

**SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



**ITEM: 3.41  
(ID # 30016)**

**MEETING DATE:**

Tuesday, March 03, 2026

**FROM :** EXECUTIVE OFFICE

**SUBJECT:** EXECUTIVE OFFICE: Palo Verde Hospital Emergency Department Stabilization: Management Services Agreement, Intergovernmental Transfer Loan, and Bankruptcy Special Counsel, District 4 [\$3,570,595 100% County General Fund]

**RECOMMENDED MOTION:** That the Board of Supervisors:

1. Ratify and approve the Management Services Agreement with the Palo Verde Healthcare District to provide Emergency Department Stabilization and Delegated Operations;
2. Ratify and approve the Intergovernmental Transfer payment in the amount of \$3,445,595 from the County General Fund to the Department of Health Care Services to enable the District's participation in the Medi-Cal Voluntary Rate Range Program;
3. Approve Addendum No. 1 to the Loan Agreement by and between the County and the Palo Verde Healthcare District addressing the County's Intergovernmental Transfer to the Department of Health Care Services;
4. Ratify and approve the Legal Services Agreement with the law firm of Shulman Bastian Friedman Bui & O'Dea, LLP for up to \$125,000 to assist County Counsel in matters related to the Palo Verde Healthcare District bankruptcy (Case No. 6:25-bk-17084-SY) to review and protect any County interests related thereto; and
5. Authorize the Chair of the Board of Supervisors to sign the legal services agreement with Shulman Bastian Friedman & O'Dea on behalf of the County.

**ACTION:Policy**


  
Jeff Van Wageningen, County Executive Officer 2/26/2026

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**MINUTES OF THE BOARD OF SUPERVISORS**

On motion of Supervisor Medina, seconded by Supervisor Gutierrez and duly carried, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Medina, Spiegel, Perez, and Gutierrez  
Nays: None  
Absent: Washington  
Date: March 3, 2026  
xc: EO

Kimberly A. Rector  
Clerk of the Board  
By:   
Deputy

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<b>FINANCIAL DATA</b>	<b>Current Fiscal Year:</b>	<b>Next Fiscal Year:</b>	<b>Total Cost:</b>	<b>Ongoing Cost</b>
<b>COST</b>	\$3,570,595	\$0	\$3,570,595	\$0
<b>NET COUNTY COST</b>	\$3,570,595	\$	\$3,570,595	\$0
<b>SOURCE OF FUNDS:</b> 100% County General Fund			<b>Budget</b>	<b>Adjustment:</b>
			No	
			<b>For Fiscal Year:</b> 25/26 -	
			31/32	

**C.E.O. RECOMMENDATION:** Approve

**BACKGROUND:**

**Summary**

The Palo Verde Healthcare District (District) operates the Palo Verde Hospital, Clinic, and ancillary services (Hospital). The District has been facing significant governance, legal, and fiscal challenges that have threatened the future of the Hospital. The Board of Supervisors (Board) and several departments from the County of Riverside (County) have actively collaborated with the District to ensure the health safety net for the community is functioning and available to provide emergency medical care when needed. This collaboration has included several other entities, including the City of Blythe (City), United States Senators Alex Padilla and Adam Schiff, United States Representative Raul Ruiz, the Governor’s Office, the California Department of Public Health, the California Department of Health Care Services (DHCS), State Senator Steve Padilla, Assemblymember Jeff Gonzalez, American Medical Response, the Desert Care Network, Inland Empire Health Plan, La Paz Regional Hospital, and others. During this timeframe, the various stakeholders have provided financial and operational support to keep the Hospital’s doors open.

**Management Services Agreement**

On January 27, 2026, the Board approved a loan to the District in the amount of \$1,000,000 to support the continuity of operations at the Hospital. Additionally, the Board authorized the Executive Office, in consultation with County Counsel and in coordination with the Riverside University Health System (RUHS) and the Emergency Management Department (EMD), to negotiate and execute an agreement with the District to allow for a “strike force” led by the Riverside University Health System to independently manage Hospital to maintain emergency medical services, assess current conditions, and develop recommendations for next steps.

Over the course of several weeks, the County worked jointly with the District to draft a Management Services Agreement to provide Emergency Department Stabilization and Delegated Operations (MSA), a structured, time-limited plan designed to protect emergency medical services. The agreement establishes an operations and management model designed to protect public health and safety while preserving the District’s role as the licensed hospital operator. A 180-day period establishes a defined window for operational support and assessment. During this time, the County will compile recommendations for District consideration. Operational authority for the stabilization will rest with the RUHS leadership team.

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Under the terms of the negotiated MSA:

- The District remains the licensed hospital operator and retains all regulatory, licensure, and Emergency Medical Treatment and Labor Act (EMTALA) responsibilities.
- Hospital employees remain employees of the District.
- Ownership of the Hospital does not change.
- The County is granted temporary operational authority over the Emergency Department, Clinic, and directly supporting departments for the defined 180-day period.

On February 19<sup>th</sup>, the District approved the MSA at a special meeting. Pursuant to the authority previously delegated to the Executive Office to execute all agreements necessary to implement the stabilization operations plan, the MSA was agreed to by the County. And, on February 23<sup>rd</sup>, the County-led strike team began to be deployed onsite at the Hospital.

Staff recommend that the Board ratify the Management Services Agreement with the District to provide Emergency Department Stabilization and Delegated Operations.

**Intergovernmental Transfer to the California Department of Health Care Services**

One of the most significant fiscal challenges the District is facing has been the result of the Department of Health Care Services (DHCS) denial of the District's participation in the Medi-Cal Voluntary Rate Range Program (VRRP). Under this program, an Intergovernmental Transfer (IGT) from the District to DHCS in the amount of \$3.445 million would have allowed the District to draw down a total of \$9.9 million from DHCS. The County was able to collaborate with DHCS and the local Medi-Cal plans to extend the VRRP participation window and provide the District an opportunity to draw down the \$9.9 million in program funding if the County provided the IGT to DHCS as quickly as possible. Upon approval of the MSA, immediate intervention on the part of the County was necessary to prevent the complete loss of VRRP funds.

To avoid irreversible damage to the Hospital and the resulting devastating impact to the community, the County wired a \$3.445 million intergovernmental transfer payment directly to DHCS on February 25, 2026. As a result, DHCS has approved the \$9.9 million in VRRP funds to flow to the Hospital, and we expect to see a significant portion of those funds in the Hospital's account this week. These funds are vital to the continuity of Hospital operations and are necessary for the County to stabilize the Hospital and maintain emergency medical services, allowing for the assessment of current conditions and develop recommendations for next steps.

The \$3.445 million is intended to be a loan to the District, subject to the same terms and conditions as the loan previously approved by the District and the Board.

Staff recommend that the Board ratify and approve the Intergovernmental Transfer payment in the amount of \$3,445,595 from the County General Fund to the Department of Health Care Services to enable the District's participation in the Medi-Cal Voluntary Rate Range Program. Additionally, staff recommend that the Board approve Addendum No. 1 to the Loan Agreement by and between the County and the Palo Verde Healthcare District addressing the County's Intergovernmental Transfer to the Department of Health Care Services.

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**Bankruptcy Court Proceedings**

On September 30, 2025, the District filed for Chapter 9 (Municipal) bankruptcy.

As part of the Board action on January 27, 2026, the Board directed that all agreements executed to implement the Hospital stabilization plan shall be structured to confirm that the County is not assuming liability for the District or the Hospital (outside the scope of the MSA), or their debt obligations.

To preserve the County's interests, County Counsel requires the assistance of special outside counsel knowledgeable in the intricacies of federal bankruptcy law. Special counsel will assist in reviewing the case and its attendant proceedings to ensure the County is protected. County Counsel has selected the law firm Shulman Bastian Friedman Bui & O'Dea, LLP, specifically attorneys Linda Bui and Alan Friedman. This representation is anticipated to last at least as long as the duration of the County's stabilization plan for the Hospital but may be extended periodically as needed.

Staff recommend that the Board approve the Legal Services Agreement with the law firm of Shulman Bastian Friedman Bui & O'Dea, LLP for up to \$125,000 to assist County Counsel in matters related to the District's bankruptcy and authorize the Chair of the Board of Supervisors to sign the legal services agreement.

**Impact on Residents and Businesses**

A functioning local emergency department supports timely treatment for life-threatening conditions (e.g., stroke, cardiac events, major trauma) where minutes matter, and reduces risks associated with extended transport times, and helps preserve a viable destination for ambulance transport and coordination with emergency response partners, reducing strain on regional EMS and neighboring facilities.

**ATTACHMENTS:**

- **Attachment A.** Management Services Agreement with the Palo Verde Healthcare District to Provide Emergency Department Stabilization and Delegated Operations
- **Attachment B.** Palo Verde Hospital Management Services Agreement Fact Sheet
- **Attachment C.** Addendum No. 1 to Loan Agreement
- **Attachment D.** Legal Services Agreement with the law firm of Shulman Bastian Friedman Bui & O'Dea, LLP

  
Jennifer Cruikshank, Chief Executive Officer – Health System 2/26/2026

  
Jacqueline Ruiz, Principal Analyst 2/26/2026

  
Gregg Gu, Chief of Deputy County Counsel 2/26/2026

  
Minh C. Tran, County Counsel 2/26/2026

# Attachment A

## MANAGEMENT SERVICES AGREEMENT

### Emergency Department Stabilization and Delegated Operations

This Management Services Agreement ("Agreement") is entered into by and between:

**COUNTY OF RIVERSIDE**, a political subdivision of the State of California ("COUNTY"), and **PALO VERDE HEALTHCARE DISTRICT**, a local healthcare district organized under the laws of the State of California ("DISTRICT").

#### ARTICLE I

#### RECITALS

WHEREAS, DISTRICT owns and operates Palo Verde Hospital (the "Hospital"), a licensed critical access hospital located in the City of Blythe, California;

WHEREAS, the Hospital Emergency Department, its Clinic, and its supporting ancillary departments are essential to the preservation of life, health, and safety of residents of eastern Riverside. When this Agreement refers to the Emergency Department or ED, it shall also include by reference the hospital's clinic and ancillary departments unless otherwise stated;

WHEREAS, DISTRICT has filed a petition for relief under Chapter 9 of Title 11 of the United States Code (Case No. 6:25-bk-17084-SY) (the "Chapter 9 Case") in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court");

WHEREAS, DISTRICT is experiencing severe financial and operational instability that threatens interruption of emergency medical services in the region;

WHEREAS, COUNTY, through Riverside University Health System ("RUHS"), possesses operational, clinical, and administrative expertise necessary to stabilize hospital emergency operations;

WHEREAS, DISTRICT has requested that COUNTY assume temporary operational management authority for the Emergency Department and directly supporting ancillary departments, while DISTRICT retains licensure, ownership, and regulatory responsibility;

WHEREAS, COUNTY has agreed to provide such management services solely to protect public health and safety, and not to assume ownership, licensure, or long-term operational responsibility;

WHEREAS, COUNTY and DISTRICT have entered into a separate Loan Agreement pursuant to which COUNTY has loaned DISTRICT One Million Dollars (\$1,000,000), and

COUNTY's performance under this Agreement is expressly conditioned upon the continued effectiveness of such Loan Agreement;

WHEREAS, COUNTY desires to assist Hospital to stabilize Hospital's Emergency Department to preserve life, health, and safety of residents of eastern Riverside. In this regard, the services to be provided by COUNTY-led personnel are contingent upon the approval of this Agreement by the DISTRICT Board.

