



October 16, 2026

TO: Legal Counsel

News Media

Salinas Californian

El Sol

Monterey County Herald

Monterey County Weekly

KION-TV

KSBW-TV/ABC Central Coast

KSMS/Entravision-TV

The next regular meeting of the **FINANCE COMMITTEE - COMMITTEE OF THE WHOLE of SALINAS VALLEY HEALTH¹** will be held **MONDAY, OCTOBER 19, 2026, AT 4:00 P.M., HEART CENTER TELECONFERENCE ROOM, SALINAS VALLEY HEALTH MEDICAL CENTER, 450 E. ROMIE LANE, SALINAS, CALIFORNIA.**

(For Public Access Information Visit <https://www.salinasvalleyhealth.com/about-us/healthcare-district-information-reports/board-of-directors/board-committee-meetings-virtual-link/>.)

A handwritten signature in black ink, appearing to read "Allen Radner".

Allen Radner, MD
President/Chief Executive Officer

Committee Voting Members: **Victor Rey, Jr.**, Chair, **Joel Hernandez Laguna**, Vice Chair, **Allen Radner, MD**, President/CEO, **Iftikhar Hussain**, Chief Financial Officer, and **Steven Regwan, DO**, Medical Staff Member

**FINANCE COMMITTEE
COMMITTEE OF THE WHOLE
SALINAS VALLEY HEALTH¹**

**MONDAY, OCTOBER 19, 2026, 12:00 P.M.
HEART CENTER TELECONFERENCE ROOM**

**Salinas Valley Health Medical Center
450 E. Romie Lane, Salinas, California**

(Visit SalinasValleyHealth.com/virtualboardmeeting for Public Access Information)

AGENDA

1. Call to Order / Roll Call
2. Closed Session
3. Reconvene Open Session/Report on Closed Session
4. Public Comment

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board, which are not otherwise covered under an item on this agenda.

5. Approve Minutes of the Finance Committee Meeting of September 21, 2026 (REY)
 - Motion/Second
 - Public Comment
 - Action by Committee/Roll Call Vote
6. Consider Recommendation for Board Approval to Incremental Funding in Conjunction with the Emergency Department and Hospital Expansion Project (MILLER/MCCOY)
 - Staff Report
 - Committee Questions to Staff
 - Public Comment
 - Committee Discussion/Deliberation
 - Motion/Second
 - Action by Committee/Roll Call Vote

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

7. Consider Recommendation for Board Approval of Incremental Funding and Award of Elevator Modernization Contract to TK Elevator for 1188 Padre Renovations (MILLER/MCCOY)
 - Staff Report
 - Committee Questions to Staff
 - Public Comment
 - Committee Discussion/Deliberation
 - Motion/Second
 - Action by Committee/Roll Call Vote
8. Consider Recommendation for Board Approval of Project Budget for the Gift Shop Relocation & Retail Pharmacy Expansion Project (MILLER/MCCOY)
 - Staff Report
 - Committee Questions to Staff
 - Public Comment
 - Committee Discussion/Deliberation
 - Motion/Second
 - Action by Committee/Roll Call Vote
9. Financial and Statistical Review (HUSSAIN)
10. Adjournment

The next Finance Committee Meeting is scheduled for Monday, **November 16, 2026** at 12:00 p.m.

This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

The Salinas Valley Health (SVH) Committee packet is available at the Committee Meeting, electronically at <https://www.salinasvalleyhealth.com/about-us/healthcare-district-information-reports/board-of-directors/meeting-agendas-packets/2026/>, and in the SVH Human Resources Department located at 611 Abbott Street, Suite 201, Salinas, California, 93901. All items appearing on the agenda are subject to action by the SVH Board.

Requests for a disability related modification or accommodation, including auxiliary aids or Spanish translation services, in order to attend or participate in-person at a meeting, need to be made to the Board Clerk during regular business hours at 831-759-3208 at least forty-eight (48) hours prior to the posted time for the meeting in order to enable the District to make reasonable accommodations.

**FINANCE COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY HEALTH**

AGENDA FOR CLOSED SESSION

Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.

CLOSED SESSION AGENDA ITEMS

REPORT INVOLVING TRADE SECRET

(Government Code §37606 & Health and Safety Code § 32106)

Discussion will concern: (Specify whether discussion will concern proposed new service, program, or facility): Trade secrets, strategic planning/proposed new programs and services

Estimated date of public disclosure: (Specify month and year): Unknown

ADJOURN TO OPEN SESSION

CALL TO ORDER
ROLL CALL

(Chair to call the meeting to order)

CLOSED SESSION

*(Report on Items to be
Discussed in Closed Session)*

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

(Meeting Chair)

PUBLIC COMMENT

DRAFT SALINAS VALLEY HEALTH¹
FINANCE COMMITTEE
COMMITTEE OF THE WHOLE
MEETING MINUTES SEPTEMBER 21, 2026

Committee Member Attendance:

Voting Members Present: **Victor Rey, Jr.**, Chair, **Joel Hernandez Laguna**, Vice Chair; **Allen Radner, M.D.**, President/CEO, **Iftikhar Hussain**, CFO, and **Steven Regwan, D.O.**, Medical Staff Member

Advisory Non-Voting Members Present:

In person: Clement Miller, COO, Alysha Hyland, CAO, Gary Ray, CLO, Michelle Childs, CHRO, Tim Albert, M.D, CCO

Via Teleconference: Carla Spencer, CNO

Other Board Members Present, Constituting Committee of the Whole:

Via Teleconference: Rolando Cabrera, M.D. and Catherine Carson

Joel Hernandez Laguna joined at 4:04 p.m.

1. CALL TO ORDER/ROLL CALL

A quorum was present and Chair Victor Rey, Jr., called the meeting to order at 4:00 p.m. in the Heart Center Teleconference Room.

2. PUBLIC COMMENT: None.

3. APPROVAL OF MINUTES FROM THE FINANCE COMMITTEE MEETING OF AUGUST 24, 2026

Approve the minutes of the August 24, 2026 Finance Committee meeting. The information was included in the Committee packet.

PUBLIC COMMENT: None.

COMMITTEE MEMBER DISCUSSION: None.

MOTION:

Upon motion by Committee Member Dr. Radner and second by Committee Member Hussain the minutes of the August 24, 2026 Finance Committee are approved as presented.

ROLL CALL VOTE:

Ayes: Chair Rey, Dr. Radner, Hussain, Dr. Regwan;

Nays: None;

Abstentions: None;

Absent: Vice Chair Hernandez Laguna.

Motion Carried.

¹ Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

4. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF STRATAJAZZ COST ACCOUNTING AGREEMENT RENEWAL AS SOLE SOURCE AND CONTRACT AWARD

Salinas Valley Health's StrataJazz Cost Accounting agreement is up for renewal. The proposed renewal is for a five-year term and includes two components: a subscription fee for use of the StrataJazz platform and professional services fees for ongoing support. The proposed five-year agreement has a total cost of \$801,958.

A full report was included in the packet.

PUBLIC COMMENT: None.

COMMITTEE MEMBER DISCUSSION: None.

MOTION:

Upon motion by Committee Member Dr. Regwan and second by Committee Member Dr. Radner the Finance Committee recommendation to the Board of Directors is to approve of the StrataJazz Cost Accounting Agreement Renewal with Strata Decision Technology as a sole source contract award. The proposed five-year agreement includes both subscription fees and professional services, with a total contract value of \$801,958, covering the period through September 30, 2031.

ROLL CALL VOTE:

Ayes: Chair Rey, Dr. Radner, Hussain, Dr. Regwan;

Nays: None;

Abstentions: None;

Absent: Vice Chair Hernandez Laguna.

Motion Carried.

5. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE PRIMARY TRANSFORMER EQUIPMENT REPLACEMENT PROJECT BUDGET AND THE PURCHASE OF THE PRIMARY TRANSFORMER FROM MGM TRANSFORMER

The Medical Center's primary electrical transformer is 33 years old, and equipment testing shows that it is due for replacement due to aging/degrading insulation. The cost of replacement is **\$789,000**. By owning the primary transformer, Salinas Valley Health receives reduced electricity rates which has an estimated savings over \$8M over the transformer's lifetime.

A full report was included in the packet.

PUBLIC COMMENT: None.

COMMITTEE MEMBER DISCUSSION: This equipment replacement project is a major transition as it's our main power supply to our medical center. Plant Operations department will assume the full responsibility for all preventative maintenance (PMs) and ongoing maintenance. The transformer's capacity is confirmed to be sufficient to serve our needs for the next 30 years.

MOTION:

Upon motion by Vice Chair Hernandez Laguna and second by Committee Member Dr. Radner, the Finance Committee recommends to the SVH Board of Directors to approve (i) the Primary Transformer Equipment Replacement project budget in the amount of \$789,000 and (ii) the capital equipment purchase from MGM Transformers for the 2500kVA Dry Substation in the amount of \$221,792.00.

ROLL CALL VOTE:

Ayes: Chair Rey, Vice Chair Hernandez Laguna, Dr. Radner, Hussain, Dr. Regwan;

Nays: None;

Abstentions: None;

Absent: None.

Motion Carried.**6. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF DESIGN DEVELOPMENT AND EQUIPMENT PROCUREMENT BUDGET, EQUIPMENT PURCHASE AND A SERVICE MAINTENANCE AGREEMENT FOR THE 240 SAN JOSE MAMMOGRAPHY EQUIPMENT REPLACEMENT PROJECT**

Salinas Valley Health is seeking approval to advance the design and procurement of new imaging equipment for the Nancy Ausonio Mammography Center. This phased project modernizes critical infrastructure by replacing four existing imaging platforms, converting an office into a fifth licensed exam room, and expanding the Tech Work Area. The initial funding request of \$2,960,000 secures the new imaging equipment and enables the design team to prepare the project for contractor bidding.

A full report was included in the packet.

PUBLIC COMMENT: Director Carson stated, not updating equipment since 2018 is long time. The Mammography staff are working longer hours as well as Saturdays to meet the service demands.

COMMITTEE MEMBER DISCUSSION: The Mammography service line has experienced roughly 30% growth, creating an urgent need for expansion. Adding new updated equipment and an extra exam room will directly reduce patient wait times and meet the rising demand.

Two (2) manufacturers were evaluated in total, with staff input driving the final decision to choose Hologic.

MOTION:

Upon motion by Committee Member Hussain and second by Vice Chair Hernandez Laguna, the Finance Committee recommends to the SVH Board of Directors (i) to approve the initial design development, permitting and equipment procurement budget of \$2,960,000 for the 240 San Jose Mammography Equipment Replacement project, (ii) authorize equipment purchase for the Hologic 3Dimensions & Envision Platforms package in the amount of \$2,569,121.44, and (iii) enter into a 4-year Hologic Preferred Advantage service agreement totaling \$1,234,500 commencing after the equipment's one-year warranty period.

ROLL CALL VOTE:

Ayes: Chair Rey, Vice Chair Hernandez Laguna, Dr. Radner, Hussain, Dr. Regwan;

Nays: None;

Abstentions: None;

Absent: None.

Motion Carried.

7. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF ENTERPRISE HEALTH, EMPLOYEE HEALTH ELECTRONIC HEALTH RECORDS (EHR); RFP UTILIZED

SVH Administration requests a recommendation for the SVH Finance Committee for Board approval for ENTERPRISE HEALTH electronic health record system for our Employee Health program. Following a comprehensive RFP evaluation comparing three options: ENTERPRISE, CORITY, and our current software (READYSET); ENTERPRISE is recommended as the optimal Employee Health electronic health record system for our Employee Health program to improve efficiency and reporting compliance. ENTERPRISE has a robust framework for long-term growth, including room to expand into emerging operational needs.

A full report was included in the packet.

PUBLIC COMMENT: None.

COMMITTEE MEMBER DISCUSSION: The Employee Health Services personnel are the primary staff who will need training. With the onboarding support and assistance from Enterprise the transition will keep the learning curve short and straightforward.

The cost of \$432,080.00 includes the implementation fee and the annual service fees for the 3-year initial term.

MOTION:

Upon motion by Committee Member Hussain and second by Vice Chair Hernandez Laguna, the SVH Finance Committee recommends to the SVH Board to approve the three-year agreement with Enterprise Health for the Electronic Health Record System at a cost in the amount of \$432,080.00.

ROLL CALL VOTE:

Ayes: Chair Rey, Vice Chair Hernandez Laguna, Dr. Radner, Hussain, Dr. Regwan;

Nays: None;

Abstentions: None;

Absent: None.

Motion Carried.

8. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF VMWARE INFRASTRUCTURE RENEWAL

VMware is the solution that Salinas Valley Health utilizes for managing and operating the server infrastructure for our onsite clinical and administrative information systems. Renewing the license is critical to maintaining ongoing access and management of our systems. Renewing at three years using our GPO, provides a more favorable price structure than a single year renewal with savings of \$177,507 over three years (20.2% saved). This renewal also locks the annual price to avoid annual price increases for the length of the term.

Alysha Hyland noted a correction on the Finance memo showed an annual cost of \$703,050.00 and should have been corrected to an Annual cost of \$234,350.00 for a Total cost over life of agreement of \$703,050.00.

A full report was included in the packet.

PUBLIC COMMENT: None.

COMMITTEE MEMBER DISCUSSION: None.

MOTION:

Upon motion by Vice Chair Hernandez Laguna and second by Committee Member Dr. Radner, the SVH Finance Committee recommends to the SVH Board Approval of VMware Infrastructure software multi-year agreement in the amount of \$703,050.00.

ROLL CALL VOTE:

Ayes: Chair Rey, Vice Chair Hernandez Laguna, Dr. Radner, Hussain, Dr. Regwan;

Nays: None;

Abstentions: None;

Absent: None.

Motion Carried.

9. CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF THE STRYKER POWER SYSTEM 9

SVH Administration is seeking approval to purchase the Stryker Power System 9 Large Power System for \$817,598.31 and enter into a two-year service agreement with Stryker for \$146,038.56, for a total purchase amount of \$963,636.87. The purchase will replace the existing inventory of Stryker System 8 Large Power Sets, which has reached the end of its service life and can no longer be repaired when components fail. The Power System 9 provides improved durability, ergonomic handpieces, and battery charging through sterile wrap to reduce equipment downtime and improve workflow efficiency. Approval will ensure that surgical teams have reliable power equipment to support safe and efficient Orthopedic, Podiatry, Cardiac, and TAVR procedures.

A full report was included in the packet.

PUBLIC COMMENT: None.

COMMITTEE MEMBER DISCUSSION: None.

MOTION:

Upon motion by Committee Member Hussain and second by Committee Chair Rey, the SVH Finance Committee recommends to the SVH Board to Approve the purchase the Stryker Power System 9 in the amount of \$817,598.31 and a two-year service agreement with Stryker in the amount of \$146,038.56, for a total purchase amount of \$963,636.87, subject to final legal review.

ROLL CALL VOTE:

Ayes: Chair Rey, Vice Chair Hernandez Laguna, Dr. Radner, Hussain, Dr. Regwan;

Nays: None;

Abstentions: None;

Absent: None;

Motion Carried.

