is necessary, we will engage an attorney to assist in handling the case and will prepare all needed hearing documentation.
 - Perform all follow up needed with the Medicare Program with respect to appeals and reopening requests.
 - Review any revised settlements resulting from appeals or reopenings and any hearing decisions and provide recommendations to Natividad Medical Center.
 - Pursue unfavorable PRRB decisions to court if, in Toyon's opinion, there is sufficient likelihood of success and sufficient reimbursement value in relation to the cost of pursuing the case.
3. Cost Reporting Periods Covered By This Agreement: Toyon will pursue the rural floor budget neutrality issues for cost reporting periods (June 30, 2009 through June 30, 2011) that fall within the timeline for a transition to a State level budget neutrality factor. To the extent the rural floor issues and related appeal is unresolved on the Expiration Date, Toyon's obligations to complete the Exhibit A-1 Scope of Services shall survive the Expiration Date, with no additional compensation to Toyon for such extension, and shall constitute "Contractor Surviving Obligations" within the meaning of the Agreement. Toyon shall notify NMC when the Exhibit A-1 Scope of Services is completed.

4. Compensation:

Contingent Fee: Payment for the Exhibit A-1 Scope of Services will be calculated at 25% of the additional Medicare reimbursement realized by NMC as a result of Toyon's appeal process, not to exceed Six Hundred Thousand Dollars (\$600,000), in the aggregate, for the years applicable to the underpayments. The additional reimbursement will be a payment to NMC by the Medicare Intermediary. Payment is due to Toyon per the Agreement and upon NMC's receipt of reimbursement from the Medicare Intermediary. No fees or expenses are due to Toyon unless additional reimbursement is realized.

When Contractor performs work relating to this Exhibit A-1 Rural Floor Budget Neutrality Appeal Scope of Services, Contractor will expressly reference "Exhibit A-1 Rural Floor Budget Neutrality Appeal Scope of Service" on their billing invoices.

EXHIBIT A-2 - Medicare/Medicaid Crossover Bad Debt Recovery Services

Scope of Services and Payment Provisions

This Exhibit A-2 is the Exhibit A-2 referred to in that certain County of Monterey Agreement for Services (More Than \$100,000) – Amended and Consolidated Professional Services Agreement dated for reference purposes only on May 1, 2013, by and between Natividad Medical Center (“NMC”), a general acute care teaching hospital wholly owned and operated by the County of Monterey, which is a political subdivision of the State of California, and Toyon Associates Inc., a California corporation (hereinafter “Contractor” or “Toyon”) (the “Amended and Restated Agreement”). All initially capitalized terms defined in the Amended and Consolidated Agreement shall have the same meanings in this Exhibit A-2.

Contractor agrees to prepare and defend Medicare/Medicaid Crossover Bad Debt Claims.

1. **Background:** The Medicare Program reimburses hospitals for the uncollected portion of Medicare beneficiary deductible and coinsurance amounts related to covered services (excluding the physician component). In order to be reimbursed for these bad debts, various documentation and procedural requirements must be met. Medicare regulations for bad debt recovery are contained at 42 CFR 413.80 and Medicare guidelines are contained at PRM 15-1, Chapter 3.

Contractor’s obligations with respect to the Exhibit A-2 Scope of Services shall remain in effect until NMC’s Medicare/Medicaid Crossover Bad Debt Listings have been prepared and defended during the Medicare audit for each of the cost reporting periods under the Term of Agreement, such that the applicable Services shall be deemed “Contractor Surviving Obligations” (as defined below) if not resolved by the Expiration Date.

2. **Scope of Services:** Contractor will perform the following services to document and obtain reimbursement for uncollected Medicare/Medicaid crossover bad debts for each year covered under this Agreement.
 - Obtain Medicare and Medi-Cal payment databases in electronic format.
 - Prepare inpatient and outpatient Medicare/Medicaid crossover bad debt lists containing all required data elements.
 - Verify on a sample basis that the Medicare deductible and coinsurance amounts in the bad debt list agree with the applicable Medicare remittance advices and insure that neither physician services nor non-covered items are included in the bad debt list.
 - Prepare and present inpatient and outpatient Medicare/Medicaid crossover bad debt lists for cost report filing and for Medicare audit purposes.
 - Respond to any Intermediary requests for additional documentation or audit samples relating to the bad debt lists.
 - Provide the Hospital with a report of findings after the Medicare audit.
3. **NMC will perform the following:**
 - Grant access to its patient accounting/collection records, to facilitate the request of records from outside agencies, to notify Contractor when Medicare audits are scheduled, and to forward correspondence from the Intermediary regarding the bad debt claims.
 - Bill the Medicaid Program for crossover deductibles and coinsurance.

- NMC will cause its agents and employees to comply in a timely manner with all reasonable requests from Contractor in connection with the preparation and presentation of NMC's crossover bad debt claims.
4. Compensation: Compensation for services provided pursuant to this Exhibit A-2 Medicare/Medicaid Crossover Bad Debt Recovery Services, shall be as follows:

Contractor will provide the Exhibit A-2 Scope of Services set forth in the Agreement for a fixed professional fee of \$5,000 per cost reporting period.

The fee per each cost reporting period is to be paid as follows (to the extent not already paid pursuant to the Original Professional Services Agreement for this Service): 25% at the time Contractor commences work on the applicable cost report, 60% upon presentation of the Medicare/Medicaid Crossover Bad Debt List, and the remaining 15% after the Intermediary's audit of the list. This fixed fee includes all professional time. A cost reporting period for the purposes of this Agreement shall be defined as follows: the period covered within a cost report filed with the Medicare Program.

This pricing assumes Contractor is able to obtain electronic remittance advice data and/or electronic payment files. Occasionally, some Medi-Cal managed care providers cannot provide this information. In such cases Contractor reserves the right to bill additional amounts to cover the cost of manual summarization of the data. NMC will be notified in advance for approval before proceeding if this occurs.

To the extent the Exhibit A-2 Scope of Services for a cost reporting period have not been completed prior to the Expiration Date, Toyon's obligations to complete the Exhibit A-2 Scope of Services shall survive the Expiration Date, with no additional compensation to Toyon for such extension, and shall constitute "Contractor Surviving Obligations" within the meaning of the Agreement. Toyon shall notify NMC when the Exhibit A-2 Scope of Services is completed.

When Contractor performs work relating to this Exhibit A-2 Medicare/Medicaid Crossover Bad Debt Recovery Scope of Services, Contractor will expressly reference "Exhibit A-2 Medicare/Medicaid Crossover Bad Debt Recovery Scope of Services" on their billing invoices.