NOW, THEREFORE, in consideration of the mutual covenants herein, the parties agree as follows.

## ARTICLE II

### PURPOSE AND STRUCTURE

2.1 **Purpose.** The purpose of this Agreement is to stabilize and maintain continuous emergency medical services at the Hospital for one-hundred eighty (180) consecutive days as set forth herein.

2.2 **Delegated Operations Model.** The parties expressly agree that this Agreement establishes a **delegated operations and management model**, under which:

- DISTRICT remains the licensed hospital operator;
- DISTRICT retains all regulatory, licensure, and EMTALA responsibilities;
- COUNTY is granted temporary authority to manage and direct day-to-day operations of the Emergency Department and supporting departments **as agent of DISTRICT for limited operational purposes only**;
- No transfer of ownership, possession, or control for regulatory purposes is intended.

2.3 **No Change of Ownership.** This Agreement shall not constitute a change of ownership, change of control, or change of operator under federal or state healthcare law.

2.4 **Further Financing Arrangements with COUNTY.** Any further COUNTY funding agreements for ED stabilization and COUNTY assistance is contingent upon approval of and compliance with this Agreement.

## ARTICLE III

### TERM

3.1 **Term.** This Agreement shall commence on February \_\_, 2026 (the “Effective Date”) and shall remain in effect for one hundred eighty (180) days, unless earlier terminated under Article XIII.

3.2 **Temporary Nature.** All authority granted herein is temporary, revocable, and limited to the Term.

3.3 **COUNTY Assessment.** During the term of this Agreement, COUNTY agrees to conduct an assessment of Hospital’s Emergency Department operations and provide a written recommendation(s) to DISTRICT regarding Hospital’s operations.

## ARTICLE IV

### DELEGATION OF OPERATIONAL AUTHORITY

4.1 **Delegated Authority.** To the maximum extent permitted by law, DISTRICT hereby delegates to COUNTY the authority, during the Term, to manage, supervise, and direct the **day-to-day** operations of:

- The Hospital Emergency Department; and
- The Hospital’s Clinic; and
- Ancillary departments directly supporting emergency services, including but not limited to laboratory, radiology, pharmacy, registration, environmental services, human resources, plant operations, and finance solely to the extent necessary to support emergency operations.

4.2 **Operational Powers.** COUNTY’s delegated authority includes, without limitation:

- Directing work activities of DISTRICT employees assigned to covered departments;
- Establishing schedules, staffing patterns, and workflows;
- Issuing operational directives necessary for patient safety;
- Coordinating physician and Advance Practice Providers;
- Implementing Hospital Emergency Department clinical and administrative protocols;

- Coordinating with EMS agencies regarding diversion and routing;
- Taking immediate action necessary to prevent loss of life or serious patient harm;
- Entering into new contracts or terminating or nonrenewing existing contracts for reasonable operations of the Emergency Department;
- Authority to approve or reject all Hospital expenditures and contracts;
- All other administrative actions necessary to support the Emergency Department;
- Authority over any other Hospital department that the COUNTY deems necessary to support the operations of the ED.

**4.3 Limits of Authority.** COUNTY shall not:

- Amend medical staff bylaws;
- Enter collective bargaining agreements;
- Incur long-term debt on behalf of DISTRICT;
- Sell or encumber DISTRICT/Hospital assets, subject to DISTRICT's bankruptcy proceedings;
- Bind DISTRICT to contracts exceeding one-hundred eighty (180) days without DISTRICT approval.

**4.4 COUNTY Strike Team; Key Personnel.**

(a) COUNTY-Led Strike Team. During the Term, COUNTY shall deploy a COUNTY-led operational "Strike Team" composed of COUNTY personnel who will lead and direct the day-to-day operations of the Emergency Department (and directly supporting ancillary departments identified in Section 4.1) on behalf of DISTRICT and within the scope of COUNTY's delegated authority under this Article IV. The Strike Team shall function as the primary on-site management presence for covered departments, issuing operational direction to DISTRICT employees consistent with this Agreement and applicable law.

(b) Required Strike Team Roles. At COUNTY's discretion, the Strike Team shall include the following COUNTY personnel:

- A Temporary Chief Executive Officer – PVHD Operations (or equivalent title), responsible for overall leadership and coordination of COUNTY’s operational management of the Emergency Department and directly supporting ancillary departments under this Agreement;
- A Temporary Chief Financial Officer – responsible for overseeing and directing Hospital’s financial planning, budgeting, accounting, reporting and other related functions;
- An Emergency Department Medical Director, responsible for clinical oversight of Emergency Department physician practice, implementation of ED clinical protocols, and coordination with the Interim Chief of Staff established under Article IX;
- An Emergency Department Nurse Manager or Director, responsible for nursing operations, staffing, and nursing workflows in the Emergency Department;
- An Operations / Administrative Manager, responsible for throughput, registration and patient flow processes, data collection, and day-to-day administrative coordination;
- Such additional COUNTY personnel (e.g., quality/risk, ancillary services leads, scheduler, etc.) as COUNTY deems reasonably necessary to safely operate and stabilize the Emergency Department under this Agreement;

(c) Status of COUNTY Personnel. All members of the Strike Team shall at all times remain employees or agents of COUNTY, subject to COUNTY’s exclusive direction and control for employment purposes, and nothing in this Section 4.4 shall be construed to create an employment relationship between DISTRICT and any such personnel. DISTRICT shall, however, cause its own employees to reasonably cooperate with and follow the lawful operational directions of Strike Team personnel acting within the scope of COUNTY’s delegated authority under this Agreement.

(d) Other Consultants. COUNTY Strike Team may also include such other outside consultants, experts, and/or advisors at COUNTY’s discretion, including but not limited to those from Desert Healthcare District and La Paz Regional Hospital.

#### **4.5 Status of DISTRICT Non-medical Personnel During Interim.**

(a) Assistance of Current Hospital Officers. During the Term of this Agreement, the DISTRICT’s current non-medical executive officers—including the Chief Executive Officer (“PVHD CEO”), Interim Chief Financial Officer (“CFO”), Chief Nursing Officer/Chief

Operating Officer (“CNO/COO”), and other administrative officers shall reasonably assist COUNTY during the transition of Emergency Department stabilization operations but shall have no operational authority over COUNTY Strike Team or its consultants or other advisors.

(b) Retention of Hospital’s Officers. Hospital’s Officers, including the PVHD CEO, CFO, CNO/COO, and any other administrative officer shall be reviewed by COUNTY and further employment with DISTRICT or Hospital is subject to COUNTY’s discretion. COUNTY has the authority to reclassify Hospital’s Officers at COUNTY’s sole discretion.

(c) In the event that any Hospital Officer’s identified in Article 4.4 will cease to be employed by Hospital for any reason, County shall provide not less than forty-five (45) days’ prior written notice of the effective date of such separation to the affected Hospital Officer.

## **ARTICLE V**

### **RETAINED DISTRICT RESPONSIBILITIES**

Notwithstanding the delegation of authority herein, DISTRICT expressly retains sole responsibility for:

- Hospital licensure and certification;
- EMTALA compliance and designation as the EMTALA hospital;
- Medicare and Medi-Cal provider enrollment and billing;
- Compliance with CMS Conditions of Participation;
- Hospital-wide regulatory compliance;
- Ownership and maintenance of facilities and equipment, including replacement of equipment essential to operation of the ED;
- Premises safety;
- All patient billing and collections;
- All pre-petition and post-petition debts and liabilities.

## **ARTICLE VI**

### **LIABILITY ALLOCATION**

**6.1 DISTRICT Primary Responsibility.** Except as expressly provided in Section 6.2, DISTRICT shall bear responsibility and liability for:

- All claims arising from Hospital operations;
- EMTALA claims or investigations;
- Regulatory enforcement actions;
- Premises liability;
- Hospital-wide patient care claims;
- Billing, coding, and reimbursement compliance;
- Acts or omissions of DISTRICT employees.

**6.2 COUNTY Limited Responsibility.** COUNTY shall be solely responsible only for:

- Proven negligent acts or omissions of COUNTY employees acting within the course and scope of employment while performing services under this Agreement.

**6.3 No Assumption of Hospital Liability.** Nothing in this Agreement shall be construed as an assumption by COUNTY of hospital operator liability.

## **ARTICLE VII INDEMNIFICATION**

7.1 (a) **DISTRICT Indemnification.** DISTRICT shall defend, indemnify and hold harmless RUHS, the County of Riverside, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives, including its consultants, advisors, and experts from Desert Healthcare District and La Paz Regional Hospital (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services or operations provided by the DISTRICT, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to this Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of this Agreement, DISTRICT shall defend, at its sole expense, all costs and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions. To the fullest extent permitted by law, DISTRICT shall defend, indemnify, and hold harmless COUNTY and its officers, employees, agents, and representatives from and against any and all claims,

demands, damages, losses, penalties, regulatory actions, and expenses (including attorneys' fees) rising out of or related to:

- Hospital operations, including but not limited to:
  - DISTRICT debts, contractual obligations, or financial liabilities;
  - Claims arising from ED services or patient outcomes (except to the extent arising solely from acts or omissions of COUNTY employees acting within the scope of employment);
  - Claims arising from services outside the ED (inpatient, ancillary, surgical, administrative);
  - DISTRICT governance actions, board decisions, or policy choices;
  - Bankruptcy proceedings, bankruptcy filings, or bankruptcy-related claims;
  - Pre-existing liabilities, disputes, or regulatory violations;
  - Acts or omissions of DISTRICT employees, contractors, physicians, or agents;
  - Negligence, malpractice, or violations of law by non-COUNTY personnel;
  - EMTALA compliance;
  - Regulatory enforcement;
  - Patient claims;
  - Acts or omissions of DISTRICT employees;
  - Use of Hospital facilities and equipment;
  - DISTRICT's breach of this Agreement.

