



**DESERT HEALTHCARE DISTRICT**  
**DESERT HEALTHCARE DISTRICT**  
**BOARD MEETING**  
**Board of Directors**  
**April 24, 2018**  
**6:00 P.M.**

Cathedral City Senior Center  
37171 W. Buddy Rogers Avenue  
Cathedral City, CA 92234  
*This meeting is handicapped-accessible*

<b>Page(s)</b>	<b>AGENDA</b>	<b>Item Type</b>
	<i>Any item on the agenda may result in Board Action</i>	
	<b>A. CALL TO ORDER – President Zendle, MD</b> Roll Call ____ Vice-President/Secretary Rogers, RN ____ Director/Treasurer Matthews ____ Director Hazen ____ Director Wortham, DrPH	
	<b>B. PLEDGE OF ALLEGIANCE</b>	
	<b>C. APPROVAL OF AGENDA</b>	<b>Action</b>
	<b>D. PUBLIC COMMENT</b> At this time, comments from the audience may be made on items <i>not</i> listed on the agenda that are of public interest and within the subject-matter jurisdiction of the District. <b>The Board has a policy of limiting speakers to no more than three minutes.</b> The Board cannot take action on items not listed on the agenda. Public input may be offered on agenda items when they come up for discussion and/or action.	
<b>4-25</b>	<b>E. PUBLIC HEARING – COMPOSITION OF NEW DISTRICT BOUNDARIES</b> The first of four (4) public hearings to begin gathering public input on the composition of creating election zones within the Desert Healthcare District. <i>National Demographics Corporation Presentation</i> Note: Agenda Item P. will allow additional comments from the public concerning composition of new District boundaries.	Information/ Discussion
	<b>F. CONSENT AGENDA</b> All Consent Agenda item(s) listed below are considered to be routine by the Board of Directors and will be enacted by one motion. <u>There will be no separate discussion of items unless a Board member so requests, in which event the item(s) will be considered following approval of the Consent Agenda.</u>	<b>Action</b>



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|--|--|--|
| <p><b>26-27</b><br/><b>28-37</b><br/><b>38-41</b></p>  | <p>1. BOARD MINUTES<br/>             a. Special Meeting of the Board of March 27, 2018<br/>             b. Board of Directors Meeting of March 27, 2018<br/>             c. Special Meeting of April 3, 2018<br/>         2. FINANCE AND ADMINISTRATION<br/>             a. Approval of March 2018 Financial Statements<br/>                 F&amp;A Approved April 10, 2018</p> |  |
|  | <p><b>G. DESERT HEALTHCARE DISTRICT CEO REPORT</b><br/>– Herb K. Schultz, CEO</p>  | <p>Information</p>   |
|  | <p><b>H. DESERT REGIONAL MEDICAL CENTER CEO REPORT</b><br/>– Michele Finney, CEO</p>   | <p>Information</p>   |
|  | <p><b>I. DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS' REPORT –</b><br/>President Les Zendle, MD and Vice-President/Secretary Carole Rogers, RN</p>   | <p>Information</p>   |
| <p><b>64-67</b></p>                                    | <p><b>J. DISTRICT EXPANSION INITIATIVE</b><br/>         1. Amendment No. 5 to 1997 Lease Agreement Between Desert Healthcare District and Tenet<br/>         2. Report on the status of the District's LAFCO Application<br/>         3. City Council Presentations</p>  | <p><b>Action</b><br/><br/>Information<br/><br/>Information</p> |
| <p><b>68-70</b><br/><b>71-77</b><br/><b>78-110</b></p> | <p><b>K. COMMITTEE REPORTS</b><br/> <b>1. FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE –</b> Chair/Director Mark Matthews and Director Jennifer Wortham, DrPH<br/>         a. Draft Minutes of April 10, 2018<br/>         b. CFO Report &amp; Las Palmas Leasing Update<br/>         c. Highmark Capital Management Administrative Documents</p>                    | <p><b>Action</b></p>   |



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- 2. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE** - Chair/Vice-President Carole Rogers, RN and President Les Zendle, MD
  - a. No April Committee Meeting
- 3. NEW PROVIDERS, FACILITIES, PROGRAMS, AND SERVICES AD HOC COMMITTEE –**  
Director/Treasurer Mark Matthews and President Les Zendle

**111-114**      **L. RESOURCES AND PHILANTHROPY**  
1. Grant #926 Ranch Recovery Centers – consideration to amend the grant and increase the amount from \$27,969 to \$46,813 to finalize the emergency generator project.      **Action**

**M. OLD BUSINESS**

**115-126**      **N. NEW BUSINESS**  
1. Consideration to approve Grant #965 from Desert Healthcare District to Desert Healthcare Foundation for the Board’s previously authorized \$2,000,000 Behavioral Health Collective Fund/Initiative.      **Action**

**O. LEGAL COMMENTS & REPORT**

**P. DIRECTORS’ COMMENTS & REPORTS**

**Q. ADDITIONAL COMMENTS FROM PUBLIC CONCERNING COMPOSITION OF NEW DISTRICT BOUNDARIES**

**R. ADJOURNMENT**

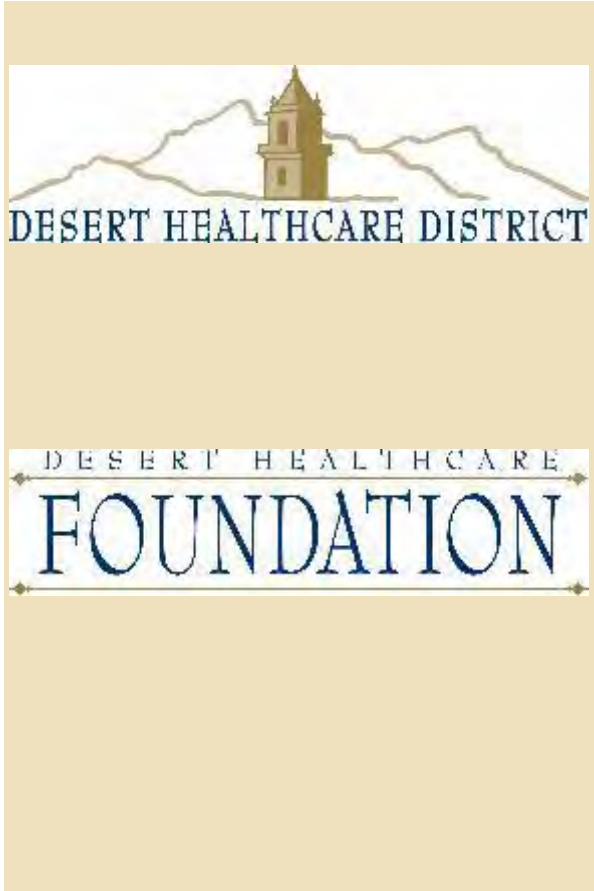


## Desert Healthcare District/Foundation

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# Public Hearing – Composition of New District Boundaries

# Mission - Misión of District/Foundation



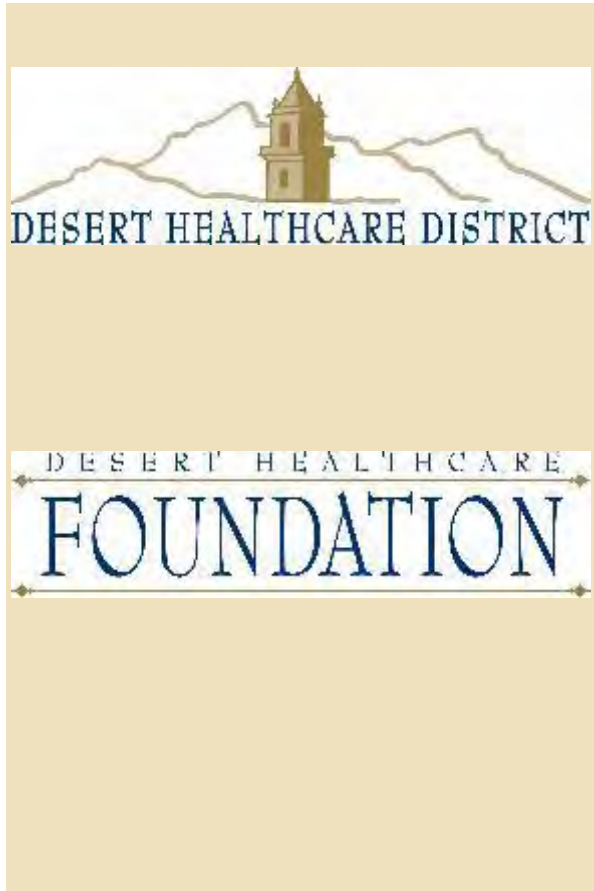
## **Mission**

To achieve optimal health at all stages of life for all District residents

## **Misión:**

Obtener un óptimo nivel de salud en todas las etapas de vida para los residentes del Distrito.

# Vision – Visión of District/Foundation



## **Vision:**

Connecting Coachella Valley residents to health and wellness services and programs through philanthropy, health facilities, information and community education, and public policy.

## **Visión:**

Conectando residentes del Valle de Coachella a servicios y programas de salud y del bienestar a través de filantropía, establecimientos de salud, información y educación comunitaria y pólizas publicas.

# About the District/Foundation

- Desert Healthcare District (DHCD) is almost 70 years old, governed by 5 members elected by voters, and funded through the receipt of a very small portion of property taxes paid to Riverside County by property owners.
- *El Desert Healthcare District (DHCD) casi tiene 70 años de existencia, gobernado por 5 miembros de una mesa directiva que son elegidos por los electores, y es fundado por una porción muy pequeña de impuestos pagados al Condado de Riverside por dueños de propiedades.*
- The DHCD includes the cities of Desert Hot Springs, Palm Springs, Cathedral City, Rancho Mirage, part of Palm Desert, and some unincorporated areas.
- *El DHCD incluye las ciudades de Desert Hot Springs, Palm Springs, Cathedral City, Rancho Mirage, parte de Palm Desert, y algunas areas que no son incorporadas.*

# About the District/Foundation

- DHCD is one of the largest funders of health and wellness services and programs in the Coachella Valley.
- *El DHCD es el fundador mas grande de servicios y programas de salud y del bienestar del Valle de Coachella.*
- DHCD has provided more than \$70 Million to community-based organizations, providers, school districts, and others for services and programs to benefit community residents.
- *El DHCD ha proveído más de \$70 millones de dólares a organizaciones comunitarias, proveedores, distritos escolares, y otros para servicios y programas que benefician a la comunidad.*
- DHCD owns Desert Regional Medical Center. Tenet Healthcare leases and operates the hospital.
- *EL DHCD es dueño del Desert Regional Medical Center. Tenet Healthcare alquila y maneja el hospital.*



# COACHELLA MAP

## (Current District/East Valley Expansion)

The DHCD/F includes the cities of Desert Hot Springs, Palm Springs, Cathedral City, Rancho Mirage, part of Palm Desert – West of Cook, and some unincorporated areas north of Hwy 10



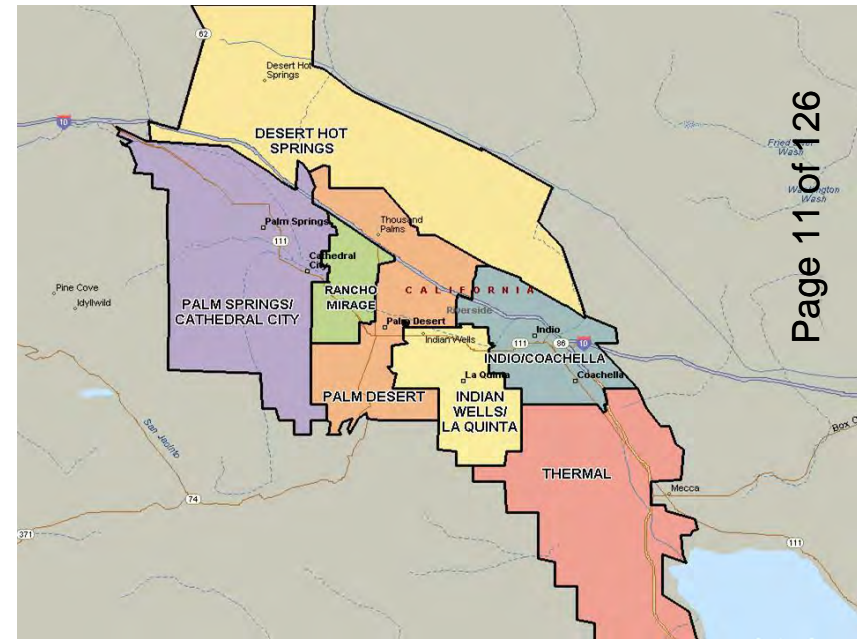
# STRATEGIC PLAN: Strategic Priority 1



**New Providers, Facilities,  
Programs and Services –**  
Provide facility, provider and  
service initiatives that enhance  
delivery system capacity

# STRATEGIC PLAN: Strategic Priority 2

**One Coachella Valley –**  
Strengthen community health outcomes by implementing a District expansion that enhances and broadens community funding, considers the health needs of all residents, and effectively engages residents in the entire Coachella Valley



# STRATEGIC PLAN: Strategic Priority 3

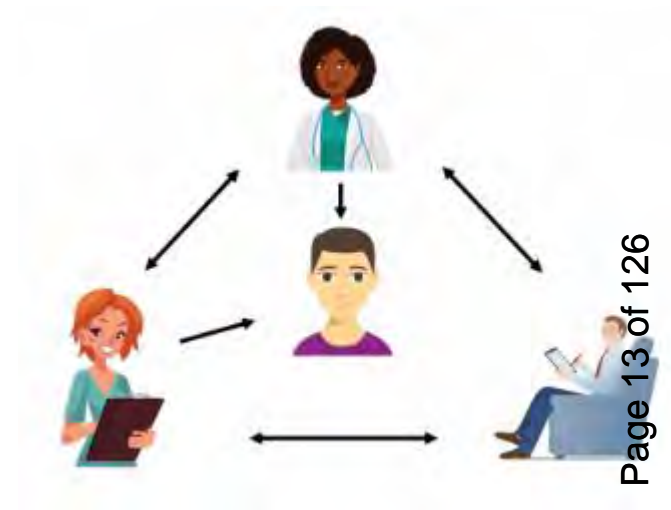


## **Community Health and Wellness –**

Demonstrably improve community health in the Coachella Valley leveraging District/Foundation investments and activities

# STRATEGIC PLAN: Community Health Focus Areas

- Homelessness
- Primary Care and Behavioral Health Access
- Healthy Eating, Active Living
- Quality, Safety, Accountability and Transparency





# Desert Healthcare District 2018 Zoning

April 24, 2018

Dr. Justin Levitt, Vice President, NDC

1. **“At Large”**
2. **“From Zone” or “Residence” Zones**
3. **“By Zone”**

**The Desert Healthcare District is transitioning to “by zone” elections to better represent the communities served by the District**

# Project Timeline

Date	Event
April 24	<b>1<sup>st</sup> hearing: gather public input on the composition of zones Cathedral City Senior Center, Cathedral City, 6 pm</b>
May 8	2 <sup>nd</sup> hearing: gather public input on the composition of zones Miracle Springs Resort & Spa, Desert Hot Springs, 6 pm
<i>June 12 at the latest</i>	<i>Draft maps posted on District website and available at the Desert Healthcare District</i>
June 19	3 <sup>rd</sup> hearing: public input on draft maps and election sequencing UC Riverside – Palm Desert, Palm Desert, 6 pm
June 26	4 <sup>th</sup> hearing: public input on draft maps and election sequencing Map selection and ordinance introduction Location TBD, 6 pm
Nov. 2018	First by-district elections in two zones
Nov. 2020	First by-district elections in remaining three zones
2021	Zones redrawn to reflect 2020 Census data



# Traditional Districting Criteria

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## Federal Laws

- ❑ Equal Population
- ❑ Federal Voting Rights Act
- ❑ No Racial Gerrymandering

## Traditional Criteria

- ❑ Communities of interest
- ❑ Compact
- ❑ Contiguous
- ❑ Visible (Natural & man-made) boundaries
- ❑ Respect for voters' wishes and continuity in office
- ❑ *Planned future growth/Growth since 2010*

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Health and Safety Code Section 32100.04 specifies that Zones 1, 3, and 5 should hold elections in the same year and Zones 2 and 4 should hold elections on the opposite election cycle

# Demographic Summary

**Latinos are 40% of the total population and 27% of the eligible voters (measured by Citizen Voting Age Population counts).**

**Each of 5 zones would have about 39,400 residents and roughly 19,000 registered voters.**

Desert Healthcare District					
Race/Ethnic Profile	Count	Percent	ACS Profile	Count	Percent
Total Population	196,998		ACS Total Population	204,828	+4%
Latino	78,643	40%	Age 0 - 19	45,568	22%
NH White	100,987	51%	Age 20 - 60	94,731	46%
NH Black/African-American	6,759	3%	Age 60+	64,529	32%
NH Native American	1,611	1%			
NH Asian-American	7,715	4%	Immigrant	49,453	24%
NH Pacific Islander	331	0%	Naturalized (pct of total immigrants)	19,342	39%
NH Other	357	0%	Age 5+	194,179	
NH Multi-Race	595	0%	Speak English at home	119,734	62%
Voting Age Population total	155,718		Speak Spanish at home	62,684	32%
VAP Latino	50,481	32%	Speak an Asian language at home	5,234	3%
VAP NH White	92,302	59%	Speak other language at home	6,526	3%
VAP NH Black/African-American	4,688	3%	Speak English only "well" or less	27,043	14%
VAP NH Native American	1,284	1%	Age 25+	149,199	
VAP NH Asian-American	6,069	4%	Age 25+, no HS degree	24,814	17%
VAP NH Pacific Islander	255	0%	Age 25+, HS degree (only)	84,214	56%
VAP NH Other	238	0%	Age 25+, bachelor degree (only)	24,015	16%
VAP NH Multi-Race	401	0%	Age 25+, graduate degree (only)	16,156	11%
Citizen VAP total	135,933		Households	83,896	
CVAP Latino	36,136	27%	Child under 18 in Household	17,143	20%
CVAP NH White	87,730	65%	Income \$0-25k	23,927	29%
CVAP NH African-American	5,377	4%	Income \$25-50k	22,057	26%
CVAP NH Asian & Pacific Islander	5,155	4%	Income \$50-75k	14,201	17%
CVAP Other	1,535	1%	Income \$75-200k	19,548	23%
Voter Registration (Nov. 2016)	94,572		Income \$200k+	4,162	5%
Latino Reg	24,273	26%	Housing units	123,401	
Asian-Surnamed Reg.	1,102	1%	Single-Family	94,687	77%
Filipino-Surnamed Reg.	1,036	1%	Multi-Family	28,714	23%
Est. NH White Reg.	63,210	67%	Vacant	39,506	32%
Est. African-Amer. Reg	3,618	4%	Occupied	83,896	68%
Democratic Reg.	42,139	45%	Rented	32,903	39%
Republican Reg.	30,028	32%	Owned	50,993	61%
Other/No Party Reg.	22,406	24%			
Voters Casting Ballots (Nov. 2016)	72,397	77%	Voters Casting Ballots (Nov. 2014)	43,757	51%
Latino voters	15,788	22%	Latino voters	6,339	14%
Asian-Surnamed voters	810	1%	Asian-Surnamed voters	415	1%
Filipino-Surnamed voters	684	1%	Filipino-Surnamed voters	361	1%
Est. NH White voters	51,282	71%	Est. NH White voters	34,495	79%
Est. African-Amer. Reg	2,746	4%	Est. African-Amer. Reg	1,528	3%
Democratic voters	34,241	47%			
Republican voters	22,590	31%			

# Demographic Summary

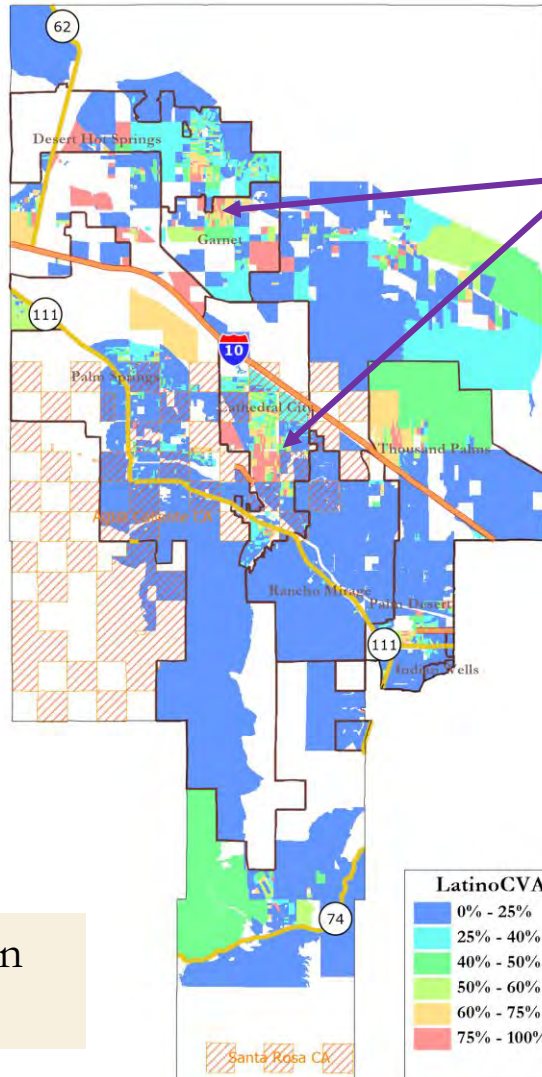
**Latinos are 40% of the total population and 27% of the eligible voters (measured by Citizen Voting Age Population counts).**

**Each of 5 zones would have about 39,400 residents and roughly 19,000 registered voters.**

## Desert Healthcare District

Raza / Perfil Étnico	Total	Porcentaje	Perfil ACS	Total	Porcentaje
Población	196,998		Total de población ACS	204,828	+4%
De origen Hispano	78,643	40%	Edad 0 – 19 años	45,568	22%
Blanco	100,987	51%	Edad 20 – 60 años	94,731	46%
Afroamericano	6,759	3%	Edad +60 años	64,529	32%
Indico	1,611	1%			
Asiático	7,715	4%	Migrante	49,453	24%
Hawaiano	331	0%	Naturalizada	19,342	39%
Otra Raza	357	0%	Edad +5 años	194,179	
Otra Raza Múltiple	595	0%	Habla Inglés en casa	119,734	62%
Población +18 años	155,718		Habla Español en casa	62,684	32%
Población Hispana de +18 años	50,481	32%	Habla idioma Asiático en casa	5,234	3%
Blanco +18 años	92,302	59%	Habla otro idioma en casa	6,526	3%
Afroamericano +18 años	4,688	3%	Habla Inglés solo “bien” o menos	27,043	14%
Indico +18 años	1,284	1%	Edad +25 años	149,199	
Asiático +18 años	6,069	4%	Sin diploma de preparatoria	24,814	17%
Hawaiano +18 años	255	0%	Solo con diploma de preparatoria	84,214	56%
Otra Raza +18 años	238	0%	Solo con licenciatura	24,015	16%
Otra Raza Múltiple +18 años	401	0%	Con diploma de graduado	16,156	11%
Ciudadanos +18 años total	135,933		Hogares	83,896	
Ciudadanos +18 años hispano	36,136	27%	Con niño(s)	17,143	20%
Ciudadanos +18 años blanco	87,730	65%	Ingreso \$0 a \$25 000	23,927	29%
Ciudadanos +18 años afroamericano	5,377	4%	Ingreso \$25 a \$50 000	22,057	26%
Ciudadanos +18 años asiático	5,155	4%	Ingreso \$50 a \$75 000	14,201	17%
Ciudadanos +18 años otra raza	1,535	1%	Ingreso \$75 a \$200 000	19,548	23%
Nov 2016 total de registros	94,572		Ingreso mayor a \$200 000	4,162	5%
Nov 2016 registros latinos	24,273	26%	Unidades de vivienda	123,401	
Nov 2016 registros con apellido Asiático	1,102	1%	Unifamiliar	94,687	77%
Nov 2016 registros con apellido Filipino	1,036	1%	Multifamiliar	28,714	23%
Est. registros Blancos	63,210	67%	Vacantes	39,506	32%
Est. registros Negros	3,618	4%	Habitadas	83,896	68%
registros por partido Demócrata	42,139	45%	Rentadas	32,903	39%
registros por partido Republicano	30,028	32%	Propias	50,993	61%
registros sin partido/otro partido	22,406	24%			
Nov 2016 total de votantes	72,397	77%	Nov 2014 total de votantes	43,757	51%
Nov 2016 votantes latinos	15,788	22%	Nov 2014 votantes latinos	6,339	14%
Nov 2016 votantes con apellido Asiático	810	1%	Nov 2014 votantes con apellido Asiático	415	1%
Nov 2016 votantes con apellido Filipino	684	1%	Nov 2014 votantes con apellido Filipino	361	1%
Est. votantes Blancos	51,282	71%	Est. votantes Blancos	34,495	79%
Est. votantes Negros	2,746	4%	Est. votantes Negros	1,528	3%
Votantes por partido Demócrata	34,241	47%			
Votantes por partido Republicano	22,590	31%			

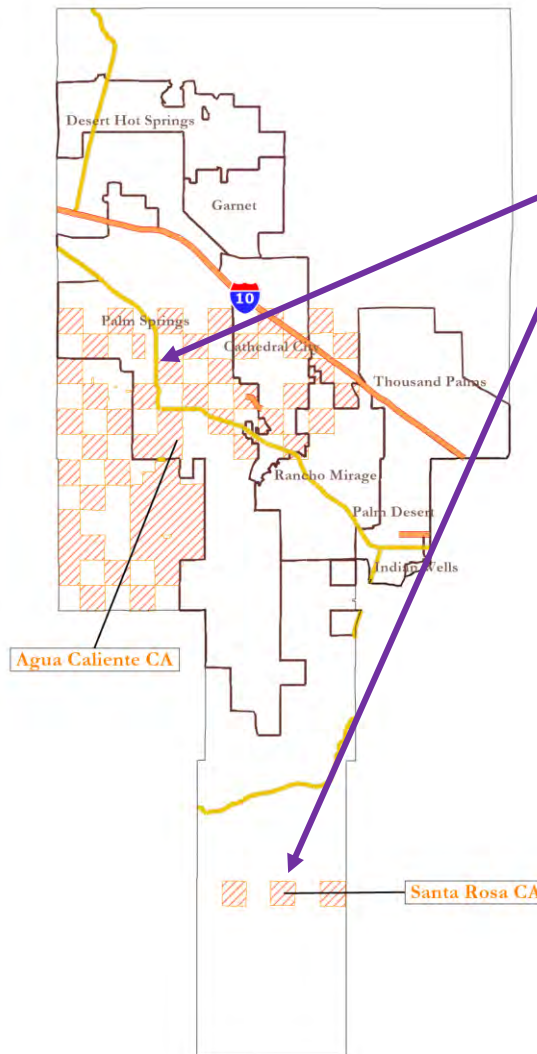
# Percent Latino Eligible Voting Population



Latinos live in Cathedral City and Desert Hot Springs/Garnet

No concentrations of Asian-American or African-American populations.