EXHIBIT A-3 – Medicare/Medi-Cal Appeal Services at NMC

Scope of Services and Payment Provisions

This Exhibit A-3 is the Exhibit A-3 referred to in that certain County of Monterey Agreement for Services (More Than \$100,000) – Amended and Consolidated Professional Services Agreement dated for reference purposes only on May 1, 2013, by and between Natividad Medical Center (“NMC”), a general acute care teaching hospital wholly owned and operated by the County of Monterey, which is a political subdivision of the State of California, and Toyon Associates Inc., a California corporation (hereinafter “Contractor” or “Toyon”) (the “Amended and Consolidated Agreement”). All initially capitalized terms defined in the Amended and Consolidated Agreement shall have the same meanings in this Exhibit A-3.

1. Background: The Medicare/Medi-Cal programs have established procedures which providers of healthcare services must follow to pursue appeals of cost report audit adjustments. Toyon has the expertise to pursue cost report appeals and/or reopening on behalf of NMC.
2. Scope of Services: Toyon agrees to pursue Medicare/Medi-Cal cost report appeals and reopenings which include, but are not limited to the following services:
 - Review audit adjustments and determine items that should be appealed. Issues to be pursued include but are not limited to crossover bad debts, settlement data, GME, IME, DSH and cost disallowance.
 - File appeal letters with relevant supporting information.
 - File cost report reopening requests if appropriate.
 - Research appeal issues, obtain documentation, and develop strategies for pursuit of the individual items.
 - Prepare position papers.
 - Develop and present proposed resolutions.
 - Attempt to resolve appeal issues with the Intermediary.
 - Represent NMC at PRRB and state hearings as needed.
 - Pursue unfavorable appeal decision to court if appropriate.
 - Review any revised cost reports issued as a result of appeal settlements or appeal decisions to determine their adequacy.
 - Keep NMC informed as to the status of cases under appeal and provide the recommendations regarding issues that arise.

The services cover all appeals and reopening activity to completion, until there are no outstanding issues. As such, Contractor’s obligations with respect to any outstanding appeals shall be deemed “Contractor Surviving Obligations” (as defined below) if not resolved by the Expiration Date.

As individual cases are completed, Toyon will so notify NMC.

3. NMC will perform the following:

NMC agrees to grant access to its general accounting and patient accounting records, as well as its patient data base and other documents that may be needed for the pursuit of Medicare and Medi-Cal appeals. NMC is also responsible for the authorization of data requests to the Medicare and Medi-Cal programs.

4. Compensation:

Compensation for services provided pursuant to this Exhibit A-3 will be calculated as 25% of the reimbursement received by NMC as a result of Toyon's efforts in pursuing Medicare/Medi-Cal appeals/reopenings. This percentage covers all fees and expenses. Payment is due to Toyon within thirty (30) days from the Monterey County Auditor-Controller's Office notification of: receipt by NMC of additional reimbursement or notification from the date that additional reimbursement is applied against existing liabilities. To the extent one or more appeals remains unresolved on the Expiration Date, Toyon's obligations to complete the Exhibit A-3 Scope of Services for such appeal(s) shall survive the Expiration Date, with no additional compensation to Toyon for such extension, and shall constitute "Contractor Surviving Obligations" within the meaning of the Agreement.

When Toyon performs work relating to this Exhibit A-3 Medicare/Medi-Cal Appeal Scope of Services, Toyon will expressly reference "Exhibit A-3 Medicare/ Medi-Cal Appeal Scope of Services" on their billing invoices.

EXHIBIT A-4 - OSHPD Report Preparation

Scope of Services and Payment Provisions

This Exhibit A-4 is the Exhibit A-4 referred to in that certain County of Monterey Agreement for Services (More Than \$100,000) – Amended and Consolidated Professional Services Agreement dated for reference purposes only on May 1, 2013, by and between Natividad Medical Center (“NMC”), a general acute care teaching hospital wholly owned and operated by the County of Monterey, which is a political subdivision of the State of California, and Toyon Associates Inc., a California corporation (hereinafter “Contractor” or “Toyon”) (the “Amended and Consolidated Agreement”). All initially capitalized terms defined in the Amended and Consolidated Agreement shall have the same meanings in this Exhibit A-4.

1. **Scope of Services.** Toyon will prepare the annual OSHPD Disclosure Report for filing and submission to OSHPD using an OSHPD approved electronic reporting software for NMC. In preparing the report, Toyon will comply with all applicable OSHPD reporting rules. Toyon will review the data for reasonableness and program edits. Data included in the report that affects NMC’s PIRL calculations and Medi-Cal disproportionate share will be reviewed for consistency and reasonableness, if applicable.
2. **Data/Reporting.** NMC’s OSHPD report is prepared annually and shall be filed with OSHPD no later than one hundred twenty (120) days following the end of the applicable fiscal year (or any earlier period required by law). NMC will maintain the basic data needed to complete the reports, such as departmental revenue and expense, cost finding statistics, census statistics, payroll hours and dollars summarized by classification, etc. NMC shall cause its employees and agents to comply in a timely manner with all reasonable requests from Toyon in connection with the preparation of NMC’s OSHPD report. In preparing the OSHPD report, Toyon will rely upon the accuracy of the cost, revenue and statistical information provided to them, as Toyon will not audit that information.
3. **Compensation:** The professional fees to prepare the OSHPD report will be provided under a fixed fee arrangement and are set forth below. The fixed professional fees will be billed as follows (to the extent not already paid pursuant to the Original Professional Services Agreement for this Service): 40% at the time Contractor commences work on the applicable OSHPD report and the remaining 60% after the OSHPD report filing. The preparation price is \$11,000 per year. Software use fee incurred in conjunction with the project will be billed in addition to the professional fees. If Toyon uses their approved software for the project, the use fee for the OSHPD report will be \$325. If NMC has its own software that it wishes to use there will be no software charge. Invoices, for all services, will be submitted timely and are due and payable within 30 days after receipt in the Monterey County Auditor-Controller’s Office.

When Toyon performs work relating to this Exhibit A-4 OSHPD Report Preparation Scope of Services, Toyon will expressly reference “Exhibit A-4 OSHPD Report Preparation Scope of Services” on their billing invoices.

EXHIBIT A-5 - Medicaid Eligible Day Services

Scope of Services and Payment Provisions

This Exhibit A-5 is the Exhibit A-5 referred to in that certain County of Monterey Agreement for Services (More Than \$100,000) – Amended and Consolidated Professional Services Agreement dated for reference purposes only on May 1, 2013, by and between Natividad Medical Center (“NMC”), a general acute care teaching hospital wholly owned and operated by the County of Monterey, which is a political subdivision of the State of California, and Toyon Associates Inc., a California corporation (hereinafter “Contractor” or “Toyon”) (the “Amended and Consolidated Agreement”). All initially capitalized terms defined in the Amended and Consolidated Agreement shall have the same meanings in this Exhibit A-5.

