

FUNDING AGREEMENT BETWEEN  
COUNTY OF MONTEREY,  
ON BEHALF OF NATIVIDAD MEDICAL CENTER  
AND  
CALIFORNIA STATE UNIVERSITY MONTEREY BAY,  
ON BEHALF OF THE COLLEGE OF HEALTH SCIENCES AND HUMAN SERVICES

This Funding Agreement ("Agreement") is made and entered into as of September 12, 2017 ("Effective Date"), by and between the County of Monterey ("County"), a political subdivision of the State of California, on behalf of Natividad Medical Center ("Natividad"), an acute care facility owned and operated by County, and California State University Monterey Bay (hereinafter called "CSUMB"), on behalf of the College of Health Sciences and Human Services ("CHSHS") (herein referred to collectively as the "Parties"), to provide funds to assist CSUMB to meet the direct operational costs of CSUMB's Masters of Science Physician Assistant ("MSPA") Program.

This Agreement is made with reference to the following facts:

- A. Natividad is a 172-bed acute-care teaching hospital located at 1441 Constitution Blvd, Salinas, CA 93906. The hospital is owned and operated by Monterey County and the hospital's emergency room receives approximately 52,000 visits per year.
- B. CSUMB is a public university in the 23-campus California State University system located at 100 Campus Center, Seaside, CA 93955. CSUMB is a comprehensive state university which values service through high quality education.
- C. Beginning January 1, 2019, CSUMB will operate a Master of Science Physician Assistant ("MSPA") program on its campus at North Salinas, the first physician assistants program within the entire California State University system.
- D. The MSPA program is an intense seven-semester, 27-month, full-time program, consisting of four semesters of concentrated coursework (42 credit hours), including a capstone experience (36 credit hours), and three semesters consisting of twelve 4-week clinical preceptorships. The capstone project consists of a research paper regarding a health issue impacting the tri-county region. Ten of the twelve clinical preceptorships are mandatory rotations intended to provide students enrolled in the MSPA program with experience in primary care.
- E. The first three cohorts of the MSPA Program are limited to thirty-three (33) students. Subsequent cohorts for the subsequent five years are anticipated to increase to forty-two (42) students.

- F. Utilization of physician assistants' skills and knowledge is a cost-effective strategy for the provision of health care. As a result, physician assistants are in high demand. Even before the passage of the Patient Protection and Affordable Care Act, California, in general, and the tri-county region, in particular, had a severe shortage of physician assistants. Now, with millions more Californians having access to health insurance, including 2.7 million under Medi-Cal, the demand for physician assistants, particularly primary care, rural, and bi-lingual/bi-cultural physician assistants, is greater than ever.
- G. Natividad specifically utilizes the services of physician assistants in both primary care and in specialty service lines throughout the hospital. Over the years, Natividad anticipates increasing reliance on physician assistants to provide cost-effective, high quality healthcare to its patients and anticipates that the MSPA Program shall develop high-qualified candidates, including candidates interested in primary care, practicing in rural communities, and/or are bi-lingual and bi-cultural, for future employment at Natividad.
- H. County has determined and established the existence in Monterey County of a need for the training and development of highly qualified physician assistants to provide meaningful access to healthcare for all Monterey County residents, in particular, the training and development of bi-lingual/bi-cultural physician assistants seeking to provide primary care services and/or in rural communities.
- I. NMC desires to provide funds to CSUMB towards the operational costs of the MSPA Program to facilitate the training and development of highly qualified physician assistants to serve the healthcare needs of persons living in the tri-county region, including Monterey County and to serve patients at Natividad, in particular (the "Funding").

NOW, THEREFORE, it is agreed between the Parties as follows:

1. Incorporation of Recitals. The foregoing recitals are hereby incorporated and made part of the Agreement.
2. CSUMB's Responsibilities. CSUMB agrees to provide oversight responsibility for the fiscal administration of the operation of the MSPA Program and to monitor the MSPA Program's adherence to any federal, state, and local laws and regulations governing fiscal accountability.
3. Purpose of Funding. The purpose of the Funding by County to CSUMB is to provide operational funding for CSUMB's use in meeting the direct costs of the operation of the MSPA Program. The Funding may be used for the following specific purposes:
  - A. Direct operational costs of the MSPA Program, as described in Section 6, Special Fund Account, below.

The Funding may not be used for any other purpose without prior written approval from County.