# Native American Reservations



**Desert Healthcare District's service area has two Native American reservations**

# Defining Communities of Interest

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## 1<sup>st</sup> Question: what is your neighborhood or community of interest?

**A Community of Interest is generally defined as a neighborhood or community of shared interests, views, problems, or characteristics.**

Possible community feature/boundary definitions include:

- ❑ School attendance areas
- ❑ Natural neighborhood dividing lines, such as highway or major roads, rivers, canals, and/or hills
- ❑ Areas around parks and other neighborhood landmarks
- ❑ Common issues, neighborhood activities, or legislative/election concerns
- ❑ Shared demographic characteristics
  - ▣ Such as similar levels of income, education, or linguistic isolation

**2<sup>nd</sup> Question: Does a Community of Interest want to be united in one district, or to be divided to have a voice in multiple elections?**



# Discussion & Questions

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1. What is your neighborhood or “community of interest”?
2. Do you prefer your neighborhood be kept together in one district or have multiple representatives?
3. What are other communities of interest in the District that should be considered when drafting maps?

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Republican voters	22,590	31%			
Other/No Party voters	15,566	22%			

Sources: 2010 Census, California Statewide Database (2014 and 2016 November elections), 2012-2017 American Community Survey Special Tabulation of Citizen Voting Age data, and 2012-2016 American Community Survey data. "Latino" registration and turnout numbers are Spanish-surnamed data adjusted with US Census



<b>Desert Healthcare District</b>					
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Ciudadanos +18 años africoamericano	5,377	4%	Ingreso \$25 a \$50 000	22,057	26%
Ciudadanos +18 años asiatico	5,155	4%	Ingreso \$50 a \$75 000	14,201	17%
Ciudadanos +18 años otra razo	1,535	1%	Ingreso \$75 a \$200 000	19,548	23%
Nov 2016 total de registros	94,572		Ingreso mayor a \$200 000	4,162	5%
Nov 2016 registros latinos	24,273	26%	Unidades de vivienda	123,401	
Nov 2016 registros con apellido Asiático	1,102	1%	Unifamiliar	94,687	77%
Nov 2016 registros con apellido Filipino	1,036	1%	Multifamiliar	28,714	23%
Est. registros Blancos	63,210	67%	Vacantes	39,506	32%
Est. registros Negros	3,618	4%	Habitadas	83,896	68%
registros por partido Demócrata	42,139	45%	Rentadas	32,903	39%
registros por partido Republicano	30,028	32%	Propias	50,993	61%
registros sin partido/otro partido	22,406	24%			
Nov 2016 total de votantes	72,397	77%	Nov 2014 total de votantes	43,757	51%
Nov 2016 votantes latinos	15,788	22%	Nov 2014 votantes latinos	6,339	14%
Nov 2016 votantes con apellido Asiático	810	1%	Nov 2014 votantes con apellido Asiático	415	1%
Nov 2016 votantes con apellido Filipino	684	1%	Nov 2014 votantes con apellido Filipino	361	1%
Est. votantes Blancos	51,282	71%	Est. votantes Blancos	34,495	79%
Est. votantes Negros	2,746	4%	Est. votantes Negros	1,528	3%
Votantes por partido Demócrata	34,241	47%			
Votantes por partido Republicano	22,590	31%			
Votantes sin partido/otro partido	15,566	22%			

Fuentes: Censo 2010, California Statewide Database (elecciones Nov 2014 y 2016), 2012-2017 American Community Survey Special Tabulation de ciudadanos +18, y 2012-2016 American Community Survey. Los números de registros y votantes "latinos" son ajustados según el ratio para California del US Census Population Division



**DESERT HEALTHCARE DISTRICT**  
**DESERT HEALTHCARE DISTRICT**  
**SPECIAL MEETING OF THE BOARD OF DIRECTORS**  
**MEETING MINUTES**  
**March 27, 2018**

Directors Present	District Staff Present	Guests
President Zendle, MD Vice-President/Secretary Carole Rogers, RN Treasurer Mark Matthews Director Kay Hazen Director Jennifer Wortham, DrPH	Herb K. Schultz, CEO Lisa Houston, COO Chris Christensen, CFO Andrea S. Hayles, Clerk of the Board  <u>Legal Counsel</u> Jeff Scott	

AGENDA ITEMS	DISCUSSION	ACTION
<b>A. Call to Order</b>  <b>Roll Call</b>	President Zendle called the meeting to order at 4:07 p.m.  The Clerk of the Board called the roll with all Directors present.	
<b>B. Pledge of Allegiance</b>	President Zendle deferred to the 6 p.m. Board of Directors Meeting	
<b>C. Public Comment</b>	President Zendle called for public comment. No public comment.	
<b>D. Approval of Agenda</b>	President Zendle asked for a motion to approve the agenda.	<b>#18-35 MOTION WAS MADE by Vice-President Rogers and seconded by Director Wortham to approve the agenda. Motion passed unanimously.</b>
<b>E. Adjournment to Executive Session</b>		
<b>F. Convene to Closed Session of the Desert Healthcare District Board of Directors</b>	1. PURSUANT TO GOVERNMENT CODE SECTION 54956.9(D)(2) Conference with Legal Counsel – Significant Exposure to Litigation	
<b>G. Reconvene to Open Session of the Desert Healthcare District Board of Directors</b>		



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<b>H. Report After Closed Session</b>	The Board in closed session discussed with Legal Counsel the significant exposure to litigation and took no action.	
<b>I. Adjournment</b>	President Zende adjourned the meeting at 5:43 p.m.	<b>Audio recording available on the website at <a href="http://dhcd.org/Agenda-Board-of-Directors">http://dhcd.org/Agenda-Board-of-Directors</a></b>

ATTEST: \_\_\_\_\_  
 Carole Rogers, Vice-President/Secretary  
 Desert Healthcare District Board of Directors

*Minutes respectfully submitted by Andrea S. Hayles, Clerk of the Board*

DRAFT



**DESERT HEALTHCARE DISTRICT**  
**DESERT HEALTHCARE DISTRICT**  
**BOARD OF DIRECTORS**  
**MEETING MINUTES**  
**March 27, 2018**

Directors Present	District Staff Present	Absent Staff
President Zendle, MD Vice-President/Secretary Carole Rogers, RN Treasurer Mark Matthews Director Kay Hazen Director Jennifer Wortham, DrPH	Herb K. Schultz, CEO Lisa Houston, COO Chris Christensen, CFO Donna Craig, Senior Program Officer Alejandro Espinoza, Program Officer and Outreach Director Michele McKinney, Communications and Marketing Director Mary Pannoni, Accounting/Admin. Support Vanessa Smith, Health Educator Andrea S. Hayles, Clerk to the Board  <u>Legal Counsel</u> Jeff Scott	

AGENDA ITEMS	DISCUSSION	ACTION
<b>A. Call to Order</b>  <b>Roll Call</b>	President Zendle called the meeting to order at 6:00 p.m.  The Clerk of the Board called the roll with all Directors present.	
<b>B. Pledge of Allegiance</b>	Alejandro Espinoza, Program Officer and Outreach Director led the Pledge of Allegiance.	
<b>C. Approval of Agenda</b>	President Zendle asked for a motion to approve the Agenda.	<b>#18-36 MOTION WAS MADE by Vice-President Rogers and seconded by Director Wortham to approve the agenda.</b> <b>Motion passed unanimously.</b>
<b>D. Public Comment</b>	President Zendle called for public comment. No public comment.	
<b>E. Consent Agenda</b>	President Zendle asked for a motion to approve the Consent Agenda.	<b>#18-37 MOTION WAS MADE by Vice-President Rogers and seconded by Director Matthews to approve the Consent Agenda except for the February 27, 2018 Meeting Minutes – Item 1b.</b> <b>Motion passed unanimously.</b>



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		<p><b>#18-38 MOTION WAS MADE</b> by Vice-President Rogers and seconded by Director Matthews to correct Item 1b. of the February 27, 2018 Meeting Minutes – Directors Comments and Reports from 51/50 to 5150 – California Welfare and Institutions Code Lanterman-Petris-Short Act which authorizes a qualified officer or clinician to involuntarily confine a person suspected to have a mental disorder that makes them a danger to themselves, a danger to others, or gravely disabled.  <b>Motion passed unanimously.</b></p>
<b>F. Desert Healthcare District CEO Report</b>	Herb K. Schultz, CEO, explained the robust agenda and described and revisited Strategic Plan Priorities one through three, and the Community Health Focus Areas.	
<b>Public Comment</b>	No public comment.	
<b>G. Desert Regional Medical Center CEO Report</b>	On behalf of Michele Finney, CEO, Desert Regional Medical Center, Linda Evans, Chief Strategy Officer, provided an update on operations, accreditation, certifications, and personnel.	
<b>Public Comment</b>	No public comment.	
<b>H. Desert Regional Medical Center Governing Board of Directors' Report</b>	President Zendle explained the most recent updates of the March 2018 Governing Board of Directors Meeting of Desert Regional Medical Center that included a presentation on the Comprehensive Cancer Center, CMS quality star ratings, and physician surveys.	
<b>I. Presentations</b>	<b>I.1.</b> Lisa Houston, COO, provided an overview of Grant #962 - Eisenhower Medical Center \$55,805 for Coachella Valley	<p><b>#18-39 MOTION WAS MADE</b> by Director Hazen and seconded by Director Wortham to approve the first year of funding for Grant #962 -</p>



**DESERT HEALTHCARE DISTRICT**  
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	<p>Collaborative Program Antibiotic Resistance Prevention Partnership with Eisenhower Health, DRMC, JFK Hospital, CDPH, and RCPH. Patricia Cummings, Epidemiologist, Eisenhower Health further described the collaborative elaborating on the deaths and infection rates.</p> <p>Director Hazen prefers multi-year funding supporting the first year and three or four years of funding with milestones and measures and returning to the Board for a longer term of grant funding.</p> <p><b>1.2.</b> Lisa Houston, COO, explained the cvHIP marketing campaign and introduced Tim O’Bayley, CEO, Creative Director, O’Bayley Communication. Mr. O’Bayley gave a presentation of the cvHIP marketing update and the public relations component that included the new logo, name change, and tagline.</p>	<p><b>\$55,805, directing Staff to collaborate with the applicant for an additional three years of funding, and return to the Board in 6 months.</b></p> <p><b>Motion passed unanimously.</b></p>
<p><b>Public Comment</b></p>	<p>No public comment.</p>	
<p><b>J. District Expansion Initiative</b></p>	<p><b>J. 1.</b> Herb K. Schultz, explained the expansion initiative and described the results of the March 27, 2018 Board of Supervisors Meeting voting 5-0 to approve the expansion resolution contingent that the District work with Tenet to revise the lease component of the non-compete clause between Desert Healthcare District and Desert Hospital, and return to the Board of Supervisors at the April 10 meeting with an update.</p>	<p>The Board directed Staff and Legal Counsel to work with the Ad Hoc Committee on New Providers, Facilities, Programs, and Services as needed to approach the lessee and determine if deletion of the non-compete provision is plausible and directed Staff to establish a Special Meeting of the Board a week from March 27, 2018, on April 3, 2018, at 2 p.m. to consider an update.</p>



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<p><b>Public Comment</b></p>	<p>Ezra Kaufman, District Resident, inquired when the lessee addendum will be available for public review.</p> <p><b>J.2.</b> Herb K. Schultz, CEO, explained the supplementary potential sources of funding describing certain health partnerships and grants for funding acknowledging Lisa Houston, COO and Alejandro Espinoza, Program Officer and Outreach Director for their efforts with the Salton Sea Authority.</p> <p><b>J.3.</b> Herb K. Schultz, CEO, described the significant completion of work towards the expansion and the upcoming November election for retaining the services of Lake Research Partners.</p> <p>The Board requested that Staff return in April for consideration of approval after the April 10, 2018 Board of Supervisors decision and tabling the vote until the expansion is authorized.</p>	<p><b>#18-40 MOTION WAS MADE by President Zendle and seconded by Director Hazen to table Lake Research Partners (LPR) Service Agreement - \$75,210 until after the Board of Supervisors ruling on April 10, 2018, and until the expansion of the District is authorized.</b></p> <p><b>Motion passed unanimously.</b></p>
<p><b>Public Comment</b></p>	<p>No public comment.</p>	
<p><b>K. Committee Reports</b></p>	<p><b>Finance &amp; Administration Committee</b></p> <p><b>K.1.a.-d.</b> Director Matthews explained the Draft Minutes of the Finance and Administration Committee with Chris Christensen, CFO, describing the LPMP Lease Terms for Pathway Pharmaceuticals, Inc., Palmtree Clinical Research, and the Truss Repairs.</p>	<p><b>#18-41 MOTION WAS MADE by Director Matthews and seconded by President Zendle to approve LPMP Lease Terms – Suite 1W 101 – Pathway Pharmaceuticals, Inc. Motion passed unanimously.</b></p> <p><b>#18-42 MOTION WAS MADE by Director Matthews and seconded by</b></p>



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	<p><b>K.1.e.</b> Herb K. Schultz, CEO, commenced a lengthy discussion on the Ticket Distribution Policy explaining that no public funds are used to purchase tickets, and that tickets are provided to the District as complimentary similar to other elected officials.</p> <p>Legal Counsel, Jeff Scott explained that these are common issues such as President Zendle’s inquiry on how the District determines which nonprofits to purchase tickets; Vice-President Rogers ensuring that the public does not consider the tickets as a form of bribery; Director Matthews public disclosure of tickets; Director Hazen not supporting sponsorships; and Director Wortham’s support of sponsorships for smaller nonprofits.</p> <p><b>K.1.f.</b> Chris Christensen, CFO, described the 2013 recorded liability of \$3.6M with the revised audit statements that include a classification adjustment to reflect the actual</p>	<p>President Zendle to approve LPMP Lease Terms – Suite 1E 201-203 – Palmtree Clinical Research. Motion passed unanimously.</p> <p><b>#18-43 MOTION WAS MADE by Director Matthews and seconded by President Zendle to approve LPMP Truss Repair – Suite 1E 201-203. Motion passed unanimously.</b></p> <p><b>#18-44 MOTION WAS MADE by Director Wortham and seconded by Director Matthews to approve the Ticket Distribution Policy with Section 6 (Non-Use of Funds) deleted from Resolution #18-04. Motion passed 4-1; AYES – Director Matthews, Director Hazen, Director Wortham, Vice-President Rogers ABSTAIN – President Zendle</b></p>
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**DESERT HEALTHCARE DISTRICT**  
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<p><b>Public Comment</b></p>	<p>cash accurately. Director Matthews provided clarification for guests stating that the monies are related to the pension fund that used to exist before the lease.</p> <p>Ezra Kaufman, District Resident, explained that the auditors have a dementias attitude about the matter as a public document. A district resident should be able to examine the financials to determine how the District analyzes financials. Mr. Kaufman explained the \$47M contingency and a report from the following month stating that there was \$125M and that the two amounts are difficult to reconcile. Further Mr. Kaufman explained that the auditors have the same attitude towards the audit and should spend more time on observations.</p>	
	<p><b>Hospital Governance &amp; Oversight Committee</b>  <b>K.2.a.-c.</b> Vice-President Rogers explained the Minutes of the March Hospital Governance and Oversight Committee Meeting and the ADA Compliance and Air Quality Reports at Desert Regional Medical Center as requested by Director Wortham at the prior Board Meeting. The CMS Hospital Compare Five Star Rating System presentation was also described as presented to the Committee.</p> <p>President Zandle explained that a 1 or 2 star rating is unacceptable; a system</p>	



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<p><b>Public Comment</b></p>	<p>approached is necessary for identifying, correcting, measuring, and understanding the issues, and pushing the hospital towards remedies.</p> <p>Ezra Kaufman, District Resident, inquired if there is a procedure, structure or timeline for analysis.</p> <p>Stephanie Salters, RN, District Resident described that there is one housekeeper for 31 beds on the floor and one nursing assistant for every 17 patients. Monitor techs are necessary in the units due to sentinel deaths that should be performed immediately, and it is an ongoing issue because Mrs. Salters visits the hospital regularly as a prior RN.</p> <p><b>K.3.a.</b> Herb K. Schultz, CEO, explained the Strategic Plans number one priority of New Providers, Facilities, Programs, and Services and seismic repairs and solutions, and CBRE’s seismic study results recommending an expert assessment to perform an ASCE 41 evaluation.</p> <p>Director Hazen inquired on Phase 1 – Initial target duration of 3-5 months which includes the work with a contractor (TBD and contracted with DHD independent of this assignment). Ms. Hazen also inquired about the costs and makeup of \$150k-\$250k for Phase 1.</p>	<p><b>#18-45 MOTION WAS MADE by Director Hazen and seconded by Director Matthews to table the motion for the Seismic ASCE 41 Evaluation – Service Agreement - Simpson, Gumpertz &amp; Heger - \$312,000 NTE. Motion passed unanimously.</b></p>
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DESERT HEALTHCARE DISTRICT  
**DESERT HEALTHCARE DISTRICT**  
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<p><b>Public Comment</b></p>	<p><b>K.3.b.</b> Herb K. Schultz, CEO, described the Hospital Appraisal as recommended by consultants Kaufman Hall for fair market value.</p> <p>Ezra Kaufman, District Resident, inquired if the appraisal would include the value of all the land owned by the District.</p> <p>Stephanie Salter, RN, District Resident described her meeting with Michele Finney, CEO, Desert Regional Medical Center concerning various matters at the hospital including the Sinatra Tower replumbing.</p> <p><b>K.3.c.</b> Herb K. Schultz, CEO, explained that the consulting agreement for Kaufman Hall has expired and recommended a rehire to complete the work of the Ad Hoc Committee on New Providers, Facilities, Programs, and Services.</p> <p><b>K.3.d.</b> President Zendle explained the basis for the potential move by the District from at-large to zone-based elections. Herb K. Schultz, CEO, described the importance of diverse representation and moving forward as expeditiously as possible.</p>	<p><b>#18-46 MOTION WAS MADE by Vice-President Rogers and seconded by Director Matthews to approve the Hospital Appraisal – Service Agreement – VMG Health - \$86,000 NTE with an amendment to include other District owned properties. Motion passed unanimously.</b></p> <p><b>#18-47 MOTION WAS MADE by Director Matthews and seconded by Director Wortham to approve the Consulting Agreement Addendum – Kaufman Hall. Motion passed unanimously.</b></p> <p><b>#18-48 MOTION WAS MADE by Director Hazen and seconded by Director Wortham to approve Resolution #18-05 – Action Pursuant to the California Voting Rights Act. Motion passed unanimously.</b></p>
<p><b>L. Community Health &amp; Wellness</b></p>	<p><b>L.1.a.</b> Lisa Houston, COO, explained the policy as described and presented at the February Board meeting for consideration of the Board to adopt the policy.</p>	<p><b>#18-49 MOTION WAS MADE by Vice-President Rogers and seconded by Director Zendle to approve the Principles for Engagement Policies of Community and Expert Input to Guide Resources and Philanthropy and</b></p>



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		<p><b>Public Policy Research Programs (Reviewed at the February 27, 2018 Board Meeting).</b>  <b>Motion passed unanimously.</b></p>
<p><b>Public Comment</b></p> <p><b>M. Old Business</b></p>	<p>No public comment.</p> <p><b>M.1.</b> Herb K. Schultz, CEO, explained the proactive philanthropy for the development of a Behavioral Health Collective Fund modeled after but broader than the Homelessness Initiative. Lisa Houston, COO, described various initiatives that lack collaborations with other agencies working in a unified fashion.</p> <p>Director Hazen motioned to establish a collective fund of \$2M but cautioned Staff to remain practical yet build with strategic guidance and not lose sight of the priorities with the need for service delivery.</p>	<p><b>#18-50 MOTION WAS MADE by Director Hazen and seconded by Vice-President Rogers to approve the Behavioral Health Collective Fund for \$2M from the District to the Foundation.</b>  <b>Motion passed unanimously.</b></p>
<p><b>Public Comment</b></p> <p><b>N. New Business</b></p>	<p>No public comment.</p> <p><b>N.1.a.-c.</b> Items N.1.a.-c. were deferred to the April 3 Special Meeting of the Board.</p>	<p>Staff was directed to place items N.1.a.-c. on the April 3 agenda – Special Meeting of the Board.</p>
<p><b>Public Comment</b></p> <p><b>O. Legal Comments &amp; Reports</b></p>	<p>No public comment.</p> <p>Jeff Scott, Legal Counsel, distributed a Legislative Report on Healthcare Reform 2018 and what lies ahead. Attorney Scott also explained that the Staff would be transitioning to Action Minutes with recordings of the</p>	