1. Background:

The Medicare Program pays Medical Centers that serve a disproportionate share of low-income patients an additional payment amount under the prospective payment system (PPS). This additional payment is referred to as the ‘disproportionate share adjustment’ and is based on the formula set forth in Title 42, Code of Federal Regulations, Section 412.106. The formula involves the calculation of a disproportionate share adjustment factor which is multiplied by the amount of federal DRG payments. In calculating the disproportionate share adjustment factor, two ratios are critical. The first is the SSI ratio which represents the number of Medicare patient days for patients entitled to both Medicare Part A and SSI (excluding those patients who receive only State supplement) divided by the total number of Medicare Part A patient days. The second is the Medicaid ratio, which represents the number of Medicaid patient days divided by total Medical Center patient days. The SSI and Medicaid ratios are computed based on the PPS areas of the Medical Center.

The Centers for Medicare and Medicaid Services (CMS) through their regional intermediaries require substantial documentation for DSH payment purposes. The required documentation has increased over the past few years to include a set of steps requiring verification that the patient days claimed as Medicaid eligible days are in fact Medicaid eligible and that the patient does not have Medicare Part A coverage.

Toyon has a proprietary DSH documentation system which it will use to assist Natividad Medical Center to comply with Medicare requirements and which will support the Medical Center’s DSH claims.

2. Scope of Services. Toyon agrees to document and pursue the Medicaid eligible day component of Medicare disproportionate share reimbursement. The goal is get all NMC’s DSH claims resolved with no further action taken. Toyon will perform the following Exhibit A-5 Scope of Services under this Agreement:

- Develop complete Medicaid eligible day documentation packages for each fiscal year covered by this Agreement using Toyon’s proprietary DSH eligible day processing system. Toyon warrants that this package meets all current Medicare Intermediary requirements and may be submitted to the Intermediary upon its completion. In addition, Toyon will produce lists of additional patient days which may be used to challenge CMS’s interpretation of what may be included.

- Based on Medicaid eligible day listings created, Toyon will calculate the amount of DSH reimbursement which the Medical Center is entitled to as well as the reimbursement impact for any disputed issues.
 - Assist NMC in responding to any audit conducted by the Medicare Intermediary involving a Medicaid eligible day listing and/or DSH claim prepared by Toyon. A written report will be provided to NMC which analyzes any differences between the audit findings and filed claims and provide recommendations.
 - Toyon will request, facilitate, and follow up on all DSH related documentation/information needs throughout the project and will provide written reports of findings to NMC at all critical junctures.
3. NMC will perform the following: NMC will cause its agents and employees to comply in a timely manner with all reasonable requests from Toyon in connection with the preparation and presentation of the Medical Center's claims.
 4. Compensation: Toyon will provide the Scope of Services set forth in Section 2 of this Exhibit A-5 for a fixed fee of \$16,000 for each cost reporting period. The fee is to be paid as follows (to the extent not already paid pursuant to the Original Professional Services Agreement for this Service): 25% paid at the start of the applicable cost reporting period, 60% paid upon presentation of the DSH eligible day package, and the remaining 15% paid after the Intermediary's audit of the list. To the extent the Intermediary's audit of the list remains unresolved on the Expiration Date; Toyon's obligations to complete the Exhibit A-5 Scope of Services for such cost reporting period shall survive the Expiration Date, with no additional compensation to Toyon for such extension, and shall constitute "Contractor Surviving Obligations" within the meaning of the Agreement. The fixed fee includes all professional time and out-of-pocket expenses. A "cost reporting period" for the purposes of this Agreement shall be defined as follows: the period covered within a cost report filed with the Medicare Program.

When Toyon performs work relating to this Exhibit A-5 Medicaid Eligible Day Scope of Services, Toyon will expressly reference "Exhibit A-5 Medicaid Eligible Day Scope of Services" on their billing invoices.

EXHIBIT A-6 – Medicare/Medi-Cal/Short Doyle Cost Report Preparation

Scope of Services and Payment Provisions

This Exhibit A-6 is the Exhibit A-6 referred to in that certain County of Monterey Agreement for Services (More Than \$100,000) – Amended and Consolidated Professional Services Agreement dated for reference purposes only on May 1, 2013, by and between Natividad Medical Center (“NMC”), a general acute care teaching hospital wholly owned and operated by the County of Monterey, which is a political subdivision of the State of California, and Toyon Associates Inc., a California corporation (hereinafter “Contractor” or “Toyon”) (the “Amended and Consolidated Agreement”). All initially capitalized terms defined in the Amended and Consolidated Agreement shall have the same meanings in this Exhibit A-6.

1. Background:

The Medicare and Medicaid Programs require the preparation and submission of an annual cost report five months after the end of each fiscal year. The complexity of the annual cost report has increased greatly over the years even though the actual amount of reimbursement affected by the cost report has decreased. Proper compilation of the cost reports is important for future reimbursement increases and to maintain compliance with Medicare reporting rules. Toyon has prepared hundreds of cost reports for all types and sizes of facilities and is well qualified to assist NMC with the preparation of its annual cost report.

2. Scope of Services:

Toyon agrees to prepare the annual Medicare/Medicaid and Short Doyle cost reports for timely submission to the fiscal intermediaries. As of the date hereof, NMC’s Medicare/Medicaid cost reports are accepted by the Medicare Intermediary for filing no later than five (5) months after the end of the applicable fiscal year, and NMC’s Short Doyle cost reports are accepted for filing no later than one hundred twenty (120) days after the end of the applicable fiscal year.

Toyon will provide the following services:

- Prepare NMC’s Medicare/Medi-Cal/Short Doyle cost report for each applicable fiscal year using CMS approved software. The preparation of the cost reports will be for filing purposes and will include preparation of all related supplemental forms and questionnaires as required by the Medicare and Medi-Cal programs. The filed cost report will comply with all applicable Medicare/Medi-Cal regulations while protecting NMC’s rights. All areas with significant reimbursement effect will be reviewed. Consideration will be given based on prior year’s cost reports and previous audited Medicare cost reports to ensure consistency.
- Upon the completion of the Medicare/Medi-Cal cost report, Toyon will prepare the Short Doyle cost report. The cost allocation from the Medicare/Medi-Cal cost report is needed for the Short Doyle cost report preparation.

Non-Allowable Cost Analysis-Optional:

- Toyon will perform a review to identify non-allowable costs. The review will begin with interviews of appropriate management personnel to develop an understanding of

NMC's organization and activities that occurred during the fiscal year. Toyon will then perform a review of Administrative and General costs and any other areas deemed warranted identifying non-allowable costs. This will include a review of account payable vendor invoices as needed. A report of findings and recommendations for cost elimination will be prepared and provided to management prior to completion of the cost report.