(b) DISTRICT'S duty to defend and indemnify is immediate and applies regardless of comparative fault allegations except to the extent that any claim is finally adjudicated to arise solely from the negligent acts or omissions of COUNTY.

(c) DISTRICT Insolvency Acknowledgment: The parties acknowledge that DISTRICT is in financial distress and Chapter 9 bankruptcy. DISTRICT's indemnification obligation is expressly conditioned on the following protections:

(i) DISTRICT shall maintain professional liability insurance, general liability insurance, and other commercially reasonable coverage (as detailed in Article 8 naming the COUNTY as an additional insured. All fees and costs associated with maintaining these lines of insurance shall be paid for by the DISTRICT.

(ii) DISTRICT shall seek bankruptcy court approval of agreement and an order providing that COUNTY's indemnification, defense, and reimbursement claims under this Agreement constitute administrative expense and shall be paid in the ordinary course of otherwise granted priority status to the maximum extent permitted under Chapter 9.

(iii) DISTRICT shall cooperate with COUNTY in asserting indemnification claims against professional liability insurers, self-insurance reserves, or other third parties.

(d) For the avoidance of doubt, COUNTY may hire its own outside counsel or professionals in relation to this Agreement. DISTRICT's indemnification does not extend to COUNTY's ordinary course professional fees and expenses, and COUNTY is solely responsible for the compensation of its own outside counsel and professionals incurred in the ordinary course of its own affairs and not arising from operations of the Hospital.

**7.2 COUNTY Indemnification.** COUNTY shall indemnify DISTRICT solely for claims arising from the proven negligent acts of COUNTY employees acting within scope, and not for systemic hospital operations.

**7.3 Government Code Compliance.** Indemnification is subject to Government Code sections 895–895.8.

**7.4 No Waiver of Immunities.** Nothing herein waives immunities under Government Code section 810 et seq.

## **ARTICLE VIII**

### **INSURANCE**

Without limiting or diminishing DISTRICT's obligation to indemnify or hold COUNTY harmless, DISTRICT shall procure and maintain or cause to be maintained, at its sole cost and expense, the following insurance coverages during the term of this Agreement. With regard to the Insurance section only, COUNTY herein refers to the County of Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers, Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional Insureds.

**8.1 Workers' Compensation.** If DISTRICT has employees as defined by the State of California, DISTRICT shall maintain statutory Workers' Compensation Insurance (Coverage A) as prescribed by the laws of the State of California. Policy shall include Employers' Liability (Coverage B) including Occupational Disease with limits not less than \$1,000,000 per person per accident. The policy shall be endorsed to waive subrogation in favor of the County of Riverside.

**8.2 Commercial General Liability.**

Commercial General Liability insurance coverage, including but not limited to, premises liability, unmodified contractual liability, products and completed operations liability, personal and advertising injury, and cross liability coverage, covering claims which may arise from or out of DISTRICT'S performance of its obligations hereunder. Policy shall name COUNTY as Additional Insured. Policy's limit of liability shall not be less than \$2,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name COUNTY as Additional Insureds.

**8.3 Vehicle Liability.** If vehicles or mobile equipment are used in the performance of the obligations under this Agreement, then DISTRICT shall maintain liability insurance for all owned, non-owned or hired vehicles so used in an amount not less than \$1,000,000 per occurrence combined single limit. If such insurance contains a general aggregate limit, it shall apply separately to this agreement or be no less than two (2) times the occurrence limit. Policy shall name COUNTY as Additional Insureds.

**8.4 Professional Liability.** DISTRICT shall maintain Professional Liability Insurance providing coverage for DISTRICT'S performance of work included within this Agreement, with a limit of liability of not less than \$1,000,000 per occurrence and \$2,000,000 annual aggregate. If DISTRICT'S Professional Liability Insurance is written on a claims made basis rather than an occurrence basis, such insurance shall continue through the term of this Agreement and DISTRICT shall purchase at its sole expense either: 1) an Extended Reporting Endorsement (also, known as Tail Coverage); or 2) Prior Dates Coverage from new insurer with a retroactive date back to the date of, or prior to, the inception of this Agreement; or 3) demonstrate through Certificates of Insurance that DISTRICT has Maintained continuous coverage with the same or original insurer. Coverage provided under items; 1), 2), or 3) will continue as long as the law allows. Policy shall name COUNTY as Additional Insureds.

**8.5 Insurance Requirements for IT Contractor Services.** DISTRICT shall procure and maintain for the duration of the contract insurance against claims for injuries to person or damages to property which may arise from or in connection with the performance of the work hereunder by DISTRICT, its agents, representatives, or employees. DISTRICT shall procure and maintain for the duration of the contract insurance claims arising out of their

services and including, but not limited to loss, damage, theft or other misuse of data, infringement of intellectual property, invasion of privacy and breach of data.

Cyber Liability Insurance, with limits not less than \$2,000,000 per occurrence or claim, \$2,000,000 aggregate. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by DISTRICT in this agreement and shall include, but not limited to, claims involving infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, alteration of electronic information, extortion and network security. The policy shall provide coverage for breach response costs as well as regulatory fines and penalties as well as credit monitoring expenses with limits sufficient to respond to these obligations.

#### **8.7 Technology Professional Liability Errors & Omissions.**

Include this section only if Consultant/Vendor is providing a technology service (data storage, website designers, etcetera), or product (software providers). Technology Professional Liability Errors and Omissions Insurance appropriate to the Consultant's profession and work hereunder, with limits not less than \$2,000,000 per occurrence. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by the Consultant in this agreement and shall include, but not be limited to, claims involving security breach, system failure, data recovery, business interruption, cyber extortion, social engineering, infringement of intellectual property, including but not limited to infringement of copyright, trademark, trade dress, invasion of privacy violations, information theft, damage to or destruction of electronic information, release of private information, and alteration of electronic information. The policy shall provide coverage for breach response costs, regulatory fines and penalties as well as credit monitoring expenses.

The Policy shall include, or be endorsed to include, property damage liability coverage for damage to, alteration of, loss of, or destruction of electronic data and/or information "property" of the Agency in the care, custody, or control of the Consultant.

If DISTRICT maintains broader coverage and/or higher limits than the minimums shown above, COUNTY requires and shall be entitled to the broader coverage and/or higher limits maintained by DISTRICT. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to COUNTY. Policy shall name COUNTY as Additional Insureds.

#### **8.8 General Insurance Provisions - All lines.**

(a) Any insurance carrier providing insurance coverage hereunder shall be either admitted or licensed in the State of California and have an AM BEST rating of not less than A: VIII (A:8) unless such requirements are waived, in writing, by the COUNTY Risk Manager.

If the COUNTY's Risk Manager waives a requirement for a particular insurer, such waiver is only valid for that specific insurer and only for one policy term.

(b) DISTRICT must declare its insurance self-insured retention for each coverage required herein. If any such self-insured retention exceed \$500,000 per occurrence each such retention shall have the prior written consent of the COUNTY Risk Manager before the commencement of operations under this Agreement. Upon notification of self-insured retention unacceptable to COUNTY, and at the election of the COUNTY's Risk Manager, DISTRICT'S carriers shall either; 1) reduce or eliminate such self-insured retention as respects this Agreement with COUNTY, or 2) procure a bond which guarantees payment of losses and related investigations, claims administration, and defense costs and expenses.

(c) DISTRICT shall cause DISTRICT'S insurance carrier(s) to furnish the County of Riverside with either 1) a properly executed original Certificate(s) of Insurance and certified original copies of Endorsements affecting coverage as required herein, and 2) if requested to do so orally or in writing by the COUNTY Risk Manager, provide original Certified copies of policies including all Endorsements and all attachments thereto, showing such insurance is in full force and effect. Further, said Certificate(s) and policies of insurance shall contain the covenant of the insurance carrier(s) that a minimum of thirty (30) days written notice shall be given to the County of Riverside prior to any material modification, cancellation, expiration or reduction in coverage of such insurance. If DISTRICT insurance carrier(s) DISTRICT shall cause DISTRICT'S insurance carrier(s) to furnish a 30-day Notice of Cancellation Endorsement.

(d) In the event of a material modification, cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith, unless the County of Riverside receives, prior to such effective date, another properly executed original Certificate of Insurance and original copies of endorsements or certified original policies, including all endorsements and attachments thereto evidencing coverage's set forth herein and the insurance required herein is in full force and effect. DISTRICT shall not commence operations until COUNTY has been furnished the original Certificate (s) of Insurance and certified original copies of endorsements and if requested, certified original policies of insurance including all endorsements and any and all other attachments as required in this Section. An individual authorized by the insurance carrier to do so on its behalf shall sign the original endorsements for each policy and the Certificate of Insurance.

(e) It is understood and agreed to by the parties hereto that DISTRICT'S insurance shall be construed as primary insurance, and COUNTY'S insurance and/or deductibles and/or self-insured retention's or self-insured programs shall not be construed as contributory, unless any claim by a third party arises out of actions or conduct solely attributable to COUNTY, or any of its agents or affiliates, providing services pursuant to this Agreement.

(f) If, during the term of this Agreement or any extension thereof, there is a material change in the scope of services; or, there is a material change in the equipment to be used in the performance of the scope of work; or, the term of this Agreement, including any extensions thereof, exceeds five (5) years; COUNTY reserves the right to adjust the types of insurance and the monetary limits of liability required under this Agreement, if in the COUNTY Risk Management's reasonable judgment, the amount or type of insurance carried by DISTRICT has become inadequate.

(g) DISTRICT shall pass down the insurance obligations contained herein to all tiers of subcontractors working under this Agreement.

(h) The insurance requirements contained in this Agreement may be met with a program(s) of self-insurance acceptable to the COUNTY.

(i) DISTRICT agrees to notify COUNTY of any claim by a third party or any incident or event that may give rise to a claim arising from the performance of this Agreement.

**8.9 COUNTY Insurance.** COUNTY shall maintain its self-insurance coverage and shall provide proof of such upon reasonable request.

## **ARTICLE IX**

### **A. MEDICAL STAFF AND CLINICAL SERVICES**

- COUNTY shall apply RUHS Medical Staff Bylaws and Rules and Regulations 2025-2026 ("RUHS Medical Staff Bylaws"), as may be amended from time to time, to DISTRICT medical staff and staffing decisions.
- COUNTY clinicians, at their request, shall receive privileges;
- COUNTY shall have sole authority for peer review of all medical staff at Hospital during the duration of this Agreement. COUNTY agrees to provide quality case review summaries to DISTRICT as necessary.
- COUNTY shall continue to cooperate in all peer review cases that occur during the duration of the MSA.
- COUNTY shall have sole authority over all medical staff during the duration of the MSA.