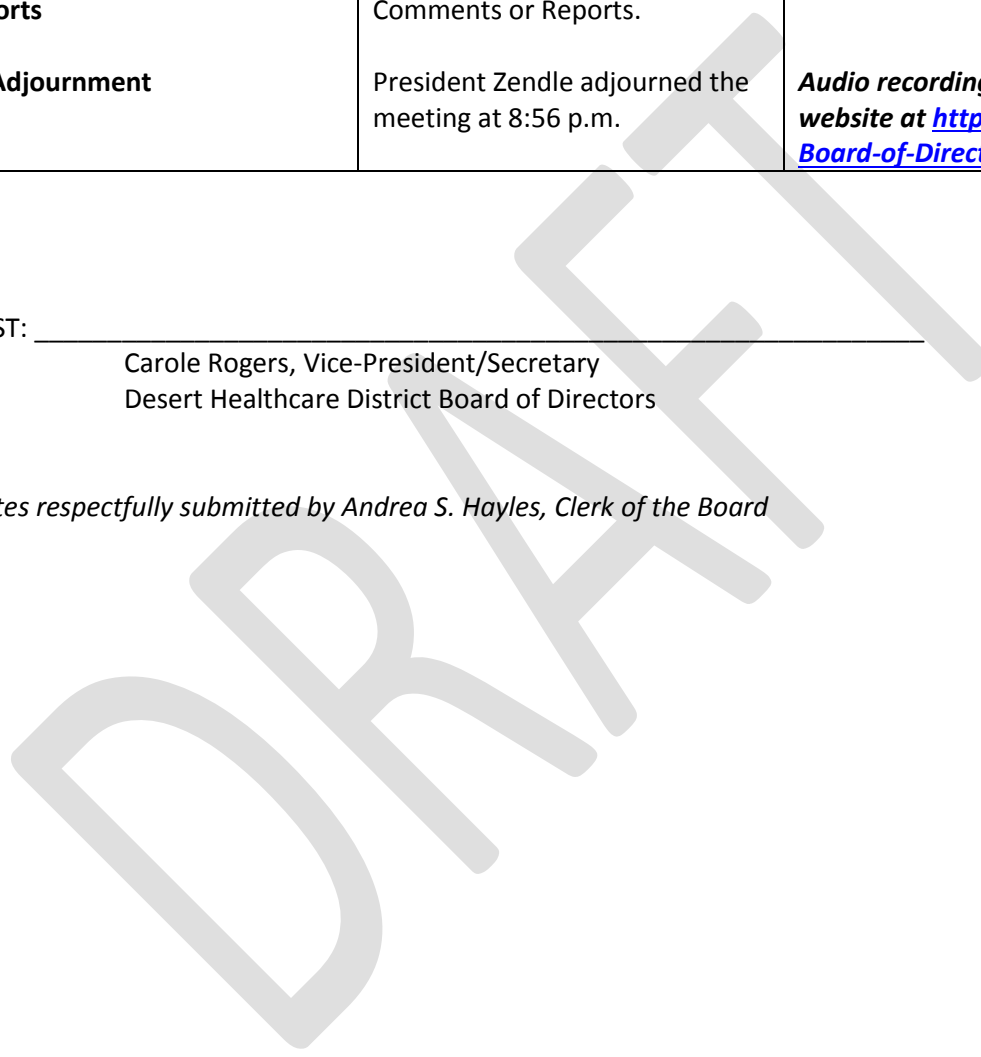


**DESERT HEALTHCARE DISTRICT**  
**DESERT HEALTHCARE DISTRICT**  
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<p><b>Public Comment</b></p>	<p>meetings available to the public on the District website.</p> <p>No public comment.</p>	<p><b>Audio recording available on the website at <a href="http://dhcd.org/Agenda-Board-of-Directors">http://dhcd.org/Agenda-Board-of-Directors</a></b></p>
<p><b>P. Directors' Comments and Reports</b></p>	<p>There were no Directors Comments or Reports.</p>	
<p><b>Q. Adjournment</b></p>	<p>President Zendle adjourned the meeting at 8:56 p.m.</p>	

ATTEST: \_\_\_\_\_  
 Carole Rogers, Vice-President/Secretary  
 Desert Healthcare District Board of Directors

*Minutes respectfully submitted by Andrea S. Hayles, Clerk of the Board*





**DESERT HEALTHCARE DISTRICT**  
**DESERT HEALTHCARE DISTRICT**  
**SPECIAL MEETING OF THE BOARD OF DIRECTORS**  
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**April 3, 2018**

<b>Directors Present</b>	<b>District Staff Present</b>	<b>Absent Staff</b>
President Zendle, MD Vice-President/Secretary Carole Rogers, RN Treasurer Mark Matthews Director Kay Hazen Director Jennifer Wortham, DrPH	Herb K. Schultz, CEO Chris Christensen, CFO Donna Craig, Senior Program Officer Alejandro Espinoza, Program Officer and Outreach Director Michele McKinney, Communications and Marketing Director Mary Pannoni, Accounting/Admin. Support Vanessa Smith, Health Educator Andrea S. Hayles, Clerk to the Board  <u>Legal Counsel</u> Jeff Scott	Lisa Houston, COO

<b>AGENDA ITEMS</b>	<b>DISCUSSION</b>	<b>ACTION</b>
<b>A. Call to Order</b>	President Zendle called the meeting to order at 2:08 p.m.	
<b>Roll Call</b>	The Clerk of the Board called the roll with all Directors present.	
<b>B. Pledge of Allegiance</b>	Michele McKinney, Communications and Marketing Director led the Pledge of Allegiance.	
<b>C. Public Comment</b>	President Zendle called for public comment. No public comment.	
<b>D. Approval of Agenda</b>	President Zendle asked for a motion to approve the agenda.	<b>#18-51 MOTION WAS MADE by Director Matthews and seconded by Vice President Rogers to approve the agenda.</b> <b>Motion passed 3-0</b> <b>AYES – Director Matthews, Vice-President Rogers, President Zendle</b> <b>ABSENT – Director Hazen and Director Wortham</b>
	Director Hazen entered the meeting at 2:11 p.m.	



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**MEETING MINUTES**  
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	Director Wortham entered the meeting at 2:52 p.m.	
<b>E. District Expansion Initiative</b>	<p>Herb K. Schultz, CEO, explained the motion of the Board of Supervisors at the March 27 Meeting with the contingency of the deletion of the non-compete clause of the District-Tenet lease waiving the expanded area. Mr. Schultz also explained that the District Board of Directors authorized Staff to negotiate with Tenet on the non-compete clause. Mr. Schultz described his call with a County Official about the concerns of the county healthcare director and the apprehension with the 8-mile radius and the partnership, also detailing that the amendment would mostly not pass with the Board of Supervisors.</p> <p>Director Hazen requested an understanding of the consequences of the amendment.</p>	<p><b>#18-52 MOTION WAS MADE by Director Hazen and seconded by Vice President Rogers to approve the Amendment to 1997 Lease with Tenet Healthcare modifying the restrictive covenant in Article XIII.</b></p> <p><b>Motion passed 3-1-1</b></p> <p><b>AYES – Director Hazen, Vice-President Rogers, President Zendle</b></p> <p><b>NOES – Director Matthews</b></p> <p><b>ABSTAIN – Director Wortham</b></p>
<b>F. Committee Reports</b>	<p><b>F.1.a.</b> Chris Christensen, CFO, explained the Board’s concerns with the Simpson, Gumpertz &amp; Heger service agreement at the March 27 Board meeting directing Staff to provide modifications to items 2 and 6 of Phase 1.</p>	<p><b>#18-53 MOTION WAS MADE by Director Matthews and seconded by Vice-President to approve the Seismic ASCE 41 Evaluation Service Agreement – Simpson, Gumpertz &amp; Heger \$312,000 NTE.</b></p> <p><b>Motion passed unanimously.</b></p>
<b>Public Comment</b>	<p>Ezra Kaufman, District Resident inquired if there were various bids from other competitors.</p> <p><b>F1.b.</b> Chris Christensen, CFO, described the hospital appraisal revisions that includes the</p>	<p><b>#18-54 MOTION WAS MADE by Vice-President Rogers and seconded by Director Wortham to approve the</b></p>



DESERT HEALTHCARE DISTRICT

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SPECIAL MEETING OF THE BOARD OF DIRECTORS

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<p><b>Public Comment</b></p>	<p>ownership of additional facilities such as the Wellness Park.</p> <p>Ezra Kaufman, District Resident, inquired if any District assets are not included in the value of what the District owns. Mr. Kaufman also asked if there is a master list of District-owned property.</p> <p><b>F.1.c.</b> Herb K. Schultz, CEO, explained the transition from at-large voting to zoning with the July 3 deadline for decisions to the demographics of voters. Mr. Schultz described the other cities that National Demographics Corporation has assisted with the zoning transitions and outlined the dates of the Public Hearings on April 24, May 8, June 19, and June 26.</p>	<p><b>Hospital Appraisal Service Agreement – VMG Health \$94,000 NTE. Motion passed unanimously.</b></p> <p><b>#18-54 MOTION WAS MADE by Vice-President Rogers and seconded by Director Hazen to approve the Transition to Zones and Potential Professional Services Agreement with NDC not to exceed \$50,000. Motion passed unanimously.</b></p>
<p><b>G. New Business</b></p>	<p><b>G.1.a.</b> Herb K. Schultz, CEO, explained the Initiatives/Grants Programs Structure Proposal. Donna Craig, Senior Program Officer, described the details of the structure setting the framework and formation of Strategic Plan priority number three for philanthropic funding and a well-defined procedure of transparency.</p> <p>Director Hazen explained her time spent with the COO to review the aspects of the plan that was incorporated to provide more opportunity for the types of grants and initiatives and not solely an RFP process. There are concerns with the capacity of Staff and that the District may not be able</p>	<p>The Board suggested taking one grantee and moving them through the process, but not between now and November.</p>





**DESERT HEALTHCARE DISTRICT**  
**DESERT HEALTHCARE DISTRICT**  
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**April 3, 2018**

	<p>to support the new structure. The phase-in will determine the processes of comprehension, staff time, oversight, coordination, and meetings.</p> <p><b>G.1.b.</b> Alejandro Espinoza, Program Officer and Outreach Director presented a PowerPoint detailing the transition from Purple Binder to Healthify. Herb K. Schultz, CEO, explained that once cvHIP Marketing is live in September, Staff will bring back the agenda item to the Board for final approval.</p> <p><b>G.1.c.</b> The Communications and Marketing Plan was tabled to the April meeting.</p>	
<b>Public Comment</b>	None	
<b>H. Directors' Comments &amp; Reports</b>	None	
<b>I. Adjournment</b>	President Zendle adjourned the meeting at 4:21 p.m.	<b>Audio recording available on the website at <a href="http://dhcd.org/Agenda-Board-of-Directors">http://dhcd.org/Agenda-Board-of-Directors</a></b>

ATTEST: \_\_\_\_\_  
 Carole Rogers, Vice-President/Secretary  
 Desert Healthcare District Board of Directors

*Minutes respectfully submitted by Andrea S. Hayles, Clerk of the Board*

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**DESERT HEALTHCARE DISTRICT  
YEAR TO DATE VARIANCE ANALYSIS  
ACTUAL VS BUDGET  
NINE MONTHS ENDED MARCH 31, 2018**

**Scope: \$25,000 Variance per Statement of Operations Summary**

Account	YTD		Over(Under)	Explanation
	Actual	Budget	Budget	
4000 - Income	\$ 5,886,049	\$ 5,834,772	\$ 51,277	Higher interest income from FRF investments \$56K, lower NEOPB Grant Income \$5k.
4501 - Misc Income	\$ 28,940	\$ 56,250	\$ (27,310)	Lower Southern California solar energy receipts. Working on collecting
5000 - Direct Expenses	\$ 386,487	\$ 465,327	\$ (78,860)	Lower wage, payroll tax, Insurance premiums \$39K due primarily to hiring delay for COO & Director of Communications and Marketing and straight-line amortization of salaries and 5 0% incentive pool, and vacations taken charged to vacation accrual; Lower retirement plan expense of \$16K; Lower Board expenses \$18k; and other various \$6K.
6000-General & Admin Expense	362,958	338,699	\$ 26,259	Includes higher Travel, Computer, Investment Fees, and Supplies Expense.
6500 - Professional Fees Expense	\$ 828,078	\$ 357,354	\$ 468,724	Higher cost of Consultant for New Providers, Facilities, Programs and Services \$439k; Higher Legal Expense \$34k, Lower various \$4k.
7000 - Grants Expense	\$ 3,977,048	\$ 3,615,003	\$ 362,045	Budget of \$4.7MM for fiscal year is amortized straight-line over the fiscal year. \$1MM is for Pulmonary.

**Desert Healthcare District**  
**Cumulative Profit & Loss Budget vs. Actual**  
 July 2017 through March 2018

	MONTH			TOTAL		
	Mar 18	Budget	\$ Over Budget	Jul '17 - Mar 18	Budget	\$ Over Budget
<b>Income</b>						
4000 · Income	591,606	648,308	(56,702)	5,886,049	5,834,772	51,277
4500 · LPMP Income	92,709	103,391	(10,682)	822,524	897,753	(75,229)
4501 · Miscellaneous Income	750	6,250	(5,500)	28,940	56,250	(27,310)
<b>Total Income</b>	<b>685,065</b>	<b>757,949</b>	<b>(72,884)</b>	<b>6,737,513</b>	<b>6,788,775</b>	<b>(51,262)</b>
<b>Expense</b>						
5000 · Direct Expenses	49,196	55,568	(6,372)	386,467	465,327	(78,860)
6000 · General & Administrative Exp	41,513	37,411	4,102	362,958	336,699	26,259
6325 · CEO Discretionary Fund	227	417	(190)	3,026	3,753	(727)
6445 · LPMP Expenses	69,640	81,781	(12,141)	662,427	722,427	(60,000)
6500 · Professional Fees Expense	99,042	39,706	59,336	826,078	357,354	468,724
6700 · Trust Expenses	20,406	20,617	(211)	184,653	188,775	(4,122)
<b>Total Expense Before Grants &amp; Unrealized Loss</b>	<b>280,024</b>	<b>235,500</b>	<b>44,524</b>	<b>2,425,609</b>	<b>2,074,335</b>	<b>351,274</b>
7000 · Grants Expense	2,068,055	401,667	1,666,388	3,977,048	3,615,003	362,045
9999-1 · Unrealized (gain)loss on invest	(42,689)	125,000	(167,689)	1,105,964	1,125,000	(19,036)
<b>Net Income</b>	<b>(1,620,325)</b>	<b>(4,218)</b>	<b>(1,616,107)</b>	<b>(771,112)</b>	<b>(25,563)</b>	<b>(745,549)</b>

Desert Healthcare District  
**Cumulative Profit & Loss Budget vs. Actual**  
 July 2017 through March 2018

	MONTH			TOTAL		
	Mar 18	Budget	\$ Over Budget	Jul '17 - Mar 18	Budget	\$ Over Budget
<b>Income</b>						
<b>4000 · Income</b>						
4010 · Property Tax Revenues	524,141	524,141	0	4,717,269	4,717,269	0
4200 · Interest Income	58,465	112,500	(54,035)	1,068,233	1,012,500	55,733
4300 · DHC Recoveries	1,749	1,666	83	15,741	14,994	747
4400 · Grant Income	7,250	10,000	(2,750)	84,804	90,000	(5,196)
<b>Total 4000 · Income</b>	<b>591,605</b>	<b>648,307</b>	<b>(56,702)</b>	<b>5,886,047</b>	<b>5,834,763</b>	<b>51,284</b>
4500 · LPMP Income	92,709	103,391	(10,682)	822,523	897,759	(75,236)
4501 · Miscellaneous Income	750	6,250	(5,500)	28,940	56,250	(27,310)
<b>Total Income</b>	<b>685,064</b>	<b>757,948</b>	<b>(72,884)</b>	<b>6,737,510</b>	<b>6,788,772</b>	<b>(51,262)</b>
<b>Expense</b>						
<b>5000 · Direct Expenses</b>						
<b>5100 · Administration Expense</b>						
5110 · Wages Expense	70,768	77,135	(6,367)	511,558	692,781	(181,223)
5111 · Allocation to LPMP - Payroll	(3,658)	(3,658)		(32,922)	(32,922)	
5112 · Vacation/Sick/Holiday Expense	8,122	6,923	1,199	87,505	65,769	21,736
5114 · Allocation to Foundation	(48,015)	(51,096)	3,081	(303,423)	(459,864)	156,441
5115 · Allocation to NEOPB	(6,853)	(10,424)	3,571	(69,121)	(93,816)	24,695
5119 · Allocation to RSS/CVHIP-DHCF	(2,561)	(2,718)	157	(30,776)	(24,462)	(6,314)
5120 · Payroll Tax Expense	5,800	5,901	(101)	43,084	52,998	(9,914)
<b>5130 · Health Insurance Expense</b>						
5131 · Premiums Expense	13,551	11,602	1,949	70,754	100,122	(29,368)
5135 · Reimb./Co-Payments Expense	2,081	2,839	(758)	6,048	25,551	(19,503)
<b>Total 5130 · Health Insurance Expense</b>	<b>15,632</b>	<b>14,441</b>	<b>1,191</b>	<b>76,802</b>	<b>125,673</b>	<b>(48,871)</b>
5140 · Workers Comp. Expense	1,380	810	570	5,331	7,275	(1,944)
5145 · Retirement Plan Expense	3,811	6,248	(2,437)	40,104	56,115	(16,011)
5160 · Education Expense	1,820	292	1,528	3,559	2,628	931
<b>Total 5100 · Administration Expense</b>	<b>46,246</b>	<b>43,854</b>	<b>2,392</b>	<b>331,701</b>	<b>392,175</b>	<b>(60,474)</b>
<b>5200 · Board Expenses</b>						
<b>5210 · Healthcare Benefits Expense</b>						
5211 · Health Insurance Expense	1,713	7,768	(6,055)	37,858	47,634	(9,776)
5224 · Retired Board - Medical Expense	1,237	2,904	(1,667)	11,133	16,134	(5,001)
<b>Total 5210 · Healthcare Benefits Expense</b>	<b>2,950</b>	<b>10,672</b>	<b>(7,722)</b>	<b>50,762</b>	<b>63,768</b>	<b>(13,006)</b>
5230 · Meeting Expense		667	(667)	3,601	6,003	(2,402)
5240 · Catering Expense		333	(333)	315	2,997	(2,682)
5250 · Mileage Reimbursement Expense		42	(42)	79	378	(299)
<b>Total 5200 · Board Expenses</b>	<b>2,950</b>	<b>11,714</b>	<b>(8,764)</b>	<b>54,757</b>	<b>73,146</b>	<b>(18,389)</b>
<b>Total 5000 · Direct Expenses</b>	<b>49,196</b>	<b>55,568</b>	<b>(6,372)</b>	<b>386,458</b>	<b>465,321</b>	<b>(78,863)</b>
<b>6000 · General &amp; Administrative Exp</b>						
6110 · Payroll fees Expense	158	229	(71)	2,603	2,061	542
6120 · Bank and Investment Fees Exp	10,047	9,333	714	89,212	83,997	5,215
6125 · Depreciation Expense	1,098	1,181	(83)	10,225	10,629	(404)

Desert Healthcare District  
**Cumulative Profit & Loss Budget vs. Actual**  
 July 2017 through March 2018

	MONTH			TOTAL		
	Mar 18	Budget	\$ Over Budget	Jul '17 - Mar 18	Budget	\$ Over Budget
6126 · Depreciation-Solar Parking lot	15,072	15,072		135,648	135,648	
6130 · Dues and Membership Expense	4,113	2,275	1,838	19,034	20,475	(1,441)
6200 · Insurance Expense	945	700	245	8,505	6,300	2,205
6300 · Minor Equipment Expense		42	(42)		378	(378)
6305 · Auto Allowance & Mileage Exp	938	500	438	6,093	4,500	1,593
6306 · Staff- Auto Mileage reimb	334	104	230	2,031	936	1,095
6309 · Personnel Expense	822	104	718	2,712	938	1,776
6310 · Miscellaneous Expense		42	(42)		378	(378)
6311 · Cell Phone Expense	651	540	111	5,389	4,860	529
6312 · Wellness Park Expenses		208	(208)	587	1,872	(1,285)
6315 · Security Monitoring Expense	1,000	38	962	2,705	342	2,363
6340 · Postage Expense	35	542	(507)	1,556	4,878	(3,322)
6350 · Copier Rental/Fees Expense		458	(458)	3,174	4,122	(948)
6351 · Travel Expense	1,242	500	742	10,923	4,500	6,423
6352 · Meals & Entertainment Exp	588	333	255	3,713	2,997	716
6355 · Computer Services Expense	1,402	2,376	(974)	25,924	21,384	4,540
6360 · Supplies Expense	1,286	1,333	(47)	16,891	11,997	4,894
6380 · LAFCO Assessment Expense	1,783	1,500	283	16,047	13,500	2,547
<b>Total 6000 · General &amp; Administrative Exp</b>	<b>41,514</b>	<b>37,410</b>	<b>4,104</b>	<b>362,972</b>	<b>336,690</b>	<b>26,282</b>
6325 · CEO Discretionary Fund	227	417	(190)	3,026	3,753	(727)
6445 · LPMP Expenses	69,641	81,779	(12,138)	662,435	722,409	(59,974)
<b>6500 · Professional Fees Expense</b>						
6516 · Professional Services Expense	78,794	25,750	53,044	671,137	231,750	439,387
6520 · Annual Audit Fee Expense	1,449	1,456	(7)	13,041	13,104	(63)
6530 · PR/Communications/Website	2,000	2,500	(500)	18,165	22,500	(4,335)
6560 · Legal Expense	16,800	10,000	6,800	123,740	90,000	33,740
<b>Total 6500 · Professional Fees Expense</b>	<b>99,043</b>	<b>39,706</b>	<b>59,337</b>	<b>826,083</b>	<b>357,354</b>	<b>468,729</b>
<b>6700 · Trust Expenses</b>						
6711 · Disability Admin. Fee Expense					3,222	(3,222)
<b>6720 · Pension Plans Expense</b>						
6721 · Legal Expense		208	(208)	98	1,872	(1,774)
6725 · RPP Pension Expense	20,000	20,000		180,000	180,000	
6728 · Pension Audit Fee Expense	406	408	(2)	4,555	3,672	883
<b>Total 6720 · Pension Plans Expense</b>	<b>20,406</b>	<b>20,616</b>	<b>(210)</b>	<b>184,653</b>	<b>185,544</b>	<b>(891)</b>
<b>Total 6700 · Trust Expenses</b>	<b>20,406</b>	<b>20,616</b>	<b>(210)</b>	<b>184,653</b>	<b>188,766</b>	<b>(4,113)</b>
<b>Total Expense Before Grants &amp; Unrealized Loss</b>	<b>280,027</b>	<b>235,496</b>	<b>44,531</b>	<b>2,425,627</b>	<b>2,074,293</b>	<b>351,334</b>
<b>7000 · Grants Expense</b>						
7010 · Major Grant Awards Expense	2,060,805	391,667	1,669,138	3,892,244	3,525,003	367,241
7027 · Grant Exp - NEOPB	7,250	10,000	(2,750)	84,804	90,000	(5,196)
<b>Total 7000 · Grants Expense</b>	<b>2,068,055</b>	<b>401,667</b>	<b>1,666,388</b>	<b>3,977,048</b>	<b>3,615,003</b>	<b>362,045</b>
9999-1 · Unrealized (gain)loss on invest	(42,689)	125,000	(167,689)	1,105,964	1,125,000	(19,036)
<b>Net Income</b>	<b>(1,620,329)</b>	<b>(4,215)</b>	<b>(1,616,114)</b>	<b>(771,112)</b>	<b>(25,524)</b>	<b>(745,588)</b>

Las Palmas Medical Plaza  
**Cumulative Profit & Loss Budget vs. Actual**  
 July 2017 through March 2018

	MONTH			TOTAL		
	Mar 18	Budget	\$ Over Budget	Jul '17 - Mar 18	Budget	\$ Over Budget
<b>Income</b>						
4500 · LPMP Income						
4505 · Rental Income	66,215	73,816	(7,601)	590,686	641,664	(50,978)
4510 · CAM Income	26,494	29,492	(2,998)	231,837	255,348	(23,511)
4513 · Misc. Income		83	(83)		747	(747)
<b>Total 4500 · LPMP Income</b>	<b>92,709</b>	<b>103,391</b>	<b>(10,682)</b>	<b>822,523</b>	<b>897,759</b>	<b>(75,236)</b>
<b>Expense</b>						
6445 · LPMP Expenses						
6420 · Insurance Expense	1,100	1,000	100	9,900	9,000	900
6425 · Building - Depreciation Expense						
6424 · Deprec - New LPMP parking Lot	1,879	1,879	0	16,911	16,911	0
6425 · Building - Depreciation Expense - Other	18,333	21,044	(2,711)	186,685	189,396	(2,711)
<b>Total 6425 · Building - Depreciation Expense</b>	<b>20,212</b>	<b>22,923</b>	<b>(2,711)</b>	<b>203,596</b>	<b>206,307</b>	<b>(2,711)</b>
6426 · Tenant Improvements -Dep Exp	16,322	17,120	(798)	128,674	140,478	(11,804)
6427 · HVAC Maintenance Expense	2,715	1,333	1,382	10,448	11,997	(1,549)
6428 · Roof Repairs Expense		208	(208)		1,872	(1,872)
6431 · Building -Interior Expense		208	(208)		1,872	(1,872)
6432 · Plumbing -Interior Expense		208	(208)		1,872	(1,872)
6433 · Plumbing -Exterior Expense		208	(208)		1,872	(1,872)
6434 · Allocation Internal Prop. Mgmt	3,658	3,658		32,922	32,922	
6435 · Bank Charges	774	1,000	(226)	6,990	9,000	(2,010)
6437 · Utilities -Vacant Units Expense	133	333	(200)	850	2,997	(2,147)
6439 · Deferred Maintenance Repairs Ex		1,042	(1,042)	375	9,378	(9,003)
6440 · Professional Fees Expense	10,117	10,167	(50)	91,053	91,503	(450)
6441 · Legal Expense		83	(83)		747	(747)
6458 · Elevators - R & M Expense						
6460 · Exterminating Service Expense	180	208	(28)	1,080	1,456	(376)
6463 · Landscaping Expense	1,250	1,250		19,808	11,250	8,558
6467 · Lighting Expense		500	(500)	2,250	4,500	(2,250)
6468 · General Maintenance Expense		83	(83)		747	(747)
6470 · Maint. / Janitorial Service Exp		417	(417)		3,753	(3,753)
6471 · Marketing-Advertising		1,458	(1,458)		13,122	(13,122)
6475 · Property Taxes Expense	6,000	6,000		54,000	54,000	
6476 · Signage Expense		250	(250)	588	2,250	(1,662)
6480 · Rubbish Removal Medical Waste E		1,400	(1,400)	11,469	12,600	(1,131)
6481 · Rubbish Removal Expense		2,039	(2,039)	16,984	18,351	(1,367)
6482 · Utilities/Electricity/Exterior	783	833	(50)	4,846	7,497	(2,651)
6484 · Utilities - Water (Exterior)	506	583	(77)	4,951	5,247	(296)
6485 · Security Expenses	4,399	6,250	(1,851)	53,862	56,250	(2,388)
6490 · Miscellaneous Expense		100	(100)	315	900	(585)
<b>6445 · LPMP Expenses</b>	<b>68,149</b>	<b>80,862</b>	<b>(12,713)</b>	<b>658,490</b>	<b>718,325</b>	<b>(59,835)</b>
<b>Net Income</b>	<b>24,560</b>	<b>22,529</b>	<b>2,031</b>	<b>164,033</b>	<b>179,434</b>	<b>(15,401)</b>