10. FINANCIAL AND STATISTICAL REVIEW

An update was received from Iftikhar Hussain, CFO, on the Financial and Statistical Review for the month of July 2026. Highlights included a review of the Consolidated Finance Results, Consolidated Operating Margin, Key Financial Indicators, the Executive Summary performance which showed the payor mix was unfavorable with higher Medi-Cal and lower commercial as a percentage of gross revenue, and the Volume Trend for ED showed a decrease for outpatient but an increase for inpatient admissions.

PUBLIC COMMENT: None.

COMMITTEE MEMBER DISCUSSION: None.

11. ADJOURNMENT

There being no other business, the meeting was adjourned at 4:43p.m. The next Finance Committee Meeting is scheduled for Monday, **October 19, 2026** at 12:00 p.m.

Victor Rey, Jr., Chair
Finance Committee

Board Paper: Finance Committee

Agenda Item: **Consider Recommendation for Board Approval to Incremental funding in conjunction with the Emergency Department and Hospital Expansion Project**

Executive Sponsor: Clement Miller, Chief Operating Officer
Brad McCoy, Vice President – Construction, Real Estate & Facilities

Date: October 6, 2026

Executive Summary

Salinas Valley Health is pursuing a revised Master Plan that accomplishes replacement of the Emergency Department, increases Parking Infrastructure and optimizes the Campus Site circulation, and reconfigures the Perioperative Department in the areas decanted by the existing Emergency Department as a final phase. Significant renovations to Medical Center on-site and off-site Energy and Civil infrastructure are anticipated to support the new building expansion.

Background/Situation/Rationale

Project funding in the amount of \$2,356,742 has been previously authorized to cover fiscal year 2026, with the majority of that funding directed to the engagement of the architectural firm HDR and their subconsultants to produce preliminary studies and schematic design "Bridging Documents." That work will achieve substantial completion over the new few months and the next phase of work, involving jurisdictional entitlements, procurement of a design-build team, and preparation of construction documentation needed to secure construction permits is ready to commence.

SVH Administration requests board approval of incremental funding in the amount of an additional \$6,500,000 for fiscal year 2027, bringing the total committed funding level to \$8,856,742. These funds will be used for further design development and bridging documents, entitlement costs, permit fees, bidding, supervision and project management expenses. The requested amount is consistent with the overall 2027 Board approved capital budget produced and presented to the Board during the July 2026 meeting. Future incremental budget requests will be made to align with yearly capital budgets and as the overall project budget is finalized. Other ancillary Master Plan project components will secure separate funding in subsequent requests for Board action. This request is limited to funding of expenses specific to the Emergency Department Expansion building.

Timeline/Review Process to Date

Project Program Definition & Schematic Design	Dec. 2025 - Dec. 2026
Design/Build Team Selection & Permit Plans	Dec. 2026 – Dec. 2027
City & State Entitlements & Permitting	Sept. 2026 – Dec. 2028
'Make Ready' precursor moves & site preparations	April 2027 – July 2028

Pillar/Goal Alignment

☒ Service ☐ People ☒ Quality ☐ Finance ☒ Growth ☒ Community

Financial/Quality/Safety/Regulatory Implications

Budget Summary	
1. Amount of current request	\$6,500,000
2. Amount previously approved	\$2,356,742
3. Total	\$8,856,742
4. Budgeted ?	Yes. FY2027 Capital Plan

Recommendation

SVH Administration requests that the SVH Finance Committee recommend to the SVH Board of Directors to approve incremental Project Funding for costs associated with the Emergency Department and Hospital Expansion project, in the amount of \$6,500,000 for a revised total budget amount of \$8,856,742.

Finance Committee Board Paper

Agenda Item: **Consider recommendation for Board Approval of incremental funding and award of elevator modernization contract to TK Elevator for 1188 Padre renovations.**

Executive Sponsors: Clement Miller, COO
Brad McCoy, VP Facilities, Construction, Real Estate

Date: October 6, 2026

Executive Summary

Salinas Valley Health acquired 1188 Padre Ln as part of a broader strategic initiative to relocate non-clinical functions, thereby enabling the Emergency Department and Hospital Expansion, conversion of 611 Abbott 2nd Floor into Clinic Space and other opportunities to eliminate and consolidate external leases. This request supports the renovation of 1188 Padre, which is currently a multi-tenant space, into a future state configured solely for Salinas Valley Health’s use.

Timeline

- February 2027 – Project budget approval and award of construction contract
- April 2027 – Start of construction
- August 2027 – Occupancy of 1188 Padre

Meeting our Mission, Vision, Goals—Strategic Plan Alignment

Renovation of 1188 Padre is a key enabling project for several master plan initiatives: the Emergency Department and Hospital Expansion and the 611 Abbott Second Floor Clinic and other future space planning needs.

Pillar/Goal Alignment: ☐ Service ☒ People ☐ Quality ☒ Finance ☒ Growth ☐ Community

Financial/Quality/Safety/Regulatory Implications

The request for \$2,000,000 in incremental funding provides for early demolition, assessment of existing conditions, surveying hazardous materials and abatement, design & engineering services through permitting and procurement of long-lead items. The request also seeks award of a contract to TK Elevator (Thyssenkrupp Elevator) to modernize the existing elevator to meet current safety standards and replace end-of-life equipment that is 42 years old. Awarding the elevator equipment contract now will allow the elevator modernization to be completed prior to SVH taking occupancy of the building. The SVH Administration will return to the Board with a second request to approve the full project budget and award the construction contract after the design and engineering has been completed.

Budget Summary	
1. Amount of current request	\$2,000,000
2. Amount previously approved	\$125,000
3. Total	\$2,125,000
4. Budgeted	Yes. FY2027 Capital Plan

TK Elevator	
1. One Time Cost	\$397,000
2. Payment Terms	55% due at contract execution, 20% due at delivery of materials, balance due on a progress of completion basis.
3. Warranty	1-year parts and labor warranty.
4. Service Agreement	Does not amend service agreement currently in place.

Recommendation

SVH Administration requests that the Finance Committee recommend that the SVH Board of Directors to (i) approve \$2,000,000 in incremental funding for the 1188 Padre renovation, an enabling project for the Emergency Department and Hospital Expansion, and the 611 Abbott 2nd Floor Clinic Renovation, and (ii) award the elevator modernization contract to TK Elevator in the amount of \$397,000.00 pending final negotiations.

Attachments

- A. TK Elevator Contract (Draft format pending review with Contracts)

MODERNIZATION PROPOSAL



MOVE BEYOND

Modernization Proposal



October 06, 2026

1188 Padre Dr. Salinas

Purchaser: SALINAS VALLEY
MEMORIAL HEALTHCARE
SYS

Address: PO BOX 3827
SALINAS, CA 93912-3827

Project 1188 Padre Dr.

Location:

Address: 1188 PADRE DR
SALINAS, CA 93901

TK Elevator Corporation (hereinafter "TK Elevator") is dedicated to delivering SALINAS VALLEY MEMORIAL HEALTHCARE SYS (hereinafter "Purchaser") the safest, highest quality vertical transportation solutions. I am pleased to present this customized Proposal (the "Proposal") in the amount of **\$397,000.00** inclusive of all applicable sales and use taxes to modernize the elevator equipment described in the pages that follow at the above-referenced location.

Our modernization package is engineered specifically for your elevator system and will include the elevator mechanical and electrical components being replaced, refurbished or retained.

Benefits of Modernization include:

- Increased durability and reliability
- Improved fire and life safety features
- Decreased waiting times
- Reduced energy consumption
- Reduced operational cost
- Reduced troubleshooting time

The price above includes those value added taxes, tariffs, duties, and/or similar charges that are in effect as of the date of this proposal. The price of this Proposal is subject to escalation - even after Purchaser's acceptance of this Proposal - under certain circumstances including any new or increase in taxes, tariffs, or other charges imposed by applicable governmental authorities and/or TK Elevator being subjected to increased charges by its suppliers, shippers and/or freight forwarders as set forth in the terms and conditions in this Proposal.

Furthermore, all preparatory work by other trades must be completed and elevator equipment shipped by 12-29-2026 and the installation must be completed by 01-06-2028, otherwise, the price is also subject to increase.

If not accepted within twenty-one (21) calendar days of the date of this Proposal or the date presented to Purchaser, this Proposal shall automatically be revoked and shall be null and void.

In the event you have any questions regarding the content of this Proposal please contact me at -

We appreciate your consideration.

Regards,

Matthew Schmid

Matthew Schmid
TK Elevator Corporation
14400 Catalina Str
San Leandro, CA 94577
matt.schmid@tkelevator.com | -

SCOPE OF WORK

Building : 1188 PADRE
DR

Groups Included

Group Name	# of units	Equipment Type
1	1	Hydraulic

Group : 1
Equipment Classification: Hydraulic

Units Included

Nickname	State ID	Product	Landings	Speed	Capacity
1	69615	H-Power	3 / 0 / 0	125	2500

Modernization Proposal



Description of Work

Controller

Item Description	Option	Installed On
TAC 32H Controller (Includes Options listed below) 24 VDC Signal Voltage - Electronic Door Detector Interface	New	1
eMax Monitoring Device Provisions	New	1
Solid State Starters (6 or 12 leads) 460 / 575 VAC	New	1
Viscosity Control (Required over 150 FPM)	New	1
Battery Lowering in Controller (10-D-0C)	New	1
Seismic Features	New	1
Tenant Security 3-1 (Card Reader)	New	1
eMax	New	1
THY Board / CE Driver Board	New	1
Position Indicator	New	1
MAX Link 2-Line ATA kit	New	1
Auto Fan Light Shutdown (Sleep Mode)	New	1
Car Riding Lantern	New	1
Fire Service	New	1
Hall Lanterns	New	1
Hoistway Access	New	1
Door Operator Controls	New	1
User Interface Tool	New	1
Hoistway Enable/Inspection Operation	New	1
Independent Service	New	1

Power Unit

Item Description	Option	Installed On
EP-80 Power Unit (Submersible)	New	1
Seismic Requirements for EP units	New	1
Viscosity Control (Required over 150 FPM)	New	1
5 gallon drum of Biodegradable oil (Citgo NZ)	New	1
55 gallon drum of Biodegradable oil (Citgo NZ)	New	1
2" Shutoff Valve Kit (Pump)	New	1
Isolation Couplings	New	1
Overspeed Valve Kit for 2" (less than 150 GPM)	New	1

Modernization Proposal



Jack

Item Description	Option	Installed On
3-S Jack (Standard Wall)	New	1
3-S Jack Joint(s)	New	1
PVC for 3-S Jack with Moisture Sensor (Complete Enclosed System)	New	1
Pit Mounting Channels	New	1
Pipe Stands	New	1
Packing	New	1

Pit Equipment

Item Description	Option	Installed On
Spring Buffer Model 6M (pair) (Max Gross Load 6000 lbs)	New	1
2" Shutoff Valve Kit (Pit)	New	1
Pit Stop Switch	New	1

Hoistway Equipment

Item Description	Option	Installed On
Steel Tape with Mounting hardware, Selector and magnets (terminal limits included)	New	1
TAC 32 Field Friendly Wiring Package Includes single traveling cable, hoistway wiring, interlock wiring, interlock connectors, and serial wiring.	New	1
HN Boxes (per each 2 cars, grouped)	New	1
Additional Hoistway Wiring for TAC 32 with Remote Machine Room	New	1

Car

Item Description	Option	Installed On
Car Top Inspection Station (Stand Alone)	New	1
Retainer Plates for Seismic (T Rails) for TKE or Elscot guides only	New	1
Fan: Two Speed	New	1
21" Toe guard	New	1
Guide shoe mounting plates (set of 4 - only with shoe purchase from tkE)	New	1
Cab Wiring Material (200MK1)	New	1
5 Pin Lock with electric contact for Car Top Exit	New	1
4" Car Roller Guides (set of 4)	New	1

Cab

Item Description	Option	Installed On
Car Door (SSSS, #4 S/S (441))	New	1
Interior	New	1

Car Door Equipment

Item Description	Option	Installed On
Micro Light (Front)	New	1
Door Operator	New	1

Modernization Proposal



Hoistway Door Equipment

Item Description	Option	Installed On
Other Vendor Hoistway Door Equipment Costs	New	1
Closer	New	1
Interlocks	New	1
Pick Up Rollers	New	1
Retain Hoistway Doors	Retain	1

Car Fixtures

Item Description	Option	Installed On
Main Car Station Includes Options Below	New	1
• Applied Panel	New	1
Vandal Resistant Floor Buttons	New	1
Cast Braille Plates for Car Features	New	1
Emergency Stop Switch, Alarm and Door Open/Close Buttons (in locked compartment)	New	1
Fan Keyswitch (two speed) (in locked compartment)	New	1
Emergency Light mounted in COP	New	1
2004 and later Fire Service Phase II Features (includes instructions signage)	New	1
Handicap Signal (Passing signal)	New	1
Position Indicator (2" CE Segmented)	New	1
Hoistway Enable (in locked compartment)	New	1
ADA Phone System integral with COP (Rath)	New	1
Speaker Pattern for Intercom System/ADA Phone	New	1
Locked Service Cabinet	New	1
Certificate Window	New	1
Light Keyswitch (in locked compartment)	New	1
#4 Stainless Steel Finish (441)	New	1
Independent Service (in locked compartment)	New	1
Car Riding Lantern (Standard) #4 S/S (441)	New	1

Modernization Proposal



Hall Fixtures

Item Description	Option	Installed On
Terminal Hall Stations (Surface Mounted) with - Appendix O (Polycarbonate insert flame) (#4 S/S (441))	New	1
Hoistway Access Switch in Hall Stations	New	1
Hoistway Jamb Braille (Pair of Standard) (# of Floors)	New	1
Intermediate Hall Stations (Surface Mounted) with - Appendix O (Polycarbonate insert flame) (#4 S/S (441))	New	1
Serial Boards for Hoistway Access	New	1
Serial Boards for Hall Lanterns/PIs	New	1
Serial Boards for Front Risers	New	1
TAC Serial Boards, Base Charge	New	1
Horizontal Combination Hall Lantern and 2" Digital Hall Position Indicator (Standard) White Up/Down LEDs #4 S/S (441)	New	1
Standalone Fire Service Phase I with Plastic Instructions #4 S/S (441)	New	1

Clarifications to Architectural Plans and Specifications:

Logistical Plan: Any required deviation from the stated logistical plan will be submitted as a change order to the project agreement.

1. Material Movement: TK Elevator shall deliver materials to the building during normal business hours.
2. Storage: The Purchaser agrees to provide adequate, dry, and secure storage of the vertical transportation equipment at the time of delivery including adequate ingress and egress to the area. Any relocation of the equipment as directed by the Purchaser after its initial delivery will be at Purchaser's expense. In addition, should a separate storage container be required, the purchaser will arrange for the delivery, placement and cost of the storage container unless otherwise clarified. Moreover, should a project be delayed not by the fault of TK Elevator, additional storage fees may apply depending on the time frame of such delay.
3. Parking: Purchaser shall provide a minimum of two (2) onsite parking spaces capable of accommodating standard work trucks at no cost to TK Elevator.
4. Working Hours: All work specified herein, including testing, painting, as well as inspections, will be performed from 6:00 AM to 2:30 PM, except scheduled union holidays ("regular working hours of regular working days") -- Monday through Friday. If, after the execution of the project agreement, overtime is mutually agreed upon, an additional charge at TK Elevator's usual rates for such work shall be added to the price of the project.
5. Barricades: TK Elevator will provide its standard OSHA-compliant barricades for all working areas accessible to the public. Should the Purchaser require custom barricades be provided, additional cost based on the required design will be submitted as a change order to the project agreement.
6. The Owner shall provide an onsite restroom for the use of TK Elevator and any subcontractors. If one is not provided, a change order will be provided for a portable restroom.