### **B. INTERIM MEDICAL STAFF LEADERSHIP**

**9.1 Declaration of Exigency and Board Resolution.** The parties acknowledge DISTRICT'S Chapter 9 Case and financial crisis and consequent cessation of hospital operations impair

normal medical staff processes for officer selection. Concurrently with this Agreement, the DISTRICT shall adopt a resolution finding: (i) DISTRICT's medical staff bylaws procedures, including Article XI Officer Elections are impracticable during bankruptcy and hospital emergency; (ii) interim ED leadership is essential; (iii) medical staff bylaws and hospital policies are temporarily suspended during the performance of this Agreement, (iv) the RUHS Medical Staff Bylaws shall serve as the governing bylaws of PVHD/Hospital; and (v) authorizing expedited appointment of new leadership and policy amendment hereunder.

For purposes of application of the RUHS Medical Staff Bylaws to DISTRICT/Hospital, for the duration of this Agreement the following terms shall have the meanings attributed below :

- a. All references to Riverside University Health System Medical Center shall be construed as Palo Verde Hospital (for PVHD/Hospital business only);
- b. All references to "appointment authority" shall be temporarily vested in the Interim Chief of Staff
- c. "GOVERNING BOARD" or "BOARD" or "GOVERNING BODY" means "Palo Verde Healthcare District Board of Directors provided that nothing in the bylaws alters authority specifically reserved to the COUNTY under this Agreement";
- d. "HOSPITAL" means "Palo Verde Hospital Provided that nothing in the bylaws alters the authority specifically reserved to COUNTY under this Agreement;
- e. "HOSPITAL DIRECTOR or ADMINISTRATOR" means the Temporary Chief Executive Officer identified in section 4.4(b);
- f. "MEDICAL DIRECTOR or CHIEF MEDICAL OFFICER" will be determined by COUNTY;
- g. "MEDICAL EXECUTIVE COMMITTEE or MEC" will mean RUHS Medical Center's Medical Executive Committee.
- h. "MEDICAL STAFF or STAFF" means the formal organization of all licensed physicians, dentists, podiatrists, and clinical psychologists who are privileged to attend patients at HOSPITAL;
- i. "MEDICO ADMINISTRATIVE OFFICER" will be appointed jointly by the medical staffs of County and PVHD;
- j. With regard to 3.2-3 Professional Liability Insurance: County medical staff and Hospital medical staff will maintain professional liability insurance as required by their respective employer;
- k. With regard to Rules and Regulations, p. 83, no. 11, release of information concerning activities at Hospital to the public media may be made only with the approval of COUNTY;
- l. With regard to Rules and Regulations, p. 85, no. 23, Preoperative Procedures. Said Rule is not applicable at this time, but may be reinstated by COUNTY as circumstances dictate.

**9.2 COUNTY Appointment.** COUNTY will appoint a qualified physician for Interim Chief of Staff ("Interim Chief").

9.3 **Scope.** Interim Chief reports to COUNTY for ED operations, per Section 4.2, and for privileging.

9.4 **No Bylaw Amendment.** This provision seeks to temporarily suspend DISTRICT's medical staff bylaws during the performance of this Agreement. Normal DISTRICT or Hospital processes resume upon termination or expiration of this Agreement.

#### C. DISTRICT LEGAL COUNSEL

9.5 In order to ensure the continuity of operations during Emergency Department stabilization, and to prevent delays in the review of legal documents and requirements of DISTRICT, DISTRICT agrees that it shall not terminate or replace its current general or bankruptcy counsel without express written approval by COUNTY, which approval shall not be unreasonably withheld.

9.6 DISTRICT may retain additional legal counsel as necessary upon a showing of good cause with prior written approval of COUNTY. COUNTY shall not unreasonably withhold such approval.

### ARTICLE X

#### FINANCIAL RELATIONSHIP AND NON-CONFLICT

10.1 **Loan Agreement Governs All Financial Matters.** The parties acknowledge and agree that all financial assistance, including but not limited to the loan of One Million Dollars (\$1,000,000), use of loan proceeds, permitted and prohibited expenditures, requisition procedures, approval thresholds, reporting requirements, audit rights, defaults, remedies, and enforcement mechanisms, are governed exclusively by the Loan Agreement entered into between the parties.

10.2 **No Financial Authority Under This Agreement.** COUNTY's delegated operational authority under this Agreement shall not include authority to approve, direct, authorize, or consent to the expenditure, reimbursement, or disbursement of any Loan proceeds. All such authority shall remain solely subject to the terms and conditions of the Loan Agreement.

10.3 **No Modification or Waiver.** COUNTY's exercise of operational management authority under this Agreement shall not be deemed to amend, modify, waive, or impair any covenant, condition, reporting requirement, default provision, or remedy contained in the Loan Agreement, whether expressly or by implication.

10.4 **Supremacy of Loan Agreement.** In the event of any actual or perceived inconsistency between this Agreement and the Loan Agreement with respect to financial matters, the Loan Agreement shall control.

10.5 **Cost Tracking Distinguished.** Any cost tracking, documentation, or operational expense identification performed by COUNTY under this Agreement is solely for operational transparency and shall not constitute authorization for payment or reimbursement, which shall occur only pursuant to the Loan Agreement.

## **ARTICLE XI**

### **BANKRUPTCY ACKNOWLEDGMENT**

The parties acknowledge that this Agreement is entered into during the DISTRICT's Chapter 9 Case.

DISTRICT shall seek Bankruptcy Court approval or recognition as may be required by law. DISTRICT shall be solely responsible for preparing, filing, and prosecuting any motion for bankruptcy court approval. COUNTY shall reasonably cooperate, including review and comment, provided that COUNTY shall have no obligation to prepare filings, appear, or incur professional fees unless COUNTY elects to do so.

Nothing herein limits COUNTY rights under 11 U.S.C. § 904.

## **ARTICLE XII**

### **EMERGENCY WITHDRAWAL**

COUNTY may immediately suspend or terminate services if continuation would:

- Create imminent EMTALA risk;
- Jeopardize licensure or accreditation;
- Expose COUNTY to material unanticipated liability;
- Occur without continued funding under the Loan Agreement;

## **ARTICLE XIII**

### **TERMINATION**

This Agreement may be terminated:

- By mutual written agreement; or
- Upon termination of the Loan Agreement; or

- By order of the Bankruptcy Court; or
- Upon loss of Hospital licensure or CMS certification; or
- Unilaterally, at COUNTY's discretion without cause; or
- By COUNTY, should PVHD Board fail to accept reasonable COUNTY strike team recommendations.

COUNTY shall not be deemed operator of last resort.

#### **ARTICLE XIV**

#### **TRANSITION UPON TERMINATION OR EXPIRATION**

**14.1 Transition Obligation.** Upon any termination or expiration of this Agreement (for any reason), the parties shall cooperate in good faith to implement an orderly transition of Emergency Department operations back to full DISTRICT control within thirty (30) days ("Transition Period"). During the Transition Period:

- COUNTY shall continue limited operational support solely to ensure patient safety and avoid service disruption;
- DISTRICT shall resume full responsibility for staffing, scheduling, and clinical/administrative direction;
- COUNTY Strike Team personnel shall withdraw progressively as DISTRICT staffing ramps up.

**14.2 Transition Plan.** No later than fifteen (15) days prior to the end of the Term (or upon notice of earlier termination), COUNTY shall deliver to DISTRICT its written recommendation for the disposition of Hospital Operations.

**14.3 Cooperation and Access.** DISTRICT shall provide reasonable access to facilities, records, and personnel to facilitate COUNTY's orderly withdrawal. COUNTY shall deliver all DISTRICT property, data, and records (in standard electronic formats) promptly upon request. Each party shall bear its own Transition Period costs unless otherwise agreed.

**14.4 No Extension by Transition.** The Transition Period does not extend the Term or create new obligations beyond patient safety handoffs. Any post-Transition support requires a separate agreement.

14.5 **Survival.** Articles VI (Liability Allocation), VII (Indemnification), VIII (Insurance), XIV (Transition Upon Termination or Expiration), and Article XVI (Miscellaneous) survive termination or expiration.

## **ARTICLE XV**

### **HIPAA COMPLIANCE**

(a) COUNTY shall comply with, and assist DISTRICT in complying with, the privacy and security requirements of the Health Insurance Portability and Accountability Act (including but not limited to 42 U.S.C. 1320d et seq. ; "HIPAA") and its implementing regulations (including but not limited to 45 CFR Parts 142, 160 162, and 164), hereinafter collectively referred to as the "Privacy Rule" and "Security Rule." Terms used but not otherwise defined in this Agreement shall have the same meaning as those terms are used in the Privacy Rule and Security Rule.

(b) Except as otherwise limited in this Agreement, COUNTY may use or disclose Protected Health Information (including but not limited to Electronic Protected Health Information) to perform functions, activities, or services for or on behalf of DISTRICT as specified in this Agreement, provided that such use or disclosure would not violate the Privacy Rule if done by DISTRICT.

(c) COUNTY shall not use or further disclose Protected Health Information other than as permitted or required by this Agreement or as required by law.

(d) COUNTY shall use appropriate safeguards, as supported by DISTRICT's technical safeguards, to prevent use or disclosure of the Protected Health Information other than as provided for by this Agreement.

(e) COUNTY shall report to DISTRICT any use or disclosure of Protected Health Information not provided for by this Agreement of which it becomes aware

(f) COUNTY shall mitigate, to the extent practicable, any harmful effect that is known to COUNTY of a use or disclosure of Protected Health Information by COUNTY in violation of the requirements of this Agreement.

(g) COUNTY shall ensure that any agent, including a subcontractor, to whom it provides Protected Health Information received from, or created or received by COUNTY on behalf of DISTRICT agrees to the same restrictions and conditions that apply through this Agreement to COUNTY with respect to such information.

(h) COUNTY shall, at the request of DISTRICT, provide access to Protected Health Information in a Designated Record Set, in the time and manner designated by DISTRICT, to

DISTRICT or to an Individual as directed by DISTRICT, as necessary to meet the requirements under 45 CFR 164.524.

(i) COUNTY shall make any amendment(s) to Protected Health Information in a Designated Record Set that the DISTRICT directs or agrees to pursuant to 45 CFR 164.526 at the request of the DISTRICT or an Individual, in the time and manner designated by the DISTRICT.

(j) COUNTY shall document such disclosures of Protected Health Information that are subject to an accounting under 45 C.F.R. 164.528, and information related to such disclosures, as necessary for the DISTRICT to respond to a request by an individual for an accounting of disclosures of Protected Health Information.