**Desert Healthcare District**  
**Balance Sheet**  
As of March 31, 2018

		Mar 31, 18
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
1000 · CHECKING CASH ACCOUNTS		1,226,282
1100 · INVESTMENT ACCOUNTS		55,223,180
<b>Total Checking/Savings</b>		<b>56,449,462</b>
<b>Accounts Receivable</b>		
		145,717
<b>Other Current Assets</b>		
1270 · Prepaid Insurance -Ongoing		18,760
1279 · Pre-Paid Fees		13,724
1281 · NEOPB Receivable		19,090
1295 · Property Tax Receivable		1,263,815
<b>Total Other Current Assets</b>		<b>1,315,388</b>
<b>Total Current Assets</b>		<b>57,910,568</b>
<b>Fixed Assets</b>		
1300 · FIXED ASSETS		4,890,628
1335-00 · ACC DEPR		(1,542,292)
1400 · LPMP Assets		7,472,225
<b>Total Fixed Assets</b>		<b>10,820,561</b>
<b>Other Assets</b>		
		2,928,331
<b>TOTAL ASSETS</b>		<b>71,659,460</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Liabilities</b>		
<b>Current Liabilities</b>		
<b>Accounts Payable</b>		
2000 · Accounts Payable		45,759
2001 · LPMP Accounts Payable		43,369
<b>Total Accounts Payable</b>		<b>89,128</b>
<b>Other Current Liabilities</b>		
2002 · LPMP Property Taxes		19,490
2131 · Grant Awards Payable		3,747,891
2133 · Accrued Accounts Payable		216,508
2141 · Accrued Vacation Time		35,340
2142 · Accrued Sick Time		45,022
2186 · Retired BOD Medical - Current		4,854
2188 · Current Portion - LTD		14,803
2190 · Investment Fees Payable		26,072
<b>Total Other Current Liabilities</b>		<b>4,109,981</b>



**Desert Healthcare District**  
**Balance Sheet**  
As of March 31, 2018

		Mar 31, 18
<b>Total Current Liabilities</b>		4,199,108
<b>Long Term Liabilities</b>		
	2170 · RPP - Pension Liability	3,063,995
	2171 · RPP-Deferred Inflows-Resources	3,242,061
	2280 · Long-Term Disability	51,112
	2281 · Grants Payable - Long-term	10,455,641
	2286 · Retirement BOD Medical Liabilit	83,383
	2290 · LPMP Security Deposits	58,517
<b>Total Long Term Liabilities</b>		16,954,709
<b>Total Liabilities</b>		21,153,818
<b>Equity</b>		
	3900 · *Retained Earnings	51,276,754
	Net Income	(771,112)
<b>Total Equity</b>		50,505,642
<b>TOTAL LIABILITIES &amp; EQUITY</b>		<b>71,659,460</b>

**Desert Healthcare District**  
**Balance Sheet**  
As of March 31, 2018

		Mar 31, 18
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Checking/Savings</b>		
<b>1000 · CHECKING CASH ACCOUNTS</b>		
	1010 · Union Bank - Checking	977,824
	1046 · Las Palmas Medical Plaza	247,958
	1047 · Petty Cash	500
	<b>Total 1000 · CHECKING CASH ACCOUNTS</b>	<b>1,226,282</b>
<b>1100 · INVESTMENT ACCOUNTS</b>		
	1130 · Facility Replacement Fund	
	1129 · F R Fund - Restricted-Pulmonary	1,000,000
	1130 · Facility Replacement Fund - Other	55,400,650
	<b>Total 1130 · Facility Replacement Fund</b>	<b>56,400,650</b>
	1135 · Unrealized Gain(Loss) FRF	(1,177,470)
	<b>Total 1100 · INVESTMENT ACCOUNTS</b>	<b>55,223,180</b>
	<b>Total Checking/Savings</b>	<b>56,449,462</b>
<b>Accounts Receivable</b>		
	1201 · Accounts Receivable	
	1204 · LPMP Accounts Receivable	(16,699)
	1205 · Misc. Accounts Receivable	11,335
	1211 · A-R Foundation - Exp Allocation	151,081
	<b>Total Accounts Receivable</b>	<b>145,717</b>
<b>Other Current Assets</b>		
	1270 · Prepaid Insurance -Ongoing	18,760
	1279 · Pre-Paid Fees	13,724
	1281 · NEOPB Receivable	19,090
	1295 · Property Tax Receivable	1,263,815
	<b>Total Other Current Assets</b>	<b>1,315,388</b>
	<b>Total Current Assets</b>	<b>57,910,568</b>
<b>Fixed Assets</b>		
<b>1300 · FIXED ASSETS</b>		
	1310 · Computer Equipment	77,668
	1315 · Computer Software	68,770
	1320 · Furniture and Fixtures	27,085
	1325 · Offsite Improvements	300,849
	1331 · DRMC - Parking lot	4,416,257
	<b>Total 1300 · FIXED ASSETS</b>	<b>4,890,628</b>
	1335-00 · ACC DEPR	

**Desert Healthcare District**  
**Balance Sheet**  
As of March 31, 2018

		Mar 31, 18
	1335 · Accumulated Depreciation	(190,034)
	1336 · Acc. Software Depreciation	(67,443)
	1337 · Accum Deprec- Solar Parking Lot	(1,190,859)
	1338 · Accum Deprec - LPMP Parking Lot	(93,956)
	<b>Total 1335-00 · ACC DEPR</b>	<b>(1,542,292)</b>
	<b>1400 · LPMP Assets</b>	
	1401 · Building	8,705,680
	1402 · Land	2,165,300
	1403 · Tenant Improvements -New	2,111,211
	1404 · Tenant Improvements - CIP	129,550
	1406 · Building Improvements	
	1406.1 · LPMP-Replace Parking Lot	676,484
	1406 · Building Improvements - Other	1,364,337
	<b>Total 1406 · Building Improvements</b>	<b>2,040,821</b>
	1407 · Building Equipment Improvements	350,663
	1409 · Accumulated Depreciation	
	1410 · Accum. Depreciation	(6,888,000)
	1412 · T I Accumulated Dep.-New	(1,143,000)
	<b>Total 1409 · Accumulated Depreciation</b>	<b>(8,031,001)</b>
	<b>Total 1400 · LPMP Assets</b>	<b>7,472,225</b>
	<b>Total Fixed Assets</b>	<b>10,820,561</b>
	<b>Other Assets</b>	
	<b>1700 · OTHER ASSETS</b>	
	1731 · Wellness Park	1,693,800
	1740 · RPP-Deferred Outflows-Resources	1,234,531
	<b>Total Other Assets</b>	<b>2,928,331</b>
	<b>TOTAL ASSETS</b>	<b>71,659,460</b>
	<b>LIABILITIES &amp; EQUITY</b>	
	<b>Liabilities</b>	
	<b>Current Liabilities</b>	
	<b>Accounts Payable</b>	
	2000 · Accounts Payable	45,759
	2001 · LPMP Accounts Payable	43,369
	<b>Total Accounts Payable</b>	<b>89,128</b>
	<b>Other Current Liabilities</b>	
	2002 · LPMP Property Taxes	19,490
	2131 · Grant Awards Payable	3,747,891
	2133 · Accrued Accounts Payable	216,508

**Desert Healthcare District**  
**Balance Sheet**  
As of March 31, 2018

		Mar 31, 18
	2141 · Accrued Vacation Time	35,340
	2142 · Accrued Sick Time	45,022
	2186 · Retired BOD Medical - Current	4,854
	2188 · Current Portion - LTD	14,803
	2190 · Investment Fees Payable	26,072
	<b>Total Other Current Liabilities</b>	<b>4,109,981</b>
	<b>Total Current Liabilities</b>	<b>4,199,108</b>
	<b>Long Term Liabilities</b>	
	2170 · RPP - Pension Liability	3,063,995
	2171 · RPP-Deferred Inflows-Resources	3,242,061
	2280 · Long-Term Disability	51,112
	2281 · Grants Payable - Long-term	10,455,641
	2286 · Retirement BOD Medical Liabilit	83,383
	2290 · LPMP Security Deposits	58,517
	<b>Total Long Term Liabilities</b>	<b>16,954,709</b>
	<b>Total Liabilities</b>	<b>21,153,818</b>
	<b>Equity</b>	
	3900 · *Retained Earnings	51,276,754
	Net Income	(771,112)
	<b>Total Equity</b>	<b>50,505,642</b>
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>71,659,460</b>

**Desert Healthcare District**  
**A/R Aging Summary**  
As of March 31, 2018

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	Comment
Cohen Musch Thomas Medical Group	0	(3,403)	0	0	71	(3,332)	Prepay
Desert Family Medical Center	0	(3,500)	0	0	0	(3,500)	Prepay
Desert Healthcare Foundation-	50,576	0	100,505	0	0	151,081	Due from Foundation
Desert Oasis Healthcare Medical Group	0	(1,873)	0	0	0	(1,873)	Prepay
EyeCare Services Partners Management LLC	0	(5,695)	0	0	0	(5,695)	Prepay
Kay Hazen-	2,335	0	0	0	0	2,335	Insurance premium accrual
Laboratory Corporation of America	0	(4,576)	0	0	0	(4,576)	Prepay
Pathway Pharmaceuticals, Inc.	0	2,181	0	0	0	2,181	
Quest Diagnostics Incorporated	0	34	0	0	0	34	Change in CAMs not paid
Sovereign	750	0	1,500	750	6,000	9,000	Slow Pay-Seeking Collection
Steven Gundry, M.D.	0	44	0	0	0	44	Change in CAMs not paid
West Pacific Medical Laboratory	0	17	0	0	0	17	Change in CAMs not paid
<b>TOTAL</b>	<b>53,661</b>	<b>(16,770)</b>	<b>102,005</b>	<b>750</b>	<b>6,071</b>	<b>145,717</b>	

**Desert Healthcare District**  
**Deposit Detail**  
 March 2018

Type	Date	Name	Amount
<b>Deposit</b>	<b>03/02/2018</b>		<b>1,749</b>
		T-Mobile	(1,749)
TOTAL			(1,749)
<b>Deposit</b>	<b>03/19/2018</b>		<b>387</b>
		Riverside County Treasurer-	(387)
TOTAL			(387)
<b>Deposit</b>	<b>03/19/2018</b>		<b>1,512</b>
		Riverside County Treasurer-	(1,512)
TOTAL			(1,512)
<b>Deposit</b>	<b>03/19/2018</b>		<b>12,883</b>
		Riverside County Treasurer-	(12,883)
TOTAL			(12,883)
<b>Deposit</b>	<b>03/30/2018</b>		<b>21,601</b>
		Riverside County Treasurer-	(9,928)
		Riverside County Treasurer-	(9,290)
Payment	03/30/2018	Kay Hazen-	(2,383)
TOTAL			(21,601)
		<b>Total Deposits</b>	<b>38,132</b>

**DESERT HEALTHCARE DISTRICT  
PROPERTY TAX RECEIPTS FY 2017 - 2018  
RECEIPTS - TWELVE MONTHS ENDED JUNE 30, 2018**

	FY 2016-2017 Projected/Actual					FY 2017-2018 Projected/Actual				
	Budget %	Budget \$	Act %	Actual Receipts	Variance	Budget %	Budget \$	Act %	Actual Receipts	Variance
July	2.5%	\$ 152,663	1.3%	\$ 79,912	\$ (72,750)	2.5%	\$ 157,242	1.7%	\$ 107,591	\$ (49,652)
Aug	1.6%	\$ 97,704	1.7%	\$ 101,498	\$ 3,794	1.6%	\$ 100,635	1.2%	\$ 76,625	\$ (24,010)
Sep	2.6%	\$ 158,769	2.4%	\$ 147,194	\$ (11,575)	2.6%	\$ 163,532	2.4%	\$ 149,702	\$ (13,830)
Oct	0.0%	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -	\$ -
Nov	0.4%	\$ 24,426	0.0%	\$ 2,455	\$ (21,971)	0.4%	\$ 25,159	0.7%	\$ 47,069	\$ 21,910
Dec	16.9%	\$ 1,031,999	17.6%	\$ 1,075,328	\$ 43,330	16.9%	\$ 1,062,958	17.8%	\$ 1,121,658	\$ 58,700
Jan	31.9%	\$ 1,947,974	33.0%	\$ 2,014,083	\$ 66,110	31.9%	\$ 2,006,413	33.3%	\$ 2,097,033	\$ 90,621
Feb	0.0%	\$ -	0.8%	\$ 50,338	\$ 50,338	0.0%	\$ -	0.8%	\$ 50,855	\$ 50,855
Mar	0.3%	\$ 18,320	0.2%	\$ 11,638	\$ (6,681)	0.3%	\$ 18,869	0.2%	\$ 14,782	\$ (4,087)
Apr	5.5%	\$ 335,858	5.8%	\$ 356,027	\$ 20,169	5.5%	\$ 345,933	0.0%		
May	19.9%	\$ 1,215,194	19.9%	\$ 1,215,601	\$ 408	19.9%	\$ 1,251,649	0.0%		
June	18.4%	\$ 1,123,596	16.8%	\$ 1,025,799	\$ (97,797)	18.4%	\$ 1,157,304	0.0%		
<b>Total</b>	<b>100%</b>	<b>\$ 6,106,500</b>	<b>99.6%</b>	<b>\$ 6,079,874</b>	<b>\$ (26,626)</b>	<b>100.00%</b>	<b>\$ 6,289,695</b>	<b>58.3%</b>	<b>\$ 3,665,314</b>	<b>\$ 130,506</b>

**Las Palmas Medical Plaza  
Deposit Detail - LPMP  
March 2018**

Type	Date	Name	Memo	Amount
<b>Deposit</b>	<b>03/07/2018</b>		<b>Deposit</b>	<b>14,033</b>
Payment	03/07/2018	Derakhsh Fozouni, M.D.		(5,716)
Payment	03/07/2018	Aijaz Hashmi, M.D., Inc.		(2,682)
Payment	03/07/2018	Brad A. Wolfson, M.D.		(3,311)
Payment	03/07/2018	Ramy Awad, M.D.		(2,324)
<b>TOTAL</b>				<b>(14,033)</b>
<b>Deposit</b>	<b>03/21/2018</b>		<b>Deposit</b>	<b>35,076</b>
Payment	03/21/2018	Tenet HealthSystem Desert, Inc		(5,317)
Payment	03/21/2018	Desert Family Medical Center		(3,500)
Payment	03/21/2018	Dennis Spurgin, D.C.		(2,682)
Payment	03/21/2018	Tenet HealthSystem Desert, Inc		(5,265)
Payment	03/21/2018	West Pacific Medical Laboratory		(1,889)
Payment	03/21/2018	Desert Oasis Healthcare Medical Group		(1,933)
Payment	03/21/2018	EyeCare Services Partners Management LLC		(5,862)
Payment	03/21/2018	Steven Gundry, M.D.		(5,191)
Payment	03/21/2018	Cohen Musch Thomas Medical Group		(3,437)
<b>TOTAL</b>				<b>(35,076)</b>
<b>Deposit</b>	<b>03/23/2018</b>		<b>Deposit</b>	<b>2,778</b>
Payment	03/23/2018	Cure Cardiovascular Consultants		(2,778)
<b>TOTAL</b>				<b>(2,778)</b>
<b>Deposit</b>	<b>03/26/2018</b>		<b>Deposit</b>	<b>4,620</b>
Payment	03/26/2018	Laboratory Corporation of America		(4,620)
<b>TOTAL</b>				<b>(4,620)</b>
<b>Deposit</b>	<b>03/30/2018</b>		<b>Deposit</b>	<b>73,732</b>
Payment	03/30/2018	Pathway Pharmaceuticals, Inc.		(21)
Payment	03/30/2018	Desert Family Medical Center		(3,500)
Payment	03/30/2018	EyeCare Services Partners Management LLC		(5,862)
Payment	03/30/2018	Tenet HealthSystem Desert, Inc.		(54,682)
Payment	03/30/2018	Desert Regional Medical Center		(4,802)



**Las Palmas Medical Plaza  
Deposit Detail - LPMP  
March 2018**

Type	Date	Name	Memo	Amount
Payment	03/30/2018	Peter Jamieson, M.D.		(2,932)
Payment	03/30/2018	Desert Oasis Healthcare Medical Group		(1,933)
<b>TOTAL</b>				<b>(73,732)</b>
		<b>Total Deposits</b>		<b>130,239</b>

**Desert Healthcare District**  
**Check Register**  
As of March 31, 2018

Type	Date	Num	Name	Amount
<b>1000 · CHECKING CASH ACCOUNTS</b>				
<b>1010 · Union Bank - Checking</b>				
Bill Pmt -Check	03/02/2018	14827	Blackbaud, Inc.	(170)
Bill Pmt -Check	03/02/2018	14828	Donna Den Bleyker.	(225)
Bill Pmt -Check	03/02/2018	14829	Graphtek Interactive	(675)
Bill Pmt -Check	03/02/2018	14830	Principal Life Insurance Co.	(1,049)
Bill Pmt -Check	03/02/2018	14831	Shred-It	(85)
Bill Pmt -Check	03/02/2018	14832	So.Cal Computer Shop	(640)
Bill Pmt -Check	03/02/2018	14833	Time Warner Cable	(221)
Bill Pmt -Check	03/02/2018	14834	Underground Service Alert of Southern Cal	(10)
Bill Pmt -Check	03/02/2018	14835	Verizon Wireless	(792)
Check	03/06/2018	Auto Pay	Calif. Public Employees'Retirement System	(15,252)
Liability Check	03/08/2018		QuickBooks Payroll Service	(35,170)
Liability Check	03/08/2018		QuickBooks Payroll Service	(1,301)
General Journal	03/12/2018	09-01	401a payment - 3/9/18 payroll	(1,906)
General Journal	03/12/2018	09-01	457b payment - 3/9/18 payroll	(2,889)
General Journal	03/12/2018	09-01	457b loan payment - 3/9/18 payroll	(446)
Bill Pmt -Check	03/13/2018	14836	Alejandro Espinoza-	(620)
Bill Pmt -Check	03/13/2018	14837	Anthem Blue Cross	(105)
Bill Pmt -Check	03/13/2018	14838	Burke Consulting	(2,000)
Bill Pmt -Check	03/13/2018	14839	Desert Cancer Foundation	(90,000)
Bill Pmt -Check	03/13/2018	14840	First Bankcard (Union Bank)	(3,244)
Bill Pmt -Check	03/13/2018	14841	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	03/13/2018	14842	Frederic E. Supple	(7,191)
Bill Pmt -Check	03/13/2018	14843	Greater Coachella Valley Chamber of Com	(300)
Bill Pmt -Check	03/13/2018	14844	Image Source	(1,238)
Bill Pmt -Check	03/13/2018	14845	Law Offices of Scott & Jackson	(16,800)
Bill Pmt -Check	03/13/2018	14846	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	03/13/2018	14847	Michele McKinney-	(41)
Bill Pmt -Check	03/13/2018	14848	Ready Refresh	(48)
Bill Pmt -Check	03/13/2018	14849	Staples Credit Plan	(826)
Bill Pmt -Check	03/13/2018	14850	State Compensation Insurance Fund	(1,380)
Bill Pmt -Check	03/13/2018	14851	UPS	(35)
Bill Pmt -Check	03/13/2018	14852	Xerox Financial Services	(392)
Bill Pmt -Check	03/20/2018	14853	Alejandro Espinoza-	(227)
Bill Pmt -Check	03/20/2018	14854	CoPower Employers' Benefits Alliance	(2,265)
Bill Pmt -Check	03/20/2018	14855	First Bankcard (Union Bank)	(1,554)
Bill Pmt -Check	03/20/2018	14856	KaufmanHall	(76,958)
Bill Pmt -Check	03/20/2018	14857	Palm Springs Alarm	(1,000)

**Desert Healthcare District**  
**Check Register**  
**As of March 31, 2018**

Type	Date	Num	Name	Amount
Bill Pmt -Check	03/20/2018	14858	Vanessa Smith-	(64)
Liability Check	03/22/2018		QuickBooks Payroll Service	(35,208)
Liability Check	03/22/2018		QuickBooks Payroll Service	(1,489)
General Journal	03/26/2018	09-03	401a payment - 3/23/18 payroll	(1,906)
General Journal	03/26/2018	09-03	457b payment - 3/23/18 payroll	(2,889)
General Journal	03/26/2018	09-03	457b loan payment - 3/23/18 payroll	(446)
Bill Pmt -Check	03/27/2018	14859	KaufmanHall	(1,296)
Bill Pmt -Check	03/27/2018	14860	Principal Life Insurance Co.	(1,381)
Bill Pmt -Check	03/27/2018	14861	Shred-It	(86)
Bill Pmt -Check	03/27/2018	14862	So.Cal Computer Shop	(59)
Check	03/31/2018		Service Charge	(1,047)
General Journal	03/31/2018	09-02	March 2018 LTD Payment - Jena Marie Van Earl	(1,234)
General Journal	03/31/2018	09-08	Record Medical Reimb - March 2018	(2,081)
<b>TOTAL</b>				<b>(316,768)</b>

**Desert Healthcare District**  
**Details for credit card Expenditures**  
**Credit card purchases - February 2018 - Paid March 2018**

Number of credit cards held by District personnel - 2  
 Credit Card Limit - \$5,000

**Credit Card Holders:**  
 Herb Schultz - Chief Executive Officer  
 Chris Christensen - Chief Financial Officer

**Routine types of charges:**

Office Supplies, Dues for membership, Computer Supplies, Meals, Travel including airlines and Hotels, Catering, Supplies for BOD meetings, CEO Discretionary for small grant & gift items

Year	Statement		Expense Type	Amount	Purpose	Description	Participants
	Month Charged	Total Charges					
		<b>\$ 4,797.70</b>					
<b>Chris' Statement:</b>							
2018	February	<b>\$ 3,243.84</b>	District				
			6360	\$ 23.79	Conference call expense		
			6360	\$ 23.43	Conference call expense		
			6360	\$ 16.62	Conference call expense		
			6360	\$ 17.57	Conference call expense		
			6309	\$ 322.25	January 2018 Advertising indeed		
			6309	\$ 500.19	February 2018 Advertising indeed		
			6352	\$ 42.29	CEO/CFO lunch meeting		
			6352	\$ 64.16	CEO/CFO/COO lunch meeting		
			6352	\$ 22.13	Leadership Breakfast - CFO		
			6352	\$ 151.86	Staff lunch		
			6351	\$ 45.00	Flight - COO (Collective Impact Convening)		
			6351	\$ 625.99	Flight - COO (Collective Impact Convening)		
			5160	\$ 1,145.00	Registration - COO (Collective Impact Convening)		
			6360	\$ 243.56	CSDA Sample Policy Handbook		
				<b>\$ 3,243.84</b>			
<b>Herb's Statement:</b>							
2018	February	<b>\$ 1,553.86</b>	District				
			6352	\$ 30.09	CEO/COO		
			6352	\$ 31.84	CEO lunch meeting		
			5160	\$ 225.00	ACHD registration - BOD		
			6351	\$ 14.76	Personal Lyft - CEO to reimburse		
			5160	\$ 450.00	ACHD registration - CEO & BOD		
			6351	\$ 18.12	ACHD - Lyft		
			6351	\$ 8.00	ACHD - Flight wifi		
			6351	\$ 36.00	ACHD - ONT Parking		
			6351	\$ 252.30	ACHD - hotel		
			6351	\$ 8.00	ACHD - Flight wifi		
			6351	\$ 118.95	ACHD - CEO/BOD		
			6352	\$ 220.00	Personal - CEO to reimburse		
			6351	\$ 38.99	ACHD - Flight		
			6352	\$ 5.25	Riverside meetings - parking		
			6352	\$ 2.25	Riverside meetings - parking		
			6351	\$ 9.43	ACHD - Meal		
			6351	\$ 8.97	ACHD - Meal		
			6352	\$ 50.15	CEO lunch meeting		
			6352	\$ 25.76	CEO lunch meeting		
				<b>\$ 1,553.86</b>			

**Las Palmas Medical Plaza**  
**Check Register**  
As of March 31, 2018

Type	Date	Num	Name	Amount
<b>1000 · CHECKING CASH ACCOUNTS</b>				
<b>1046 · Las Palmas Medical Plaza</b>				
Bill Pmt -Check	03/01/2018	9797	INPRO-EMS Construction	(10,117)
Bill Pmt -Check	03/02/2018	9798	Desert Regional Medical Center--	(77,820)
Bill Pmt -Check	03/02/2018	9799	Desert Water Agency	(506)
Bill Pmt -Check	03/02/2018	9800	Imperial Security	(1,466)
Bill Pmt -Check	03/02/2018	9801	Pink, Inc.	(379)
Bill Pmt -Check	03/13/2018	9802	Imperial Security	(1,466)
Bill Pmt -Check	03/13/2018	9803	Palm Springs Disposal Services Inc	(2,123)
Bill Pmt -Check	03/13/2018	9804	Stericycle, Inc. - VOID	0
Bill Pmt -Check	03/13/2018	9805	Stericycle, Inc.	(2,819)
Bill Pmt -Check	03/20/2018	9806	Desert Air Conditioning Inc.	(2,715)
Bill Pmt -Check	03/20/2018	9807	Frazier Pest Control, Inc.	(180)
Bill Pmt -Check	03/20/2018	9808	Frontier Communications	(212)
Bill Pmt -Check	03/20/2018	9809	Imperial Security	(1,466)
Bill Pmt -Check	03/20/2018	9810	Pink, Inc.	(1,250)
Bill Pmt -Check	03/20/2018	9811	Southern California Edison	(916)
Check	03/31/2018		Service Charge	(774)
<b>TOTAL</b>				<b>(104,210)</b>



## MEMORANDUM

DATE: April 10, 2018

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

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Current number of participants in Plan:

Active – still employed by hospital	130
Vested – no longer employed by hospital	64
Former employees receiving annuity	<u>12</u>
Total	<u>206</u>

The outstanding liability for the RPP is approximately **\$4.8M** (Actives - \$3.5M and Vested - \$1.3M). Per the June 30, 2017 Actuarial Valuation, the RPP has an Unfunded Pension Liability of approximately **\$2.9M**. A monthly accrual of \$20K is being recorded each month as an estimate for FY2018.