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7. This bid does not include cutting and patching of walls or floors.

Related Work by Others

1. This bid includes a \$70,000 allowance for related electrical and fire/life/safety work by others. Once a proposal is received, TKE will provide updated costs.
 2. This bid includes the related drilling scope detailed in Exhibit A.
 3. This bid includes the related cab interior scope detailed in Exhibit B and C.
- If any additional work is required a change order will be provided.

Additional Items

1. We have included provisions for security devices. Any card readers or cameras are to be provided by the Owner. Any additional time needed to program/test devices will be provided as a change order.
2. Feedline for electrical wiring and hydraulic fluid will be retained and reused.

Jack Replacement

The hydraulic jack replacement "rock clause" applies:

- i. Adequate ingress and egress, including ramping, for a truck-mounted drill rig.
- ii. In-ground protection systems other than TK Elevator's standard HDPE or PVC protection system with bottomless corrugated steel casing.
- iii. Any required trenching and backfilling for underground piping or casings, and conduit as well as any compaction, grouting, and waterproofing of block-out.
- iv. Engineering, provision and installation of methane barriers or coordination/access.
- v. TK Elevator has been contracted to re-drill the elevator hole(s) based on drilling the hole under typical conditions with standard equipment, encountering soil free from rock, boulders, building construction members, sand, water, quicksand, underground caves or any other obstruction or unusual condition. If such an obstruction or unusual condition is encountered, the price shall be increased by the amount of the additional labor at TK Elevator's usual billing rates, and the cost of any additional material or equipment. Removal of spoils from the job site is included in this bid. Included in our bid is 10 barrels on site before scheduling of work to be completed. If additional barrels are needed, will advise customer. Our price includes 40 hours for removal of the existing cylinder. Should we encounter any problems; the Owner will be billed at \$810.00 per hour plus any and all equipment and materials used to remove the cylinder. Our price includes 24 hours on-site for cleaning out the jack hole. Should unforeseen conditions require additional labor and materials, Owner will be billed at \$595 per hour plus materials.
- vi. Purchaser agrees to provide a safe, accessible storage area for placement of D.O.T. 55 Gallon containers for the purpose of spoils containment. Any spoils or water testing by others or delays due to such testing are not included in this proposal. The hiring of a disposal company is the responsibility of Purchaser, and MUST be discussed prior to any material being ordered or work being scheduled. TK assumes no responsibility and/or liability in any way whatsoever for spoils or other contamination that may be present as a result of the cylinder breach and/or other conditions present on the work site.

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vii. For the purpose of providing this estimate, we assume no unusual conditions as outlined in Items above. If necessitated by unusual conditions, a proposal for additional labor and materials shall be submitted to Purchaser for approval prior to performance of additional work. TK shall not be responsible for delays due to such causes.

viii. Purchaser will be notified immediately of any circumstances that will require more than the allotted time and materials provided in this proposal. Written authorization will be required for any labor or materials required beyond this original proposal amount.

ix. The hiring of a disposal company which MUST be discussed prior to any material being ordered or work being scheduled. TK Elevator will provide environmental services ONLY if this is specifically included under the "Scope of Work" section above. TK Elevator assumes no responsibility and/or liability in any way whatsoever for spoils or other contamination that may be present as a result of the cylinder breach and/or other conditions present on the work site. Moreover; the purchaser will be required to provide the proper EPA number for handling and disposing any spoils from the project.

01

Key Tasks and Approximate Lead Times

Approximate Durations/Lead Times	
Contract execution (can run concurrently with layout drawing package preparation and approval)	TBD by Purchaser
Survey and Order of Materials (additional time required for cab, signal, entrance preparation and approval, if applicable)	2 - 4 Weeks
Fabrication time (from receipt of all approvals, fully executed contract, Material Release Form* and initial progress payment)	6 Weeks
Shipping: (Tennessee to local distribution center)	2 Weeks
Modernization of elevator system (Per Unit): (Upon completion of all required preparatory work by others and the signed pre-installation checklist + state insp)	9 - 11 Weeks
*If equipment is delivered to TKE’s staging facility in accordance with the date shown on the TKE Material Release Form, and the preparatory work required by other trades is not completed, all storage charges as a result of site delays are to be paid by the Purchaser based on the storage rates noted below in this proposal.	

The durations or lead times listed above are strictly approximations that can vary due to factors both within and outside of TK Elevator’s control, are subject to change without notice to Purchaser and shall not be binding on TK Elevator.

02

Payment of Work

55% of the price set forth in this Proposal as modified by options selected from the section entitled “Value Engineering Opportunities & Alternates” (if applicable) will be due and payable as an initial progress payment within 30 days from TK Elevator’s receipt of a fully executed copy of this Proposal. This initial progress payment will be applied to project management, permits, engineering and shop drawings, submittals, drilling mobilizations (if required) and raw material procurement. Material will be ordered once this payment is received and the parties have both executed this Proposal and the Material Release Form.

20% of the price set forth in this Proposal as modified by options selected from the section entitled “Value Engineering Opportunities & Alternates” (if applicable) shall be due and payable when the material described above has been furnished. Material is considered furnished when it has been received at the jobsite or TK Elevator staging facility. Supporting documentation of materials stored shall be limited to stored materials certificates of insurance and bills of lading. Pictures will not be provided. Receipt of this payment is required prior to mobilization of labor.

25% of the price set forth in this Proposal shall be made as progress payments throughout the life of the project. In the event TK Elevator fails to receive payment within thirty (30) days of the date of a corresponding invoice, TK Elevator reserves the right to demobilize until such a time that the payments have been brought up to date, and TK Elevator has the available manpower.

It is agreed that there will be no withholding of retainage from any billing and by the customer from any payment.

The payment terms breakdown above shall be considered the Schedule of Values for the project as written. Billing shall be submitted on or before the 25th day of the month according to the payment schedule above and accompanied by a form of G702-703 pay application/schedule of values and a conditional waiver, the format of which is hereby acknowledged and accepted.

The use of online Portals for the submission of billing shall follow the terms of the Proposal and Purchaser agrees to permit billing in accordance with the executed contract terms. Portal access and usage is to be provided free of

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additional charge to TK Elevator and any additional cost for such use is to be reimbursed to TK Elevator via a reimbursable change order immediately upon acceptance.

Purchaser agrees that TK Elevator shall have no obligation to complete any steps necessary to provide Purchaser with full use and operation of the installed equipment until such time as TK Elevator has been paid 100% both of the price reflected in this Proposal and for any other work performed by TK Elevator or its subcontractors in furtherance of this Proposal. Purchaser agrees to waive any and all claims to the turnover and/or use of that equipment until such time as those amounts are paid in full.

Proposal price:		\$397,000.00
Initial progress payment:	(55%)	\$218,350.00
Material furnished:	(20%)	\$79,400.00
Total of remaining progress payments:	(25%)	\$99,250.00

Purchaser may elect to finance all or a portion of the purchase price for the work described in this Agreement through TK Elevator's financing partner ("Financing Partner"), subject to the Financing Partner's approval and the terms of a separate financing agreement ("Financing Agreement") between Purchaser and Financing Partner. Purchaser acknowledges and agrees that [(i) Financing Partner is in no way affiliated with TK Elevator, (ii) Financing Partner will make any decision to offer financing to Purchaser independently and in accordance with its internal lending policies, (iii) TK Elevator cannot guaranty that Financing Partner will agree to provide financing to Purchaser on acceptable terms or at all, (iv) TK Elevator may be compensated by the Financing Partner in the event Purchaser enters into a Financing Agreement, and TK Elevator will not be a party to the Financing Agreement and shall have no responsibility for, and hereby expressly disclaims any liability arising out of or relating to, any decision on the part of Financing Partner to provide or decline to provide financing to Purchaser, and the negotiation, execution, performance, enforcement, or termination of any Financing Agreement. Purchaser acknowledges and agrees that Purchaser shall remain unconditionally and irrevocably liable to TK Elevator for any unpaid balance owing hereunder and TK Elevator's acceptance of the Financing Partner as a payment source shall not constitute a novation, satisfaction, waiver, or release of Purchaser's payment obligations under this Agreement.

Notwithstanding the foregoing, in the event Purchaser enters into a Financing Agreement with the Financing Partner and the Financing Partner fails or refuses to disburse any portion of the purchase price to TK Elevator for any reason, including without limitation default by either party under the Financing Agreement, bankruptcy or insolvency of either party, or termination of the Financing Agreement for any reason any unpaid purchase price then owing by Purchaser which shall be payable immediately by Purchaser upon demand by TK Elevator in accordance with this Agreement. Purchaser hereby waives any right of setoff, counterclaim, defense, or deduction against TK Elevator based on any act or omission of the Financing Partner. Purchaser further agrees that any assignment by TK Elevator to the Financing Partner of the right to receive payment hereunder shall not impair TK Elevator's rights or remedies in the event of nonpayment. The obligations of Purchaser under this paragraph shall survive any termination, cancellation, or expiration of this Agreement.

Any work that Purchaser may require prior to turnover of the equipment that is outside of the scope described in this Proposal - other than Temporary Use as described below - will be performed only after the full execution of a mutually agreeable change order and only at the following rates:

Mechanic (Standard) per hour	\$450.06
Mechanic (OT) per hour	\$742.50
Team (Standard) per hour	\$810.10
Team (OT) per hour	\$1,335.66

Rates are not inclusive of any per diem, mileage or other expenses which may be dependent on jobsite location and are valid until 01-06-2028 .

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03 Warranty

TK Elevator warrants any equipment it installs as described in this Proposal against defects in material and workmanship for a period of one (1) year from the date of Purchaser's execution of TK Elevator's "Final Acceptance Form" on the express conditions that all payments made under this Proposal and any mutually agreed-to change orders have been made in full and that such equipment is currently being serviced by TK Elevator. In the event that TK Elevator's work is delayed for a period greater than six (6) months, the warranty shall be reduced by the amount of the delay. This warranty is in lieu of any other warranty or liability for defects. TK Elevator makes no warranty of merchantability and no warranties which extend beyond the description in this Proposal, nor are there any other warranties, expressed or implied, by operation of law or otherwise. Like any piece of fine machinery, the equipment described in this Proposal should be periodically inspected, lubricated, and adjusted by competent personnel. This warranty is not intended to supplant normal maintenance service and shall not be construed to mean that TK Elevator will provide free service for periodic examination, lubrication, or adjustment, nor will TK Elevator correct, without a charge, breakage, maladjustments, or other trouble arising from normal wear and tear or abuse, misuse, improper or inadequate maintenance, or any other causes other than defective material or workmanship. In order to make a warranty claim, Purchaser must give TK Elevator prompt written notice at the address listed on the cover page of this Proposal and provided all payments due under the terms of this Proposal and any mutually agreed to written change orders have been made in full, TK Elevator shall, at its own expense, correct any proven defect by repair or replacement. TK Elevator will not, under any circumstances, reimburse Purchaser for cost of work done by others, nor shall TK Elevator be responsible for the performance of any equipment that has been the subject of service, repair, replacement, revisions or alterations by others. The Purchaser agrees to provide us access to the elevator equipment at any reasonable time for the purpose of making good this warranty. Purchaser and/or Owner agree to maintain the confidentiality of the TK Elevator's software that is licensed for the Owner's use. The software will not be copied, modified, distributed, or reverse engineered. The software is licensed to the Purchaser and/or Owner exclusively for the location of installation, and the license will not transfer except as part of a transfer, assumption, or succession of ownership. If there is more than one (1) unit which is the subject of work described in this Proposal, this section shall apply separately to each unit as accepted.

04 Preventative Maintenance Program

This Proposal does not include any maintenance, service, repair or replacement of the equipment or any other work not expressly described herein. TK Elevator may submit a separate proposal to Purchaser covering the maintenance and repair of this equipment to be supplied to Purchaser at an additional cost. In the event the Purchaser and TK Elevator have a new or existing maintenance Agreement in effect at the time of the acceptance of this proposal and/or during the scope of this work, the terms of the Agreement shall remain in full force and effect throughout the performance of this scope of work and continue throughout the duration of the stated term in that Agreement.

05 TKE Digital

The cost of TK Elevator digital hardware is included in the price of this Proposal. Activation of the digital service package(s) listed below, as outlined in the attached Service Agreement Addendum(s), are contingent on Purchaser's (or Owner's, as applicable) signed acceptance of these Addendum(s) which includes both pricing and scope for such digital service(s).

MAX

MAX is a cloud based Internet of Things (IoT) platform that we, at our election, may connect to your elevators by means of installing a remote-monitoring device or modem (each a "device"). MAX will analyze the unique signal

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output of your equipment 24/7 and when existing or potential outages are identified, MAX will automatically communicate with our dispatch centers. With an eligible MAX digital service, our dispatch center will alert our technicians through a generated service ticket during normal working hours. These MAX alerts provide the technician with precise diagnostics detail, which greatly enhances our ability to fix your equipment right the first time, MAXimizing the equipment uptime.

- a. Purchaser authorizes TK Elevator and its employees to access purchaser's premises to install, maintain and/or repair the devices and, upon termination of the service agreement, to remove the same from the premises if we elect to remove.
- b. TK Elevator is and shall remain the sole owner of the devices and the data communicated to us by the devices. The devices shall not become fixtures and are intended to reside where they are installed. TK Elevator may remove the devices and cease all data collection and analysis at any time.
- c. If the service agreement between TK Elevator and Purchaser is terminated for any reason, TK Elevator will automatically deactivate the data collection, terminate the device software and all raw data previously received from the device will be removed and/or expunged or destroyed.
- d. Purchaser consents to the installation of the devices in your elevators and to the collection, maintenance, use, expungement and destruction of the daily elevator data as set forth in this agreement.
- e. The devices installed by TK Elevator contain trade secrets belonging to us and are installed for the use and benefit of our personnel only.
- f. Purchaser agrees not to permit purchaser personnel or any third parties to use, access, tamper with, relocate, copy, disclose, alter, destroy, disassemble or reverse engineer the device while it is located on purchaser's premises.
- g. The installation of this equipment shall not confer any rights or operate as an assignment or license to you of any patents, copyrights or trade secrets with respect to the equipment and/or any software contained or imbedded therein or utilized in connection with the collection, monitoring and/or analysis of data.

MAX Link

"MAX Link" is a service by which TK Elevator will provide eligible Units, through a MAX Device, a cellular connection as outlined in the attached Service Agreement Addendum entitled "TK Elevator Communications."

Multimedia Monitoring Service

The latest versions of both ASME A17.1 and the International Building Code now require the Purchaser to have video and text messaging capabilities added within the elevator cab for all elevators. TK Elevator's Multimedia Monitoring Service satisfies the Purchaser's obligation to meet these new code requirements as outlined in the attached Service Agreement Addendum entitled "TK Elevator Communications."