(k) COUNTY shall provide to DISTRICT or an Individual, in time and manner designated by COUNTY, information collected in accordance with subsection (g), to permit DISTRICT to respond to a request by an Individual for an accounting of disclosures of Protected Health Information in accordance with 45 CFR 164.528.

(l) COUNTY shall make internal practices, books, and records relating to the use and disclosure of Protected Health Information received from, or created or received by COUNTY on behalf of, DISTRICT available to DISTRICT, or at the request of the DISTRICT to the Secretary of the United States Department of Health and Human Services ("Secretary"), in a time and manner designated by DISTRICT or the Secretary, for purposes of the Secretary determining DISTRICT's compliance with the Privacy Rule.

(m) COUNTY shall implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the Electronic Protected Health Information that it creates, receives, maintains, or transmits on behalf of the DISTRICT as required by HIPAA.

(n) COUNTY shall ensure that any agent, including a subcontractor, to whom it provides Electronic Protected Health Information agrees to implement reasonable and appropriate safeguards to protect it.

(o) COUNTY shall report to DISTRICT any security incident of which it becomes aware, that results in unauthorized access, use, or disclosure of PHI.

(p) (1) Except as provided in subparagraph (2) of this section, upon termination of this Agreement for any reason, COUNTY shall return or destroy all Protected Health Information received from DISTRICT or created or received by COUNTY on behalf of DISTRICT. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of COUNTY. COUNTY, its agents and subcontractors shall retain no copies of the Protected Health Information.

(2) In the event that COUNTY determines that returning or destroying the Protected Health Information is infeasible, COUNTY shall provide to DISTRICT notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the parties that return or destruction of Protected Health Information is infeasible, COUNTY shall extend the protections of this Agreement to such Protected Health Information and limit further uses and disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as COUNTY, or any of its agents or subcontractors, maintains such Protected Health Information.

(3) The respective rights and obligations of COUNTY concerning the Privacy Rule and the Security Rule, including but not limited to the provisions of this Section, shall survive the termination of this Agreement.

(q) The parties agree to take such action as is necessary to amend this Agreement from time to time as is necessary for the DISTRICT to comply with the requirements of the Privacy Rule, Security Rule, or any other requirements of HIPAA and its implementing regulations.

## ARTICLE XVI

### MISCELLANEOUS

**16.1 Jurisdiction.** This Agreement shall be governed by the laws of the State of California. Any legal action related to the performance or interpretation of this Agreement shall be filed only in the Superior Court of the State of California located in Riverside, California, and the parties waive any provision of law providing for a change of venue to another location. In the event any provision in this Agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions will nevertheless continue in full force without being impaired or invalidated in any way.

**16.2 Entire Agreement.** This Agreement, including any attachments or exhibits, constitutes the entire Agreement of the parties with respect to its subject matter and supersedes all prior and contemporaneous representations, proposals, discussions and communications, whether oral or in writing. This Agreement may be changed or modified only by a written amendment signed by authorized representatives of both parties.

**16.3 Waiver.** Any waiver by COUNTY of any breach of any one or more of the terms of this Agreement shall not be construed to be a waiver of any subsequent or other breach of the same or of any other term of this Agreement. Failure on the part of COUNTY to require exact, full, and complete compliance with any terms of this Agreement shall not be construed as in any manner changing the terms or preventing COUNTY from enforcement of the terms of this Agreement.

**16.4 Severability.** If any provision of this Agreement is held to be invalid, illegal, or unenforceable by a court of competent jurisdiction, such provision shall be severed and the

remaining provisions shall continue in full force and effect, preserving as closely as possible the parties' original intent.

**16.5 No third-party beneficiaries.** This Agreement is for the sole benefit of the parties hereto and their permitted successors and assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, benefit, or remedy of any kind.

**16.6 Electronic Signatures.** This Agreement may be executed in any number of counterparts, each of which will be an original, but all of which together will constitute one instrument. Each party of this Agreement agrees to the use of electronic signatures, such as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act ((“CUETA”) Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement. The parties further agree that the electronic signatures of the parties included in this Agreement are intended to authenticate this writing and to have the same force and effect as manual signatures. Electronic signature means an electronic sound, symbol, or process attached to or logically associated with an electronic record and executed or adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among parties in California, including a government agency. Digital signature means an electronic identifier, created by computer, intended by the party using it to have the same force and effect as the use of a manual signature, and shall be reasonably relied upon by the parties. For purposes of this section, a digital signature is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code.

[Signatures on the following page.]

**SIGNATURE PAGE TO  
MANAGEMENT SERVICES AGREEMENT  
Emergency Department Stabilization and Delegated Operations**

**IN WITNESS WHEREOF, the parties have executed this Management Services Agreement as of the Effective Date.**

**RIVERSIDE COUNTY, a political subdivision of the State of California**

By: Karen S. Spiegel  
Name: Karen Spiegel  
Title: Chairperson – Board of Supervisors  
Date:

**ATTEST:**  
**KIMBERLY A. RECTOR, Clerk**  
By: Kimberly A. Rector  
**DEPUTY**

**APPROVED AS TO FORM:**

By: [Signature]  
County Counsel

**PALO VERDE HEALTHCARE DISTRICT, a political subdivision of the State of California**

By: Carmela Garnica  
Name: Carmela Garnica  
Title: Board President  
Date:

**APPROVED AS TO FORM:**

By: [Signature]  
District Counsel

# Attachment B

# RUHS-Palo Verde Hospital Management Services Agreement FACT SHEET

On Thursday, February 19, 2026, Riverside County and the Palo Verde Healthcare District entered into a time-limited Management Services Agreement (MSA) to stabilize emergency medical services at Palo Verde Hospital. The agreement establishes a 180-day stabilization period beginning Monday, February 23, 2026 and continuing through Saturday, August 22, 2026, focused on maintaining uninterrupted Emergency Department, Clinic, and supporting operations for the Blythe community.

Under the agreement, the County has agreed to provide management services solely to protect public life, health and safety, and not to assume ownership, licensure, or long-term operational responsibility. The Palo Verde Healthcare District remains the licensed hospital operator and retains all regulatory, licensure, and Emergency Medical Treatment and Labor Act (EMTALA) responsibilities. Hospital employees remain employees of the District, and ownership of the hospital does not change.

During this 180-day period, the County “Strike Team” will assess current conditions to make long-term recommendations.

## KEY TAKEAWAYS



The County of Riverside’s Riverside University Health System is deploying an operational “Strike Team”



The “Strike Team” will provide management services over a 180-day period to stabilize Palo Verde Hospital’s Emergency Department, Clinic, and supporting departments



The “Strike Team” will officially be on site starting 2/23/26

# Clarifying the MSA Fast Facts



## GOVERNANCE AUTHORITY

It preserves the existing governance authority of the Palo Verde Healthcare District.



## TIME-LIMITED

It establishes a temporary, 180-day management structure.



## STATUS

It functions as a temporary support arrangement, not a merger or acquisition under federal or state healthcare law.



## FUNDING

Any further County funding would require approval by the Riverside County Board of Supervisors.



## REGULATORY COMPLIANCE

It maintains the District's responsibility for regulatory compliance.



## EMPLOYEES

It maintains Palo Verde Healthcare District employees as employees of the District, not the County of Riverside.



# **RUHS-Palo Verde Hospital Management Services Agreement FREQUENTLY ASKED QUESTIONS**

## **Which departments are involved?**

The Hospital Emergency Department; the Hospital's Clinic; and departments directly supporting emergency services, including laboratory, radiology, pharmacy, registration, environmental services, human resources, plant operations, finance department, and security, to the extent necessary to support emergency operations.

## **Who will be the lead on-site?**

During the 180-day period, a County-led operational "Strike Team" composed of County personnel will lead and direct the day-to-day operations.

## **What roles are a part of the "Strike Team"?**

The "Strike Team" will consist of an Interim Chief Executive Officer and senior executive and physician leaders from RUHS working together to provide operational support.

## **What will happen to the current hospital executives when the County has temporary personnel in place?**

Current hospital leadership will continue to play an important role during this period. Their presence and support are needed and valued. Any future leadership decisions will be made as part of the ongoing assessment and will be guided by the goals of strengthening operations, ensuring continuity of care, and supporting a stable transition for the hospital and the community.

# RUHS-Palo Verde Hospital Management Services Agreement **FREQUENTLY ASKED QUESTIONS** CONTINUED

## **What does it mean to assess the hospital emergency operations?**

In general, operational “strike teams” in hospital settings are deployed to review operations, improve revenue cycle management, and discover ways to strengthen financial stability. Despite the financial position of the hospital, the “strike team” ensures that the hospital’s Emergency Department continues to provide required medical care regardless of a patient’s ability to pay. The goal is to maintain a vital community safety net and prevent total closure, at this time.

## **Why is this management services agreement model being used?**

This structure allows the County to deploy experienced operational resources in recognition of the hospital’s critical role for the Blythe community. By bringing in temporary expertise, the approach is designed to help avoid disruption and support ongoing access to care for patients, staff, and the community.

## **Does this agreement change hospital ownership?**

No. This agreement does not constitute a change of ownership. The hospital remains owned and licensed by the Palo Verde Healthcare District.

## **Why is the County only coming in for a 180-day period?**

The 180-day timeframe establishes a defined stabilization window. It provides a structured period for leadership to evaluate and stabilize operations. During this time, there will be focused management of the Emergency Department, Clinic, and supporting departments to carefully assess current conditions and develop recommendations for next steps. The defined timeline ensures accountability and prevents the arrangement from becoming open-ended.

# RUHS-Palo Verde Hospital Management Services Agreement **FREQUENTLY ASKED QUESTIONS** CONTINUED

## **Will Palo Verde Healthcare District employees become Riverside County or RUHS employees once this agreement begins?**

No. Under the Management Services Agreement, employees of Palo Verde Hospital will remain employees of the Palo Verde Healthcare District. The agreement establishes a temporary operational management authority model for the Emergency Department, Clinic, and supporting services during the 180-day stabilization period. It does not transfer ownership of the hospital, and it does not convert District employees into County or RUHS employees. Employment status, compensation, benefits, and post-retirement benefits are not changed by this agreement.

## **What operational power does the County have?**

- **Staffing**
  - Direct work activities of Hospital employees assigned to covered departments;
  - Establish schedules, staffing patterns, and workflows;
- **Clinical**
  - Issue operational directives necessary for patient safety;
  - Coordinate physician and Advance Practice Providers;
  - Support and refine, as necessary, clinical and administrative protocols;
- **Coordination & Contracts**
  - Coordinate with EMS agencies regarding diversion and routing;
  - Take immediate action necessary to prevent loss of life or serious patient harm;
  - Enter into new contracts or terminate existing contracts for reasonable operations of the Emergency Department;
  - Authority to approve or reject all Hospital expenditures and contracts;
- **Operations**
  - All other administrative actions necessary to support the Emergency Department, Clinic, and supporting operations;
  - Authority over any other Hospital department deemed necessary to support the Emergency Department, Clinic, and supporting operations.