- The cost report for the fiscal year ending on the Expiration Date will not have been completed and filed by the Expiration Date. As such, Toyon's obligations to complete the cost report for that final fiscal year pursuant to this Exhibit A-6 shall survive the Expiration Date, with no additional compensation to Toyon for such extension, and shall constitute "Contractor Surviving Obligations" within the meaning of the Agreement.
3. Data Requirements: For purposes of this agreement, Toyon assumes NMC maintains the basic data needed to complete the report such as departmental revenue and expense information, cost finding statistics, census information, payroll hours and dollars summarized by classifications, etc.
 4. Reliance upon Facility Records: In preparing the cost report, Toyon will be relying upon the accuracy of the cost, revenue, and statistical information provided to us. Toyon will not be auditing this information. Toyon will, however, eliminate any costs identified as non-allowable by the facility as well as any specific items that may come to Toyon's attention during the course of the engagement.
 5. Compensation: The professional fees to prepare each annual set of cost reports (i.e. the Medicare annual cost report and the Short Doyle cost report), including provision of the related Services described above, will be provided under a fixed fee arrangement and are set forth below. The fixed professional fees will be billed as follows (to the extent not already paid pursuant to the Original Professional Services Agreement for this Service): 40% at the time Contractor commences work on the applicable cost reports and the remaining 60% after delivery of the cost report package for filing.

Preparation Price	Optional Non-Allowable Cost Analysis	Grand Total
\$25,000	\$6,000	\$31,000

Software use fee incurred in conjunction with the project will be billed in addition to professional fees. If Toyon uses their approved software, the use fee for the cost report will be \$600. If NMC uses its own software, there will be no software charge. Invoices, for all services, will be submitted timely and are due and payable within 30 days after receipt in the Monterey County Auditor-Controller's Office.

Natividad Medical Center will cause its employees and agents to comply in a timely manner with all reasonable requests from Toyon in connection with the preparation of Natividad Medical Center's cost reports.

When Toyon performs work relating to this Exhibit A-6 Medicare Cost Report Preparation Scope of Services, Toyon will expressly reference "Exhibit A-6 Medicare Cost Report Preparation Scope of Services" on their billing invoices.

EXHIBIT A-7 - Consulting Services

Scope of Services and Payment Provisions

This Exhibit A-7 is the Exhibit A-7 referred to in that certain County of Monterey Agreement for Services (More Than \$100,000) – Amended and Consolidated Professional Services Agreement dated for reference purposes only on May 1, 2013, by and between Natividad Medical Center (“NMC”), a general acute care teaching hospital wholly owned and operated by the County of Monterey, which is a political subdivision of the State of California, and Toyon Associates Inc., a California corporation (hereinafter “Contractor” or “Toyon”) (the “Amended and Consolidated Agreement”). All initially capitalized terms defined in the Amended and Consolidated Agreement shall have the same meanings in this Exhibit A-7.

1. **Scope of Services.** Toyon agrees to provide additional consultation services, as requested by NMC from time to time on an as-needed basis relating to Medicare/Medicaid, OSHPD reports, Rural Floor Budget Neutrality Appeals and anything related to these areas such as the implications on Medicare/Medicaid from an affiliation with another entity or budget issues, to the extent not provided pursuant to any of the other Service Exhibits. Per NMC’s request, Toyon will also consult on (i) reimbursement models affected by economic shifts of government payors and some commercial payors, and (ii) organization necessities with analytical restructuring of business process, modeling and overall advisory engagement
2. **Reliance upon Facility Records:** In preparing consultation reports, Toyon will be relying upon the accuracy of the information provided to them. Toyon will not be auditing this information.
3. **Compensation:** Compensation for these Additional Consulting Services will be based on the hourly rate schedule attached hereto as Schedule A-7 (which rates shall be subject to annual increases commencing on the one year anniversary of the Effective Date of the Amended and Consolidated Agreement, equal to the percentage increase in the All Items Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average, 1982-84 = 100 as compared to the prior twelve month period, but in no event greater than three percent (3%) annually, non-cumulative), except to the extent the parties agree in writing on an alternative fixed fee arrangement for a particular matter or a maximum number of hours for a particular matter. Notwithstanding the foregoing, in no event shall the total compensation for the Additional Consulting Services during the Term exceed \$306,802.

Invoices for services performed will be submitted monthly, and are due and payable within 30 days after receipt in the Monterey County Auditor-Controller’s Office. To the extent Toyon is paid for a particular consultation matter, which has not been completed by the Expiration Date, Toyon’s obligation to complete such consulting matter(s) pursuant to this Exhibit A-7 shall survive the Expiration Date, with no additional compensation to Toyon for such extension, and shall constitute “Contractor Surviving Obligations” within the meaning of the Agreement

Natividad Medical Center will cause its employees and agents to comply in a timely manner with all reasonable requests from Toyon in connection with the consultation work.

When Toyon performs work relating to the Exhibit A-7 Consulting Scope of Services, Toyon will expressly reference “Exhibit A-7 Consulting Scope of Services” on their billing invoices.

**SCHEDULE A-7
HOURLY RATES AS OF EFFECTIVE DATE**

Toyon Associates, Inc.

Hourly Rates

AS OF 7/1/12

Title	Hourly Rate Range
President	\$340.00
Executive Vice President	\$280.00
Vice President - Appeals	\$240.00
Vice President - Public Hospital Services	\$220.00
Director - Client Services	\$135-\$200
Director - DSH Services	\$155.00
Asst. Director - Client Services	\$125-\$145
Supervisor - DSH Practice Group	\$130.00
Senior Consultants	\$110-\$130
Consultants	\$100-105
Senior Analysts	\$75 - \$95
Analysts	\$70-\$80
Systems Administrator/Programmer	\$165.00
Administrative Support	\$70.00

BUSINESS ASSOCIATE AGREEMENT

This Agreement, hereinafter referred to as "Agreement", is made effective July 1, 2009 by and between the County of Monterey, a political subdivision of the State of California, on behalf of Natividad Medical Center, hereinafter referred to as "Covered Entity", and Toyon Associates Inc. hereinafter referred to as "Business Associate", (individually, a "Party" and collectively, the "Parties").

WITNESSETH:

WHEREAS, Sections 261 through 264 of the federal Health Insurance Portability and Accountability Act of 1996, Public Law 104-191, known as "the Administrative Simplification provisions," direct the Department of Health and Human Services to develop standards to protect the security, confidentiality and integrity of health information; and

WHEREAS, pursuant to the Administrative Simplification provisions, the Secretary of Health and Human Services has issued regulations modifying 45 CFR Parts 160 and 164 (the "HIPAA Privacy Rule"); and

WHEREAS, the State of California has enacted statutes designed to safeguard patient privacy including, without limitation, the Confidentiality of Medical Information Act ("CMLA"), California Civil Code § 56 *et seq.*, Senate Bill 541, enacted September 30, 2008, and Assembly Bill 211, enacted September 30, 2008; and

WHEREAS, the parties acknowledge that California law may include provisions more stringent and more protective of the confidentiality of health information than the provisions of HIPAA; and

WHEREAS, the Parties wish to enter into or have entered into an arrangement whereby Business Associate will provide certain services to Covered Entity, hereby referred to as the "Service Agreement" and, pursuant to such arrangement, Business Associate may be considered a "business associate" of Covered Entity as defined in the HIPAA Privacy Rule and under California law; and

WHEREAS, Business Associate may have access to Protected Health Information (as defined below) in fulfilling its responsibilities under such arrangement;

THEREFORE, in consideration of the Parties' continuing obligations under the Service Agreement, compliance with the HIPAA Privacy Rule, compliance with California law, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree to the provisions of this Agreement in order to address the requirements of the HIPAA Privacy Rule and California law and to protect the interests of both Parties.