06 Work Not Included

There are certain items that are not included in this Proposal, many of which must be completed by Purchaser prior to and as a condition precedent to TK Elevator's performance of its work as described in this Proposal. In order to ensure a successful completion of this project, it shall be solely Purchaser's responsibility to coordinate its own completion of those items with TK Elevator. The following is a list of those items that are not included in this Proposal:

A. Hoistways and Equipment Rooms

- Purchaser shall provide the following
 - A dry legal hoistway, properly framed and enclosed, and including a pit of proper depth and overhead. This is to include steel hoist beam, inspection or access platforms, access doors, sump pump, lights, waterproofing and venting as required; dewatering of pit(s) and required permanent screening.
 - A dry legal machine/control room, with clear rollable access adequate for the elevator equipment, including floors, trap doors, properly sized legal machine room doors, gratings, machine room or roof access platforms, roof/loading protection, ladders, railings, foundations, all hoist beams, lighting, ventilation sized per the TK Elevator shop drawings and/or code requirements. Purchaser must maintain machine/control room (or

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machine/control space within the shaft for MRL equipment) temperature between 55 and 90 degrees Fahrenheit, with relative humidity less than 95% non-condensing at all times.

- Adequate bracing of entrance frames to prevent distortion during wall construction.
- All grouting, fire caulking, cutting, x-ray and removal of walls and floors, patching, coring, setting of sleeves/knockouts, penetrations and painting (except as specified) and removal of obstructions required for elevator work; along with all proper trenching and backfilling for any underground piping and/or conduit.
- All labor and materials necessary to support the full width of the hoistway at each landing for anchoring or welding TK Elevator sill supports, steel angles, sill recesses;
- The furnishing, installing and maintaining of the required fire rating of elevator hoistway walls, including the penetration of firewall by elevator fixture boxes;
- Ensuring that the elevator hoistways and pits are dewatered, cleaned and properly waterproofed;
- TK Elevator is not responsible for verifying field dimensions or related work by others. Purchaser must verify all dimensions on the submittal drawings prior to equipment fabrication.

B. Electrical and Life Safety - Refer to Allowance for Electrical Fire/Life/Safety:

- Purchaser shall provide a 120V, 1P, 60C power supply in the locations as directed by TK Elevator for the cellular equipment being furnished and installed by TK Elevator for the communication devices within the elevator cab;
- Purchaser shall provide:
 - permanent 3-phase power with suitable connections from the power main to each controller and signal equipment feeders as required, including necessary circuit breakers and fused mainline disconnect switches per N.E.C. prior to installation. Permanent 3-phase power supply capable of operating the new elevator equipment under all conditions, no generator power, or manufactured power, will be acceptable;
 - piping and wiring to controller for mainline power, car lighting, and any other building systems that interface with the elevator controls per N.E.C. Articles 620-22 and 620-51;
 - any required hoistway / wellway, machine room, pit lighting and/or 110v GFCI service outlets;
 - conduit and wiring for remote panels to the Unit machine room(s) and between panels. Remote panels required by local jurisdictions are not included in this proposal;
 - a bonded ground wire, properly sized, from the Unit controller(s) to the primary building ground; and all remote wiring to the outside alarm bell as requested by all applicable code provisions;
 - installed sprinklers, smoke/heat detectors on each floor, machine room and hoistways / wellways, shunt trip devices (not self-resetting) and access panels as may be required as well as normally open dry contacts for smoke/heat sensors, which shall be terminated by Purchaser at a properly marked terminal in the Unit controller;
 - a means to automatically disconnect the main line and the emergency power supply to the unit prior to the application of water in the Unit machine room that shall not be self-resetting;
 - emergency power supply including automatic time delay transfer switch and auxiliary contacts with wiring to the designated Unit controller and along with electrical cross connections between elevator machine rooms for emergency power purposes;
 - the following emergency power provisions are not included: interface in controller, pre-testing and testing, emergency power keyswitches;
 - emergency power operation is included as part of the design of the Unit control system and based on each car in the group only, to properly sequence, one at a time to the programmed landing, and park. The design requires that the generator, transfer switch, and related circuitry are sufficient to run this function or any other function for any building other system that is associated with this project. In the event that the generator, transfer switch, and related circuitry are not sufficient, TK Elevator will provide Purchaser with a written change order for Purchaser's execution.
 - a dry set of contacts which close 20 seconds prior to the transfer from normal power to emergency power or from emergency power to normal power whether in test mode or normal operating conditions in the event that an emergency power supply will be provided for the Unit;
 - confirmation that the emergency standby power generator and/or building can accept the power generated to and from the Unit during both Hi-Speed and Deceleration. In cases where the generator and/or building load is not electrically sized to handle the power return from the regen drive, additional separate chopper and resistor units are available for purchase but not included in this proposal. The additional chopper and resistor units allow regenerated power to be dissipated in the resistor bank and not sent back into the building grid.

C. Miscellaneous:

- Purchaser shall provide all work relating to the finished flooring including, but not limited to, the provision of materials and its installation to comply with all applicable codes;
- Hydraulic jack replacement Refer to Exhibit A:
 - the excavation of the elevator cylinder well hole in the event drilling is necessary through soil that is not free from rock, sand, water, building construction members and obstructions. Should obstructions be encountered, TK Elevator will proceed only after written authorization has been received from the Purchaser. The contract price

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shall be increased by the amount of additional labor at TK Elevator's standard labor rates as per the local office along with any additional expenses and materials required;

- adequate ingress and egress, including ramping, for rail-mounted or truck-mounted drill rig;
- Purchaser is responsible for pumping truck contractor to remove and dispose of spoils from the site. In the event that unforeseen and unfavorable below ground conditions are encountered, including but not limited to concrete around the cylinder, construction debris, adverse water and/or soil conditions, erosion, cavitations, oil contamination, or circumstances necessitating increased hole depth, etc., which require the employment of specialized contractors, TK Elevator shall immediately advise the Purchaser and costs will be extra to the contract;
- in ground protection systems other than TK Elevator's standard HDPE or PVC protection system with bottomless corrugated steel casing;
- any required trenching and back filling for underground piping or casings, and conduit as well as any compaction, grouting, and waterproofing of block-out;
- engineering, provision and installation of methane barriers or coordination/access;
- a safe, accessible storage area for placement of D.O.T. 55 gallon containers for the purpose of spoils containment; obtaining of local environmental or disposal permits
- any spoils or water testing;

07 Working Hours, Logistics and Mobilization

- All work described in this Proposal shall be performed during TK Elevator's regular working days – defined as Monday thru Friday and excluding IUEC recognized holidays – and regular working hours – defined as those hours regularly worked by TK Elevator mechanics at the TK Elevator branch office that will provide labor associated with the performance of the work described in this Proposal - unless otherwise specified and agreed to in writing by both TK Elevator and Purchaser (hereinafter TK Elevator's regular working days and regular working hours shall be collectively defined as “normal working hours”). TK Elevator shall be provided with uninterrupted access to the Unit hoistway and machine room areas to perform work during normal working hours.
- Purchaser shall provide on-site parking to all TK Elevator personnel at no additional cost to TK Elevator.
- Purchaser shall provide traffic control, lane closures, permits and flagmen to allow suitable access/unload of tractor trailer(s).
- Purchaser agrees to provide unobstructed tractor-trailer access and roll-able access from the unloading area to the Unit hoistways or wellways (as applicable).
- Purchaser will be required to sign off on the Material Release Form, which will indicate the requested delivery date of equipment to the site. If Purchaser is not ready to accept delivery of the equipment within ten (10) business days of the agreed upon date, Purchaser will immediately make payments due for equipment and designate an area adjacent to the elevator shaft where Purchaser will accept delivery. If Purchaser fails to provide this location or a mutually agreeable alternative, TK Elevator is authorized to warehouse the equipment at the TK Elevator warehouse or designated distribution facility at Purchaser's risk and expense. Purchaser shall reimburse TK Elevator for all costs due to extra handling and warehousing. Storage beyond ten (10) business days will be assessed at a rate of \$125.00 per calendar day for each unit listed in this Proposal, which covers storage and insurance of the elevator equipment and is payable every (30) calendar days.
- Purchaser agrees to provide a dry and secure area adjacent to the hoistway(s) at the ground level for storage of the Unit equipment and tools within ten (10) business days from receipt at the local TK Elevator warehouse. Any warranties provided by TK Elevator for vertical transportation equipment will become null and void if equipment is stored in any manner other than a dry, climate controlled enclosed building structure. Any relocation of the equipment as directed by Purchaser after initial delivery will be at Purchaser's expense.
- You agree that if you are not ready to permit us to begin the installation of the equipment when we notify you when all or part of it is ready for shipment, you will immediately pay us a sum equal to the amount which would be payable to us if the elevator equipment or such part of it had actually been shipped and delivered. Unless you promptly provide to us a secure and convenient storage area, we are authorized to warehouse the elevator(s) at your risk and in any event, you shall reimburse us for all costs due to extra handling and warehousing.
- TK Elevator includes one mobilization to the jobsite. A mobilization fee of \$5,000.00 (minimum) per crew per occurrence will be charged for pulling off the job or for any delays caused by others once material has been delivered and TK Elevator's work has commenced.
- Access for this project shall be free and clear of any obstructions. A forklift for unloading and staging material shall also be provided by Purchaser at no additional cost.

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- Purchaser shall provide an on-site dumpster. TK Elevator will be responsible for cleanup of Unit packaging material; however, composite cleanup participation is not included in this Proposal.
- The hiring of a disposal company which MUST be discussed prior to any material being ordered or work being scheduled. TK Elevator will provide environmental services ONLY if this is specifically included under the "Scope of Work" section above. TK Elevator assumes no responsibility and/or liability in any way whatsoever for spoils or other contamination that may be present as a result of the cylinder breach and/or other conditions present on the work site.
- One or more of the units described in this Proposal will be out of service and unavailable to move passengers and/or property during entire duration of the performance of the work described in this Proposal until re-certified by the applicable authority(ies) having jurisdiction and in good standing with payment schedules.
- If site specific rules and regulations classify the elevator pit as confined space, elevator pits will need to reclassify a permit-required space to a non-permit required space prior to mobilization.

08 Temporary Use, Inspection and Turnover

- Unless required by specification, TK Elevator will not provide for "temporary use" of the Unit(s) described in this Proposal prior to completion and acceptance of the complete installation. Temporary use shall be agreed to via a change order to this Proposal which shall require Purchaser's execution of TK Elevator's standard Temporary Use Agreement. All labor, parts, repairs, adjustments, and/or refurbishment including callbacks required during the temporary use period will be billed at TK Elevator's billing rates listed in this proposal or TK Elevator's local service billing rates.
- Cost for temporary use of a Unit shall be \$200.00 per calendar day per hydraulic elevator for rental use only (minimum rental period is 30 calendar days), excluding personnel to operate.
- In the event that a Unit must be provided for temporary use, TK Elevator will require 30 days to perform final adjustments and re-inspection after the elevator has been returned to TK Elevator with all protection, intercoms and temporary signage removed. This duration does not include any provisions for finish work or for repairs of same, which shall be addressed on a project-by-project basis.
- Cost for preparation of controls for temporary use, refurbishment due to normal wear and tear, readjustment and re-inspection is \$5,000.00 per Unit in addition to costs for replacement or refurbishment of equipment based on special circumstances.
- These costs are based on work performed during normal working hours. Temporary use excludes vandalism or misuse. Any required signage, communication devices, elevator operators, and protection are not included while temporary use is being provided. All overtime premiums for repairs during the temporary use period will be billed at the billing rates listed in this proposal or TK Elevator's local service billing rates.
- The Proposal price set forth above includes one (1) inspection per Unit by the applicable authority having jurisdiction and/or third party inspectors where the equipment is located. In the event the equipment fails that inspection due to no fault of TK Elevator, TK Elevator will charge Purchaser for both the entire cost of each re-inspection which shall be \$1,500.00 per Unit and a remobilization fee which shall be \$5,000.00 per Unit, plus any additional costs that may apply, via change order prior to scheduling a re-inspection. In the event the inspection fails due to items caused by both parties, the aforementioned fees will be prorated based on the number of items by each party.
- Upon notice from TK Elevator that the installation and/or modernization of the equipment is complete, Purchaser will arrange to have present at the jobsite a person authorized to make the final inspection and to execute TK Elevator's "Final Acceptance Form" prior to turnover of each Unit. The date and time that such person will be present at the site shall be mutually agreed upon but shall not be more than ten (10) business days after the date of TK Elevator's notice of completion to Purchaser unless both TK Elevator and Purchaser agree to an extension of that ten (10) day period in writing. Such final inspection and execution of TK Elevator's "Final Acceptance Form" shall not be unreasonably delayed or withheld.
- Should the Purchaser or the local authority having jurisdiction require TK Elevator's presence at the inspection of equipment installed by others in conjunction with the work described in this Proposal, Purchaser agrees to compensate TK Elevator for its time at TK Elevator's billing rates as shown in this proposal.
- At the conclusion of its work, TK Elevator will remove all equipment and unused or removed materials from the project site and leave its work area in a condition that, in TK Elevator's sole opinion, is neat and clean.
- Purchaser agrees to accept a live demonstration of equipment's owner-controlled features on the same day as the turnover of each unit in lieu of any maintenance training required in the bid specifications.
- Purchaser agrees to accept TK Elevator's standard owner's manual in lieu of any maintenance, or any other, manual(s) required in the bid specifications. Any additional electronic copies or hard copies required will be subject

Modernization Proposal



to an additional charge of \$275.00. No program source coding, printed circuit board schematics, diagnostic hardware or codes will be provided.

- Should use of equipment be required prior to substantial completion, the Purchaser agrees to the signing of an interim maintenance agreement as outlined in Section 04. Any repairs, re-balancing, and cleaning as a result of interim use to restore equipment to as new condition will be extra to the Proposal.