# RUHS-Palo Verde Hospital Management Services Agreement **FREQUENTLY ASKED QUESTIONS** CONTINUED

## **Who does the “Strike Team” report to?**

All members of the “Strike Team” shall remain employees of the County and are subject to the County’s exclusive direction.

## **What does the Palo Verde Healthcare District retain sole responsibility for?**

- Hospital licensure and certification;
- Emergency Medical Treatment & Labor Act (EMTALA) compliance and designation as the EMTALA hospital;
- Medicare and Medi-Cal provider enrollment and billing;
- Compliance with Centers for Medicare & Medicaid Services Conditions of Participation;
- Hospital-wide regulatory compliance;
- Ownership and maintenance of facilities and equipment, including replacement of equipment essential to operation of the ED;
- Premises safety;
- All patient billing and collections;
- All pre-petition and post-petition debts and liabilities.

## **What is the relationship with the Management Services Agreement and Loan Agreement?**

The County provided the Palo Verde Healthcare District a \$1 million loan, effective January 16, 2026, to support continued operations of the Hospital’s Emergency Department, Clinic, and related services. The loan addresses financial stability and establishes repayment terms. The management services agreement establishes the temporary operational management framework for the 180-day stabilization period. While the loan supports ongoing operations financially, the MSA provides defined operational authority and leadership during the stabilization period.

# Attachment C

**ADDENDUM NO. 1 TO LOAN AGREEMENT**

This **ADDENDUM NO. 1 TO LOAN AGREEMENT** ("Addendum") is made and entered into as of the 25<sup>th</sup> day of February 2026, by and between **PALO VERDE HEALTHCARE DISTRICT**, a political subdivision of the State of California (the "District"), and **COUNTY OF RIVERSIDE**, a political subdivision of the State of California (the "County").

W I T N E S S E T H:

WHEREAS, the District and the County are parties to that certain Loan Agreement dated as of January 16, 2026 (as amended, restated, modified or supplemented from time to time, the "Loan Agreement"; capitalized terms used herein but not otherwise defined herein shall have the respective meanings ascribed thereto in the Loan Agreement);

WHEREAS, pursuant to the Loan Agreement, the County made a Term Loan to the District in the original principal amount of up to \$1,000,000.00, of which \$1,000,000.00 in principal amount is outstanding as of the date hereof;

WHEREAS, the District is in need of additional funding to maintain its operations and to participate in a State of California Medi-Cal program in which it may receive a payout resulting in a net benefit to the District;

WHEREAS, the District has requested that the County provide additional principal of up to \$3,500,000.00 and the County has agreed to do so, subject to the terms and conditions set forth herein

NOW, THEREFORE, for and in consideration of the above recitals, and other good and valuable consideration, the receipt and sufficiency whereof are hereby acknowledged, the District and the County hereby agree as follows:

1. Recitals. The foregoing recitals are confirmed by the parties as true and correct and are incorporated herein by reference. The recitals are a substantive, contractual part of this Addendum.

2. Additional Principal. In addition to the \$1,000,000.00 already funded to the District, the County shall provide up to \$3,445,595.00 of additional principal to the District upon the same interest rate and maturity date. Effective as of the 25<sup>th</sup> day of February 2026 the Loan Agreement shall be modified and amended to reflect the new principal amount of \$4,445,595.00. In the event that any portion of the principal is used to participate in the Intergovernmental Transfer program under Medicaid ("IGT"), the parties agree that the District shall not use any federal funds, including but not limited to "recycled federal funds," to pay that portion of the principal and interest if such use of federal funds is prohibited under the IGT.

3. Further Amendment of Certain Terms. The District and the County acknowledge and agree that, in connection with the increase in the Loan Amount contemplated by this

Addendum, they intend to negotiate in good faith and enter into one or more additional amendments or agreements at a later date to revise certain terms of the Loan Agreement, which may include, without limitation:

- (a) the payment schedule and amortization provisions;
- (b) financial covenant levels and testing requirements; and
- (c) such other related provisions as are appropriate or necessary and as the parties may mutually agree.

Notwithstanding the foregoing, no modification to the Loan Agreement shall be effective unless and until set forth in a written amendment or agreement duly executed by both the County and the District. Until such time, all existing terms and conditions of the Loan Agreement, including without limitation all payment obligations and financial covenants, shall remain in full force and effect.

4. Reaffirmation and Ratification. The District acknowledges and agrees that the security interests and liens granted to the County pursuant to the Loan Agreement shall remain outstanding and in full force and effect in accordance with the Loan Agreement, and shall continue to secure the District's obligations thereunder, and that the security and other interests granted to the County thereby are hereby ratified, confirmed and continued by execution and delivery of this Addendum. The Loan Agreement shall remain extant and in full force and effect following the execution and delivery of this Addendum.

5. Governing Law. THIS ADDENDUM SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA.

6. No Other Agreements; No Novation. Except as expressly modified and amended hereby, the Loan Agreement shall be and remain in full force and effect and unchanged and is hereby ratified and confirmed. The execution, delivery and effectiveness of this Addendum shall not, except as expressly provided herein, operate as an amendment, waiver or modification of any right, power or remedy of the County under the Loan Agreement. Neither the execution and delivery of this Addendum, nor the consummation of any transaction contemplated hereunder, is intended to constitute a novation of the Loan Agreement or of any of the other documents or any obligations thereunder.


7. Counterparts. This Addendum may be executed in multiple counterparts each of which shall be deemed to be an original and all such counterparts together shall constitute one and the same instrument. Receipt by the County of an Electronic Signature or facsimile or PDF copy of an executed signature page hereof shall constitute receipt by the County of an executed counterpart of this Agreement.

*[Signatures begin on the following page]*


IN WITNESS WHEREOF, District and County have caused this Addendum to be executed as of the day and year first above written.

**DISTRICT:**

**PALO VERDE HEALTHCARE DISTRICT**, a political subdivision of the State of California

By:   
Name: Carmela Garnica  
Title: President

**APPROVED AS TO FORM:**


By:   
Name: Lena D. Wade  
Title: District Counsel

**COUNTY:**

**RIVERSIDE COUNTY**, a political subdivision of the State of California

By: \_\_\_\_\_  
Name: KAREN SPIEGEL  
Title: CHAIR, BOARD OF SUPERVISORS  
Karen S. Spiegel

**APPROVED AS TO FORM:**

By:   
Name: Chief Deputy County Counsel  
Title: Gregory M. Gu

ATTEST:  
KIMBERLY A. RECTOR, Clerk  
By   
DEPUTY

Payment No.	Payment Date	Days in Period	Beginning Balance	Quarterly Payment	Principal	Interest	Ending Balance
1	1/4/2027	95	<b>\$4,445,595.00</b>	<b>\$240,198.30</b>	\$205,486.12	\$34,712.18	\$4,240,108.88
2	4/1/2027	87	4,240,108.88	<b>240,198.30</b>	209,878.62	\$30,319.68	4,030,230.26
3	7/1/2027	91	4,030,230.26	<b>240,198.30</b>	210,054.39	\$30,143.91	3,820,175.87
4	10/1/2027	92	3,820,175.87	<b>240,198.30</b>	211,311.49	\$28,886.81	3,608,864.38
5	1/3/2028	92	3,608,864.38	<b>240,198.30</b>	212,909.35	\$27,288.95	3,395,955.03
6	4/3/2028	91	3,395,955.03	<b>240,198.30</b>	214,798.42	\$25,399.88	3,181,156.61
7	7/3/2028	91	3,181,156.61	<b>240,198.30</b>	216,404.99	\$23,793.31	2,964,751.62
8	10/2/2028	91	2,964,751.62	<b>240,198.30</b>	218,023.58	\$22,174.72	2,746,728.04
9	1/2/2029	92	2,746,728.04	<b>240,196.30</b>	219,426.52	\$20,769.78	2,527,301.52
10	4/2/2029	90	2,527,301.52	<b>240,196.30</b>	221,501.19	\$18,695.11	2,305,800.33
11	7/2/2029	92	2,305,800.33	<b>240,198.30</b>	222,762.66	\$17,435.64	2,083,037.67
12	10/1/2029	91	2,083,037.67	<b>240,198.30</b>	224,618.32	\$15,579.98	1,858,419.35
13	1/2/2030	93	1,858,419.35	<b>240,198.30</b>	225,992.85	\$14,205.45	1,632,426.50
14	4/1/2030	89	1,632,426.50	<b>240,198.30</b>	228,256.99	\$11,941.31	1,404,169.51
15	7/1/2030	91	1,404,169.51	<b>240,198.30</b>	229,695.88	\$10,502.42	1,174,473.63
16	10/1/2030	92	1,174,473.63	<b>240,198.30</b>	231,317.35	\$8,880.95	943,156.28
17	1/2/2031	93	943,156.28	<b>240,198.30</b>	232,988.97	\$7,209.33	710,167.31
18	4/1/2031	89	710,167.31	<b>240,198.30</b>	235,003.38	\$5,194.92	475,163.93
19	7/1/2031	91	475,163.93	<b>240,198.30</b>	236,644.33	\$3,553.97	238,519.60
20	10/1/2031	92	\$238,519.60	<b>\$240,323.20</b>	\$238,519.60	\$1,803.60	0.00
			<b>Total</b>	<b>\$4,804,086.90</b>	<b>\$4,445,595.00</b>	<b>\$358,491.90</b>	

# Attachment D

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**LEGAL SERVICES AGREEMENT**

This Legal Services Agreement is entered into as of the date written below and is made by and between the COUNTY OF RIVERSIDE, a political subdivision of the State of California, hereinafter referred to as the "COUNTY", and SHULMAN BASTIAN FRIEDMAN BUI & O'DEA, LLP, hereinafter referred to as "ATTORNEYS". The Parties hereto agree as follows:

1. TERM OF AGREEMENT. This Agreement shall commence on January 23, 2026, and continue until completion of the last work assignment or pursuant to Section 5, whichever occurs first. The Parties may extend the Term of this Agreement by written amendment.