I. DEFINITIONS

Except as otherwise defined herein, any and all capitalized terms in this Section shall have the definitions set forth in the HIPAA Privacy Rule. In the event of an inconsistency between the provisions of this Agreement and mandatory provisions of the HIPAA Privacy Rule, as amended, the HIPAA Privacy Rule shall control. In the event of an inconsistency between the provisions of this Agreement and mandatory provisions of CMLA or other California law, California law shall control. Where provisions of this Agreement are different than those mandated in the HIPAA Privacy Rule and California law, but nonetheless are permitted by the HIPAA Privacy Rule and California law, the provisions of this Agreement shall control.

The term "Protected Health Information" means individually identifiable health information including, without limitation, all information, data, documentation, and materials, including without limitation, demographic,

medical and financial information, that relates to the past, present, or future physical or mental health or condition of an individual; the provision of health care to an individual; or the past, present, or future payment for the provision of health care to an individual; and that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual.

Business Associate acknowledges and agrees that all Protected Health Information that is created or received by Covered Entity and disclosed or made available in any form, including paper record, oral communication, audio recording, and electronic display by Covered Entity or its operating units to Business Associate or is created or received by Business Associate on Covered Entity's behalf shall be subject to this Agreement.

II. CONFIDENTIALITY REQUIREMENTS

(a) Business Associate agrees:

(i) to access, use, or disclose any Protected Health Information solely: (1) for meeting its obligations as set forth in any agreements between the Parties evidencing their business relationship or (2) as required by applicable law, rule or regulation, or by accrediting or credentialing organization to whom Covered Entity is required to disclose such information or as otherwise permitted under this Agreement, the Service Agreement (if consistent with this Agreement the HIPAA Privacy Rule, and California law), the HIPAA Privacy Rule, or California law and (3) as would be permitted by the HIPAA Privacy Rule and California law if such use or disclosure were made by Covered Entity;

(ii) at termination of this Agreement, the Service Agreement (or any similar documentation of the business relationship of the Parties), or upon request of Covered Entity, whichever occurs first, if feasible, Business Associate will return or destroy all Protected Health Information received from or created or received by Business Associate on behalf of Covered Entity that Business Associate still maintains in any form and retain no copies of such information, or if such return or destruction is not feasible, Business Associate will extend the protections of this Agreement to the information and limit further access, uses, and disclosures to those purposes that make the return or destruction of the information not feasible; and

(iii) to ensure that its agents, including a subcontractor, to whom it provides Protected Health Information received from or created by Business Associate on behalf of Covered Entity, agrees to the same restrictions and conditions that apply to Business Associate with respect to such information. In addition, Business Associate agrees to take reasonable steps to ensure that its employees' actions or omissions do not cause Business Associate to breach the terms of this Agreement.

(b) Notwithstanding the prohibitions set forth in this Agreement, Business Associate may use and disclose Protected Health Information as follows:

(i) if necessary, for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate, provided that as to any such disclosure, the following requirements are met:

(A) the disclosure is required by law; or

(B) Business Associate obtains reasonable assurances from the person to whom the information is disclosed that it will be held confidentially and accessed, used, or further disclosed only as required by law or for the purpose for which it was disclosed to the person, and the person notifies Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached, within five calendar days of discovering said breach of confidentiality;

(ii) for data aggregation services, if to be provided by Business Associate for the health care operations of Covered Entity pursuant to any agreements between the Parties evidencing their business relationship. For purposes of this Agreement, data aggregation services means the combining of Protected Health Information by Business Associate with the protected health information received by

Business Associate in its capacity as a business associate of another covered entity, to permit data analyses that relate to the health care operations of the respective covered entities.

(c) Business Associate will implement appropriate safeguards to prevent access to, use of, or disclosure of Protected Health Information other than as permitted in this Agreement. The Secretary of Health and Human Services shall have the right to audit Business Associate's records and practices related to use and disclosure of Protected Health Information to ensure Covered Entity's compliance with the terms of the HIPAA Privacy Rule. Business Associate shall report to Covered Entity any access, use, or disclosure of Protected Health Information which is not in compliance with the terms of this Agreement of which it becomes aware within five calendar days of discovering such improper access, use, or disclosure. In addition, Business Associate agrees to mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use, disclosure, or access of Protected Health Information by Business Associate in violation of the requirements of this Agreement.

III. AVAILABILITY OF PHI

Business Associate agrees to make available Protected Health Information to the extent and in the manner required by Section 164.524 of the HIPAA Privacy Rule. Business Associate agrees to make Protected Health Information available for amendment and incorporate any amendments to Protected Health Information in accordance with the requirements of Section 164.526 of the HIPAA Privacy Rule. In addition, Business Associate agrees to make Protected Health Information available for purposes of accounting of disclosures, as required by Section 164.528 of the HIPAA Privacy Rule.

IV. TERMINATION

Notwithstanding anything in this Agreement to the contrary, Covered Entity shall have the right to terminate this Agreement and the Service Agreement immediately if Covered Entity determines that Business Associate has violated any material term of this Agreement. If Covered Entity reasonably believes that Business Associate will violate a material term of this Agreement and, where practicable, Covered Entity gives written notice to Business Associate of such belief within a reasonable time after forming such belief, and Business Associate fails to provide adequate written assurances to Covered Entity that it will not breach the cited term of this Agreement within a reasonable period of time given the specific circumstances, but in any event, before the threatened breach is to occur, then Covered Entity shall have the right to terminate this Agreement and the Service Agreement immediately, and seek injunctive and/or declaratory relief in a court of law having jurisdiction over Business Associate.

V. MISCELLANEOUS

Except as expressly stated herein, in the HIPAA Privacy Rule, or under California law, the parties to this Agreement do not intend to create any rights in any third parties. The obligations of Business Associate under this Section shall survive the expiration, termination, or cancellation of this Agreement, the Service Agreement and/or the business relationship of the parties, and shall continue to bind Business Associate, its agents, employees, contractors, successors, and assigns as set forth herein.

This Agreement may be amended or modified only in a writing signed by the Parties. No Party may assign its respective rights and obligations under this Agreement without the prior written consent of the other Party. None of the provisions of this Agreement are intended to create, nor will they be deemed to create any relationship between the Parties other than that of independent parties contracting with each other solely for the purposes of effecting the provisions of this Agreement and any other agreements between the Parties evidencing their business relationship. This Agreement will be governed by the laws of the State of California. No change, waiver or

discharge of any liability or obligation hereunder on any one or more occasions shall be deemed a waiver of performance of any continuing or other obligation, or shall prohibit enforcement of any obligation, on any other occasion.