09 Additional Terms and Conditions

- In no event shall TK Elevator be responsible for liquidated, consequential, indirect, incidental, exemplary, and special damages associated with the work described in this Proposal.
- This Proposal is made without regard to compliance with any special purchasing, manufacturing or construction/installation requirements including, but not limited to, any socio-economic programs, such as small business programs, minority or woman owned business enterprise programs, or local preferences, any restrictive sourcing programs, such as Buy American Act, or any other similar local, state or federal procurement regulations or laws that would affect the cost of performance. Should any such requirements be applicable to the work described in this Proposal, TK Elevator reserves the right to modify this Proposal or rescind it altogether.
- TK Elevator is an equal opportunity employer.
- TK Elevator's performance of the work described in this Proposal is contingent upon Purchaser furnishing TK Elevator with any and all necessary permission or priority required under the terms and conditions of government regulations affecting the acceptance of this Proposal or the manufacture, delivery or installation of the equipment. All applicable sales and use taxes, permit fees and licenses imposed upon TK Elevator as of the date of the Proposal are included in the price of the Proposal. Purchaser is responsible for any additional applicable sales and use taxes, permit fees and licenses imposed upon TK Elevator after the date of the Proposal or as a result of any law enacted after the date of the Proposal.
- The price of this Proposal includes value added taxes, tariffs, duties, and/or similar charges that are in effect as of the date of this Proposal. Purchaser is responsible to pay TK Elevator any and all additional amounts for the materials and/or components described in this Proposal above and beyond the pricing set forth in this Proposal for the reasons set forth in any of the following three (3) categories along with profit and overhead: (1) value added taxes, tariffs, duties, and/or other charges imposed by applicable governmental authorities that are in effect when such materials and/or components are ready to ship; (2) additional or increased charges to TK Elevator from any of the material and/or component suppliers after the date of this Proposal; and/or (3) additional or increased charges to TK Elevator from its shippers and/or freight forwarders of such materials and/or components after the date of this Proposal. When the materials and/or components called for in this Proposal are ready to ship, if required TK Elevator will provide Purchaser with a change order(s) covering all additional amounts mentioned in the preceding sentence which must be executed and fully paid for prior to and as a condition precedent to delivery of those materials and/or components to the jobsite or to the provision of any labor on the project.
- Purchaser agrees to provide TK Elevator's personnel with a safe place in which to work and TK Elevator reserves the right to discontinue work at the jobsite whenever, in TK Elevator's sole opinion, this provision is being violated.
- The pricing set forth in this Proposal assumes that the elevator pits will not be classified as a confined space. TK Elevator will follow its standard safety policy and procedures. Any job specific safety requirements over and above TK Elevator's standard practices and policies may require additional costs.
- TK Elevator will furnish and install all equipment in accordance with the terms, conditions, scope and equipment nomenclature as noted herein. Requested changes or modifications to such provisions will require a written change order issued on the Purchaser's letterhead and accepted by TK Elevator in writing prior to the execution of such work. This change order shall detail the current Proposal price, the amount of the change, and new Proposal value.
- This Proposal does not include a schedule for the work described and any such schedule shall be mutually agreed upon by an authorized representative of both TK Elevator and Purchaser in writing before becoming effective.
- In the event asbestos material is knowingly or unknowingly removed or disturbed in any manner at the jobsite, Purchaser shall monitor TK Elevator's work place and prior to and during TK Elevator's manning of the job, Purchaser shall certify that asbestos in the environment does not exceed .01 fibers per cc as tested by NIOSH 7400. In the event TK Elevator's employees or those of TK Elevator's subcontractors are exposed to an asbestos hazard, PCP's, lead or other hazardous substances, Purchaser agrees, to the fullest extent permitted by law, to indemnify, defend, and hold TK Elevator harmless from all damages, claims, suits, expenses, and payments

Modernization Proposal



resulting from such exposure. Identification, notification, removal and disposal of asbestos containing material, PCP's lead or other hazardous substances are the responsibility of the Purchaser.

k. TK Elevator retains title to and a security interest in all equipment it supplies – which TK Elevator and Purchaser agree can be removed without material injury to the real property – until all payments including deferred payments and any extensions thereof, are made. In the event of any default by Purchaser on any payment, or any other provision of this Proposal, TK Elevator may take immediate possession of the equipment and enter upon the premises where it is located – without legal process – and remove such equipment or portions thereof, irrespective of the matter of its attachment to the real estate or the sale, mortgage or lease of the real estate. Pursuant to the Uniform Commercial Code, and at TK Elevator's request, Purchaser agrees to execute any financial or continuation statements which may be necessary for TK Elevator to file in public offices in order to perfect TK Elevator's security interest in such equipment.

l. TK Elevator reserves the right to assign payments owed to TK Elevator under this Proposal.

m. TK Elevator shall not be liable for any loss, damage or delay caused by acts of government, labor troubles, strikes, lockouts, fire, explosion, theft, floods, riot, civil commotion, war, malicious mischief, acts of God or any cause beyond its control.

n. The rights of TK Elevator under this Proposal shall be cumulative and the failure on the part of the TK Elevator to exercise any rights hereunder shall not operate to forfeit or waive any of said rights. Any extension, indulgence or change by TK Elevator in the method, mode or manner or payment or any of its other rights shall not be construed as a waiver of any of its rights under this Proposal.

o. In the event TK Elevator engages a third party to enforce the terms of this Proposal, and/or to collect payment due hereunder, either with or without suit, Purchaser agrees to pay all costs thereof together with reasonable attorney's fees. Purchaser does hereby waive trial by jury and does hereby consent to the venue of any proceeding or lawsuit under this Proposal to be in the county where the work covered by this Proposal is located.

p. TK Elevator can furnish Certificate of Workers' Compensation, Bodily Injury and Property Damage Liability Insurance coverage to Purchaser upon written request.

q. Should loss of or damage to TK Elevator's material, tools or work occur at the project site, Purchaser shall compensate TK Elevator for such loss, unless such loss or damage results from TK Elevator's own acts or omissions.

r. Purchaser, in consideration of TK Elevator performing the services set forth in this Proposal, to the fullest extent permitted by law expressly agrees to indemnify, defend, save harmless, discharge, release and forever acquit TK Elevator Corporation, TK Elevator Manufacturing, Inc., their respective employees, officers, agents, insurers, affiliates, and subsidiaries (hereinafter singularly a "TK Elevator party" and collectively the "TK Elevator parties") from and against any and all claims, demands, suits, and proceedings for loss, property damage (including damage to the equipment which is the subject matter of this Proposal), personal injury or death that are alleged to either have arisen out of or be connected with the sale, marketing, presence, use, misuse, maintenance, installation, removal, modernization, manufacture, design, operation or condition of the equipment that is the subject matter of this Proposal or the labor and materials furnished in connection with this Proposal. Purchaser's duty to indemnify a TK Elevator party does not apply to the extent that the loss, property damage (including damage to the equipment which is the subject matter of this Proposal), personal injury or death is determined to be caused by or resulting from the negligence of that TK Elevator party. Purchaser recognizes that its obligation to defend the TK Elevator parties under this clause, which is separate and apart from its duty to indemnify the TK Elevator parties, includes payment of all attorneys' fees, court costs, judgments, settlements, interest and any other expenses of litigation arising out of such claims, demands, suits or proceedings.

s. Purchaser further expressly agrees to name TK Elevator parties along with their respective officers, agents, affiliates and subsidiaries as additional insureds in Purchaser's liability and any excess (umbrella) liability insurance policy(ies). Such insurance must insure TK Elevator parties for those claims and/or losses referenced in the above paragraph and those claims and/or losses arising from the negligence of TK Elevator parties. Such insurance must specify that its coverage is primary and non-contributory. Purchaser hereby waives its right of subrogation.

t. TK Elevator's participation in any controlled insurance program is expressly conditioned upon review and approval of all controlled insurance program information and documentation prior to enrollment. Any insurance credits if applicable, will be provided at that time.

u. Unless so mutually agreed upon in a separate signed agreement, TK Elevator shall not be required to interact or correspond with any third party with whom Subcontractor is not in privity of contract concerning matters pertinent to this Agreement.

v. The Purchaser must inform TK Elevator if Purchaser is, or becomes, an individual or entity that is - or that is majority owned or controlled by a party that is - included on any list of restricted parties maintained by (i) the United States of America; (ii) Canada; (iii) the European Union or any EU member state; (iv) the UK; (v) the United Nations; or (vi) any other national authority binding the parties of this contract.

Modernization Proposal



In case the Purchaser, or any other beneficiary of this transaction, e.g. the end-user, is or becomes an individual or entity that is - or that is majority owned or controlled by a party that is - included on any list of restricted parties, TK Elevator reserves the right to cancel this Proposal immediately.

If the goods subject to this Proposal would be exported, re-exported, resold, used, transferred or otherwise disposed of in violation of any sanctions applicable to TK Elevator, TK Elevator also reserves the right to cancel this Proposal immediately. In this respect, the Purchaser shall be obliged to disclose the final delivery address, end-user and end-use of the goods upon request - insofar as legally permissible - and to notify TK Elevator of all circumstances that indicate an aforementioned infringement.

"Sanctions" means here any economic, trade or financial sanctions, laws, regulations, embargoes or restrictive measures imposed, enacted, administered or enforced by any Sanctions Authority. "Sanctions Authority" means (i) the United States of America; (ii) Canada; (iii) the European Union or any EU member state; (iv) the UK; (v) the UN Security Council; or (vi) any governmental institutions of any of the foregoing which administer Sanctions, including HM Treasury, OFAC, Global Affairs Canada and The Department of Treasury Board and Finance, the US State Department and the US Department of the Treasury.

Acceptance

Purchaser's acceptance of this Proposal and its approval by an authorized manager of TK Elevator will constitute exclusively and entirely the agreement between the parties for the goods and services herein described and full payment of the sum of Three Hundred Ninety Seven Thousand Dollars (\$397,000.00) inclusive of all applicable sales and use taxes.

All other prior representations or regarding this work, whether written or verbal, will be deemed to be merged herein and no other changes in or additions to this Proposal will be recognized unless made in writing and properly executed by both parties as a change order. Should Purchaser's acceptance be in the form of a purchase order or other similar document, the provisions of this Proposal will exclusively govern the relationship of the parties with respect to this transaction. No agent or employee shall have the authority to waive or modify any of the terms of this Proposal without the prior written approval of an authorized TK Elevator manager.

SALINAS VALLEY MEMORIAL HEALTHCARE SYS (Purchaser):		TK Elevator Corporation Management Approval	
By: _____		By: _____	
(Signature of Authorized Individual)		(Signature of Branch Representative)	
_____ (Print or Type Name)		Kristin MacDonald Sales Manager	
_____ (Print or Type Title)			
_____ (Date of Acceptance)		_____ (Date of Execution)	

Service Agreement Addendum

TK Elevator Corporation ("TK Elevator Corporation," "TK Elevator," "we," "us," and "our") and SALINAS VALLEY MEMORIAL HEALTHCARE SYS (the "Purchaser," "you," and "your") hereby amend and supplement their duly executed and existing elevator maintenance agreement dated , contract number (the "Agreement"), as set forth in this addendum. This addendum shall be made a part of the Agreement, and in the event of conflict with other terms, conditions, purchase orders or contract documents, this addendum shall govern. All terms and conditions set forth in the Agreement will remain in full force and effect and apply to this addendum where no conflict exists. This addendum shall become effective starting on the date of activation of the services described herein.

TK Elevator Communications

TK Elevator offers an additional suite of services through our TK Elevator Communications call center separate and apart from those services included with your Agreement. We have notated below each additional TK Elevator Communications Service that you have selected for each of the Units covered under your Agreement and the corresponding total price per month of those services per Unit.

Building Name	Equipment Type	Nickname	Multimedia Monitoring	MAX Link	Price
1188 Padre Dr.	Hydraulic	1	Current Selection	Current Selection	\$80

A description of each available TK Elevator Communications service and the additional applicable terms and conditions follow.

Multimedia Monitoring Service

The latest versions of both ASME A17.1 and the International Building Code now require the Purchaser to have video and text messaging capabilities added within the elevator cab for all elevators. TK Elevator's Multimedia Monitoring Service satisfies the Purchaser's obligation to meet these new code requirements. "Multimedia Monitoring" is selected for specific Units in the chart above and those specified Units will, through its centralized TK Elevator Communications call center, receive 7 days per week, 24 hours per day, 365 days per year dispatching service provided by TK Elevator for calls placed by Purchaser outside of Regular Time to the local TK Elevator branch office and emergency telephone and multimedia monitoring on all Units maintained under this Agreement that have fully operational telephone and in-cab video and text equipment capable of placing a call to or initiating multimedia contact with that call center.

Depending on the nature of the call and/or multimedia contact and circumstances, TK Elevator's operators can call one or more of the following: Purchaser's Designated Contacts set forth below; Local Emergency Services at phone numbers provided by Purchaser below; and/or a local TK Elevator service technician to be dispatched to the location of the affected Unit. Please note that calls cannot be placed to "9-1-1" as the centralized TK Elevator Communications call center does not have dialing access to local "9-1-1" numbers.

This Multimedia Monitoring Service specifically excludes any maintenance, repair or replacement of any type or kind of the Purchaser's telephone and any other type of audio or video communication equipment. The Purchaser retains exclusive possession and control of all of the Unit's communication equipment and is solely responsible for ensuring uninterrupted operation of that equipment so that it is continuously capable of communicating with TK Elevator Communication's call center as designed.

MAX Link

"MAX Link" is selected for specific Units in the chart above and TK Elevator will provide those specified Units, through a MAX Device, with a cellular connection for one or more of the following: Purchaser's in-car emergency video, text or audio communication equipment compatible with such a connection (the "Communication Equipment") for the duration of this Agreement so long as that communication equipment meets all applicable laws and codes. For units with analog phone devices, MAX Link service will specifically include maintenance, repair or replacement of Purchaser's emergency analog telephone where TKE's VoIP analog telephone adapter is deployed.

In no event shall TK Elevator be liable or responsible to you or any other party for failure of a cellular connection, or for receipt of the same by a MAX Device when such failure is due in whole or in part to a temporary or permanent failure

of any type of hardware, systems, networks or telecommunications infrastructure provided by you, or by your, or by TK Elevator’s third party service providers or by any other third party, or is due in whole or in part to any circumstances beyond TK Elevator’s reasonable control including, but not limited to, any of the following: acts of God, flood, fire, wind, rain, water, soil movement, earthquake, explosion, virus, disease, unlawful cyber activity, vandalism, abuse, misuse, war, terrorism, power outages, power fluctuations, and/or national or regional shortages of power or telecommunication infrastructure.

Price
In light of the modifications to Agreement set forth above, you agree to an additional price of \$80.00 per month which will be billed to you separately from the price of the Agreement (the “TK Elevator Communications Services Charge”). The cost of your selected TK Elevator Communications Services is not subject to any discounts.

Acceptance
Your acceptance of this addendum and its approval by an authorized manager of TK Elevator will constitute exclusively the entire understanding of the Parties with respect to the subject matter contained herein and it shall thereafter become part of the Agreement. All other prior representations or agreements, whether written or verbal, will be deemed to be merged herein and no other changes in or additions will be recognized unless made in writing and properly executed by both Parties. Should your acceptance be in the form of a purchase order or other similar document, the provisions of this addendum and the Agreement will govern, even in the event of a conflict.

No agent or employee shall have the authority to waive or modify any of the terms of this Agreement without the prior written approval of an authorized TK Elevator manager.

SALINAS VALLEY MEMORIAL HEALTHCARE SYS (Purchaser):		TK Elevator Corporation Management Approval	
By: _____		By: _____	
(Signature of Authorized Individual)		(Signature of Branch Representative)	
_____ (Print or Type Name)		Kristin MacDonald Sales Manager	
_____ (Print or Type Title)			
_____ (Date of Acceptance)		_____ (Date of Execution)	



Service Agreement Addendum

TK Elevator Communications Contact Information - To Be Completed by Purchaser

Purchaser hereby acknowledges that as a condition precedent to TK Elevator's placement of calls to Purchaser's Designated Contacts and any Local Emergency Services under this Agreement, Purchaser must first complete all sections of the TK Elevator communications Contact Information section below. Purchaser further acknowledges that it is Purchaser's sole responsibility to advise TK Elevator immediately in writing of any changes to the information contained in this exhibit during the term of this Agreement. Purchaser acknowledges that no revision to that information will be made without TK Elevator first receiving such request in writing from Purchaser's authorized representative.