4. Amount of Funding. The Funding from County that is available to CSUMB under this Agreement for the Term (as defined in Section 11 below) is in the amount of Two Hundred Fifty Thousand Dollars (\$250,000). The Funding shall be made available in accordance with the terms set forth herein.
5. Payment of Funding. The CSUMB Accounting Department shall generate an invoice to County in the amount of \$250,000 no later than 30 days after this Agreement has been fully executed. The invoice shall set forth the amounts claimed by CSUMB, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. The County shall certify the invoice, either in the requested amount or in such other amount as the County approves in conformity with this Agreement, and shall promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.
6. Special Fund Account. The Funding shall be maintained in a Special Fund Account established specifically for operational costs. Interest accruing in the Special Use Fund shall be used to offset administrative costs incurred by CSUMB.
7. Accounting of Expenditures of the Funding. Every three months during the Term of this Agreement, CSUMB shall submit to County for its review (at the NMC contact and address shown in Section 16, below) a detailed accounting of expenditures of the Funding provided to CSUMB (as described in Section 5 above) for operational costs, showing how the Funding is used and distributed. CSUMB acknowledges and agrees that all distributions and uses of the Funding are at all times subject to the ultimate approval of County and its Board of Supervisors.
8. Return of Unused or Improperly Used Funds. Upon the expiration or earlier termination of this Agreement, if there are any funds paid by County to CSUMB that have not been used or are not committed for a specific use, such funds shall be returned to County. In addition, to the extent CSUMB has used Funding for purposes not specifically intended by this Agreement, and not otherwise specifically approved by County (in advance of such use, and in writing), CSUMB shall refund such amounts to County.
9. Other Available Funding. CSUMB shall immediately report to County any funds received by CSUMB from other parties to support the same operational costs as are financially supported by County hereunder.
10. Term of Agreement. The Term of this Agreement shall commence on Effective Date and continue for a period through and including September 11, 2018 ("Term").

11. **Termination by Notice.** During the Term of this Agreement, County may terminate the Agreement for any reason by giving written notice of termination to CSUMB at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.
  
12. **Immediate Termination.**
  - A. **Termination in Response to Non-Compliance with Reimbursement or Payor Programs.** If any party determines in good faith that the performance of any provision of this Agreement should jeopardize any licensure of a party, its participation in any reimbursement or payment programs, any accreditation by any state or nationally recognized accreditation organization, or if for any other reason said performance should be in violation of law or be deemed illegal by any recognized body, agency, or association in the hospital or respite care fields, that party may at its option terminate this Agreement immediately upon written notice. Effective upon such termination, CSUMB shall repay all Funding to the extent County determines, in its sole discretion, that such repayment is required to avoid or mitigate any of the foregoing jeopardy events.
  
  - B. **Termination in Response to Non-Appropriation of County Funding.** Notwithstanding any other provision of this Agreement, County shall not be obligated for CSUMB's performance hereunder or by any provision of this Agreement during any of County's future fiscal years unless and until the Monterey County Board of Supervisors appropriates funds for this Agreement in County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Agreement, then this Agreement shall terminate as of June 30 of the last fiscal year for which funds were appropriated. County shall notify CSUMB in writing of any such non-allocation of funds at the earliest possible date.
  
13. **Indemnification.**
  - A. **By County.** County shall defend, indemnify and hold the State of California, Board of Trustees of the California State University, CSUMB, University Corporation at Monterey Bay, their officers, employees and agents harmless from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by County, its officers, employees, or agents, excepting only loss, injury or damage caused by the negligence or willful misconduct of CSUMB, their officers, employees, agents, or sub-contractors. It is the intent of the parties to this Agreement to provide the broadest possible coverage for CSUMB. County shall reimburse CSUMB for all costs, attorneys' fees, expenses, and liabilities incurred with respect to any litigation in which County is obligated to indemnify, defend and hold harmless CSUMB under this Agreement.