The parties agree that, in the event that any documentation of the parties, pursuant to which Business Associate provides services to Covered Entity contains provisions relating to the use or disclosure of Protected Health Information which are more restrictive than the provisions of this Agreement, the provisions of the more restrictive documentation will control. The provisions of this Agreement are intended to establish the minimum requirements regarding Business Associate's use and disclosure of Protected Health Information.

In the event that any provision of this Agreement is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the provisions of this Agreement will remain in full force and effect. In addition, in the event a party believes in good faith that any provision of this Agreement fails to comply with the then-current requirements of the HIPAA Privacy Rule or California law, such party shall notify the other party in writing. For a period of up to thirty days, the parties shall attempt in good faith to address such concern and amend the terms of this Agreement, if necessary to bring it into compliance. If, at the conclusion of such thirty-day period, a party believes in good faith that the Agreement still fails to comply with the HIPAA Privacy Rule or California law, then either party has the right to terminate this Agreement and the Service Agreement upon written notice to the other party. Neither party may terminate this Agreement without simultaneously terminating the Service Agreement, unless the parties mutually agree in writing to modify this Agreement or immediately replace it with a new Business Associate Agreement that fully complies with the HIPAA Privacy Rule and California law.

Business Associate acknowledges that Natividad Medical Center (NMC) has established a Corporate Compliance Program, and under this program NMC has developed a Code of Conduct Manual to provide guidance in the ethical and legal performance of our professional services. Business Associate further agrees to abide by all principles stated in the Code of Conduct while conducting business with Natividad Medical Center. A copy of the Code of Conduct & Principles of Compliance is available upon request.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year written above.

COVERED ENTITY:

BUSINESS ASSOCIATE:

By: _____

By: Toni Jones

Title: _____

Title: Executive Vice President

Date: _____

Date: 3/4/09



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/18/2012

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Direct Link Holding Group, LLC 7200 Redwood Blvd. #400 Novato CA 94945	CONTACT NAME: Gail Hodges
	PHONE (A/C, No, Ext): (415) 493-2482 FAX (A/C, No): (415) 899-8668
	E-MAIL: hodgesg@dlink.com
	ADDRESS: PRODUCER CUSTOMER ID: 00070852
INSURED Toyon Associates, Inc. 1800 Sutter St, Suite 600 Concord CA 94520	INSURER(S) AFFORDING COVERAGE
	INSURER A: CNA
	INSURER B: Philadelphia Insurance Co.
	INSURER C:
	INSURER D:
	INSURER E:
	INSURER F:

COVERAGES CERTIFICATE NUMBER: CL12121802219 REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR		<input checked="" type="checkbox"/>	4031148743	1/1/2013	1/1/2014	EACH OCCURRENCE \$ 2,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000 MED EXP (Any one person) \$ 10,000 PERSONAL & ADV INJURY \$ 2,000,000 GENERAL AGGREGATE \$ 4,000,000 PRODUCTS - COM/OP AGG \$ 4,000,000	
	GENL AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC							
A	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			4031148743	1/1/2013	1/1/2014	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$	
	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB						EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 3,000,000	
A	DEDUCTIBLE RETENTION \$			4031150539	1/1/2013	1/1/2014		
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) if yes, describe under DESCRIPTION OF OPERATIONS below		<input type="checkbox"/> Y <input checked="" type="checkbox"/> N	N/A	4029347399	1/1/2013	1/1/2014	WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
	B	PROFESSIONAL			PHSD806001	1/1/2013	1/1/2014	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)
NATIVIDAD MEDICAL CENTER AND THE COUNTY OF MONTEREY, ITS OFFICERS AND EMPLOYEES ARE HEREBY ADDED AS ADDITIONAL INSURED'S PER SB-146932-D 07/09 WITH RESPECTS TO LIABILITY ARISING OUT OF THE NAMED INSURED'S OPERATIONS. COVERAGE IS PRIMARY AND NON -CONTRIBUTORY PER SB-146932-D 07/09 ATTACHED. CERTIFICATE HOLDER IS GRANTED A 30 DAY NOTICE OF CANCELLATION WITH THE EXCEPTION OF A 10 DAY NOTICE FOR NON PAYMENT OF PREMIUM

CERTIFICATE HOLDER CANCELLATION

Natividad Medical Center Brenda P. O. Box 81611 Salinas, CA 93913	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.
BLANKET ADDITIONAL INSURED – LIABILITY EXTENSION

This endorsement modifies insurance provided under the following:

BUSINESSOWNERS LIABILITY COVERAGE FORM

Coverage afforded under this extension of coverage endorsement does not apply to any person or organization covered as an additional insured on any other endorsement now or hereafter attached to this Policy.

1. ADDITIONAL INSURED – BLANKET VENDORS

WHO IS AN INSURED is amended to include as an additional insured any person or organization (referred to below as vendor) with whom you agreed, because of a written contract or agreement to provide insurance, but only with respect to "bodily injury" or "property damage" arising out of "your products" which are distributed or sold in the regular course of the vendor's business, subject to the following additional exclusions:

1. The insurance afforded the vendor does not apply to:

- a. "Bodily injury" or "property damage" for which the vendor is obligated to pay damages by reason of the assumption of liability in a contract or agreement. This exclusion does not apply to liability for damages that the vendor would have in the absence of the contract or agreement;
- b. Any express warranty unauthorized by you;
- c. Any physical or chemical change in the product made intentionally by the vendor;
- d. Repackaging, except when unpacked solely for the purpose of inspection, demonstration, testing, or the substitution of parts under instructions from the manufacturer, and then repackaged in the original container;
- e. Any failure to make such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products;
- f. Demonstration, installation, servicing or repair operations, except such operations performed at the vendor's premises in connection with the sale of the product;
- g. Products which, after distribution or sale by you, have been labeled or relabeled or used as a container, part or ingredient of any other thing or substance by or for the vendor; or
- h. "Bodily injury" or "property damage" arising out of the sole negligence of the vendor for its own acts or omission or those of its

employees or anyone else acting on its behalf. However, this exclusion does not apply to:

- (1) The exceptions contained in Subparagraphs d. or f.; or
- (2) Such inspections, adjustments, tests or servicing as the vendor has agreed to make or normally undertakes to make in the usual course of business, in connection with the distribution or sale of the products.

- 2. This insurance does not apply to any insured person or organization, from whom you have acquired such products, or any ingredient, part or container, entering into, accompanying or containing such products.
- 3. This provision 2. does not apply to any vendor included as an insured by an endorsement issued by us and made a part of this Policy.
- 4. This provision 2. does not apply if "bodily injury" or "property damage" included within the "products-completed operations hazard" is excluded either by the provisions of the Policy or by endorsement.