Under those circumstances where TK Elevator is unable to reach Purchaser's Designated Contacts, Purchaser hereby gives TK Elevator express permission to dispatch a TK Elevator service technician to the location of the equipment at Purchaser's expense in accordance with TK Elevator's applicable billing rates. Purchaser further agrees that TK Elevator does not assume any duty or responsibility to advise any caller, regardless of his or her location within or outside the elevator, to take or not take any specific action resulting from a medical or other emergency or any other situation including, but not limited to, entrapment of persons, evacuation, repair or return to service of any equipment.

In the event of an emergency, or perceived emergency, one or more of the following are to be Purchaser's Designated Contacts:

Contact Name	Title	Primary Telephone #	Secondary Telephone #

In the event of an Emergency or perceived emergency, TK Elevator has the express permission to contact one or more of the following **(911 is not sufficient, local phone numbers are required)**:

Police Department: () -

Fire Department: () -

Special instructions/remarks:

In the event that a TK Elevator call center operator perceives that a call from within the elevator constitutes a medical or other emergency, Purchaser hereby gives TK Elevator the express permission to call Local Emergency Services at the telephone numbers provided above at TK Elevator's sole discretion. Under those circumstances, Purchaser agrees to pay all related charges for services provided by any Local Emergency Services in response to that call. Purchaser agrees that TK Elevator shall not be responsible for ensuring an appropriate (or any) response by Local Emergency Services to that call.



DOWN PAYMENT REQUEST

Attn: SALINAS VALLEY MEMORIAL HEALTHCARE SYS
PO BOX 3827
SALINAS CA, 93912-3827

Date	Terms	Reference ID	Customer Reference # / PO
October 06, 2026	Immediate	TK-2026-00616245	
Total Contract Price:			\$397,000.00
Initial progress payment:			(55%) \$218,350.00

For inquiries regarding your contract or services provided by TK Elevator, please contact your local account manager at -. To make a payment by phone, please call 770-799-0400 with the reference information provided below.

Current and former service customers can now pay online at:
<https://tke.ssoaccount.com/>

Thank you for choosing TK Elevator. We appreciate your business.

Please detach the below section and provide along with payment.

Customer Name: SALINAS VALLEY MEMORIAL
HEALTHCARE SYS

Location Name: 1188 Padre Dr.

Customer Number: 140257

Quote Number: 2026-4-62649

Reference ID: TK-2026-00616245

Remittance Amount: \$218,350.00

Remit To:

TK Elevator
PO Box 3796
Carol Stream, IL
60132-3796

For overnight checks,
please send to:

Deluxe
TK Elevator 3796
5450 N. Cumberland Ave.
Chicago, IL 60656



MODERNIZATION FINANCING PROGRAM

Need to modernize your elevator or escalator quickly but it's not in the budget?
TK Elevator has partnered with GreatAmerica Financial to offer financing for
Modernization Projects in the United States and Canada.

Program Details:

Term Durations: 12 - 60 months

Loan Size: \$50,000 - \$5,000,000*

100% of Project Financing Available

Fixed Interest Rates

FAST Credit Approval!

Loans under \$500,000 – SAME DAY

Loans over \$500,000** – 24 to 72 Hours

Example of \$150,000 financed over a 60-month period at various interest rates:

Rate	Number of Payments	Payments per month
9.99%	60	\$3,186.32
10.99%	60	\$3,260.62
11.99%	60	\$3,335.91
12.99%	60	\$3,412.19

The above example's finance rates, number of payments, payment frequency and payment amounts are for illustrative purposes only and subject to change.

* Loans larger than \$5,000,000 may be accepted.

** All loans subject to credit approval.

Additional Information:

Program eligibility requires execution of 5-year maintenance agreement with TK Elevator.

Specific financing terms, rates and conditions will vary based on creditworthiness and GreatAmerica Financial's other terms and conditions.

Not all applicants will qualify.

TK Elevator may receive compensation from GreatAmerica as part of this program.

TK Elevator is not a licensed lender and does not originate or arrange financing.

TK Elevator is not responsible for GreatAmerica Financial's products or services, or how GreatAmerica Financial handles an applicant's information.

Board Paper: Finance Committee

Agenda Item: **Consider Recommendation for Board Approval of Project Budget for the Gift Shop Relocation & Retail Pharmacy Expansion Project**

Executive Sponsor: Clement Miller, Chief Operating Officer
Brad McCoy, Vice President of Facilities, Construction and Real Estate

Date: October 7, 2026

Executive Summary

Seeking approval of costs associated with expansion of the existing Retail Pharmacy inside the Downing Resource Center and relocation of the existing Gift Shop into a modular trailer beside the building to allow the increase in Pharmacy size. This Pharmacy project enlarges the 'retail pharmacy' component and adds a 'specialty pharmacy' component to allow dispensing of medications where Salinas Valley Health (i) expands its capture of eligible population needs, (ii) provides an opportunity to ensure all patients leave the hospital with their required medications thus reducing the risk of readmission, and (iii) this development will be used to drive down the medication cost of our employee health plan.

Background/Situation/Rationale

To expedite the completion date of the project and to maintain strict control over the project site as the Pharmacy is required to maintain service and public access throughout the course of construction, a multi-prime contracting delivery process is recommended where oversight of project activities is closely kept by Salinas Valley Health's Program Management team. Both informal and formal competitive bidding procurement regulations will be followed, depending upon the value of separate scopes of construction work. The project is being executed in phases, commencing with the relocation of Gift Shop activities, followed by a 3-phase Pharmacy renovation meant to maintain public access to a functioning retail pharmacy component throughout the renovation/expansion process.

Timeline

Project Programming & Design	October 2025 – September 2026
Gift Shop Relocation	October 2026 – November 2026
Retail Pharmacy Construction	November 2026 – February 2027
Specialty Pharmacy Construction	February 2027 – March 2027

Pillar/Goal Alignment

✓ Service People ✓ Quality ✓ Finance Growth ✓ Community

Financial Implications

Fiscal Year 2027 capital project budget planning included \$3M in funding for this project. Current project planning anticipates the total project costs at \$1.35M, which includes design, permitting, equipment, construction renovations required to facilitate the relocation activities and expansion of the existing pharmacy.

1. Total Estimated Project Cost	\$1,350,000
2. Amount of Construction Contract(s)	\$580,000
3. Construction Duration	5 Month Anticipated Duration (Excluding Modular Building)
4. Payment Terms	Percentage of completion progress payments
5. Budgeted	Yes

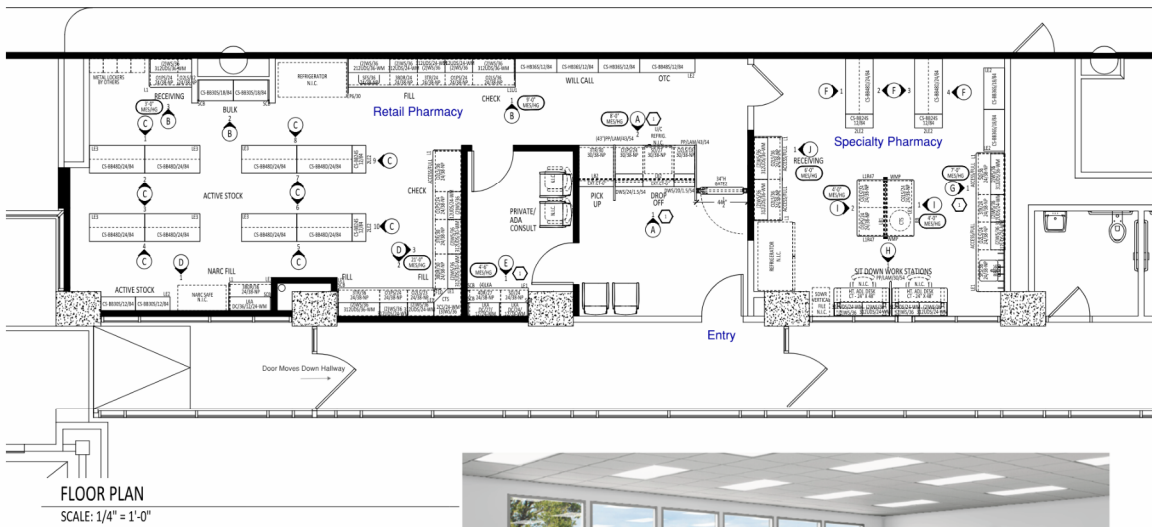
Recommendation

SVH Administration requests the Finance Committee recommend to the SVH Board of Directors to approve the project budget for the Gift Shop Relocation & Retail Pharmacy Expansion Project in the amount of \$1,350,000.

Attachments

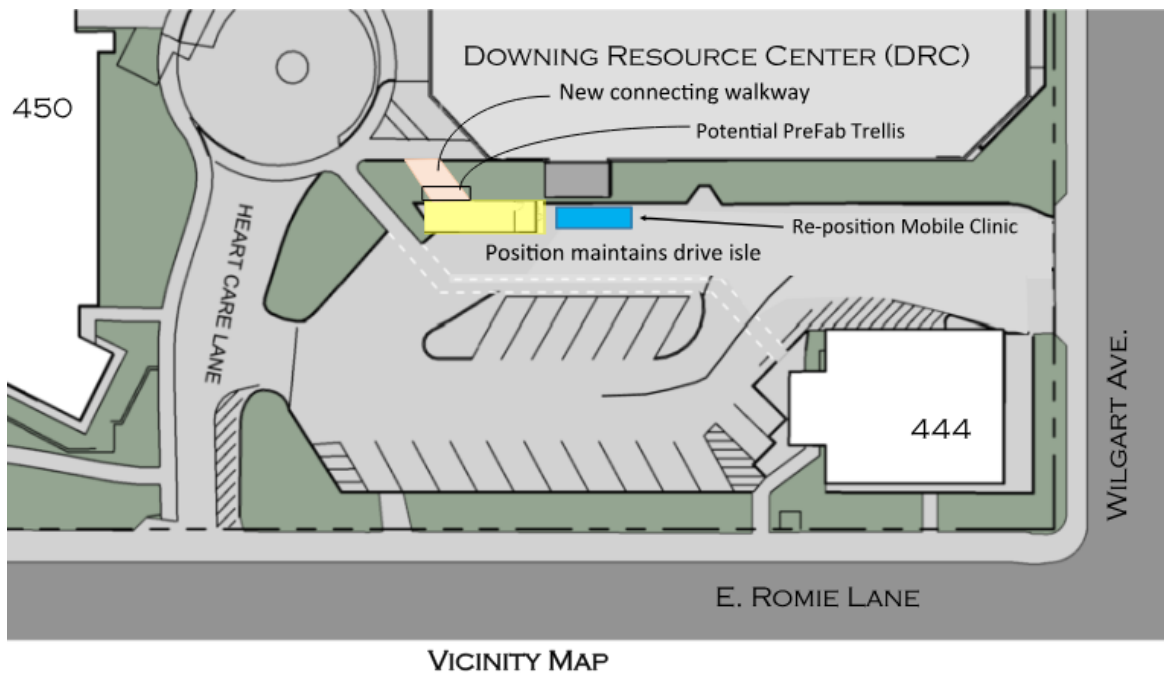
- Design documentation of the gift shop trailer & expanded pharmacy plan
- Current Budget prepared September 29, 2026

Attachment A



Sample
Finish/Layout

Proposed Pharmacy Expansion (Retail + Specialty)



Proposed Modular Structure for Gift Shop

Attachment B

Salinas Valley Health

Project Cost Model: Gift Shop Relocation & Retail Pharmacy Expansion Project

Architect: WRD

Subject: 100 CD's budget projection

Date Printed:

9/29/2026

Budget Amount:

\$1,350,000

Budget Approved Date:

PENDING

Version 1

Anticipated Completion:

Q4 FY2027

Budget Summary

		A
Line Item	Description	Original Budget
1	Construction	
100	Construction - Pharmacy	\$410,000
100	Construction - Gift Shop Relocation	\$120,000
101	Owner Contingency	\$50,000
2	Design	
200	Professional Fees	\$125,000
3	Inspections and Consultation	
301	Special Inspections	\$10,000
4	AHJ Fees	
400	City Fees	\$35,000
5	Soft Costs	
502	Program Management	\$120,000
7	FF&E	
702	Medical, Data & Non-Medical Equipment	\$380,000
9		
9900	Project Contingency	\$100,000
Totals		\$1,350,000

Financial Performance Review

August 2026

Iftikhar Hussain
 Chief Financial Officer

Consolidated Financial Results August 2026

Month					\$ in Millions	YTD				
August			Bud Variance (unfav)			August			Bud Variance	
Actual	Budget	Prior Year	\$	%		Actual	Budget	Prior Year	\$	%
\$ 71.1	\$ 69.6	\$ 69.3	\$ 1.5	2.2%	Operating Revenue	\$ 146.5	\$ 142.1	\$ 145.5	\$ 4.4	3.1%
72.8	72.0	68.2	(0.8)	-1.1%	Operating Expense	147.8	145.2	139.4	(2.6)	-1.9%
(1.7)	(2.4)	1.1	0.7	29.2%	Income from Operations	(1.3)	(3.1)	6.1	1.8	29.4%
-2.3%	-3.4%	1.5%	1.1%	32.35%	Operating Margin %	-0.9%	-2.2%	4.2%	1.3%	30.5%
					Op. margin % full year target		2.4%			
3.0	4.0	5.2	(1.0)	-25.0%	Non Operating Income	2.1	8.0	6.2	(5.9)	-7.4%
1.3	1.6	6.3	(0.3)	-18.7%	Net Income	0.8	4.9	12.3	(4.1)	-33.3%
1.8%	2.3%	9.0%	-0.5%	-21.74%	Net Income Margin %	0.6%	3.4%	8.5%	-2.8%	-33.3%

Operating margin for the month and year is ahead of budget but lower than prior year and lower than the threshold target

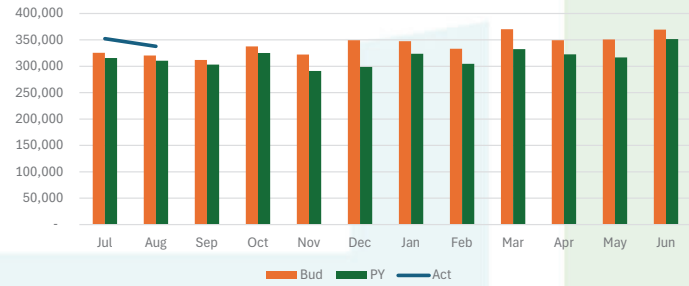
There were no material supplemental payments received in thru August