The payouts, excluding monthly annuity payments, made from the Plan for the Nine (9) months ended March 31, 2017 totaled **\$252K**. Monthly annuity payments (12 participants) total **\$1.6K** per month.

DESERT HEALTHCARE DISTRICT						
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE						
As of 03/31/18						
TWELVE MONTHS ENDED JUNE 30, 2018						
Grant ID Nos.	Name	Approved Grants - Prior Yrs	Current Yr 2017-2018	6/30/2018 Bal Fwd/New	Total Paid July-June	Open BALANCE
2013-759-BOD 02/26/13	Desert Hot Springs Wellness FDN - Oversampling - HARC -3yr	\$ 30,000		\$ 15,000	\$ -	\$ 15,000
2013-782-BOD 6/25/13	CVPEP - CV/iHub Accelerator Campus 3 years	\$ 500,000		\$ 25,000	\$ 25,000	\$ -
2014-MOU-BOD-11/21/13	Memo of Understanding CVAG CV Link Support	\$ 10,000,000		\$ 10,000,000	\$ -	\$ 10,000,000
2014-852-BOD-11-19-14	Desert AIDS Project - Get Tested Coachella Valley - 3 yr	\$ 498,625		\$ 124,656	\$ 74,794	\$ 49,863
2015-866-BOD-4-28-15	The LGBT Center of PS - Desert Low-Cost Counseling Clinic - 3 yr	\$ 140,000		\$ 68,000	\$ 36,000	\$ 32,000
2015-870-BOD-5-26-15	Mizell Senior Center - CV Senior Fall Prevention Program - 2 Yr	\$ 403,300		\$ 40,330	\$ 40,330	\$ -
2015-874-BOD-6-23-15	United Cerebral Palsy - Skill-builders Community Integration - 2 Yr	\$ 178,894		\$ 17,889	\$ 17,889	\$ -
2015-875-BOD-6-23-15	Desert AIDS Project - Sexually Transmitted Infection Clinic - 3 Yr	\$ 800,000		\$ 175,000	\$ 78,750	\$ 96,250
2015-876-BOD-6-23-15	Arrowhead Neuroscience Fndtn-NeuroInterventional & NeuroCritical Care Fellowship 2 Yr	\$ 373,540		\$ 289,494	\$ 84,047	\$ 205,447
2016-886-BOD-9-22-15	B&G Club of Cathedral City - Main Club House Capital Improvements - 1 Yr	\$ 150,000		\$ 48,750	\$ 33,750	\$ 15,000
2016-887-BOD-9-22-15	CVPEP - Mental Health College & Career Pathways Development Initiative - 2 Yr-ext 9/18	\$ 737,900		\$ 239,818	\$ 166,028	\$ 73,790
2016-889-BOD-10-27-15	HARC - 2016 Community Health Monitor - 3 Yr	\$ 499,955		\$ 199,982	\$ 74,993	\$ 124,989
2016-891-BOD-11-17-15	Jewish Family Services of the Desert - Mental Health Outpatient Treatment - 3 Yr	\$ 570,000		\$ 297,691	\$ 166,602	\$ 131,089
	Unexpended funds from Year 1 of Grant #891			\$ (75,792)		\$ (75,792)
2016-894-BOD-12-15-15	Act for MS - Enhanced health Training, Flexibility and Circulation Therapy - 2 Yr	\$ 368,228		\$ 119,674	\$ 119,674	\$ -
2016-907-BOD-05-24-16	CV Volunteers in Medicine - Access to Healthcare Post Implementation of the ACA 1 Yr	\$ 120,798		\$ 12,080	\$ 12,080	\$ -
2016-908-BOD-06-28-16	Angel View Support for the Outreach Stabilization Program - 2 Yr	\$ 144,600		\$ 79,530	\$ 65,070	\$ 14,460
2016-909-BOD-06-28-16	Desert Cancer Foundation Support for the Patient Assistance Care - 1 Yr	\$ 187,000		\$ 18,700	\$ 16,700	\$ 2,000
	Unexpended funds from Grant #909 - October 2017					\$ (15,828)
	Reverse unexpended funds Grant #909 - January 2018					\$ 15,828
	Revised unexpended funds Grant #909 - January 2018					\$ (2,000)
2016-910-BOD-06-28-16	FIND Food Bank Support for the Hunger to Health Program - 1 Yr	\$ 390,151		\$ 39,015	\$ 39,015	\$ -
2016-911-BOD-07-26-16	Well in the Desert - Support Assistance With Projects and Saving Lives - 1 Yr	\$ 44,800		\$ 4,480	\$ 2,067	\$ 2,413
	Unexpended funds from Grant #911					\$ (2,413)
2016-913-BOD-07-26-16	Neuro-Vitality Center - Core Program Operations - 1 Yr	\$ 261,340		\$ 26,134	\$ 26,134	\$ -
2016-916-BOD-09-27-16	UCRSOM - Street Medicine Clinic - 1 Yr	\$ 70,899		\$ 7,090	\$ (63,809)	\$ 70,899
	Unexpended funds from Grant #916					\$ (63,809)
2016-920-BOD-10-25-16	LifeStream Blood Bank - Support Protate Cancer Treatment Program	\$ 60,000		\$ 6,000	\$ -	\$ 6,000
2016-926-BOD-12-20-16	Ranch Recovery Center - Purchase and Installation of Emergency Generator	\$ 27,969		\$ 2,797	\$ -	\$ 2,797
2016-927-BOD-12-20-16	SafeHouse of the Desert - "What's Up" Crisis Texting Application - 3 Yr	\$ 679,357		\$ 577,453	\$ 203,807	\$ 373,646
2017-929-BOD-05-23-17	Gilda's Club Desert Cities: HeLP - Healthy Living Program - 1 Yr	\$ 142,000		\$ 78,100	\$ 63,900	\$ 14,200
2017-934-BOD-07-25-17	Well in the Desert - New Vans for Client Pickup & Deliveries		\$ 84,798	\$ 84,798	\$ 76,318	\$ 8,480
2017-936-BOD-07-25-17	Hidden Harvest - Senior Markets & Healthy Fairs		\$ 95,000	\$ 95,000	\$ 85,500	\$ 9,500
2017-938-BOD-07-25-17	Mizell Senior Center - A Matter of Balance Phase 2 - 2 Yr		\$ 400,300	\$ 400,300	\$ 180,135	\$ 220,165
2017-939-BOD-07-25-17	Loma Linda University - Dream Homes Initiative - 16 months		\$ 178,016	\$ 178,016	\$ 40,054	\$ 137,962
2017-947-BOD-09-26-17	Coachella Valley Volunteers in Medicine - Primary Healthcare & Support Services - 1 Yr		\$ 121,500	\$ 121,500	\$ 54,675	\$ 66,825
2017-948-BOD-09-26-17	Pegasus Hippo Therapy - Equine Therapy for District Residents - 1 Yr		\$ 93,829	\$ 93,829	\$ 42,223	\$ 51,606
2017-953-BOD-11-28-17	FIND Food Bank - Project Produce - 1 Yr		\$ 387,068	\$ 387,068	\$ 87,090	\$ 299,978
2017-954-BOD-11-28-17	CVRM - Emergency Food, Shelter with Wrap Around Services for West CV Homeless 1Yr		\$ 100,000	\$ 100,000	\$ 45,000	\$ 55,000
2017-955-BOD-11-28-17	Martha's Village & Kitchen - Health in Housing: Emergency Housing With Wrap Around 1Yr		\$ 186,150	\$ 186,150	\$ 83,768	\$ 102,383
2018-960-BOD-02-27-18	Desert Cancer Foundation - Patient Assistance and Suzanne Jackson Breast Cancer		\$ 200,000	\$ 200,000	\$ 90,000	\$ 110,000
2018-962-BOD-03-27-18	EMC - CV Collaborative Program-Antibiotic Resistance Prevention Partnership(3yr w/ 1st yr funding)		\$ 55,805	\$ 55,805	\$ -	\$ 55,805
2018-BOD-03-27-18	Behavioral Health Collaboration - Funding to DHC Foundation		\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000
<b>TOTAL GRANTS</b>		<b>\$ 17,379,356</b>	<b>\$ 3,902,466</b>	<b>\$ 16,339,336</b>	<b>\$ 2,067,583</b>	<b>\$ 14,203,532</b>
<b>Amts available/remaining for Grant/Programs - FY 2017-18:</b>						
<b>Amount budgeted 2017-2018</b>			\$ 4,700,000		G/L Balance:	3/31/2018
<b>Amount granted through March 31, 2018:</b>			\$ (3,902,466)		2131	\$ 3,747,891
Mini Grants: 932,940,942,943,944,946,952,956,958,959,963,966			\$ (63,000)		2281	\$ 10,455,641
Net adj - Grants not used: 916, 909, 911			\$ 68,222		<b>Total</b>	<b>\$ 14,203,532</b>
<b>Balance available for Grants/Programs INCLDG \$1,000,000 for pulmonary.</b>			<b>\$ 802,756</b>		<b>Difference - Rdg</b>	<b>\$ (0)</b>



Date: April 24, 2018

To: Board of Directors

Subject: Board of Supervisors Update and DHCD-DRMC/Tenet Lease Amendment

---

Board of Supervisors/LAFCO Update:

- The County Board of Supervisors considered an expansion-related resolution last Tuesday, March 27.
- As originally written, the resolution provided support for the annexation of the Eastern Coachella Valley into the current District and provided that no property tax revenue would be shared with the District to assist in funding such an expansion.
- The receipt of such a resolution (and its incorporation of the tax-related provision) is a necessary part of the Riverside County Local Agency Formation Commission (LAFCO) process.
- Without receipt of the resolution, LAFCO cannot hold a hearing on the District's annexation/expansion application.
- DHCD/F's President, Dr. Les Zendle spoke at the Board of Supervisors hearing, as did Director/Treasurer Mark Matthews and CEO Herb K. Schultz.
- Although every member of the Board of Supervisors (BOS) voiced support for the expansion, several Board Members were concerned that the non-compete clause in the 1997 Lease with Tenet Healthcare would prohibit or restrict the District from partnering with the Riverside County Health System (RUHS) in the expanded boundary areas.
- Before the Board hearing, Staff worked and coordinate directly with Fourth District Supervisor Manny Perez and his staff and County CEO George Johnson and Deputy Brian Nestande to help ensure its enactment by further addressing misunderstandings about the non-compete clause.
- County CEO Johnson provided a recommendation of "YES" in the Staff Report sent to guide the Board Member discussion and action.
- Staff met directly with three additional supervisors and their Chiefs of Staff, including Supervisors Jeffries, Ashley, and Washington. A meeting was also held with Karen Christianson, Supervisor Tavaglione Chief of Staff.
- At the end of a very long debate and several attempts by DHCD to more accurately explain the non-compete, there was a majority of Board Members still concerned that the non-compete clause between DHCD-DRMC-Tenet has the potential to restrict or outright prohibit our ability to partner with RUHS.



- In a last minute reprieve, Supervisor Tavaglione made a two-pronged motion – vote to support the annexation of DHCD, but made it contingent on DRMC-Tenet waiving the non-compete clause for the expanded boundary areas.
- The vote was 5-0 and all agreed to bring the item back up at the April 10 Board of Supervisors Meeting.
- Work began that day, involving the Ad Hoc Committee on Providers, Facilities, Programs, and Services, DHCD Staff and General Counsel, and DRMC-Tenet officials in the Desert and Dallas.
- Amendment No. 5 (Amendment) to the 1997 Hospital Lease Agreement was signed by Tenet and Board President Zendle on behalf of the DHCD Board.
- At its core, the amendment said DHCD shall not be prohibited from entering into a partnership with RUHS to own, operate, or manage any health and health care facility within the Expanded Geography or to provide financial support to any Riverside University Health System program, services, or facility within the Expanded Geography, provided that: any such acute-care facility (hospital, surgery center, imaging center) is not within an eight (8) mile radius of Lessee’s JFK Memorial Hospital.
- Unfortunately, informal feedback post distribution of the proposed amendment to the County CEO’s Office and the Board of Supervisors was not positive. It appeared that nothing short of the complete elimination of the non-compete clause in the new territory by Tenet would satisfy the BOS.
- DHCD Staff continued to work together with Tenet on this issue in order to address the County Board’s contingency/request before the April 10 Meeting.
- On Monday, April 9, a successful resolution was reached. DHCD received a signed a new Amendment 5 from Tenet Senior Vice President Mike Maloney. The amendment completely waives the non-compete clause in the proposed new boundaries for all providers, meaning it is not limited solely to partnerships between DHCD and RUHS.
- The amendment was immediately transmitted by DHCD to the County CEO’s Office and the BOS.
- The BOD considered the new amendment at its April 10 meeting and passed it 5-0 with an understanding that DHCD’s Board would take action on the resolution (lack of quorum prevented a Special Meeting), and that a signed resolution would be at LAFCO for the annexation/expansion hearing on April 26.
- DHCD Board Vice President Rogers gave that assurance to the BOS.
- **This proposed Amendment No. 5 (Amendment) to the 1997 Hospital Lease Agreement, to be considered by the Board tonight, is completely consistent with the direction you provided the CEO and Board’s Counsel at your March 27 Meeting.**

**AMENDMENT NO. 5  
TO  
HOSPITAL LEASE AGREEMENT**

**THIS AMENDMENT NO. 5 to HOSPITAL LEASE AGREEMENT** (“Fifth Amendment”) is made and entered into as of April 9, 2018, (the “Effective Date”) by and between **DESERT HEALTHCARE DISTRICT** (formerly known as Desert Hospital District), a political subdivision of the State of California (the “District”), and **DESERT REGIONAL MEDICAL CENTER, INC.** (formerly known as Tenet HealthSystem Desert, Inc.), a California corporation (“Tenet”), with reference to the following facts:

A The District and Tenet are parties to that certain Pre-Lease Agreement dated as of April 1, 1997 (the “Pre-Agreement”), and that certain Hospital Lease Agreement dated May 30, 1997 which has been amended by that certain First Amendment dated as of January 14, 2002, that certain Second Amendment dated as of May 12, 2005, that certain Amendment No. 3 To Hospital Lease Agreement dated as of January 8, 2010, and by that certain Amendment No. 4 To Hospital Lease Agreement dated as of August 1, 2013 (collectively the “Lease Agreement”).

B. Effective as of May 30, 1997 (the “Closing Date”), the transactions contemplated by the Pre-Lease Agreement and Hospital Lease Agreement were consummated with the result that Tenet leased from the District the Leased Premises pursuant to the Hospital Lease and acquired from the District, the Desert Businesses. Tenet has operated the Desert Businesses continuously since the Closing Date.

C. The District is interested in pursuing an expansion of its geographical boundaries to include the remainder of Palm Desert, Indian Wells, La Quinta, Indio, Coachella, Bermuda Dunes, Mecca, Thermal, Oasis, North Shore and Vista Santa Rosa and unincorporated areas of Riverside County, all as described in the annexation application submitted by the District to the Riverside County Local Agency Formation Commission, dated January 5, 2017 (the “Expanded Geography”), through a public vote in 2018 and the parties wish to clarify certain terms of the Lease Agreement with respect to the Expanded Geography.

**NOW, THEREFORE**, in consideration of the foregoing recitals and the agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows.

**1. Definitions.**

Unless otherwise defined in this Fifth Amendment, all capitalized terms used herein shall have the meanings given to them in the Pre-Lease and Lease Agreements.

**2. Article XIII – Additional Covenant of Lessor.** The following provisions are hereby added to the end of Article XIII of the Lease Agreement.

“Notwithstanding the foregoing, in the event the District obtains all of the required approvals to expand its geographical boundaries to include the entire Expanded Geography by December 1, 2018,

all of the above restrictions on the Lessor or any Affiliate including the Foundation in this Article XIII shall not apply to activities that solely relate to the Expanded Geography. Should the District fail to obtain all required approvals to expand its geographical boundaries by December 1, 2018, or should the District abandon, modify, amend or withdraw its annexation application prior to December 1, 2018, the terms of this Fifth Amendment shall be of no force and effect. For the avoidance of doubt, the foregoing shall not modify any restrictions related to the existing geographic boundaries of the District as of the date of this Fifth Amendment.”

**3. Effect on Lease Agreement; General Provisions**


Except as set forth in this Fifth Amendment, the terms and provisions of the Lease Agreement are hereby ratified and declared to be in full force and effect. This Fifth Amendment shall be governed by the provisions of the Pre-Lease and Lease Agreement regarding choice of law, attorneys’ fees, and successors and assigns. This Fifth Amendment shall become effective upon its execution, which may occur in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Caption and paragraph headings are used herein for convenience only, are not a part of this Fifth Amendment or the Lease Agreement as amended by this Fifth Amendment and shall not be used in construing either document. Each reference to the Lease Agreement in any agreement contemplated thereby or executed in connection therewith, whether or not accompanied by reference to this Fifth Amendment, shall be deemed a reference to the Lease Agreement as amended by this Fifth Amendment. Should the District fail to obtain all required approvals by, or should the District abandon or withdraw its annexation application prior to December 1, 2018, this Fifth Amendment shall be of no force and effect.

**IN WITNESS WHEREOF**, the parties have executed this Fifth Amendment as of the Effective Date.

**DESERT HEALTHCARE DISTRICT**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**DESERT REGIONAL MEDICAL CENTER, INC.**

By:  \_\_\_\_\_  
Name: Michael T. Maloney  
Title: Senior Vice President



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

April 10, 2018

Directors Present	District Staff Present	Absent Staff
Chair/Treasurer Mark Matthews Director Jennifer Wortham, DrPH  <u>Community Members</u> Arthur Shorr	Herb K. Schultz, CEO Lisa Houston, COO Chris Christensen, CFO Mary Pannoni, Accounting/Admin. Support Andrea S. Hayles, Clerk to the Board  <u>Legal Counsel</u> Jeff Scott	Donna Craig, Senior Program Officer; Alejandro Espinoza, Program Officer and Outreach Director; Vanessa Smith, Health Educator

AGENDA ITEMS	DISCUSSION	ACTION
<b>I. Call to Order</b>	Chair Matthews called the meeting to order at 3:00 p.m.	
<b>II. Approval of Agenda</b>	Chair Matthews asked for a motion to approve the Agenda.	<b>It was moved and seconded (Community Member Shorr, Director Wortham) to approve the agenda. Motion passed unanimously.</b>
<b>III. Public Comment</b>	Chair Matthews called for public comment. No public comment.	
<b>IV. Approval of Minutes</b>	Chair Matthews asked for a motion to approve the minutes of March 13, 2018.	<b>It was moved and seconded (Community Member Shorr, Chair Matthews) to approve the minutes. Motion passed unanimously.</b>
<b>V. CEO Report</b>	Herb K. Schultz, CEO, explained the April 10 Board of Supervisor's Meeting concerning the Resolution vote passage 5-0 that will move forward for placement on the LAFCO agenda at the April 26 public hearing. Mr. Schultz explained that President Zendle would like to hold a Special Meeting of the Board on April 19; however, due	



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

April 10, 2018

	to travel conflicts, April 19 <sup>th</sup> is unavailable. Staff will add to the agenda the Desert Healthcare District-Tenet Amendment for the April 24 Meeting.	
<b>VI. Chief Financial Officer's Report</b>	<p><b>VI.1.</b> Chris Christensen, CFO, provided an update on the LPMP leasing update, and the service agreements for the hospital appraisal and seismic engineering. Mr. Christensen provided a summary of the F&amp;A Packet and an overview of a Records Request by District Resident, Ezra Kaufman</p> <p>Mr. Christensen explained that the Professional Fee Expenses on page 16 are over budget by \$468,000 due to the work of consultants Kaufman Hall with the Ad Hoc Committee on New Providers, Facilities, Programs, and Services.</p>	
<b>VII. Financial Reports</b>	The Financial Reports were reviewed.	<b>It was moved and seconded (Community Member Shorr, Director Wortham) to approve the March 2018 District Financial Reports - Items 1-10 and to forward to the Board for approval. Motion passed unanimously.</b>
<b>Public Comment</b>	No public comments.	
<b>VIII. Other Matters</b>	Chris Christensen, CFO, explained that when the District originally engaged the services of Highmark Capital Management the name of the organization was Pac Alliance Capital Management. To remain in compliance, the administrative documents such as the service agreements were changed to reflect Highmark Capital Management.	<b>It was moved and seconded (Community Member Shorr, Director Wortham) to approve Highmark Capital Management Administrative Documents. Motion passed unanimously.</b>



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

April 10, 2018

<b>IX. Adjournment to Desert Healthcare Foundation Finance &amp; Administration Committee</b>	Chair Matthews adjourned the meeting at 3:20 p.m. to the Desert Healthcare Foundation Finance & Administration Committee meeting.	
<b>X. Adjournment to Closed Session of Desert Healthcare District Finance &amp; Administration Committee</b>	Chair Matthews adjourned the meeting at 3:33 p.m. to the Closed Session of Desert Healthcare District Finance & Administration Committee meeting.	
<b>XI. Convene to Closed Session of the Desert Healthcare District Finance &amp; Administration Committee</b>	1. Conference with Legal Counsel – Potential Litigation PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4) (one case)	
<b>XII. Adjournment to Open Session</b>		
<b>XIII. Report After Closed Session</b>	The Finance and Administration Committee discussed a potential litigation with legal counsel and took no action.	
<b>XIV. Adjournment</b>	Chair Matthews adjourned the meeting at 3:54 p.m.	<b>Audio recording available on the website at <a href="http://dhcd.org/Finance-and-Administration">http://dhcd.org/Finance-and-Administration</a></b>

ATTEST: \_\_\_\_\_  
 Mark Matthews, Chair Finance & Administration Committee/Treasurer  
 Desert Healthcare District Board of Directors

*Minutes respectfully submitted by Andrea S. Hayles, Clerk of the Board*

## **Chief Financial Officer's Report**

**April 10, 2018**

The FY19 Budget process is beginning. Draft budget will be presented at the May 10 F&A Committee meeting.