- B. By CSUMB. State of California, Board of Trustees of the California State University, CSUMB, University Corporation at Monterey Bay shall defend, indemnify and hold County, its officers, employees, and agents harmless from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by CSUMB, its officers, employees, agents, or sub-contractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of County, its officers, employees, or agents. It is the intent of the parties to this Agreement to provide the broadest possible coverage for County. CSUMB shall reimburse County for all costs, attorneys' fees, expenses, and liabilities incurred with respect to any litigation in which CSUMB is obligated to indemnify, defend and hold harmless County under this Agreement.
14. Prohibition Against Discrimination. During the performance of this Agreement, CSUMB shall not unlawfully discriminate against any person because of sex, race, color, religion, ancestry, national origin, disability, medical condition, marital status, or sexual orientation as provided by law, either in CSUMB's employment practices or in the furnishing of services to recipients. The provision of services primarily or exclusively to such target population as may be designated in this Agreement shall not be deemed to be prohibited discrimination.
15. Cooperation in Disposition of Claims. The Parties mutually agree to cooperate with each other in the timely investigation and disposition of audits, disciplinary actions and third-party liability claims that arise out of any and all activities encompassed by this Agreement, or in the operation of the Funding. The Parties shall notify one another as soon as possible of any issue that may result in liability to the other party. Cooperation between the Parties may include, but is not limited to, timely notice, joint investigation, defense, disposition of third party claims arising with respect to this Agreement, and making witnesses available.
16. Notice. Any notice required or permitted under this Agreement to any party shall be deemed sufficiently made and given if personally delivered, sent by overnight delivery service, return receipt requested, or deposited in the United States mail, postage paid (certified mail, return receipt requested), as follows:

**If to COUNTY:**

Daniel Leon  
Chief Financial Officer  
Natividad Medical Center  
1441 Constitution Blvd.  
Salinas, CA. 93906  
Phone: 831.783.2561

**If to CSUMB:**

Arthur Evjen  
Director, Business Support Services  
California State University, Monterey Bay  
100 Campus Center  
Seaside, CA 93955-8001  
Phone: 831.582.3394

17. **Amendment.** This Agreement may be amended only in writing signed by the authorized representatives of the Parties.
18. **Governing Laws.** The laws of the State of California shall govern this Agreement.
19. **Entire Agreement.** This document constitutes the entirety of the Agreement between the Parties and supersedes all prior agreements and understandings regarding the subject matter hereof.
20. **Compliance with Law.** The Parties acknowledge and agree that nothing in this Agreement shall be construed to require or permit any activity that would constitute a violation of any applicable law or regulation.
21. **Disputes; Mediation; General Reference.** The Parties hereto agree that any controversy, claim, action or dispute arising out of or relating to this Agreement, shall be heard by a general referee pursuant to the provision of Code of Civil Procedure §§ 638 through 645.1, inclusive, in Monterey County, California, according to the following procedures; provided however, that any controversy, claim, action or dispute arising out of or relating to this Agreement, shall first be the subject of non-binding mediation in Salinas, California. The Parties shall promptly and diligently cooperate with one another and the referee, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of the dispute or controversy in accordance with the terms hereof.
22. **Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws or regulations effective during the term hereof, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never been a part of the Agreement, and the remaining provisions shall remain in full force and effect unaffected by such severance.
23. **Waiver.** Waiver by Party of any breach of any provision of this Agreement or warranty or representation herein set forth shall not be construed as a waiver of any subsequent breach of the same or any other provision. The failure to exercise any right hereunder shall not operate as a waiver of such right. All rights and remedies provided for herein are cumulative.
24. **Counterparts.** This Agreement may be executed in separate counterparts, none of which need contain the signatures of both parties, and each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute and be one and the same instrument.

IN WITNESS WHEREOF, the parties hereto are in agreement with this Agreement on the basis set forth in this document and have executed this Agreement on the day and year set forth herein.

County of Monterey on behalf of  
Natividad Medical Center

By: \_\_\_\_\_  
Gary R. Gray, DO, CEO

Date: \_\_\_\_\_

Approved as to Legal Provisions:

By: \_\_\_\_\_  
Monterey County Deputy County-Counsel

Date: 8/31/17

Approved as to Fiscal Provisions:

By: \_\_\_\_\_  
Monterey County Deputy Auditor-Controller

Date: 8-31-17

California State University  
Monterey Bay

By: \_\_\_\_\_  
Name: Arthur J Evjen

Title: Director, Business Support Services

Date: 8/31/17

By: \_\_\_\_\_  
Name: John Fitzgibbon

Title: Associate Vice President, Finance

Date: 8-31-17

**County of Monterey Signature Instructions:**

If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers (two signatures required).

If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership (two signatures required).

If CONTRACTOR is contracting in an individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Agreement (one signature required)