2. LEGAL SERVICES. ATTORNEYS shall provide legal counsel and related services as further described herein and as are necessary due to the complex and unique legal issues involved which require a heightened level of legal expertise. ATTORNEYS' legal representation shall include representation of COUNTY in connection with issues arising out of the bankruptcy matter of *in re* Palo Verde Healthcare District, U.S. Bankruptcy Case No. 6:25-bk-17084-SY ("PV District Matter"), including but not limited to:

- (a) Review of the law and legal guidance in regard to the PV District Matter;
- (b) Representation in negotiations, mediation and proceedings in Bankruptcy Court concerning the PV District Matter;
- (c) Attend meetings or hearings concerning the foregoing upon request.

3. ASSIGNMENT OF PERSONNEL. The Supervising Attorney for this Agreement will be **Lynda T. Bui and Alan Friedman**. The Supervising Attorney shall have full authority to act for ATTORNEYS on all matters encompassed by this Agreement and shall be fully responsible for the quality of the work produced. Support attorneys and paralegals shall be designated by the Supervising Attorney. Any changes or substitution of the Supervising Attorney must have the express written approval of County Counsel on behalf of COUNTY.

Upon execution of this Agreement, the Supervising Attorney shall provide to COUNTY the names of other professionals (senior partners, junior partners, associates, paralegals, etc.) who will assist in the provision of services under this Agreement. The Supervising Attorney shall also specify the functions to

1 be performed by each professional and shall ensure that services are performed by the level of personnel  
2 qualified to perform the service. Any change in personnel assignments shall be made only upon telephonic  
3 or written notice to, and written consent by, COUNTY. COUNTY retains the right to approve or disapprove  
4 any and all attorney assignments.

5 4. PROFESSIONAL CONFLICT OF INTEREST. ATTORNEYS represent and warrant that  
6 no COUNTY employee whose position in COUNTY enables him/her to influence the award of this  
7 Agreement or any competing agreement, and no spouse or economic dependent of such employee is or shall  
8 be employed in any capacity by ATTORNEYS or shall have any direct or indirect financial interest in this  
9 Agreement.

10 Anyone who is a former employee of County at the time of execution of this Agreement or who  
11 subsequently becomes affiliated with ATTORNEYS in any capacity (employee, associate or partner) shall  
12 not: (i) participate in the services provided by ATTORNEYS to County; or (ii) become a partner,  
13 shareholder or otherwise share in the profits of ATTORNEYS, for a period of one year from the date the  
14 former County employee left County employment.

15 It is possible that some of the ATTORNEYS' present or future clients will have disputes with  
16 COUNTY during the time that ATTORNEYS are representing the COUNTY. COUNTY and  
17 ATTORNEYS agree that should the situation arise where a new or existing client engages ATTORNEYS  
18 in any matter adverse to COUNTY, or in which COUNTY'S interest may be adversely affected,  
19 ATTORNEYS will advise COUNTY in writing. Upon receipt of any such notice, COUNTY may determine  
20 that any conflict that has not already been waived, may be waived by the COUNTY, or may determine that  
21 it is in the COUNTY'S best interest to terminate the services of ATTORNEYS. Should COUNTY  
22 determine that it is best to terminate the services of ATTORNEYS, COUNTY will notify ATTORNEYS in  
23 writing of such decision. ATTORNEYS may then submit any outstanding invoices for payment up to the  
24 date of termination as determined by the notice from COUNTY.

25 5. TERMINATION. Services performed under this Agreement may be terminated by  
26 COUNTY in whole or in part, at any time that COUNTY determines to be in its best interest. COUNTY  
27 shall terminate services by delivering to ATTORNEYS a written Termination Notice executed by  
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1 COUNTY and specifying the extent to which services are terminated and the effective termination date.

2 After receiving a Termination Notice, and unless otherwise directed by COUNTY, ATTORNEYS  
3 shall: (i) take all steps necessary to stop services on the date and to the extent specified in the Termination  
4 Notice; and (ii) submit billing for all services performed to date of Termination Notice within thirty (30)  
5 days from the effective termination date.

6 ATTORNEYS shall promptly submit a brief report advising of the status of all matters, including  
7 any unresolved matters being handled by ATTORNEYS for COUNTY. ATTORNEYS shall give  
8 COUNTY copies or originals, as appropriate of all files for all matters on which it has been working. This  
9 includes any computerized index, computer programs and document retrieval system created or used for  
10 these matters.

11 6. COMPENSATION.

12 COUNTY shall pay ATTORNEY at the following hourly rates for services rendered:

<u>Partner/Associate</u>	<u>Hourly Rates</u>
Partners	\$ 600
Associates	\$ 400
Paralegals	\$ 275

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17 The hourly rates charged for these services are reviewed from time to time and revised or otherwise adjusted  
18 as circumstances indicate appropriate, usually at January 1 of each year. ATTORNEY will provide 45 days'  
19 advance written notice to COUNTY of any anticipated rate change. Any adjustment in billing rates will be  
20 reflected in the COUNTY's monthly billing statements.

21 7. EXPENSES. COUNTY shall reimburse ATTORNEYS for their actual out-of-pocket  
22 expenses but without any additional costs for having advanced the funds or for expenses generally  
23 considered as overhead already reflected in the ATTORNEYS' hourly rate.

24 Reimbursable ordinary expenses shall include but not be limited to: (i) postage; (ii) courier service;  
25 (iii) in-house photocopies of documents; (iv) long distance phone calls; and (v) travel inside of Riverside  
26 County; provided however, that no single expenditure shall exceed \$500 without the prior consent of the  
27 COUNTY. Reimbursable extraordinary expenses shall include charges for which ATTORNEYS have  
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1 obtained prior approval of COUNTY, and shall include, but not be limited to: (i) retaining consultants; (ii)  
2 travel outside the County of Riverside; (iii) investigative services; and (iv) any expense item exceeding Five  
3 Hundred Dollars (\$500.00).

4 Non-reimbursable expenses shall include, but not be limited to: (i) staff time or overtime for  
5 performing secretarial, clerical, or word processing functions; (ii) charges for the time spent to provide  
6 necessary information for COUNTY'S audits or billing inquiries; (iii) charges for work performed which  
7 had not been authorized by COUNTY; (iv) and local travel such as mileage or travel expenses from the  
8 regular office of ATTORNEYS to COUNTY.

9 8. PAYMENT. ATTORNEYS shall submit its billing statement monthly, in arrears, no later  
10 than the last day of the month following the month(s) for which services were rendered. The original billing  
11 statement(s) and one copy shall be submitted to:

12 Office of County Counsel, Riverside  
13 Minh C. Tran, County Counsel  
14 3960 Orange Street, Suite 500  
15 Riverside, CA 92501  
16 Email: [MiTran@rivco.org](mailto:MiTran@rivco.org); [sgbocanegra@rivco.org](mailto:sgbocanegra@rivco.org)

17 The Supervising Attorney shall certify that the work referenced in each billing statement was  
18 performed and each billing statement shall be itemized to include (i) staffing level(s), hourly rates and  
19 specific activities for each attorney and/or paralegal; (ii) a listing of each activity as a line item in a time  
20 reporting format acceptable to COUNTY with a detailed description of specific activities for each attorney  
21 and/or paralegal; (iii) total current period fees and total cumulative fees billed for each staffing level; and  
22 (iv) current period expenses and total cumulative expenses billed in itemized categories, including all  
23 invoices for disbursements paid to others.

24 ATTORNEYS shall have and maintain all backup documentation to support all entries included in  
25 the monthly billing statement. Such documentation shall be in a form subject to audit and in accordance  
26 with generally accepted accounting principles. ATTORNEYS shall make such documentation available to  
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1 auditors upon request and at such reasonable times and locations as may be agreed to between COUNTY  
2 and ATTORNEYS.

3 COUNTY shall make payments(s) for services rendered under this Agreement monthly in arrears  
4 based on itemized billing statement(s) submitted by ATTORNEYS. Payments shall be made by COUNTY  
5 within thirty (30) days of receipt of billing statements from ATTORNEYS. COUNTY shall not pay interest  
6 or finance charges on any outstanding balance(s).

7 9. UNAVAILABILITY OF FUNDS. When funds are not appropriated or otherwise made  
8 available in any Fiscal Year, this Agreement shall be terminated by COUNTY upon immediate notice to  
9 ATTORNEYS. ATTORNEYS shall be reimbursed for services performed and covered under the terms of  
10 this Agreement.

11 10. SUPERVISION OF AGREEMENT. The County Counsel, or his/her designee shall have  
12 authority to act for COUNTY on all matters encompassed by this Agreement.

13 11. CONFIDENTIALITY. ATTORNEYS shall maintain the confidentiality of all information  
14 that it may acquire, arising out of or connected with, its provision of services under this Agreement in  
15 accordance with all applicable Federal, State and County laws, regulations, ordinances and directives  
16 relating to confidentiality, including the Code of Professional Responsibility. ATTORNEYS shall inform  
17 all personnel providing services hereunder of the confidentiality provisions of this Agreement. These  
18 confidentiality obligations shall survive the termination or expiration of this Agreement.

19 12. COMMUNICATIONS WITH COUNTY. ATTORNEYS recognize that their relationship  
20 with COUNTY and its agents, employees, officers and/or representatives is subject to the attorney-client  
21 privilege and that any information acquired during the term of this Agreement from or through COUNTY  
22 is confidential and privileged. ATTORNEYS warrant that they shall not disclose or use in any manner  
23 whatsoever any of the information from COUNTY and its officers, employees and agents in connection  
24 with said relationships or proceedings. ATTORNEYS understand that the Office of County Counsel is the  
25 empowered legal representative of COUNTY and its officers and employees and ATTORNEYS shall not  
26 without specific direction from the Office of County Counsel communicate with, advise or represent the  
27 COUNTY'S legislative body or appointive bodies.

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1           13.    LICENSES.  ATTORNEYS, its employees, agents, contractors and subcontractors shall  
2 maintain professional licenses required by the laws of the State of California at all times while performing  
3 services under this Agreement.

4           14.    REQUIRED INSURANCE.  ATTORNEYS shall procure and maintain or cause to be  
5 maintained, at their sole cost and expense, the following insurance coverage during the term of this  
6 Agreement.  With regard to the insurance section only, the COUNTY herein refers to the County of  
7 Riverside, its Agencies, Districts, Special Districts, and Departments, their respective directors, officers,  
8 Board of Supervisors, employees, elected or appointed officials, agents or representatives as Additional  
9 Insureds.