Following the approval of the services agreements for VMG Health (Hospital Appraisal) and Simpson, Gumpertz, & Heger (Seismic Engineering) at the April 3, 2018 Board of Directors meeting, work on the two engagements will begin.

At the March 13, 2018 F&A Committee meeting, Mr. Ezra Kaufman inquired about his additional questions regarding Statement of Cash Flows for prior periods. Included in the packet with the CFO report is the response by the CFO to Mr. Kaufman.

### **Las Palmas Medical Plaza - Property Management:**

#### **Occupancy:**

See attached unit rental status report.

92.7% currently occupied –

Total annual rent including CAM fees is \$1,112,510.

#### **Leasing Activity:**

Suite 2W 105-106 – lease is expiring 5/31/18. The current tenant, Dr. Aijaz Hashmi desires to renew a 5 year lease. The lease proposal will be presented at the May 8 F&A Committee meeting.

## Chris Christensen

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**From:** Chris Christensen  
**Sent:** Tuesday, January 16, 2018 4:47 PM  
**To:** Ezra Kaufman  
**Cc:** Carole Rogers; Jennifer Wortham; Jennifer Wortham (jwortham@leanhca.com); Kay Hazen; Les Zendle; Mark Matthews; Herb K. Schultz; Jeff Scott; Chris Christensen  
**Subject:** Statement of Cash Flows Questions  
**Attachments:** DHC District 6-30-15 - Final (Revised).pdf

Good afternoon , Mr. Kaufman.

Following are responses to your questions regarding the Desert Healthcare District's Statement of Cash Flows. You do not state which years you are comparing to year to year, so I will assume it is the prior year.

2013:

1 Cash payments to grantee \$9.4 million – In addition to the approximately \$4MM disbursed each year, a payment of \$5,167,048 was made for the Desert Hot Springs Wellness Center in FY 2013. (No error or restatement required)

2 Other operating revenues \$3.1 million – Other Operating Revenues can be more or less from year to year. Additional other revenues in 2013 included \$1MM received from the Avery Trust for pulmonary support. (No error or restatement required)

3 Cash & cash equivalents \$3.5 million - Cash & Cash Equivalents are the District's funds which are immediately available and not currently invested. 2012 had \$8.2M of Cash & Cash Equivalents as of 6/30/12 due to the payment of \$5.2MM in July 2012 for the Desert Hot Springs Wellness Center. (No error or restatement required)

2014:

4 Cash & cash equivalents \$5.1 million – 2014 was higher at year end due to property tax receipts received near year end, which had not been invested until early FY 2015. (No error or restatement required)

2015:

5 Cash payments to employees \$4.2 million – As previously discussed, this includes \$3.6MM adjustment, as required by GASB 68, to record Unfunded Pension Liability. The adjustment is not a Cash Payment and is revised in the attached District's Revised audit report for 6-30-15.

6 Cash payments to suppliers \$2.0 million – FY 2015 included \$1.3MM for the Tenant Improvement for the for the UCR School of Medicine Family Clinic at the Las Palmas Medical Plaza. (No error or restatement required)

Best regards.



**DESERT HEALTHCARE DISTRICT**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2013 AND 2012**

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from County	\$ 5,600,079	\$ 4,487,141
Cash payments to supplier for goods and services	(965,714)	(1,488,682)
Cash payments to employees for services	(781,306)	(844,768)
Cash payments to grantee	① (9,411,986)	(3,708,498)
Insurance premiums and settlements	(62,818)	(88,640)
Other operating revenues	② 3,128,926	1,372,792
Net cash (used) by operating activities	<u>(2,492,819)</u>	<u>(270,655)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Additions in capital assets - net	(56,646)	(1,522,318)
Collection recoveries (payments) - net	7,568	(20,908)
Net cash provided (used) by capital and related financing activities	<u>(49,078)</u>	<u>(1,543,226)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings	49,745	410,444
Net cash provided by investing activities	<u>49,745</u>	<u>410,444</u>
Net decrease in cash	<u>(2,492,152)</u>	<u>(1,403,437)</u>
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS</b>		
Beginning of year	58,929,597	60,333,034
End of year	<u>\$ 56,437,445</u>	<u>\$ 58,929,597</u>
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND INVESTMENTS TO THE STATEMENT OF NET ASSETS</b>		
Cash and cash equivalents	③ \$ 3,492,108	\$ 8,199,289
Investments	52,945,337	50,730,308
Total cash, cash equivalents and investments	<u>\$ 56,437,445</u>	<u>\$ 58,929,597</u>

-Continued-

(The accompanying notes are an integral part of these financial statements)

**DESERT HEALTHCARE DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEARS ENDED JUNE 30, 2014**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from County	\$ 5,208,351	\$ 5,600,079
Cash payments to suppliers for goods and services	(724,524)	(965,714)
Cash payments to employees for services	(702,261)	(781,306)
Cash payments to grantee	(4,410,379)	(9,411,986)
Insurance premiums and settlements		(62,818)
Other operating revenues	1,144,531	3,128,926
Net cash provided (used) by operating activities	515,718	(2,492,819)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Additions in capital assets - net	(782,209)	(56,646)
Collections recoveries (used) by capital and related financing activities	13,541	7,568
Net cash provided (used) by capital and related financing activities	(768,668)	(49,078)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings	434,448	49,745
Net cash provided by investing activities	434,448	49,745
Net increase (decrease) in cash	181,498	(2,492,152)
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS AT BEGINNING OF FISCAL YEAR</b>	56,437,445	58,929,597
<b>CASH, CASH EQUIVALENTS AND INVESTMENTS AT END OF FISCAL YEAR</b>	56,618,943	56,437,445
<b>RECONCILIATION OF CASH, CASH EQUIVALENTS AND INVESTMENTS TO THE STATEMENT OF NET POSITION</b>		
Cash and cash equivalents	(4) \$ 5,120,962	\$ 3,492,108
Investments	51,497,981	52,945,337
Total cash, cash equivalents and investments	\$ 56,618,943	\$56,437,445

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from County	\$ 5,924,197	\$ 5,673,166
Cash received from Grantor	200,497	47,187
Cash payments to suppliers for goods and services	(785,521)	(2,043,658)
Cash payments to employees for services and benefits	(691,392)	(4,204,007)
Cash payments to grantee	(3,599,479)	(4,853,985)
Rental and other operating revenues	869,923	1,211,471
Net cash provided (used) by operating activities	1,918,225	(4,169,826)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(68,043)	(215,943)
Collections recoveries (used) by capital and related financing activities		761
Net cash provided (used) by capital and related financing activities	(68,043)	(215,182)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings	858	467
Net investment sales (purchases)	(1,818,831)	562,352
Net cash provided (used) by investing activities	(1,817,973)	562,819
Net increase (decrease) in cash	32,209	(3,822,189)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR</b>	1,298,773	5,120,962
<b>CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR</b>	\$ 1,330,982	\$ 1,298,773
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Cash and cash equivalents	\$ 1,330,982	\$ 1,226,679

Prior to Restatement

6  
5

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from County	\$ 5,924,197	\$ 5,673,166
Cash received from Grantor	200,497	47,187
Cash payments to suppliers for goods and services	(785,521)	(2,039,334)
Cash payments to employees for services and benefits <i>Restated</i>	(691,392)	(720,362) <span style="border: 1px solid blue; border-radius: 50%; padding: 2px;">5</span>
Cash payments to grantee	(3,599,479)	(4,853,985)
Rental and other operating revenues	869,923	1,211,471
Net cash provided (used) by operating activities	1,918,225	(681,857)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(68,043)	(215,943)
Collections recoveries (used) by capital and related financing activities		761
Net cash provided (used) by capital and related financing activities	(68,043)	(215,182)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings	858	467
Net investment sales (purchases)	(1,746,737)	(2,997,711)
Net cash provided (used) by investing activities	(1,745,879)	(2,997,244)
Net increase (decrease) in cash	104,303	(3,894,283)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FISCAL YEAR</b>	1,226,679	5,120,962
<b>CASH AND CASH EQUIVALENTS AT END OF FISCAL YEAR</b>	\$ 1,330,982	\$ 1,226,679
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Cash and cash equivalents	\$ 1,330,982	\$ 1,226,679

The accompanying notes are an integral part of these financial statements

**Las Palmas Medical Plaza  
Unit Rental Status  
As of April 1, 2018**

Unit	Tenant Name	Deposit	Lease Dates		Term	Unit Sq Feet	Percent of Total	Monthly Rent	Annual Rent	Rent Per Sq Foot	Monthly CAM	Total Monthly Rent Inclg CAM	Total Annual Rent Inclg CAM
			From	To									
											\$ 0.62		
1W, 104	Vacant					1,024	2.07%						
1W, 105	Vacant					1,060	2.15%						
3W, 105-106	Vacant					1,536	3.11%						
<b>Total - Vacancies</b>						<b>3,620</b>	<b>7.33%</b>						
<b>Total Suites-33 - 29 Suites Occupied</b>		<b>\$ 58,516.90</b>				<b>49,356</b>	<b>92.7%</b>	<b>\$ 66,215.35</b>	<b>\$ 794,584.20</b>	<b>\$ 1.45</b>	<b>\$ 26,493.84</b>	<b>\$ 92,709.19</b>	<b>\$ 1,112,510.28</b>
<b>Summary - All Units</b>													
			<b>Occupied</b>	<b>45,736</b>	<b>92.7%</b>								
			<b>Vacant</b>	<b>3,620</b>	<b>7.3%</b>								
			<b>Total</b>	<b>49,356</b>	<b>100%</b>								



Date: April 24, 2018  
To: Board of Directors  
Subject: Highmark Capital Management, Inc. Advisory Services Agreements  
- Desert Healthcare District  
- Desert Hospital Retirement Plan

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**Staff Recommendation:**

Consideration to approve the Advisory Services Agreements for Highmark Capital Management, Inc.

**Background:**

- Highmark Capital Management, Inc. has been managing the financial investment assets of both the Desert Healthcare District and the Desert Hospital Retirement Plan since 1998.
- When the original documents were executed in 1998, the entity name was PacAlliance Capital Management.
- The name was later changed to Highmark Capital Management, Inc.
- To comply with internal policy, Highmark has requested updated Advisory Services Agreements be executed for Highmark Capital Management, Inc.
- The F&A Committee reviewed and approved the Advisory Service Agreements at the April 10, 2018 meeting.
- Staff recommends approval of the Advisory Services Agreements for Highmark Capital Management Capital, Inc. for both the Desert Healthcare District and the Desert Hospital Retirement Plan.
- Advisory Service Agreements are included for your review.

**Fiscal Impact**

None



**HIGHMARK CAPITAL MANAGEMENT, INC.  
ADVISORY SERVICES AGREEMENT (NON-ERISA)**

This Advisory Services Agreement ("Agreement") is made effective as of April 1, 2018 by and between HighMark Capital Management, Inc. ("HighMark"), a subsidiary of MUFG Union Bank, N. A. ("MUB") which, itself, is 100% owned by MUFG Americas Holdings Corporation ("MUAH"), and Desert Healthcare District ("Client"). HighMark agrees to establish an account in Client's name ("Account"), and to provide investment management services for the assets from time to time situated in the Account. Now, therefore, Client and HighMark agree as follows:

**1. APPOINTMENT OF HIGHMARK AS INVESTMENT ADVISER.** Client hereby appoints HighMark as agent solely to provide investment management services for the Account as set forth herein ("Services"). Concurrent with Client's execution of this Agreement, Client shall deliver or cause to be delivered to HighMark an initial list of those assets, if any, for which HighMark will provide Services, and such list will be attached hereto as Exhibit "A" and incorporated by this reference. Client may add assets acceptable to HighMark to the Account at any time or may withdraw assets from the Account upon reasonable written notice to HighMark (all assets at any time subject to this Agreement shall be deemed the "Account Assets").

**2. INVESTMENT AUTHORITY**

**2.1 Investment Authority of HighMark.** From time to time, HighMark shall review the Account Assets to ensure compliance with Client's investment policies and/or guidelines attached hereto as Exhibit "B" and incorporated by this reference, as either may be amended from time to time in writing, and with any other investment objectives, limitations and liquidity criteria or directives which Client from time to time communicates to HighMark (collectively, "Investment Guidelines"), provided, however, that HighMark will not be bound to follow any amendment to the Investment Guidelines until it has agreed to accept such Amendment. HighMark may, in its discretion, and in accordance with the Investment Guidelines, purchase, sell, exchange, invest, reinvest and manage the Account Assets without prior or subsequent consultation with Client.

**2.2 Risk Acknowledgement.** HighMark will exercise good faith and diligence in the performance of the Services. HighMark agrees to discharge its investment management duties under this Agreement solely in the interest of the Client with the care and skill, under the circumstances then prevailing, that a prudent person acting in a similar capacity and familiar with such matters would use in the conduct of like matters. HighMark shall use its expertise, knowledge, care and judgment in providing advice and recommendations for the Account Assets. However, any part of the Account Assets may experience loss or depreciation due to market fluctuation, and cause the Account Assets to be out of conformance with the Investment Guidelines. HighMark shall not be responsible for any such loss, depreciation, or nonconformance, or for any damage incurred by reason of any act or omission of any custodian, broker/dealer or other investment adviser not under HighMark's direct supervision, whether appointed by Client or chosen in good faith by HighMark. Except for gross negligence, willful misconduct or violation of applicable law, HighMark shall not be liable for any action performed or omitted to be performed, nor for any error in judgment and/or for any investment losses in managing the Account. Nothing herein shall in any way constitute a waiver or limitation of any rights which Client may have under those federal or state securities laws (or ERISA) which impose liability under certain circumstances even on people who act in good faith.

**2.3 Possession of Account Assets/Custodian.** During the term of this Agreement, all Account Assets shall remain in the physical possession of Client or Client's custodial agent ("Custodian"). Concurrent with the execution of this Agreement, Client shall inform HighMark in writing of its current custodial arrangement, and promptly will notify HighMark in writing of any changes in its custodial arrangement or the location of the Account Assets. Under no circumstances shall HighMark or any sub-advisers engaged by HighMark act as custodian of the Account, although HighMark or a sub-adviser may issue instructions to Custodian as required in settling transactions on Client's behalf. If HighMark receives custodial assets in error from Client or Client's Custodian, HighMark shall promptly notify Client or Custodian, respectively, segregate said custodial assets, and return the custodial assets in accordance with Client's or Custodian's instructions as applicable. Nothing in this Agreement is intended to confer custody of the Account Assets on HighMark or on any other sub-adviser engaged by HighMark.

2.4 Use of Other HighMark Services. Client authorizes HighMark to invest in funds sub-advised by HighMark, provided that such funds meet Client's stated investment objectives. Pursuant to Client's stated investment objectives as set forth on Exhibit B, HighMark shall designate the particular fund(s) sub-advised by HighMark that it deems appropriate for investment of the Account Assets. Further, Client recognizes and agrees that MUB and certain of MUAH's affiliate(s) may receive fees for providing administrative, advisory or other services related to such investments. Such services may include without limitation (i) placing securities transactions through MUAH's affiliated broker, (ii) placing orders for the purchase or sale of securities in which MUAH may be a principal in the transaction, through MUAH or a registered securities brokerage dealer, (iii) using MUAH wire transfer services, and (iv) using MUAH -advised or MUAH affiliate-advised investment companies, including mutual funds from which MUAH or its affiliate may receive an advisory or other fee, in addition to any compensation paid directly from the Account (and Client hereby acknowledges receipt of prospectuses for such investment companies, including mutual funds). Client authorizes MUB and such MUAH affiliates to provide additional services as Client may direct, for which MUB and such affiliates may charge fees against the Account according to the current fee schedule pertaining to such services.

### 3. DOCUMENTARY CONDITIONS PRECEDENT & SUBSEQUENT, PROXIES, AND CORPORATE LITERATURE

3.1 Conditions Precedent & Subsequent. Concurrent with Client's execution of this Agreement and in order for this Agreement to be binding on HighMark, HighMark must receive from Client the following, each in form and substance acceptable to HighMark:

- Such authorization documents as HighMark may require, depending on whether Client is an individual or a business entity
- A copy of the Investment Guidelines.
- Documentation identifying Client's Custodian, with sufficient information and Client's authorization so that HighMark can communicate with Custodian on Client's behalf.
- From time to time, such other documents and agreements as HighMark may require to perform the Services, including without limitation documentation as may be necessary for HighMark to complete Bank Secrecy Act / Anti-Money Laundering reviews to comply with federal laws and HighMark's Anti-Money Laundering Program.

3.2 Proxies. Unless instructed in writing to the contrary by Client, HighMark shall vote securities held in the Account in response to proxies solicited by the issuers of such securities, and such voting shall be done by HighMark or its agents in accordance with HighMark's then current written policies on such activities. Client shall ensure prompt delivery to HighMark of any proxy solicitations it receives.

4. **STATEMENTS, CONFIRMATIONS, AND OTHER INFORMATION.** Client shall instruct Custodian to comply with HighMark's instructions and to provide HighMark with monthly or quarterly statements which reflect the identity, amount, cost and market values for all Account Assets in Custodian's possession, as well as transactions within Client's Account. HighMark shall instruct broker/dealers executing orders for the Account to forward to HighMark and to Custodian (and directly to Client, if Client so requests) copies of all confirmations promptly after execution of securities transactions. HighMark also may send by regular mail to Client periodic confirmations, advice or statements of transactions in the Account Assets; Client shall review each confirmation, advice or statement and agrees that acts identified therein will be deemed ratified and approved unless notice to the contrary is given to HighMark within thirty (30) calendar days of the date of the receipt of such confirmation, advice or statement.

### 5. CLIENT INSTRUCTIONS

5.1 Written or Other Instructions. Client's instructions shall be in writing, and HighMark may rely upon such instructions being in full force and effect until HighMark actually receives revised or subsequent written instructions. HighMark may in its absolute discretion at any time accept wired or electronically transmitted instructions from Client without any further written confirmation from Client, provided HighMark believes in good faith that the instructions are genuine. HighMark may in its absolute discretion at any time accept telephonic instructions from Client so long as those instructions are immediately confirmed to HighMark in writing.

5.2 Authorized Persons. Client shall keep HighMark advised in writing of the identity, authority, and sample signatures of Client's representative(s) who are authorized to communicate to HighMark the Investment Guidelines, and HighMark shall be entitled to rely upon such written instructions. HighMark shall not be charged with notice of any change to the Investment Guidelines or to Client's authorized representatives until HighMark has actually received Client's written instructions advising of a change.



5.3 **Brokers/Dealers, Issuers.** Except as otherwise specifically directed by Client, HighMark is authorized, in its discretion, to select such brokers, dealers or issuers for securities transactions in the Account, and to negotiate such rates of broker or dealer compensation, as HighMark deems appropriate. In selecting a broker-dealer and negotiating rates of compensation, HighMark is authorized, to the extent permitted by law, to consider the value of research or other services or products a broker-dealer provides to HighMark even if HighMark could select another broker-dealer at a lower rate of compensation. If Client directs HighMark to use a particular broker-dealer, Client is responsible for negotiating the rate of compensation with the broker-dealer. In such circumstances, Client understands that the price or execution quality it receives may not be as favorable as if HighMark had selected the broker-dealer and negotiated the rate of compensation.

5.4 **Transactions.** HighMark is authorized, in its discretion, to place orders for securities transactions in the Account on such markets and at such prices as HighMark deems appropriate, and may aggregate sales and purchase orders of Account Assets with similar orders being made simultaneously for other clients if, in HighMark's reasonable judgment, such aggregation results in overall economic benefit to the Account.

5.5 **Purchase of Unregistered Securities**

HighMark, from time to time, may purchase unregistered securities ("Unregistered Securities") for the Account. Client hereby represents that it is:

- A Qualified Institutional Buyer under Rule 144A of the Securities Act of 1933; and/or
- A Qualified Purchaser under the Investment Company Act of 1940, Section 2(a)(51)(A); and/or
- An Accredited Investor under Regulation D of the Securities Act of 1933

For the purposes of making this representation, Client has reviewed Exhibit C to this Agreement which summarizes the definitions and requirements necessary to make the above representations, and *has reviewed the specific laws, rules, and regulations that define who may purchase Unregistered Securities with Client's accountants, legal counsel or other advisors.*

Further, Client certifies that HighMark and its Affiliated Entities (as hereinafter defined) may rely on this representation in giving its or their own certification to any issuer (or those acting on issuer's behalf) of Unregistered Securities purchased for Client's Account. Client further confirms that each purchase of Unregistered Securities that HighMark makes for the Account will constitute a reaffirmation of this representation as of the time of such purchase.

5.6 **Notice of Status Change.** Client agrees to give HighMark prompt written notice of any change in its status to be a purchaser of Unregistered Securities as set forth in Section 5.5 of this Agreement, or any other change of its legal form.

6. **LIMITED POWER OF ATTORNEY.** Client hereby grants to HighMark a limited power of attorney to execute on Client's behalf any declarations, endorsements, assignments, stock or bond powers, proxies, affidavits, certificates of ownership or other documents required to (a) effect the sale, transfer, or other disposition of Account Assets; (b) obtain payment with respect to Account Assets; or (c) take any other action required with respect to the Account Assets to implement the purposes of this Agreement; and, (d) in HighMark's own name, to guarantee as the Client's signature any signature so affixed.

7. **COST BASIS AND DATES OF ACQUISITION; ACCOUNT TAXATION.** Client shall furnish HighMark with the income tax cost basis and acquisition dates of all Account Assets. HighMark shall have no duty to verify cost basis and acquisition date information furnished by Client. If Client does not furnish such information, then (a) HighMark will carry the Account Asset at a nominal value it determines, such value to be for bookkeeping purposes only; (b) all statements and reports of any matters requiring this information will use this nominal value; and (c) HighMark shall manage such Account Assets as if the income tax cost basis were zero. Client is responsible for filing all tax returns and paying all taxes on Account Assets and income of the Account.

8. **FEES AND EXPENSES.** The fees and expenses accrued pursuant to this Agreement shall be calculated by Custodian and payable by Client in accordance with the provisions set forth on Exhibit D "Fee Addendum", incorporated by this reference.

## 9. LIMITATIONS ON LIABILITY, EXCLUSIONS, INDEMNIFICATIONS

9.1 Adviser's Other Clients: Conflict Acknowledgment. Client acknowledges that HighMark is engaged primarily in the business of providing investment advice and therefore performs investment management services for other clients and may give advice and take certain actions with respect to such clients which may differ from advice given, or the timing and nature of actions taken with respect to Client's Account and the Account Assets.

9.2 Limitations on Liability. HighMark shall incur no liability to Client for any loss incurred by reason of following Client's instructions and Investment Guidelines, or for the acts or omissions, insolvency, neglect, misconduct, mistake or default of any third parties, including any broker/dealer, the Custodian or any other custodian, or for loss or destruction of or inability to recover any instruments, documents or securities in transit or in the possession of others unless due to HighMark's willful misconduct or gross negligence. In the management of the Account, neither HighMark, MUB, MUAH or any affiliates of MUB or MUAH (all together, the "Affiliated Entities"), and none of their respective officers, directors or employees, nor any of their respective agents or counsel, shall be liable for any loss suffered by Client or the Account in connection with providing the Services, except for a loss resulting from gross negligence, willful misconduct, bad faith, or reckless disregard of the duties expressly stated in this Agreement. Further, the Affiliated Entities shall not be liable for a failure to perform under this Agreement if such failure results directly or indirectly, from government action or inaction, labor disputes, mechanical or electrical breakdowns, natural disasters, or any other event beyond the control of the Affiliated Entities, provided, however, that the Affiliated Entities shall have exercised such diligence as the circumstances may require or allow.

9.3 HighMark's Brochure. Client acknowledges that Client has received HighMark's brochure required to be delivered under the Investment Advisers Act of 1940, (the " '40 Act") including the information in Part II of Adviser's Form ADV, and that Client received such information prior to or concurrent with signing this Agreement. Nothing in this Agreement is intended to confer custody of the Account Assets on HighMark or on any other sub-adviser engaged by HighMark.

9.4 Limitations on Remedy. Client's remedies for HighMark's breach of this Agreement are limited to (a) HighMark shall make good any actual losses to the Account Assets resulting from such breach; and (b) HighMark shall restore to the Account any profits made by HighMark through its use of Account Assets, except to the extent of any soft dollars, principal markup, or other compensation to HighMark or the Affiliated Entities to the extent permitted by law.