2. MISCELLANEOUS ADDITIONAL INSUREDS

WHO IS AN INSURED is amended to include as an insured any person or organization (called additional insured) described in paragraphs 2.a. through 2.h. below whom you are required to add as an additional insured on this policy under a written contract or agreement but the written contract or agreement must be:

- 1. Currently in effect or becoming effective during the term of this policy; and
- 2. Executed prior to the "bodily injury," "property damage" or "personal and advertising injury," but

Only the following persons or organizations are additional insureds under this endorsement and coverage provided to such additional insureds is limited as provided herein:

a. Additional Insured – Your Work

That person or organization for whom you do work is an additional insured solely for liability due to your negligence specifically resulting

from your work for the additional insured which is the subject of the written contract or written agreement. No coverage applies to liability resulting from the sole negligence of the additional insured.

The insurance provided to the additional insured is limited as follows:

(1) The Limits of Insurance applicable to the additional insured are those specified in the written contract or written agreement or in the Declarations of this policy, whichever is less. These Limits of Insurance are inclusive of, and not in addition to, the Limits of Insurance shown in the Declarations.

(2) The coverage provided to the additional insured by this endorsement and paragraph F.9. of the definition of "insured contract" under Liability and Medical Expenses Definitions do not apply to "bodily injury" or "property damage" arising out of the "products-completed operations hazard" unless required by the written contract or written agreement.

(3) The insurance provided to the additional insured does not apply to "bodily injury," "property damage," or "personal and advertising injury" arising out of the rendering or failure to render any professional services.

b. State or Political Subdivisions

A state or political subdivision subject to the following provisions:

(1) This insurance applies only with respect to the following hazards for which the state or political subdivision has issued a permit in connection with premises you own, rent, or control and to which this insurance applies:

(a) The existence, maintenance, repair, construction, erection, or removal of advertising signs, awnings, canopies, cellar entrances, coal holes, driveways, manholes, marquees, hoistaway openings, sidewalk vaults, street banners, or decorations and similar exposures; or

(b) The construction, erection, or removal of elevators; or

(2) This insurance applies only with respect to operations performed by you or on your behalf for which the state or political subdivision has issued a permit.

This insurance does not apply to "bodily injury," "property damage" or "personal and advertising injury" arising out of operations performed for the state or municipality.

c. Controlling Interest

Any persons or organizations with a controlling interest in you but only with respect to their liability arising out of:

(1) Their financial control of you; or

(2) Premises they own, maintain or control while you lease or occupy these premises.

This insurance does not apply to structural alterations, new construction and demolition operations performed by or for such additional insured.

d. Managers or Lessors of Premises

A manager or lessor of premises but only with respect to liability arising out of the ownership, maintenance or use of that specific part of the premises leased to you and subject to the following additional exclusions:

This insurance does not apply to:

(1) Any "occurrence" which takes place after you cease to be a tenant in that premises; or

(2) Structural alterations, new construction or demolition operations performed by or on behalf of such additional insured.

e. Mortgagee, Assignee or Receiver

A mortgagee, assignee or receiver but only with respect to their liability as mortgagee, assignee, or receiver and arising out of the ownership, maintenance, or use of a premises by you.

This insurance does not apply to structural alterations, new construction or demolition operations performed by or for such additional insured.

f. Owners/Other Interests -- Land is Leased

An owner or other interest from whom land has been leased by you but only with respect to liability arising out of the ownership, maintenance or use of that specific part of the land leased to you and subject to the following additional exclusions:

This insurance does not apply to:

(1) Any "occurrence" which takes place after you cease to lease that land; or

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- (2) Structural alterations, new construction or demolition operations performed by or on behalf of such additional insured.

g. Co-owner of Insured Premises

A co-owner of a premises co-owned by you and covered under this insurance but only with respect to the co-owners liability as co-owner of such premises.

h. Lessor of Equipment

Any person or organization from whom you lease equipment. Such person or organization are insureds only with respect to their liability arising out of the maintenance, operation or use by you of equipment leased to you by such person or organization. A person's or organization's status as an insured under this endorsement ends when their written contract or agreement with you for such leased equipment ends.

With respect to the insurance afforded these additional insureds, the following additional exclusions apply:

This insurance does not apply:

- (1) To any "occurrence" which takes place after the equipment lease expires; or
- (2) To "bodily injury," "property damage" or "personal and advertising injury" arising out of the sole negligence of such additional insured.

Any insurance provided to an additional insured designated under paragraphs b. through h. above does not apply to "bodily injury" or "property damage" included within the "products-completed operations hazard."

3. The following is added to Paragraph H. of the **BUSINESSOWNERS COMMON POLICY CONDITIONS:**

H. Other Insurance

4. This insurance is excess over any other insurance naming the additional insured as an insured whether primary, excess, contingent or on any other basis unless a written contract or written agreement specifically requires that this insurance be either primary or primary and noncontributing.

4. **LEGAL LIABILITY - DAMAGE TO PREMISES**

- A. Under B. Exclusions, 1. Applicable to Business Liability Coverage, Exclusion k.

Damage To Property, is replaced by the following:

k. **Damage To Property**

"Property damage" to:

1. Property you own, rent or occupy, including any costs or expenses incurred by you, or any other person, organization or entity, for repair, replacement, enhancement, restoration or maintenance of such property for any reason, including prevention of injury to a person or damage to another's property;
2. Premises you sell, give away or abandon, if the "property damage" arises out of any part of those premises;
3. Property loaned to you;
4. Personal property in the care, custody or control of the insured;
5. That particular part of any real property on which you or any contractors or subcontractors working directly or indirectly in your behalf are performing operations, if the "property damage" arises out of those operations; or
6. That particular part of any property that must be restored, repaired or replaced because "your work" was incorrectly performed on it.

Paragraph 2 of this exclusion does not apply if the premises are "your work" and were never occupied, rented or held for rental by you.

Paragraphs 1, 3, and 4, of this exclusion do not apply to "property damage" (other than damage by fire or explosion) to premises:

- (1) rented to you;
- (2) temporarily occupied by you with the permission of the owner, or
- (3) to the contents of premises rented to you for a period of 7 or fewer consecutive days.

A separate limit of insurance applies to Damage To Premises Rented To You as described in Section D - Liability and Medical Expenses Limits of Insurance.

YEAR

2011

Withholding Exemption Certificate

CALIFORNIA FORM

590

(This form can only be used to certify exemption from nonresident withholding under California R&TC Section 18662. This form cannot be used for exemption from wage withholding.)

File this form with your withholding agent.
(Please type or print)

Withholding agent's name

Vendor/Payee's name

TOYON ASSOCIATES INC.

Vendor/Payee's Social security number
 SOS. no. California corp. no. FEIN

94-2706313

Note:
Failure to furnish your
identification number will
make this certificate void.

Vendor/Payee's address (number and street)

1800 SUTTER ST., #600

APT. no.

