



DESERT HEALTHCARE DISTRICT & FOUNDATION

MEASURE AA APPROVAL

Next Steps

Important Dates

Nov. 5, 2024 – Coachella Valley voters approve Measure AA.

Dec. 2024 – The Desert Healthcare District & Tenet Healthcare formally close and enter into the Lease-Purchase Agreement approved by voters.

May 31, 2027 – The 30-year term of the Lease-Purchase Agreement begins with an initial payment of \$100 million to the District from Tenet.

May 2028 – Annual payments to the District of approximately \$20 million begin, incrementally increasing to about \$28 million by 2046.

Jan. 1, 2030 – The state of California requires seismic retrofitting to be complete at Desert Regional Medical Center, which Tenet is legally required to do in the terms of the lease-purchase agreement.

May 30, 2057 – The Lease-Purchase Agreement term ends, and Tenet makes a final purchase payment of \$100 million. Ownership of Desert Regional Medical Center is transferred to Tenet Healthcare.

Hospital Operation

Tenet will continue operation and management of Desert Regional Medical Center, as it has since 1997 when it signed its first 30-year lease agreement with the District. The District will provide limited oversight of the hospital campus through participation in hospital board governance meetings, Facility Committee inspections, and through Tenet's monthly reports to the District Board. The oversight ends in May 2057.

District Outlook

5-year Action Plan: The District receives a large infusion of cash with the initial payment of \$100 million in May 2027 from Tenet, in addition to the existing reserve funds of approximately \$65 million. The District Board and staff will work with an *independent consultant* to host a planning workshop, review the current strategic plan, and make any necessary changes to optimize health for all district residents. The enhanced plan will determine immediate needs and define long-term strategies, as the District is expected to receive an additional \$550 million over the lease term.

Long-term Planning: The District Board and staff will also engage with financial advisors to develop a plan to support funding the community health needs and goals the District has identified and to grow its financial resources over the long term for investment in future endeavors.

Grants Program

Between today and May 2027, the District grants program and other funding support will continue as is – primarily funded through property taxes and the lease revenue from properties the District owns.

The total allocation for the grants program is expected to expand, potentially increasing grant awards for individual applications. The Board and staff will explore these opportunities based on the results of the strategic plan and the advice of financial consultants and legal counsel.