10                   (a)    Workers' Compensation:  If ATTORNEYS have employees as defined by the State  
11 of California, ATTORNEYS shall maintain statutory Workers' Compensation Insurance (Coverage A) as  
12 prescribed by the laws of the State of California.  Policy shall include Employer's Liability (Coverage B)  
13 including Occupational Disease with limits not less than \$1,000,000.00 per person per accident.  The policy  
14 shall be endorsed to waive subrogation in favor of COUNTY;

15                   (b)    Commercial General Liability:  Commercial General Liability insurance coverage,  
16 including but not limited to, premises liability, unmodified contractual liability, products and completed  
17 operations liability, personal and advertising injury, and cross liability coverage, covering claims which  
18 may arise from or out of ATTORNEYS performance of its obligations hereunder.  Policy shall name  
19 COUNTY as Additional Insured.  Policy's limit of liability shall not be less than \$1,000,000.00 per  
20 occurrence combined single limit.  If such insurance contains a general aggregate limit, it shall apply  
21 separately to this Agreement or be no less than two (2) times the occurrence limit.

22                   (c)    Professional Liability:  ATTORNEYS shall maintain Professional Liability Insurance  
23 providing coverage for ATTORNEYS' performance of work included within this Agreement, with a limit  
24 of liability of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 annual aggregate.  If  
25 ATTORNEYS' Professional Liability Insurance is written on a claims made basis rather than an occurrence  
26 basis, such insurance shall continue through the term of this Agreement and ATTORNEYS shall purchase  
27 at his sole expense either 1) an Extended Reporting Endorsement (also known as Tail Coverage); or 2) Prior  
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1 Dates Coverage from a new insurer with a date retroactive to the date of or prior to, the inception of this  
2 Agreement; or 3) demonstrate through Certificates of Insurance that ATTORNEYS have maintained  
3 continuous coverage with the same or original insurer. Coverage provided under items; 1), 2) or 3) will  
4 continue as long as the law allows.

5 (e) General Insurance Provisions – All Lines:

6 1) Any insurance carrier providing insurance coverage hereunder shall be  
7 admitted the State of California and have an A.M. BEST rating of not less than an A:VIII  
8 (A:8) unless such requirements are waived, in writing, by the County Risk Manager. If the  
9 County's Risk Manager waives a requirement for a particular insurer such waiver is only  
10 valid for the specific insurer and only for one policy term. Notwithstanding the foregoing,  
11 County waives the requirements in this Section 15(e)(1) with respect to ATTORNEYS'  
12 professional liability insurance carrier, Attorneys Insurance Mutual Risk Retention Group,  
13 Inc. ("AIM") because the A.M BEST rating is inapplicable for AIM.

14 2) ATTORNEYS must declare its insurance self-insured retention for each  
15 coverage required herein. If such self-insured retentions exceed \$500,000.00 per occurrence  
16 such retentions shall have the prior written consent of the County Risk Manager before the  
17 commencement of services under this Agreement. Upon notification of self-insured  
18 retentions which are deemed unacceptable to the COUNTY, at the election of the County's  
19 Risk Manager, ATTORNEYS' carriers shall either 1) reduce or eliminate such self-insured  
20 retentions with respect to this Agreement with COUNTY or 2) procure a bond which  
21 guarantees payment of losses and related investigations, claims administration, defense costs  
22 and expenses.

23 3) ATTORNEYS shall cause their insurance carrier(s) to furnish COUNTY  
24 with a properly executed original Certificate(s) of insurance and certified copies of  
25 endorsements effecting coverage as required herein. Further, said Certificate(s) and policies  
26 of insurance shall contain the covenant of the insurance carrier(s) that thirty (30) days written  
27 notice be given to COUNTY prior to any material modification, cancellation, expiration, or  
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1 reduction in coverage of such insurance. In the event of a material modification,  
2 cancellation, expiration, or reduction in coverage, this Agreement shall terminate forthwith,  
3 unless COUNTY receives, prior to such effective date, another properly executed original  
4 Certificate of Insurance and original copies of endorsements, evidencing coverage's set forth  
5 herein and the insurance required herein is in full force and effect. *ATTORNEYS shall not*  
6 *commence operations until COUNTY has been furnished with original Certificate(s) of*  
7 *Insurance and certified original copies of endorsements. An individual authorized by the*  
8 *insurance carrier to do so on its behalf shall sign the original endorsements for each policy*  
9 *and the Certificate of Insurance.*

10 4) It is understood and agreed by the parties hereto and ATTORNEYS'  
11 insurance shall be construed as primary insurance and COUNTY'S insurance and/or  
12 deductibles and/or self-insured retentions or self-insured programs shall not be construed as  
13 contributory.

14 5) If during the term of this Agreement or any extension thereof, there is a  
15 material change in the scope of services; or, there is a material change in the equipment to  
16 be used in the performance of the scope of work; or, the term of this Agreement, including  
17 any extensions thereof, exceeds five (5) years; COUNTY reserves the right to adjust the  
18 types of insurance required under this Agreement and the monetary limits of liability for the  
19 insurance coverage's currently required herein, if in the County Risk Manager's reasonable  
20 judgment, the amount or type of insurance carried by the ATTORNEYS has become  
21 inadequate.

22 6) The insurance requirements contained in this Agreement may be met with a  
23 program(s) of self-insurance acceptable to the COUNTY.

24 7) The ATTORNEYS shall pass down the insurance obligations contained  
25 herein to all tiers of subcontractors working under this Agreement.  
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1                   8)     ATTORNEYS agree to notify COUNTY of any claim by a third party or any  
2                   incident or event that may give rise to a claim arising from the performance of this  
3                   Agreement.

4                   15.    NOTICES. Any and all notices and required reports shall be written and hand-delivered or  
5                   mailed by first class, postage prepaid, addressed to the COUNTY or ATTORNEYS at the following  
6                   addresses below, or at any other address COUNTY or ATTORNEYS shall provide in writing to each other:

7                   To ATTORNEYS:  
8                             Shulman Bastian Friedman Bui & O’Dea, LLP  
9                             Allan Friedman  
10                            Lynda T. Bui  
11                            100 Spectrum Center Drive, Ste. 600  
12                            Irvine, CA 92618  
13                            Email: [afriedman@shulmanbastian.com](mailto:afriedman@shulmanbastian.com); [lbui@shulmanbastian.com](mailto:lbui@shulmanbastian.com)

14                   To COUNTY:  
15                            Office of County Counsel, Riverside  
16                            Minh C. Tran, County Counsel  
17                            3960 Orange Street, Suite 500  
18                            Riverside, CA 92501  
19                            Email: [MiTran@rivco.org](mailto:MiTran@rivco.org); [mequiroz@rivco.org](mailto:mequiroz@rivco.org)

20                   16.    ASSIGNMENT. No part of this Agreement or any right or obligation arising from it is  
21                   assignable without the written consent of COUNTY. Any attempt by ATTORNEYS to assign or  
22                   subcontract services relating to this Agreement without the consent of COUNTY shall constitute a material  
23                   breach of this Agreement. However, ATTORNEYS may retain consultants and experts as ATTORNEYS  
24                   deem appropriate after receiving the written approval of COUNTY.

25                   17.    NON-DISCRIMINATION. In the performance of the terms of this Agreement,  
26                   ATTORNEYS shall not engage in nor permit others they may employ to engage in discrimination in the  
27                   employment of persons because of the race, color, national origin or ancestry, religion, physical handicap,  
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1 disability as defined by the Americans with Disabilities Act (ADA), medical condition, marital status or  
2 sex of such persons, in accordance with the provision of California Labor Code Section 1735.

3 18. DISPUTE RESOLUTION. In the event of a dispute arising under or relating to this  
4 agreement, or the breach of this agreement, the parties agree to negotiate with each other in good faith and,  
5 recognizing their mutual interests, to use their best efforts to reach a fair and equitable solution satisfactory  
6 to both parties. The parties shall attempt to resolve any disputes amicably at the working level. If that is  
7 not successful, the dispute shall be referred to the senior management of the parties. Prior to the filing of  
8 any legal action or other proceeding related to this Agreement, the parties shall be obligated to attend a  
9 mediation session in Riverside County before a neutral third-party mediator. A second mediation session  
10 shall be required if the first session is not successful. The parties shall share the cost of the mediations.

11 Notwithstanding the language of the paragraph above, in any dispute subject to the jurisdiction of  
12 the State of California over attorneys' fees, charges, costs or expenses, the County has the right to elect  
13 arbitration pursuant to the fee arbitration procedures of the State Bar of California, as set forth in California  
14 Business & Professions Code Section 6200, et seq. Those procedures permit a trial after arbitration, unless  
15 the parties agree in writing, after the dispute has arisen, to be bound by the arbitration award.

16 19. COUNTERPARTS; USE OF ELECTRONIC (DIGITAL) SIGNATURES. This Agreement  
17 may be executed in any number of counterparts, each of which will be an original, but all of which together  
18 will constitute one instrument. Each party of this Agreement agrees to the use of electronic signatures, such  
19 as digital signatures that meet the requirements of the California Uniform Electronic Transactions Act  
20 ("CUETA") Cal. Civ. Code §§ 1633.1 to 1633.17), for executing this Agreement. The parties further agree  
21 that the electronic signatures of the parties included in this Agreement are intended to authenticate this  
22 writing and to have the same force and effect as manual signatures. Electronic signature means an electronic  
23 sound, symbol, or process attached to or logically associated with an electronic record and executed or  
24 adopted by a person with the intent to sign the electronic record pursuant to the CUETA as amended from  
25 time to time. The CUETA authorizes use of an electronic signature for transactions and contracts among  
26 parties in California, including a government agency. Digital signature means an electronic identifier,  
27 created by computer, intended by the party using it to have the same force and effect as the use of a manual  
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1 signature, and shall be reasonably relied upon by the parties. For purposes of this section, a digital signature  
2 is a type of "electronic signature" as defined in subdivision (i) of Section 1633.2 of the Civil Code.


3 20. COMPLETE AGREEMENT. This Agreement shall constitute the complete and exclusive  
4 statement of understanding between COUNTY and ATTORNEYS which supersedes all previous written  
5 or oral agreements, and all prior communications between COUNTY and ATTORNEYS relating to the  
6 subject matter of this Agreement.

7 IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute  
8 this Agreement on the dates noted below.

9  
10 DATED: 1/26/26

ATTORNEYS


Shulman Bastian Friedman Bui & O'dea, LLP

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13 By:   
Leonard M. Shulman, Managing Partner

14  
15 DATED: 3/3/2024

COUNTY OF RIVERSIDE

16  
17 By: Karen S. Spiegel  
Karen Spiegel, Chair  
County of Riverside, Board of Supervisors

ATTEST:  
KIMBERLY A. RECTOR, Clerk  
BY   
DEPUTY

18  
19 DATED: 1/28/26

Approved as to form:

Office of County Counsel

20  
21  
22 By:   
Minh C. Tran, County Counsel

Item 3.4 / 3/3/2026