Private Mailbox no.

Vendor/Payee's daytime telephone no.

(925) 685-9312

City

CONCORD

State

CA

ZIP Code

94520-2546

I certify that for the reasons checked below, the entity or individual named on this form is exempt from the California income tax withholding requirement on payment(s) made to the entity or individual. Read the following carefully and check the box that applies to the vendor/payee:

Individuals — Certification of Residency:

I am a resident of California and I reside at the address shown above. If I become a nonresident at any time, I will promptly inform the withholding agent. See instructions for Form 590, General Information D, for the definition of a resident.

Corporations:

The above-named corporation has a permanent place of business in California at the address shown above or is qualified through the California Secretary of State to do business in California. The corporation will withhold on payments of California source income to nonresidents when required. If this corporation ceases to have a permanent place of business in California or ceases to be qualified to do business in California, I will promptly inform the withholding agent. See instructions for Form 590, General Information E, for the definition of permanent place of business.

Partnerships:

The above-named partnership has a permanent place of business in California at the address shown above or is registered with the California Secretary of State, and is subject to the laws of California. The partnership will file a California tax return and will withhold on foreign and domestic nonresident partners when required. If the partnership ceases to do any of the above, I will promptly inform the withholding agent. Note: For withholding purposes, a Limited Liability Partnership is treated like any other partnership.

Limited Liability Companies (LLC):

The above-named LLC has a permanent place of business in California at the address shown above or is registered with the California Secretary of State, and is subject to the laws of California. The LLC will file a California tax return and will withhold on foreign and domestic nonresident members when required. If the LLC ceases to do any of the above, I will promptly inform the withholding agent.

Tax-Exempt Entities:

The above-named entity is exempt from tax under California or federal law. The tax-exempt entity will withhold on payments of California source income to nonresidents when required. If this entity ceases to be exempt from tax, I will promptly inform the withholding agent.

Insurance Companies, IRAs, or Qualified Pension/Profit Sharing Plans:

The above-named entity is an insurance company, IRA, or a federally qualified pension or profit-sharing plan.

California Irrevocable Trusts:

At least one trustee of the above-named irrevocable trust is a California resident. The trust will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required. If the trustee becomes a nonresident at any time, I will promptly inform the withholding agent.

Estates — Certification of Residency of Deceased Person:

I am the executor of the above-named person's estate. The decedent was a California resident at the time of death. The estate will file a California fiduciary tax return and will withhold on foreign and domestic nonresident beneficiaries when required.

CERTIFICATE: Please complete and sign below.

Under penalties of perjury, I hereby certify that the information provided herein is, to the best of my knowledge, true and correct. If conditions change, I will promptly inform the withholding agent.

Vendor/Payee's name and title (type or print)

KAREN E. JOHNS, CONTROLLER

Vendor/Payee's signature

Karen E. Johns

Date

3/10/11

VENDOR DATA RECORD
(Required In lieu of IRS W-9 when doing business with the County of Monterey)

1	<p>COUNTY OF MONTEREY Contracts/Purchasing 168 W. Alisal Street 3rd Floor Salinas, CA 93901</p> <p>TO: Phone: (831) 755-4990 Fax: (831) 755-4969</p>	<p>PURPOSE: Information contained in this form will be used by County to prepare information returns (Form 1099) and for withholding on payments to nonresident vendors. Prompt return of this fully completed form will prevent delays when processing payments.</p> <p>See Privacy Statement and Residency Information on reverse side.</p>	
2	CHECK THE BOX WHICH DESCRIBES YOUR PRIMARY BUSINESS		
VENDOR ACTIVITY	<input type="checkbox"/> EQUIPMENT & SUPPLIES <input type="checkbox"/> SERVICES - NON-MEDICAL <input type="checkbox"/> SERVICES - MEDICAL <input type="checkbox"/> RENT/LEASES <input type="checkbox"/> ATTORNEY FEES <input type="checkbox"/> LEGAL SETTLEMENT <input type="checkbox"/> PRIZES & AWARDS <input checked="" type="checkbox"/> OTHER <u>CONSULTANT</u>		
3	<p>VENDOR'S LEGAL NAME (as shown on your income tax return) <u>TOYON ASSOCIATES INC.</u></p> <p>BUSINESS NAME / DBA (if different from line 1)</p> <p>MAILING ADDRESS <u>1800 SUTTER ST., #600</u></p> <p>CITY, STATE, ZIP CODE <u>CONCORD, CA 94520</u></p>	<p>PHONE NUMBER <u>925-685-9312</u></p> <p>E-MAIL ADDRESS <u>Karen.johns@toyonassociates.com</u></p> <p>REMIT-TO ADDRESS <u>same</u></p> <p>REMIT-TO CITY, STATE, ZIP CODE <u>same</u></p>	<p>FAX NUMBER <u>925-687-9013</u></p>
4	<p>ENTER FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN): <u>94-2706313</u></p> <p><input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> ESTATE OR TRUST <input type="checkbox"/> LIMITED LIABILITY COMPANY (LLC)</p> <p><input type="checkbox"/> C CORPORATION <input checked="" type="checkbox"/> S CORPORATION</p> <p>CORPORATION <input type="checkbox"/> MEDICAL (e.g., dentistry, psychotherapy, chiropractic, etc.) <input type="checkbox"/> LEGAL (e.g., attorney services) <input type="checkbox"/> EXEMPT (nonprofit) <input type="checkbox"/> ALL OTHERS</p> <p>ENTER SOCIAL SECURITY NUMBER (SSN): _____</p> <p><input type="checkbox"/> INDIVIDUAL OR SOLE PROPRIETOR <input type="checkbox"/> PREVIOUS COUNTY EMPLOYEE <input type="checkbox"/> OTHER (SSN required by authority of California Revenue and Tax Code Section 18646)</p>	<p>NOTE: Payment will not be processed without an accompanying taxpayer I.D. number.</p>	
5	<p>VENDOR RESIDENCY STATUS</p> <p><input checked="" type="checkbox"/> California Resident - Qualified to do business in CA or have a permanent place of business in CA. <input type="checkbox"/> California Nonresident (see reverse side) - Payments to CA nonresidents may be subject to state taxes.</p> <p>FOR TAX PURPOSES</p> <p><input type="checkbox"/> Waiver of state tax withholding from California Franchise Tax Board attached. <input type="checkbox"/> All services for payments issued are performed OUTSIDE of California.</p>		
6	<p>I hereby certify under penalty of perjury that the information provided on this document is true and correct. Should my residency status change, I will promptly notify the County.</p>		
CERTIFYING SIGNATURE	<p>Authorized Representative's Name (Type or Print) <u>KAREN JOHNS</u></p> <p>Signature <u>Karen Johns</u></p>	<p>Title <u>CONTROLLER</u></p> <p>Date <u>3/19/12</u></p> <p>Telephone <u>925-685-9312</u></p>	