9.5 Indemnification for Third Party Claims. Client agrees to hold harmless, indemnify and defend HighMark and the Affiliated Entities against any and all claims brought, demands made, liabilities and costs, including attorneys' fees, caused by any person other than Client and arising from or incurred by reason of following Client's instructions and Investment Guidelines. This indemnification shall remain operative notwithstanding the termination of this Agreement.

9.6 Independent Contractor. HighMark is an independent contractor and not an employee of Client, and nothing in this Agreement may be interpreted or construed to create any employment, partnership, joint venture or other relationship between HighMark and Client.

## 10. AMENDMENT, ASSIGNMENT, TERMINATION OF AGREEMENT, AND BUSINESS DAYS

10.1 Amendment. The terms and provisions of this Agreement may be amended by HighMark upon notice to Client as required by law, provided, however, that this Agreement may be supplemented by the addition (or subsequently by the deletion) of one or more additional accounts or sub-accounts established under separate documents setting forth the specifics for such account(s) and executed by both HighMark and Client, whereby those account(s) are expressly made subject to the terms and provisions of this Agreement.

10.2 Assignment/Successors. HighMark may assign this contract only upon 30 calendar days advance written notice and with Client's written consent. The term "assign" or "assignment" shall be interpreted as defined in the '40 Act. This Agreement shall bind and inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

10.3 Termination. Unless otherwise terminated, this Agreement shall be in effect for one (1) year from its effective date and shall be automatically renewed from year to year. However, this Agreement may be terminated at any time by either party upon thirty (30) calendar days' prior written notice, or, if termination is due to a default which remains uncured for fourteen (14) business days after written notice to cure, then termination shall be immediately effective at the option of the non-defaulting party. In the event of a termination, Client shall honor any trades entered but not settled before the date of such termination.

10.4 **Business Days.** As used in this Agreement, a "business day" shall mean any day on which the New York Stock Exchange and HighMark are both open for trading.

11. **ENTIRE AGREEMENT/SEVERABILITY.** This Agreement constitutes the entire Agreement between the parties for the Services. All written or oral, previous or contemporaneous agreements and instructions, between HighMark and Client governing investment management services are hereby superseded. The invalidity or unenforceability of any provision in this Agreement shall not affect the validity or enforceability of any other provision(s) of this Agreement.

12. **GOVERNING LAW, VENUE, AND JURISDICTION.** To the extent that state law shall not have been preempted by any laws of the United States of America, this Agreement shall be governed by and construed in accordance with the laws of the State of California. Client agrees that venue and jurisdiction for purposes of any litigation of claims shall be in the place of administration of the Account. Except for third party claims referred to in Section 9.5 hereof, the prevailing party in any litigation shall be awarded reasonable attorneys' fees and costs including the allocated costs of HighMark's in-house counsel.

13. **NOTICES & OTHER COMMUNICATIONS.** Except as provided in Section 5.1 of this Agreement, all notices, requests, demands and other communications given or issued under or pursuant to this Agreement shall be in writing and deemed duly given and received by the party to whom such notice is being given on the date when personally delivered, or one business day after being deposited for next-day delivery with Federal Express or another nationally recognized overnight delivery service, all charges prepaid, or on the fifth business day after mailing, by first class mail, registered or certified, postage prepaid, and properly addressed as follows (or to such address designated in writing by one party to the other):

**HighMark Capital Management, Inc:**

Attn: David B. Wines,  
President and Chief Executive Officer  
HighMark Capital Management, Inc.  
350 California Street, 16th Floor  
San Francisco, California 94104

**Client:**

Desert Healthcare District  
1140 North Indian Canyon Drive  
Palm Springs, CA 92262  
Attn: Chris Christensen

This agreement and any amendment, notice, or other document required to be signed and in writing under this Agreement may be delivered by personal service or U.S first class mail postage prepaid or via fax, email with an imaged or scanned attachment (such as a .PDF), or similar electronic transmission. Signatures delivered via fax, email, or similar electronic transmission shall be effective as original signatures in binding the parties and shall be effective upon receipt.

14. **CONFIDENTIALITY.** All non-public information and advice furnished by either party to the other shall be treated as confidential and will not be disclosed to third parties unless required by law, except that HighMark may disclose (a) the identity of Client as a client of HighMark; (b) performance statistics of the Account in composite performance information of other accounts without identifying the information as related to the Account; and (c) any information to any government regulator of HighMark or the Affiliated Entities.

**15. AUTHORITY TO EXECUTE AGREEMENT/COUNTERPARTS.** Each party to this Agreement represents that the individual(s) executing this Agreement for them are duly authorized to execute this Agreement and any related documents, and each party shall be bound by the promises, covenants, agreements and representations set forth in this Agreement and such documents. This Agreement may be executed in any number of counterparts, each of which shall be deemed as original, but all of which, together, shall constitute one and the same document.

**Client Name:** Desert Healthcare District

**By:** \_\_\_\_\_

**Its:** Mark Matthews - Treasurer

**HighMark Capital Management, Inc.**

\_\_\_\_\_  
**By:** David B. Wines

**Its:** President and Chief Executive Officer

**Dated:** \_\_\_\_\_

**Attachments**

**Exhibit A**

**ADVISORY SERVICES AGREEMENT  
INITIAL ASSET LISTING**

An asset listing initially subject to this Agreement is attached.

N/A This page is not required to be completed.

Client's Name: Desert Healthcare District

By: \_\_\_\_\_

Its: Mark Matthews - Treasurer

Dated: \_\_\_\_\_

Exhibit B

ADVISORY SERVICES AGREEMENT  
INVESTMENT OBJECTIVES & GUIDELINES

The Client's Investment Objectives / Guidelines: [If A is checked, Client must provide instructions in this space, using supplemental pages as necessary.]

A.

B.  See attached Investment Objectives/Guidelines Investment Objectives on file - 06/26/15

CLIENT NAME: Desert Healthcare District

By: \_\_\_\_\_

Its: Mark Matthews - Treasurer

Dated: \_\_\_\_\_

HighMark Capital Management, Inc.

By: David B. Wines

Its: President and Chief Executive Officer

Dated: \_\_\_\_\_

## Exhibit C

### Summary Definitions of Private Placement Resale Purchasers

- Following are brief summary definitions of the purchaser designations set forth for the Client's representation in Section 5.5 of the Agreement. HighMark strongly urges Client to thoroughly review with Client's legal counsel, accountants, and other advisors the full, specific laws, rules, and regulations that define who may purchase Unregistered Securities.
- Those law cites are as follows:
  - The Securities Act of 1933, Rule 144A
  - The Investment Company Act of 1940, Section 2(a)(51)(A)
  - The Securities Act of 1933, Regulation D, Rule 501

#### **"QIB-Qualified Institutional Buyer"**

Rule 144A defines "QIB" as any of the following which, acting for their own account or the accounts of other QIBs, own or invest on a discretionary basis at least \$100 million in securities of unaffiliated issuers:

- an insurance company; investment company; SBIC – small business investment company;
- government, ERISA or similar plan;
- collective investment trust fund with participants that are exclusively government, ERISA or similar plans (no IRA's or HR 10 plans);
- business development company;
- 501 (c) 3 non-profit organization;
- corporation; partnership; business trust; or investment adviser.
- Other QIBs are securities dealers, families of investment companies (that meet a specified aggregate value), or other entities whose equity owners are QIBs; and any domestic or foreign bank or S&L.

Rule 144A dictates how to calculate the \$100 million threshold, and also what types of securities can be counted for purposes of meeting the threshold. In addition to selling only to a QIB, the reseller must also comply with other procedural parts of Rule 144A to be protected from being deemed an underwriter. *An issuer that wants its securities offered and resold only in accordance with Rule 144A will note that in the offering materials or require compliance in the subscription documents. The issuer may allow resale to institutional Accredited Investors – if so, the documents would so state.*

#### **"Qualified Purchaser"**

The Investment Company Act of 1940 defines Qualified Purchasers to whom unregistered securities can be resold in private placement transactions using the cover of Section 4(1) (i.e., transactions by any person other than an issuer, underwriter, or dealer) without causing an exemption violation.

The 40 Act Section 2(a)(51)(A) defines a "qualified purchaser" as an individual, company owned by family members, or a trust whose trustee and each contributor of assets to the trust is a QP, and that owns not less than \$5 million in investments; persons acting for a group of qualified purchasers whose aggregate investments are not less than \$25 million; and a company with

aggregate investments worth not less than \$25 million. A QIB as defined above is also a QP. A QP trust or business entity cannot be formed for the express purpose of this investment. Generally, 3(c)(1) and 3(c)(7) funds do not qualify as QPs. "Investments" includes cash, cash equivalents and commodities held for investment purposes, and securities (other than those of issuers under common control of the QP).

***"Accredited Investor"***

Under the Securities Act, Regulation D, Rule 501 "Definitions and Terms Used in Regulation D", any one of the following (or any one believed by the issuer to be one of the following) is an Accredited Investor:

- Banks or S&Ls acting in its individual or fiduciary capacity;
  - Broker-Dealer; insurance company; registered investment company; business development company; SBIC;
  - ERISA plans
    - managed by a plan fiduciary which is a bank, S&L, insurance company or registered investment adviser or
    - with assets exceeding \$5mm
  - Self-directed ERISA plan if plan participant and his/her designated investment manager is an accredited investor;
  - A private business development company (as defined in Investment Advisers Act of 1940, Section 202(a)(22));
  - Greater than \$5 million or larger 501(c)(3) organizations; corporations; Massachusetts or similar business trusts; or partnerships\*;
  - General partners, directors or executive officers of the issuer, or directors, executive officers or general partners of a general partner of that issuer;
  - Natural person with individual (or with spouse) net worth of more than \$1 million, excluding the value of the primary residence of the natural person;
  - Natural person with income exceeding \$200K or joint income with spouse exceeding \$300K in each of the two most recent years, and a reasonable expectation of same income in current year;
  - Greater than \$5 million\*trust whose purchase is directed by a sophisticated person; or
  - Any entity where equity owners are all accredited investors.
- \*Cannot be formed for purpose of investing in the issuer



Exhibit D

ADVISORY SERVICES AGREEMENT  
INVESTMENT MANAGEMENT AND CUSTODY FEE ADDENDUM

Account Type: Customized Investment Management

Account Name: Desert Healthcare District

A. Fee Schedule

Fixed Income Management

0.30% on all Assets

Liquidity Management

0.20% on all Assets

Minimum Annual Investment Management & Custody Fee: \$10,000

*HighMark may change this Fee Schedule from time to time upon 30 calendar days written notice to the Client.*

B. Fees & Expenses: Calculation & Payment Method

HighMark Fees. Client shall pay HighMark a fee as set forth in the Fee Schedule shown above, and subject to HighMark's Minimum Annual Fee, which is \$10,000. Fees are prorated based on the number of days the Agreement is in effect during an applicable payment period. *HighMark shall pay MUFG Union Bank ("Union Bank") out of its fee for custody services provided by Union Bank in accordance with the standard Union Bank Custody Fee Schedule shown below. Fees are prorated based on the number of days the Agreement is in effect during an applicable payment period.*

Union Bank Custody Fee Schedule (paid by HighMark)

- .01% per annum on depository eligible Net Assets
- .05% per annum on depository ineligible Net Assets
- Transaction Fee depository eligible: \$10
- Transaction Fee depository ineligible: \$25
- P&I Paydowns \$5
- Fed Wires and Checks: \$10
- ACH Transfers \$5
- Minimum Annual Custody Fee: \$5,000 for initial account
- \$1,500 for additional sub-accounts

For Cash Management/Liquidity Accounts: The fee shall be a percentage of the average values of the daily net assets in the Account. Daily net asset values are determined by aggregating the net book value of each asset in the Account on each day. Net book value is each asset's original cost, plus accrued interest, plus the amortized premium or minus the amortized discount, if any apply. Such daily figures are aggregated and averaged at each month end, and the month end figures are used to determine the fee.

For Multiple Account Relationships: So long as the actual fee payable will exceed the Minimum Annual Fee (defined above), then HighMark may, in its sole discretion, allow the assets of two or more of Client's Accounts with HighMark to be aggregated for purposes of determining the fee due.

**Fee Payment**

- Account fees are invoiced or debited quarterly in arrears (unless HighMark and Union Bank have received Client's written directive to charge monthly in arrears).
- When Client's Account Assets are custodied with Union Bank, Account fees are inclusive of custody fees. Client hereby authorizes and directs Union Bank to (i) pay the fee set forth in the Fee Schedule by automatically deducting the fee from the cash balance of Client's account and (ii) send notice of each such deduction to Client. Allocation of the account fees between HighMark and Union Bank shall be based on the Custody fee schedule in "B" above as amended from time to time.
- If the Account has insufficient balances for fee deduction, then Client authorizes HighMark to liquidate a sufficient amount of securities so that the proceeds of such liquidation (minus the expenses) will cover any fees due and owing.
- Fees are prorated based on the number of days the Agreement is in effect during an applicable payment period.

**Expenses:** HighMark will pay all expenses incurred by it in performing its duties under this Agreement, except that Client shall bear the cost of securities purchased for the Account and the costs of transactions in the Account, including brokerage commissions and stamp duties, if any.

**Date Effective As Of:** April 1, 2018

**Client Name:** Desert Healthcare District

**Account No:** 6736304730

**By:** \_\_\_\_\_

**Its:** Mark Matthews - Treasurer

**HighMark Capital Management, Inc.**

By: David B. Wines

Its: President and Chief Executive Officer

Dated: \_\_\_\_\_

**AUTHORIZATION TO ENTER INTO ADVISORY SERVICES AGREEMENT  
(FOR USE BY BUSINESS ENTITIES)**

A. Desert Healthcare District, duly organized and existing under the laws of California, with its principal place of business at Palm Springs, CA (the "Business") desires to establish one or more securities account(s), (the "Account") and enter into an Advisory Services Agreement (the "Agreement") with HighMark Capital Management, Inc. ("HighMark"), a subsidiary of MUFG Union Bank, N.A. ("MUB").

B. The Business desires that certain person(s) be authorized to act on its behalf from time to time in communicating with and providing instructions to HighMark.

**NOW, THEREFORE, IT IS RESOLVED THAT:**

1. **Authorization.** Any \_\_\_\_\_ (\_\_\_\_\_) of the following is/are authorized and directed, in the name and on behalf of the Business, from time to time, with or without security, to communicate with and provide instructions to HighMark in accordance with and in order for both the Business and HighMark to fulfill their respective obligations under the Agreement:

TITLE	NAME	SIGNATURE
<u>President</u>	<u>Les Zendle, MD</u>	_____
<u>Vice Pres-Secretary</u>	<u>Carole Rogers, RN</u>	_____
<u>Treasurer</u>	<u>Mark Matthews</u>	_____
<u>Director</u>	<u>Kay Hazen</u>	_____
<u>Director</u>	<u>Jennifer WorthamDrPH</u>	_____

2. **Scope of Authority.** Without limiting the generality of the authority granted, (the "Authorization") each person designated in paragraph 1 above is authorized, from time to time, in the name and on behalf of the Business, to:

2.1 Execute and deliver to HighMark the Agreement, any Account agreement, and any and all other contracts, instructions, directives, policies, guidelines, and other written communications (collectively, the "Related Documents") necessary or desirable in order for both the Business and HighMark to fulfill their respective obligations under the Agreement.

2.2 Direct the disposition of any Account proceeds and deliver to HighMark or its agent and accept from HighMark or its agent delivery of any property of the Business at any time held in the Account.

2.3 Specify in writing to HighMark the individuals who are authorized, in the name of and on behalf of the Business, to request changes to the Account relationship or agree to changes to the Agreement or any Related Documents.

3. **Writings.** The Related Documents may be in such form and contain such terms and conditions as may be required by HighMark in its sole discretion, and execution thereof by any person authorized under the Authorization shall be conclusive evidence of such person's and the Business's approval of the terms and conditions thereof.

4. **Certification.** The Secretary, any Assistant Secretary, or other authorized individual of the Business is hereby authorized and directed from time to time to certify to HighMark a copy of this Authorization, the names and specimen signatures of the persons designated in paragraph 1 above, and any modification thereof.

5. **Ratification/Amendment.** The authority given under this Authorization shall be retroactive and any and all acts so authorized that are performed prior to the formal adoption are hereby approved and ratified. In the event two or more resolutions of this Business are concurrently in effect, the provisions of each shall be cumulative, unless the latest shall specifically provide otherwise. The authority given hereby shall remain in full force and effect, and HighMark is authorized and requested to rely and act thereon, until HighMark shall have received at its business office at **350 California Street, 16<sup>th</sup> Floor, San Francisco, CA 94104** a certified copy of a further resolution of the Business amending, rescinding or revoking the Authorization.

6. **Form of Communication.** Communications made by any officer authorized under the Authorization may be made in writing, by telephone, or by other telecommunication method acceptable to HighMark. The Business recognizes and agrees that HighMark cannot effectively determine whether a specific communication purportedly made by or on behalf of the Business is actually authorized or authentic. The Business considers that it is in its best interests that HighMark act in accordance with these forms of communication, and therefore assumes all risks regarding the validity, authenticity and due authorization of any communication purporting to be made by or on behalf of the Business.

7. **Business As Partner/Joint Venture, LLC Member, or Manager.** Nothing in its organizational documents limits or prohibits the Business from acting as a general or limited partner of a partnership, a member or manager of a limited liability company, or joint venture of a joint venture. Any person designated in paragraph 1 of the Authorization is authorized, on behalf of the Business, in its role as a general or limited partner, a member or manager, or a joint venture, to execute and deliver all certificates, authorizations and agreements (i) to evidence the Business's role in and responsibilities to and for such partnership, limited liability company or joint venture so that Bank may rely thereon, and (ii) to evidence such partnership's, limited liability company's or joint venture's obligations and liabilities to Bank.

8. **No Limitation By This Authorization.** Nothing contained in this Authorization shall limit or modify the authority of any person to act on behalf of the Business as provided by law, any agreement or authorization relating to the Business otherwise.

**CERTIFICATE OF SECRETARY OF THE BUSINESS**

I hereby certify to HighMark Capital Management, Inc. ("HighMark") that the above Authorization to Enter Into Advisory Services Agreement ("Authorization") is a true copy of the resolution(s) Desert Healthcare District, duly organized and existing under the laws of California (the "Business"), and the resolution(s) was/were duly adopted by the Board of Directors or other Governing Body of the Business and duly entered in the records of the Business. Further, the Authorization is in conformity with applicable law and regulation, the Articles of Incorporation and the By-Laws of the Business or any other foundational document(s) of the Business, and is now in full force and effect.

I also certify to the titles, names and specimen signatures of the persons authorized in paragraph 1 of the Authorization.

I agree to notify HighMark in writing of any change in any aspect of the Authorization or of any individual holding any position set forth in this certificate immediately upon the occurrence of any such change, and to provide HighMark a copy of the modified resolution(s) and the genuine specimen signature of any such new person.

The authority provided for in the Authorization shall remain in full force and effect, and HighMark is authorized and requested to rely and act thereon until HighMark shall receive at its business office at 350 California Street, 16<sup>th</sup> Floor, San Francisco, CA 94104, either a certified copy of a further resolution of this Business's Board of Directors or other Governing Body amending the Authorization, or a certification of a change in the authorized person(s).

Dated: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Secretary of \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

\*President of \_\_\_\_\_

\_\_\_\_\_

\* When the Secretary is among those authorized, the President should sign this Certificate, also.



**HIGHMARK CAPITAL MANAGEMENT, INC.  
COMPLIANCE WITH RULE 204-3**

Rule 204-3 under the Investment Advisers Act of 1940, commonly referred to as the "brochure rule," generally requires every SEC-registered investment adviser to deliver to each prospective advisory client a written disclosure statement, or "brochure," describing the adviser's business practices, as well as the appropriate "brochure supplement(s)" describing the educational and business background of certain of the adviser's portfolio managers. An adviser must deliver the brochure before or at the time it enters into an advisory contract with the client and the brochure supplement(s) before investment advice is given to the client.

To comply with the brochure rule, an investment adviser may furnish each prospective client with either a copy of the adviser's completed Form ADV Part 2A or a written document containing the information required by Form ADV Part 2A. The investment adviser is also required to furnish the appropriate Form ADV Part 2B document(s) (brochure supplement(s)).

- I acknowledge that I received the HighMark Capital Management, Inc. brochure and brochure supplement either before or at the time I entered into the advisory contract with HighMark Capital Management, Inc. (HighMark).

**CLIENT / COMPANY / ENTITY NAME:** Desert Healthcare District \_\_\_\_\_

**Authorized Signer:** Les Zendle, MD \_\_\_\_\_

**Title:** President \_\_\_\_\_

**Signature of Authorized Signer:** \_\_\_\_\_

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

**Authorized Signer:** Carole Rogers, RN \_\_\_\_\_

**Title:** Vice President - Secretary \_\_\_\_\_

**Signature of Authorized Signer:** \_\_\_\_\_

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



## HIGHMARK CAPITAL MANAGEMENT, INC. CUSTODY RULE

In connection with your establishment of an investment advisory account relationship with HighMark Capital Management, Inc. (HighMark), a custody account has been opened in your name with MUFG Union Bank, N.A.. It is recommended that you compare the security positions shown on the periodic investment statement you receive from HighMark ("investment statement") to those shown on the statement you receive from the Custodian ("custodial statement"). Differences in reported security positions may exist because investment statements are presented on a trade date basis, whereas the information presented on the custodial statement is generally shown on a settlement date basis. There also may be differences in the values shown for your investments due to accrued but uncollected income, and the use of differing valuation sources and methods.



**HIGHMARK CAPITAL MANAGEMENT, INC.  
ADVISORY SERVICES AGREEMENT  
(ERISA)**

This Advisory Services Agreement ("Agreement") is made effective as of April 1, 2018 by and between HighMark Capital Management, Inc. ("HighMark"), a subsidiary of MUFG Union Bank, N. A. ("MUB") which, itself, is 100% owned by MUFG Americas Holdings Corporation ("MUAH"), and Desert Hospital Retirement Plan "Plan" or ("Client"). HighMark agrees to establish an account in Client's name ("Account"), and to provide investment management services for the assets from time to time situated in the Account. Now, therefore, Client and HighMark agree as follows:

**1. APPOINTMENT OF HIGHMARK AS INVESTMENT ADVISER.** Client hereby appoints HighMark as agent solely to provide investment management services for the Account as set forth herein ("Services"). Concurrent with Client's execution of this Agreement, Client shall deliver or cause to be delivered to HighMark an initial list of those assets, if any, for which HighMark will provide Services, and such list will be attached hereto as Exhibit "A" and incorporated by this reference. Client may add assets acceptable to HighMark to the Account at any time or may withdraw assets from the Account upon reasonable written notice to HighMark (all assets at any time subject to this Agreement shall be deemed the "Account Assets").

**2. INVESTMENT AUTHORITY**

**2.1 Investment Authority of HighMark.** From time to time, HighMark shall review the Account Assets to ensure compliance with Client's investment policies and/or guidelines attached hereto as Exhibit "B" and incorporated by this reference, as either may be amended from time to time in writing, and with any other investment objectives, limitations and liquidity criteria or directives which Client from time to time communicates to HighMark (collectively, "Investment Guidelines"), provided, however, that HighMark will not be bound to follow any amendment to the Investment Guidelines until it has agreed to accept such Amendment. HighMark may, in its discretion, and in accordance with the Investment Guidelines, purchase, sell, exchange, invest, reinvest and manage the Account Assets without prior or subsequent consultation with Client. HighMark acknowledges that with respect to the Account, it is an "investment manager" as defined by the Employee Retirement Income Security Act of 1977, as amended ("ERISA") Section 3(38), and acknowledges that it is a fiduciary with respect to the Plan.

**2.2 Risk Acknowledgement.** HighMark will exercise good faith and diligence in the performance of the Services. HighMark agrees to discharge its investment management duties under this Agreement solely in the interest of the Client with the care and skill, under the circumstances then prevailing, that a prudent person acting in a similar capacity and familiar with such matters would use in the conduct of like matters. HighMark shall use its expertise, knowledge, care and judgment in providing advice and recommendations for the Account Assets. However, any part of the Account Assets may experience loss or depreciation due to market fluctuation, and cause the Account Assets to be out of conformance with the Investment Guidelines. HighMark shall not be responsible for any such loss, depreciation, or nonconformance, or for any damage incurred by reason of any act or omission of any custodian, broker/dealer or other investment adviser not under HighMark's direct supervision, whether appointed by Client or chosen in good faith by HighMark. Except for gross negligence, willful misconduct or violation of applicable law, HighMark shall not be liable for any action performed or omitted to be performed, nor for any error in judgment and/or for any investment losses in managing the Account. Nothing herein shall in any way constitute a waiver or limitation of any rights which Client may have under those federal or state securities laws (or ERISA) which impose liability under certain circumstances even on people who act in good faith.