Consolidated Monthly Trend

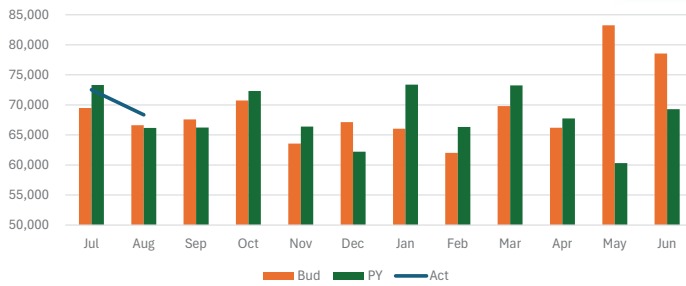
Consolidated Operating Margin



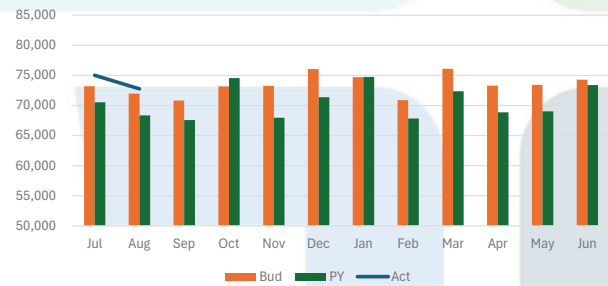
Gross Revenue



Consolidated Net Revenue



Consolidated Expenses



3

Key Financial Indicators

Indicator Metric		YTD 8/31/2026	Budget	S&P A+ Rated	Prior Year
Operating Margin		-0.9%	-2.2%	4.0%	2.4%
Total Margin		0.6%	3.4%	6.6%	4.7%
EBITDA Margin		4.3%	3.3%	13.6%	7.5%
Days of Cash		346	355	249	353
Days of Accounts Payable		52	48	-	46
Days of Net Accounts Receivable		65	57	49	64
Supply Expense as % NPR		16.3%	17.3%	-	14.7%
Labor Expense as % NPR		52.7%	53.8%	53.7%	50.7%
Operating Expense per APD		7,325	7,408	-	7,414

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Executive Summary

- YTD hospital volume, measured in charges was 7% higher than budget mainly due high inpatient volume
- YTD Deliveries were up 8% from PY
- YTD Admissions were 13% higher than PY mainly due to high volume from the ER
- YTD Cath Lab cases were up 14% from PY
- YTD total ER outpatient visits down 4% from PY
- YTD Surgery cases were down 5% from PY
- YTD Infusion cases was off 6% from PY
- YTD Imaging was higher than budget and PY

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Executive Summary: August Financial Performance – Continued

Cost and Utilization:

- **Worked FTEs** on a per Adjusted ADC basis were **4%** favorable at **6.9** - compared to a target of **7.2**
- **Days in AR** at **65** flat with prior month
- **Payor Mix** was unfavorable with higher Medi-Cal and lower commercial as a percentage of gross revenue
- **Days Cash on Hand** decreased by 5 days to 346 mainly due to \$11.5 million payment CCAH for the supplemental payment program. The supplemental payment is expected in October
- **Non-Operating Income** was under budget by \$1.0 million due to investment income unrealized losses due to higher interest rates

Prior 3 Months

Current Month

Key Metrics	May-26 Actual	Jun-26 Actual	Jul-26 Actual	Aug-26 Actuals	Aug-26 Budget
Total Gross Revenue	\$ 299,504	\$ 324,206	\$ 327,747	\$ 319,965	\$ 300,791
Medicare %	46%	47%	46%	47%	46%
Medicaid %	29%	27%	29%	30%	30%
Commercial %	21%	21%	20%	19%	21%
All Other %	4%	5%	5%	4%	3%

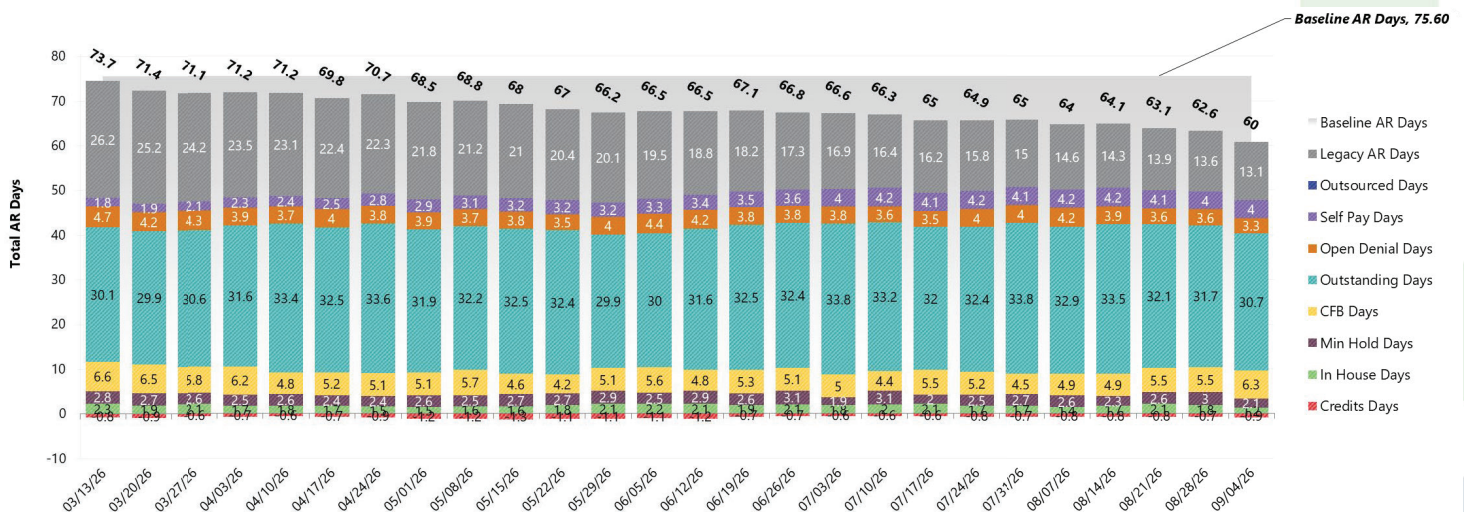
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Volume Summary – August 2026

Actual	Prior Year	Aug Bud	Bud Var	Key Statistics	YTD	YTD-PY	Var PY	YTD Aug Bud	YTD Bud Var
Inpatient									
108	108	104	↑ 4%	ADC	109	104	↑ 5%	104	↑ 6%
1,009	943	1,087	↓ -7%	Admissions	2,082	1,848	↑ 13%	2,158	↓ -4%
118	105	105	↑ 12%	Deliveries	235	217	↑ 8%	216	↑ 9%
1.9	2.1	2.1		Medicare Traditional ALOS CMI Adjusted	1.8	2.1	(0.1)	2.1	
1.78	1.79	1.73		Medicare Traditional Case Mix	1.72	1.79	-4%	1.73	
Emergency Room									
4,303	4,671	4,248	↑ 1%	ER OP Visits	8,283	8,957	↓ -8%	8,900	↓ -7%
801	736	745	↑ 8%	ER IP Admissions	1,654	1,422	↑ 16%	1,459	↑ 13%
5,104	5,407	4,993	↑ 2%	Total ER	9,937	10,379	↓ -4%	10,359	↓ -4%
Procedures									
155	151	148	↑ 5%	IP Surgeries	305	319	↓ -4%	303	↑ 1%
313	350	293	↑ 7%	OP Surgeries	635	667	↓ -5%	614	↑ 3%
468	501	441	↑ 6%	Total Surgeries	940	986	↓ -5%	917	↑ 3%
335	263	319	↑ 5%	Cath Lab	724	633	↑ 14%	644	↑ 12%
1,291	1,370	1,357	↓ -5%	OP Infusion Cases	2,524	2,674	↓ -6%	2,842	↓ -11%
358	297	306	↑ 17%	MRI Procedures	726	604	↑ 20%	618	↑ 17%
2,215	2,102	1,944	↑ 14%	CT Scans	4,463	4,202	↑ 6%	3,971	↑ 12%
Observation Cases									
161	205	149	↑ 8%	Obs Cases	352	408	↓ -14%	305	↑ 15%

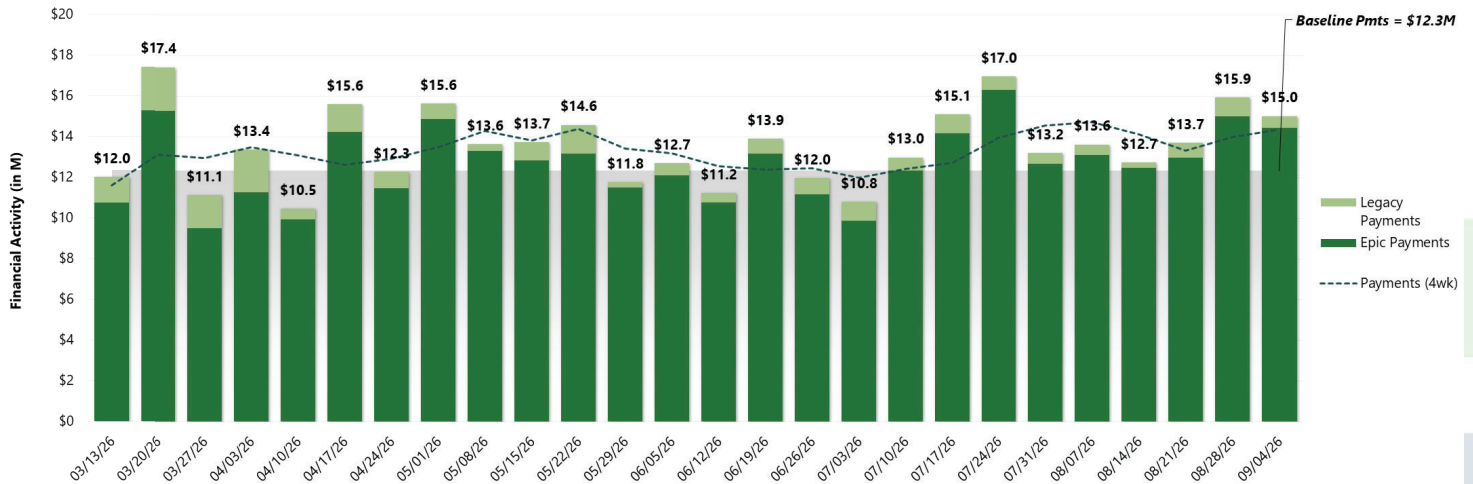
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Accounts Receivable – AR Days Trend



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Accounts Receivable –Payment Trend



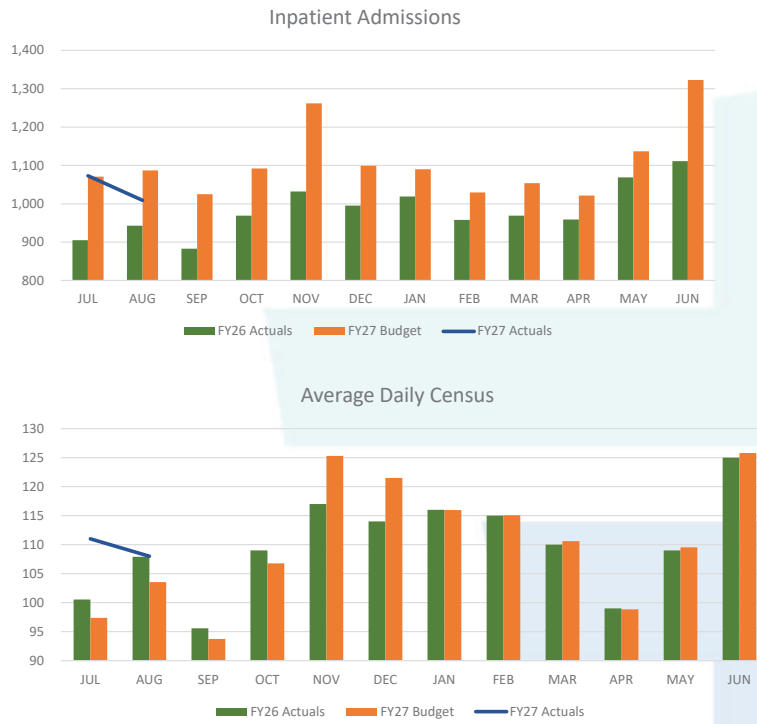
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Medi-Cal and Other Supplemental Payments

FY 2027					
Date	Payor	Description	Total Amount	Regular	One Time
Oct 2026	CAAH	DMPH-Quality Incentive Payment CY 2025 Interim	2,508,508	2,508,508	
Jan 2027	CAAH	Voluntary Rate Range-CY 2025 (net)	2,789,777	2,789,777	
Apr 2027	CAAH	DMPH-Quality Incentive Payment CY 2025 (net)	2,508,508	2,508,508	
Apr 2027	CAAH	Direct Payment Program (net) Phase 2- CY 2025	18,081,596	18,081,596	
May 2027	DHCS	Medi-Cal OP Supplemental (net) CY 2025-26	1,118,413	1,118,413	
Quarterly	CAAH	CAAH-SVMC HIP Program CY 2026	3,350,000	3,350,000	
Jun 2027	CAAH	Hospital Quality Incentive Program	2,600,000	2,600,000	
Jun 2027	DHCS	Medi-Cal Rate Range (net) CY 2026-27	1,774,995	1,774,995	
Oct 2027-Receiveable	CAAH	Direct Payment Program (net) Phase 1- CY 2026	17,826,925	17,826,925	
Estimated FY 2027			52,558,721	52,558,721	-
FY 2026					
Date	Payor	Description	Amount	Regular	One Time
Oct 2025	CAAH	Direct Payment Program (net) Phase 2- CY 2023	\$ 4,474,778	\$ 4,474,778	
Oct 2025	CAAH	DMPH-Quality Incentive Payment CY 2024 Interim	3,326,677	3,326,677	
Dec 2025	CAAH	CAAH-EPIC Training & Implementation	12,000,000		12,000,000
Jan 2026	CAAH	Voluntary Rate Range-CY 2024 (net)	5,579,554	5,579,554	
Apr 2026	CAAH	Medi-Cal Quality Incentive Program (net)	2,944,592	2,944,592	
Apr 2026	CAAH	Direct Payment Program (net) Phase 1- CY 2024	3,902,248	3,902,248	
May 2026	DHCS	Medi-Cal OP Supplemental (net) CY 2024-25	955,663	955,663	
Jun 2026	DHCS	Medi-Cal Rate Range (net) CY 2025-26	2,218,743	2,218,743	
Oct 2026-Receiveable	CAAH	Direct Payment Program (net) Phase 2- CY 2024	3,899,576	3,899,576	
Oct 2026-Receiveable	CAAH	Direct Payment Program (net) Phase 1- CY 2025	18,190,740	18,190,740	
Total FY 2026			57,492,571	45,492,571	12,000,000

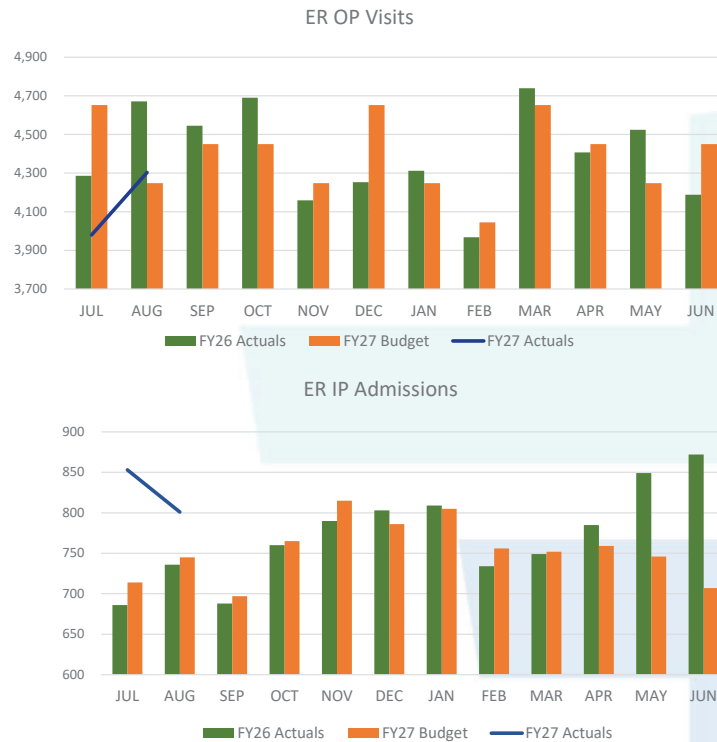
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Volume Trends – Admissions & ADC



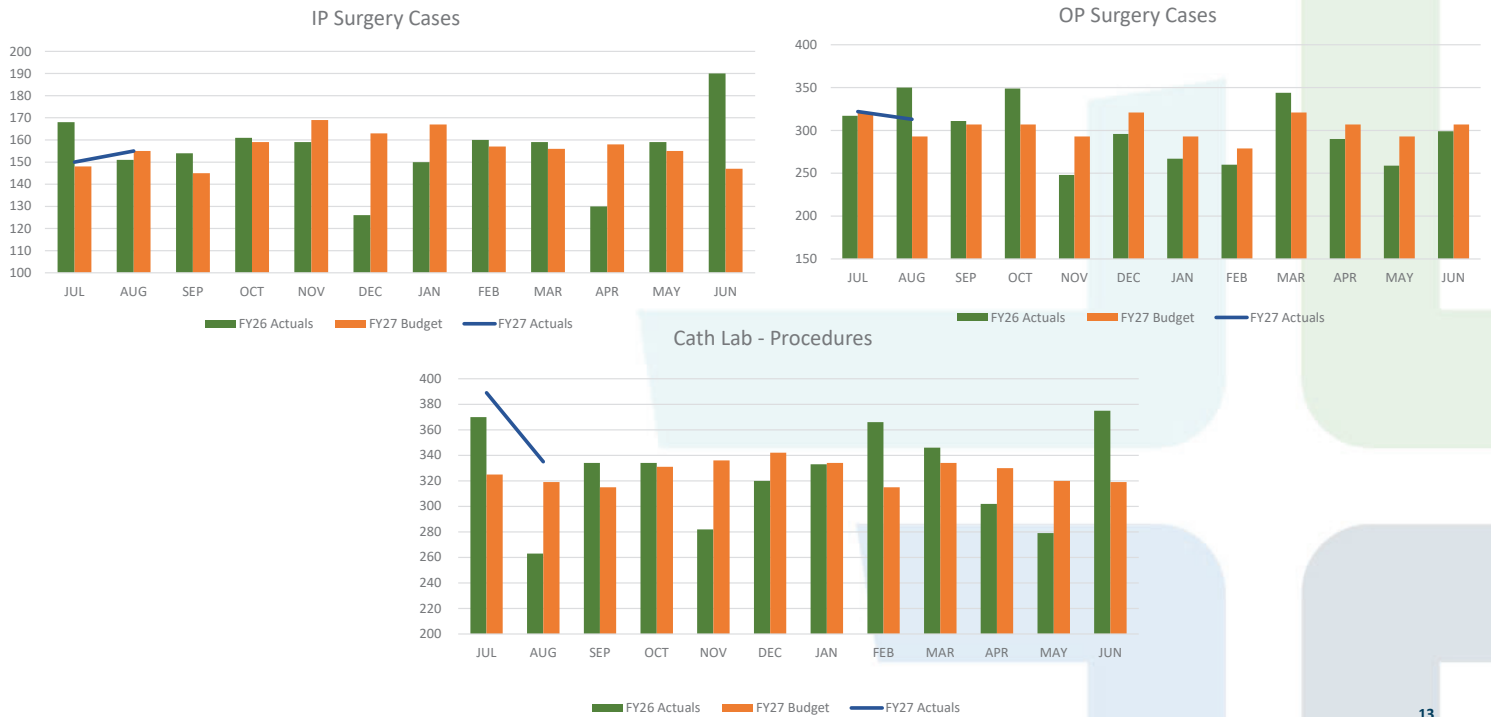
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Volume Trends – ER



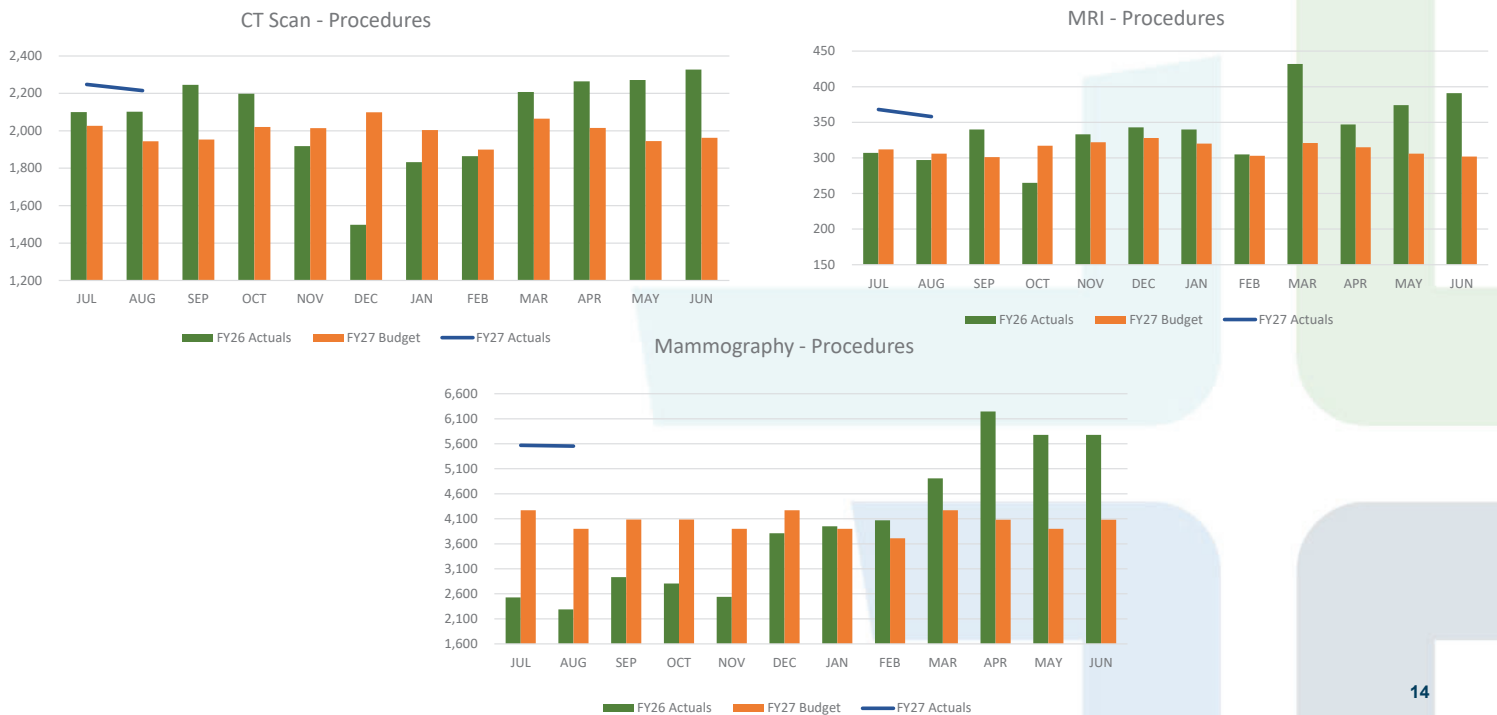
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Volume Trends - Surgery and Cath Lab



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Volume Trends - Imaging



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Labor Productivity Key Indicators

Current Month					Year-to-Date			
Prior Year	Actual	Target	Variance (in FTE)		Prior Year	Actual	Target	Variance (in FTE)
1,694.3	1,741.3	1,774.9	33.6 FTE	Worked FTE	1,636.0	1,728.0	1,783.0	55.0 FTE
4.0%	3.1%	4.1%	16.1 FTE	Overtime as a % of Worked Hours	4.1%	3.5%	4.1%	10.2 FTE
4.7%	4.1%	4.0%	(2.5 FTE)	Contract Labor as a % of Worked Hours	4.4%	4.1%	4.0%	(2.7 FTE)

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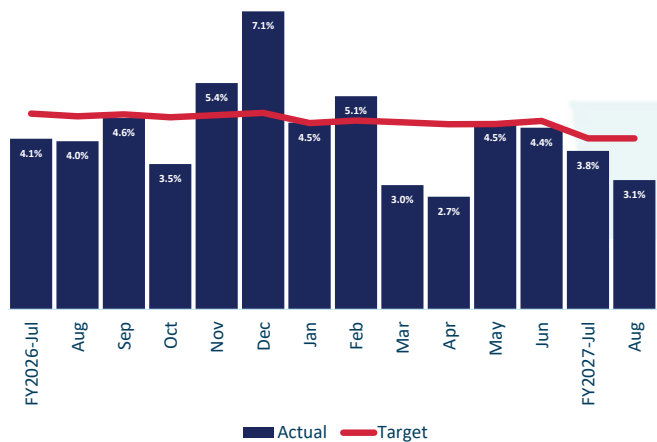
Labor Productivity As of August 2026 Year-to-Date

- **Worked FTE:** Worked FTE is favorable to target by 33.6 in the month (as defined by pay periods 4 – 5) and by 55.0 on a YTD basis. The variance is primarily driven by:
 - **Volume:** ADC was higher than target by 9.0 resulting in an increased target
 - **Vacancies:** Open positions budgeted in FY2027 have not yet been filled leading to a positive variance
 - **Contract Labor:** Contract labor usage is over budget at 4.1% of Worked FTE in the month (compared to a target of 4.0%) resulting in a negative FTE variance of 2.7
 - The overage is related to filling positions that are currently orienting, as well as hard to recruit positions
 - This is much improved compared to the prior year average of 5.7% driven by the Epic implementation

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Overtime & Contract Labor Trends

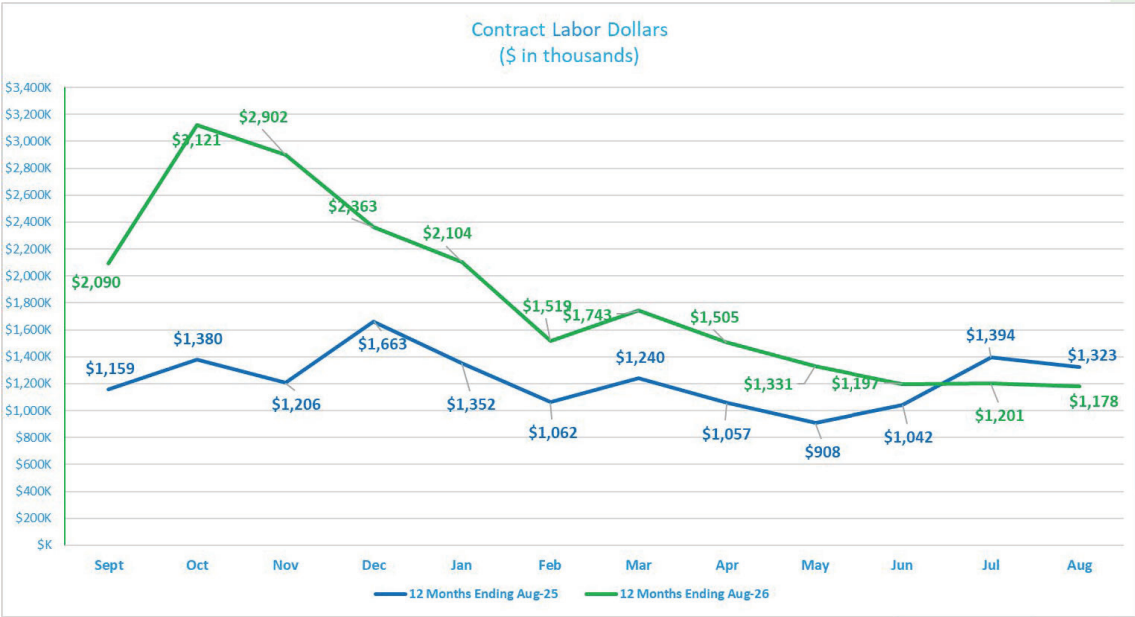
Overtime as a Percent of Worked FTE



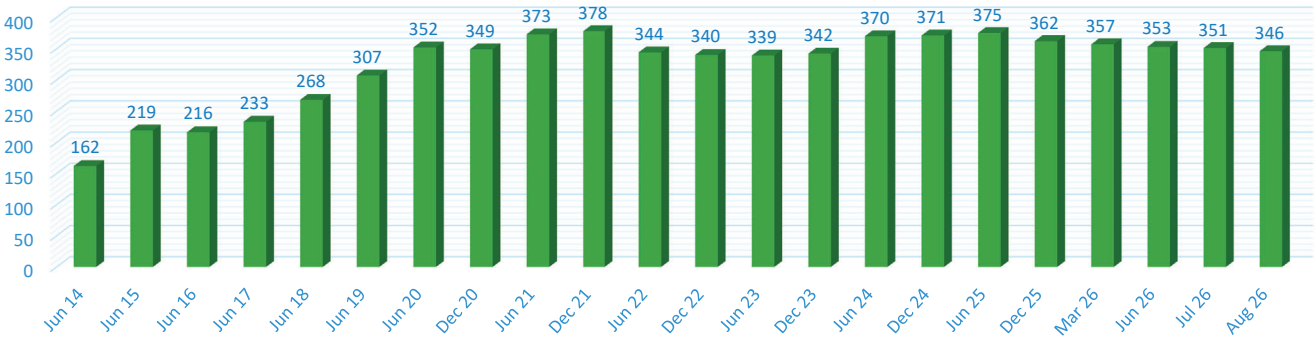
Contract Labor as a Percent of Worked FTE



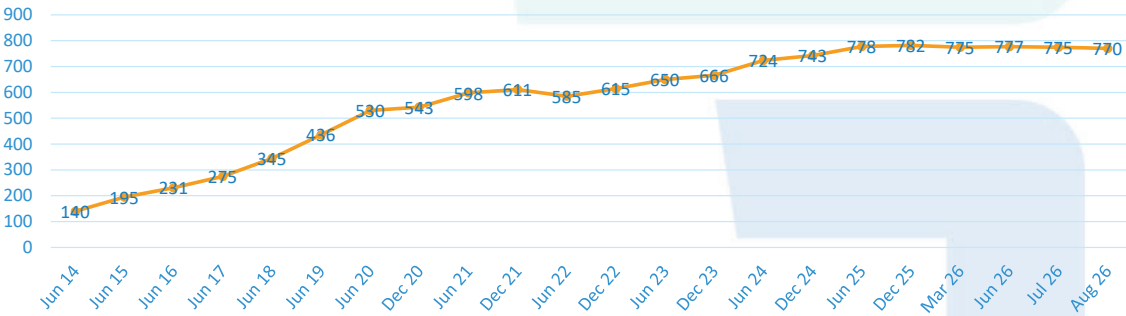
Contract Labor Trends



Days Cash on Hand = 346 Days (\$770M) - August 2026



Consolidated Cash & Investments-Millions (\$000)



Questions/Comments

ADJOURNMENT