**2.3 Possession of Account Assets/Custodian.** During the term of this Agreement, all Account Assets shall remain in the physical possession of Client or Client's custodial agent ("Custodian"). Concurrent with the execution of this Agreement, Client shall inform HighMark in writing of its current custodial arrangement, and promptly will notify HighMark in writing of any changes in its custodial arrangement or the location of the Account Assets. Under no circumstances shall HighMark or any sub-advisers engaged by HighMark act as custodian of the Account, although HighMark or a sub-adviser may issue instructions to Custodian as required in settling transactions on Client's behalf. If HighMark receives custodial assets in error from Client or Client's Custodian, HighMark shall promptly notify Client or Custodian, respectively, segregate said custodial assets, and return the custodial assets in accordance with Client's or Custodian's instructions as applicable. Nothing in this Agreement is intended to confer custody of the Account Assets on HighMark or on any other sub-adviser engaged by HighMark.

**2.4 Use of Other HighMark Services.** Client authorizes HighMark to invest in funds sub-advised by HighMark, provided that such funds meet Client's stated investment objectives. Pursuant to Client's stated investment objectives as set forth on Exhibit B, HighMark shall designate the particular fund(s) sub-advised by HighMark that it deems appropriate for investment of the Account Assets. Further, Client recognizes and agrees that MUB and certain of MUAH's affiliate(s) may receive fees for providing administrative, advisory or other services related to such investments. Such services may include without limitation (i) placing securities transactions through MUAH's affiliated broker, (ii) placing orders for the purchase or sale of securities in which MUAH may be a principal in the transaction, through MUAH or a registered securities brokerage dealer, (iii) using MUAH wire transfer services, and (iv) using MUAH -advised or MUAH affiliate-advised investment companies, including mutual funds from which MUAH or its affiliate may receive an advisory or other fee, in addition to any compensation paid directly from the Account (and Client hereby acknowledges receipt of prospectuses for such investment companies, including mutual funds). Client authorizes MUB and such MUAH affiliates to provide additional services as Client may direct, for which MUB and such affiliates may charge fees against the Account according to the current fee schedule pertaining to such services.

**2.5 ERISA - Related Representations.** HighMark represents and warrants that: (1) it has obtained all applicable licenses and qualifications required to render the services contemplated under this Agreement and agrees to maintain the same in effect for so long as this Agreement is in effect; (2) notwithstanding anything to contrary herein, it shall comply with the provisions of ERISA and other applicable laws, including the prohibitions of ERISA section 406 (except to the extent statutory or other prohibited transaction exemptions are applicable); (3) it shall maintain errors and omissions and fiduciary liability coverage with minimum limits of no less than \$10 million to ensure against its errors or omissions and breaches of fiduciary duty with respect to the provision of services contemplated herein, and HighMark shall provide evidence of same to Client upon Client's written request; (4) it has obtained a bond sufficient in amount to comply with ERISA Section 412 and agrees to maintain the same in effect for so long as this Agreement is in effect; (5) except as disclosed in writing to Client, neither HighMark, nor any of its divisions, subsidiaries, or affiliates, nor any of their (to the best of HighMark's knowledge) officers, directors, members or employees ever has, (i) had coverage under a fidelity bond or fiduciary liability insurance policy denied or revoked, or (ii) filed a bankruptcy or insolvency petition (or been declared bankrupt) or had a trustee appointed under the Securities Investor Protection Act, or (iii) had its registration revoked or its activities restricted; and (6) it currently is and shall remain throughout the term of this Agreement with respect to the management of the Account (i) a "fiduciary" as defined in ERISA Section 3(21), (ii) an "investment manager" as defined in ERISA Section 3(38), and (iii) a "qualified professional asset manager" ("QPAM") as defined in the DOL Prohibited Transaction Class Exemption ("PTE") 84-14, and it shall comply with the requirements of PTE 84-14, as amended, in its dealings on behalf of Client and the Account.

### **3. DOCUMENTARY CONDITIONS PRECEDENT & SUBSEQUENT, PROXIES, AND CORPORATE LITERATURE**

**3.1 Conditions Precedent & Subsequent.** Concurrent with Client's execution of this Agreement and in order for this Agreement to be binding on HighMark, HighMark must receive from Client the following, each in form and substance acceptable to HighMark:

- Such authorization documents as HighMark may require, depending on whether Client is an individual or a business entity
- A copy of the Investment Guidelines.
- Documentation identifying Client's Custodian, with sufficient information and Client's authorization so that HighMark can communicate with Custodian on Client's behalf.
- From time to time, such other documents and agreements as HighMark may require to perform the Services, including without limitation documentation as may be necessary for HighMark to complete Bank Secrecy Act / Anti-Money Laundering reviews to comply with federal laws and HighMark's Anti-Money Laundering Program.

**3.2 Proxies.** Unless instructed in writing to the contrary by Client, HighMark shall vote securities held in the Account in response to proxies solicited by the issuers of such securities, and such voting shall be done by HighMark or its agents in accordance with HighMark's then current written policies on such activities. Client shall ensure prompt delivery to HighMark of any proxy solicitations it receives.



4. **STATEMENTS, CONFIRMATIONS, AND OTHER INFORMATION.** Client shall instruct Custodian to comply with HighMark's instructions and to provide HighMark with monthly or quarterly statements which reflect the identity, amount, cost and market values for all Account Assets in Custodian's possession, as well as transactions within Client's Account. HighMark shall instruct broker/dealers executing orders for the Account to forward to HighMark and to Custodian (and directly to Client, if Client so requests) copies of all confirmations promptly after execution of securities transactions. HighMark also may send by regular mail to Client periodic confirmations, advice or statements of transactions in the Account Assets; Client shall review each confirmation, advice or statement and agrees that acts identified therein will be deemed ratified and approved unless notice to the contrary is given to HighMark within thirty (30) calendar days of the date of the receipt of such confirmation, advice or statement. HighMark shall timely provide any information that may be reasonably required by Client for preparation and filing of any annual Form 5500 and any other information required or requested by any governmental agency. Upon the written request of Client, copies of reports may be sent to any other person designated. HighMark will also promptly furnish Client with such reports as may be required from time to time pursuant to ERISA and interpretations thereof by the DOL, including PTE 86-128 and any other applicable exemption.

5. **CLIENT INSTRUCTIONS**

5.1 Written or Other Instructions. Client's instructions shall be in writing, and HighMark may rely upon such instructions being in full force and effect until HighMark actually receives revised or subsequent written instructions. HighMark may in its absolute discretion at any time accept wired or electronically transmitted instructions from Client without any further written confirmation from Client, provided HighMark believes in good faith that the instructions are genuine. HighMark may in its absolute discretion at any time accept telephonic instructions from Client so long as those instructions are immediately confirmed to HighMark in writing.

5.2 Authorized Persons. Client shall keep HighMark advised in writing of the identity, authority, and sample signatures of Client's representative(s) who are authorized to communicate to HighMark the Investment Guidelines, and HighMark shall be entitled to rely upon such written instructions. HighMark shall not be charged with notice of any change to the Investment Guidelines or to Client's authorized representatives until HighMark has actually received Client's written instructions advising of a change.

5.3 Brokers/Dealers, Issuers. Except as otherwise specifically directed by Client, HighMark is authorized, in its discretion, to select such brokers, dealers or issuers for securities transactions in the Account, and to negotiate such rates of broker or dealer compensation, as HighMark deems appropriate. In selecting a broker-dealer and negotiating rates of compensation, HighMark is authorized, to the extent permitted by law, to consider the value of research or other services or products a broker-dealer provides to HighMark even if HighMark could select another broker-dealer at a lower rate of compensation. If Client directs HighMark to use a particular broker-dealer, Client is responsible for negotiating the rate of compensation with the broker-dealer. In such circumstances, Client understands that the price or execution quality it receives may not be as favorable as if HighMark had selected the broker-dealer and negotiated the rate of compensation.

5.4 Transactions. HighMark is authorized, in its discretion, to place orders for securities transactions in the Account on such markets and at such prices as HighMark deems appropriate, and may aggregate sales and purchase orders of Account Assets with similar orders being made simultaneously for other clients if, in HighMark's reasonable judgment, such aggregation results in overall economic benefit to the Account.

5.5 Purchase of Unregistered Securities

HighMark, from time to time, may purchase unregistered securities ("Unregistered Securities") for the Account. Client hereby represents that it is:

- A Qualified Institutional Buyer under Rule 144A of the Securities Act of 1933; and/or
- A Qualified Purchaser under the Investment Company Act of 1940, Section 2(a)(51)(A); and/or
- An Accredited Investor under Regulation D of the Securities Act of 1933

For the purposes of making this representation, Client has reviewed Exhibit C to this Agreement which summarizes the definitions and requirements necessary to make the above representations, and *has reviewed the specific laws, rules, and regulations that define who may purchase Unregistered Securities with Client's accountants, legal counsel or other advisors.*

Further, Client certifies that HighMark and its Affiliated Entities (as hereinafter defined) may rely on this representation in giving its or their own certification to any issuer (or those acting on issuer's behalf) of Unregistered Securities purchased for Client's Account. Client further confirms that each purchase of Unregistered Securities that HighMark makes for the Account will constitute a reaffirmation of this representation as of the time of such purchase.

5.6 Notice of Status Change. Client agrees to give HighMark prompt written notice of any change in its status to be a purchaser of Unregistered Securities as set forth in Section 5.5 of this Agreement, or any other change of its legal form.

6. **LIMITED POWER OF ATTORNEY.** Client hereby grants to HighMark a limited power of attorney to execute on Client's behalf any declarations, endorsements, assignments, stock or bond powers, proxies, affidavits, certificates of ownership or other documents required to (a) effect the sale, transfer, or other disposition of Account Assets; (b) obtain payment with respect to Account Assets; or (c) take any other action required with respect to the Account Assets to implement the purposes of this Agreement; and, (d) in HighMark's own name, to guarantee as the Client's signature any signature so affixed.

7. **COST BASIS AND DATES OF ACQUISITION; ACCOUNT TAXATION.** Client shall furnish HighMark with the income tax cost basis and acquisition dates of all Account Assets. HighMark shall have no duty to verify cost basis and acquisition date information furnished by Client. If Client does not furnish such information, then (a) HighMark will carry the Account Asset at a nominal value it determines, such value to be for bookkeeping purposes only; (b) all statements and reports of any matters requiring this information will use this nominal value; and (c) HighMark shall manage such Account Assets as if the income tax cost basis were zero. Client is responsible for filing all tax returns and paying all taxes on Account Assets and income of the Account.

8. **FEES AND EXPENSES.** The fees and expenses accrued pursuant to this Agreement shall be calculated by Custodian and payable by Client in accordance with the provisions set forth on Exhibit D "Fee Addendum", incorporated by this reference.

9. **LIMITATIONS ON LIABILITY, EXCLUSIONS, INDEMNIFICATIONS**

9.1 Adviser's Other Clients: Conflict Acknowledgment. Client acknowledges that HighMark is engaged primarily in the business of providing investment advice and therefore performs investment management services for other clients and may give advice and take certain actions with respect to such clients which may differ from advice given, or the timing and nature of actions taken with respect to Client's Account and the Account Assets.

9.2 Limitations on Liability. HighMark shall incur no liability to Client for any loss incurred by reason of following Client's instructions and Investment Guidelines, or for the acts or omissions, insolvency, neglect, misconduct, mistake or default of any third parties, including any broker/dealer, the Custodian or any other custodian, or for loss or destruction of or inability to recover any instruments, documents or securities in transit or in the possession of others unless due to HighMark's willful misconduct or gross negligence. In the management of the Account, neither HighMark, MUB, MUAH or any affiliates of MUB or MUAH (all together, the "Affiliated Entities"), and none of their respective officers, directors or employees, nor any of their respective agents or counsel, shall be liable for any loss suffered by Client or the Account in connection with providing the Services, except for a loss resulting from gross negligence, willful misconduct, bad faith, or reckless disregard of the duties expressly stated in this Agreement. Further, the Affiliated Entities shall not be liable for a failure to perform under this Agreement if such failure results directly or indirectly, from government action or inaction, labor disputes, mechanical or electrical breakdowns, natural disasters, or any other event beyond the control of the Affiliated Entities, provided, however, that the Affiliated Entities shall have exercised such diligence as the circumstances may require or allow. HighMark shall discharge its duties under this Agreement in accordance with Section 404(a)(1) of ERISA. Neither HighMark nor any of its affiliates (including its or their respective principals, shareholders, partners, members, directors, officers and employees) shall cause Client to engage in any non-exempt transaction prohibited under Section 406 of ERISA or upon which a penalty or excise tax would be payable under Section 4975 of the Internal Revenue Code (the "Code"). HighMark shall have no authority with respect to any assets of Client other than the Account Assets. The federal securities laws impose liabilities under certain circumstances based upon the absence or presence of good faith conduct, and nothing in this Agreement shall in any way constitute a waiver or limitation of any such rights which Client or the Account may have under federal securities laws.

9.3 HighMark's Brochure. Client acknowledges that Client has received HighMark's brochure required to be delivered under the Investment Advisers Act of 1940, (the "'40 Act") including the information in Part II of Adviser's Form ADV, and that Client received such information prior to or concurrent with signing this

Agreement. Nothing in this Agreement is intended to confer custody of the Account Assets on HighMark or on any other sub-adviser engaged by HighMark.

9.4 **Limitations on Remedy.** Client's remedies for HighMark's breach of this Agreement are limited to damages as permitted by ERISA, but do not extend to any soft dollars, principal markup, or other compensation to HighMark or the Affiliated Entities to the extent permitted by applicable law.

9.5 **Indemnification for Third Party Claims.** Client agrees to hold harmless, indemnify and defend HighMark and the Affiliated Entities against any and all claims brought, demands made, liabilities and costs, including attorneys' fees, caused by any person other than Client and arising from or incurred by reason of following Client's instructions and Investment Guidelines. This indemnification shall remain operative notwithstanding the termination of this Agreement.

9.6 **Independent Contractor.** HighMark is an independent contractor and not an employee of Client, and nothing in this Agreement may be interpreted or construed to create any employment, partnership, joint venture or other relationship between HighMark and Client.

## 10. AMENDMENT, ASSIGNMENT, TERMINATION OF AGREEMENT, AND BUSINESS DAYS

10.1 **Amendment.** The terms and provisions of this Agreement may be amended by HighMark upon notice to Client as required by law, provided, however, that this Agreement may be supplemented by the addition (or subsequently by the deletion) of one or more additional accounts or sub-accounts established under separate documents setting forth the specifics for such account(s) and executed by both HighMark and Client, whereby those account(s) are expressly made subject to the terms and provisions of this Agreement.

10.2 **Assignment/Successors.** HighMark may assign this contract only upon 30 calendar days advance written notice and with Client's written consent, which consent shall not be unreasonably withheld. The term "assign" or "assignment" shall be interpreted as defined in the '40 Act. This Agreement shall bind and inure to the benefit of and be enforceable by the parties and their respective successors and assigns.

10.3 **Termination.** Unless otherwise terminated, this Agreement shall be in effect for one (1) year from its effective date and shall be automatically renewed from year to year. However, this Agreement may be terminated at any time by either party a) upon thirty (30) calendar days' prior written notice; or b) if termination is due to a default which remains uncured for fourteen (14) business days after written notice to cure, then termination shall be immediately effective at the option of the non-defaulting party. In the event of a termination, Client shall honor any trades entered but not settled before the date of such termination.

10.4 **Business Days.** As used in this Agreement, a "business day" shall mean any day on which the New York Stock Exchange and HighMark are both open for trading.

11. **ENTIRE AGREEMENT/SEVERABILITY.** This Agreement constitutes the entire Agreement between the parties for the Services. All written or oral, previous or contemporaneous agreements and instructions, between HighMark and Client governing investment management services are hereby superseded. The representations and warranties contained in this Agreement shall continue and remain in effect during the entire term of this Agreement. The invalidity or unenforceability of any provision in this Agreement shall not affect the validity or enforceability of any other provision(s) of this Agreement.

12. **GOVERNING LAW, VENUE, AND JURISDICTION.** To the extent that state law shall not have been preempted by any laws of the United States of America, this Agreement shall be governed by and construed in accordance with the laws of the State of California. Client agrees that venue and jurisdiction for purposes of any litigation of claims shall be in the place of administration of the Account. Except for third party claims referred to in Section 9.5 hereof, the prevailing party in any litigation shall be awarded reasonable attorneys' fees and costs including the allocated costs of HighMark's in-house counsel.

13. **NOTICES & OTHER COMMUNICATIONS.** Except as provided in Section 5.1 of this Agreement, all notices, requests, demands and other communications given or issued under or pursuant to this Agreement shall be in writing and deemed duly given and received by the party to whom such notice is being given on the date when personally delivered, or one business day after being deposited for next-day delivery with Federal Express or another nationally recognized overnight delivery service, all charges prepaid, or on the fifth business day after mailing, by first class mail, registered or certified, postage prepaid, and properly addressed as follows (or to such address designated in writing by one party to the other):

**HighMark Capital Management, Inc:**

**Client:**

Attn: David B. Wines,  
President and Chief Executive Officer  
HighMark Capital Management, Inc.  
350 California Street, 16th Floor  
San Francisco, California 94104

Desert Hospital Retirement Plan  
\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

This agreement and any amendment, notice, or other document required to be signed and in writing under this Agreement may be delivered by personal service or U.S first class mail postage prepaid or via fax, email with an imaged or scanned attachment (such as a .PDF), or similar electronic transmission. Signatures delivered via fax, email, or similar electronic transmission shall be effective as original signatures in binding the parties and shall be effective upon receipt.

**14. CONFIDENTIALITY.** All non-public information and advice furnished by either party to the other shall be treated as confidential and will not be disclosed to third parties unless required by law, except that HighMark may disclose (a) the identity of Client as a client of HighMark; (b) performance statistics of the Account in composite performance information of other accounts without identifying the information as related to the Account; and (c) any information to any government regulator of HighMark or the Affiliated Entities.

**15. AUTHORITY TO EXECUTE AGREEMENT/COUNTERPARTS.** Each party to this Agreement represents that the individual(s) executing this Agreement for them are duly authorized to execute this Agreement and any related documents, and each party shall be bound by the promises, covenants, agreements and representations set forth in this Agreement and such documents. This Agreement may be executed in any number of counterparts, each of which shall be deemed as original, but all of which, together, shall constitute one and the same document.

Client Name: Desert Hospital Retirement Plan

By: \_\_\_\_\_

Its: Mark Matthews - Treasurer

**HighMark Capital Management, Inc.**

By: David B. Wines  
Its: President and Chief Executive Officer

Dated: \_\_\_\_\_

Attachments

**Exhibit A**

**ADVISORY SERVICES AGREEMENT  
INITIAL ASSET LISTING**

An asset listing initially subject to this Agreement is attached.

N/A This page not required to be completed

Client's Name: Desert Hospital Retirement Plan

By: \_\_\_\_\_

Its: Mark Matthews - Treasurer

Dated: \_\_\_\_\_

**Exhibit B**

**ADVISORY SERVICES AGREEMENT  
INVESTMENT OBJECTIVES & GUIDELINES**

The Client's Investment Objectives / Guidelines: [If A is checked, Client must provide instructions in this space, using supplemental pages as necessary.]

A.

B.  See attached Investment Objectives/Guidelines      Investment Objectives of file - 06/26/15

**CLIENT NAME:** Desert Hospital Retirement Plan

**By:** \_\_\_\_\_

**Its:** Mark Matthews - Treasurer

**Dated:** \_\_\_\_\_

**HighMark Capital Management, Inc.**

\_\_\_\_\_  
**By:** David B. Wines

**Its:** President and Chief Executive Officer

**Dated:** \_\_\_\_\_

## Exhibit C

### Summary Definitions of Private Placement Resale Purchasers

- Following are brief summary definitions of the purchaser designations set forth for the Client's representation in Section 5.5 of the Agreement. HighMark strongly urges Client to thoroughly review with Client's legal counsel, accountants, and other advisors the full, specific laws, rules, and regulations that define who may purchase Unregistered Securities.
- Those law cites are as follows:
  - The Securities Act of 1933, Rule 144A
  - The Investment Company Act of 1940, Section 2(a)(51)(A)
  - The Securities Act of 1933, Regulation D, Rule 501

#### ***"QIB-Qualified Institutional Buyer"***

Rule 144A defines "QIB" as any of the following which, acting for their own account or the accounts of other QIBs, own or invest on a discretionary basis at least \$100 million in securities of unaffiliated issuers:

- an insurance company; investment company; SBIC – small business investment company;
- government, ERISA or similar plan;
- collective investment trust fund with participants that are exclusively government, ERISA or similar plans (no IRA's or HR 10 plans);
- business development company;
- 501 (c) 3 non-profit organization;
- corporation; partnership; business trust; or investment adviser .
- Other QIBs are securities dealers, families of investment companies (that meet a specified aggregate value), or other entities whose equity owners are QIBs; and any domestic or foreign bank or S&L.

Rule 144A dictates how to calculate the \$100 million threshold, and also what types of securities can be counted for purposes of meeting the threshold. In addition to selling only to a QIB, the reseller must also comply with other procedural parts of Rule 144A to be protected from being deemed an underwriter. *An issuer that wants its securities offered and resold only in accordance with Rule 144A will note that in the offering materials or require compliance in the subscription documents. The issuer may allow resale to institutional Accredited Investors – if so, the documents would so state.*

#### ***"Qualified Purchaser"***

The Investment Company Act of 1940 defines Qualified Purchasers to whom unregistered securities can be resold in private placement transactions using the cover of Section 4(1) (i.e., transactions by any person other than an issuer, underwriter, or dealer) without causing an exemption violation.

The 40 Act Section 2(a)(51)(A) defines a "qualified purchaser" as an individual, a company owned by family members, or a trust whose trustee and each contributor of assets to the trust is a QP, and that owns not less than \$5 million in investments; persons acting for a group of qualified purchasers whose aggregate investments are not less than \$25 million; and a company with aggregate investments worth not less than \$25 million. A QIB as defined above is also a QP. A

QP trust or business entity cannot be formed for the express purpose of this investment. Generally, 3(c)(1) and 3(c)(7) funds do not qualify as QPs. "Investments" includes cash, cash equivalents and commodities held for investment purposes, and securities (other than those of issuers under common control of the QP).

***"Accredited Investor"***

Under the Securities Act, Regulation D, Rule 501 "Definitions and Terms Used in Regulation D", any one of the following (or any one believed by the issuer to be one of the following) is an Accredited Investor:

- Banks or S&Ls acting in its individual or fiduciary capacity;
- Broker-Dealer; insurance company; registered investment company; business development company; SBIC;
- ERISA plans
  - managed by a plan fiduciary which is a bank, S&L, insurance company or registered investment adviser or
  - with assets exceeding \$5mm
- Self-directed ERISA plan if plan participant and his/her designated investment manager is an accredited investor;
- A private business development company (as defined in Investment Advisers Act of 1940, Section 202(a)(22));
- Greater than \$5 million 501(c)(3) organizations; corporations; Massachusetts or similar business trusts; or partnerships\*;
- General partners, directors or executive officers of the issuer, or directors, executive officers or general partners of a general partner of that issuer;
- Natural person with individual (or with spouse) net worth of more than \$1 million, excluding the value of the primary residence of the natural person;
- Natural person with income exceeding \$200K or joint income with spouse exceeding \$300 K in each of the two most recent years, and a reasonable expectation of same income in current year;
- Greater than \$5 million trust\* whose purchase is directed by a sophisticated person; or
- Any entity where equity owners are all accredited investors.

\*Cannot be formed for purpose of investing in the issuer



Exhibit D

ADVISORY SERVICES AGREEMENT  
INVESTMENT MANAGEMENT FEE ADDENDUM

Account Type: Customized Investment Management

Account Name: Desert Hospital Retirement Plan

A. Fee Schedule

0.50 % on the first \$ 10 million

0.40 % on all assets over \$ 10 million

Minimum Annual Fee: \$ 10,000

*HighMark may change this Fee Schedule from time to time upon 30 calendar days written notification to Client.*

B. Fees & Expenses: Calculation & Payment Method

**HighMark Fees.** Client shall pay HighMark a fee calculated by HighMark as set forth below, in accordance with the Fee Schedule shown above, and subject to the applicable Minimum Annual Fee. Fees are prorated based on the number of days the Agreement is in effect during an applicable payment period.

**For Cash Management/Liquidity Accounts:** The fee shall be a percentage of the average values of the daily net assets in the Account. Daily net asset values are determined by aggregating the net book value of each asset in the Account on each day (net book value is each asset's original cost, plus accrued interest, plus the amortized premium or minus the amortized discount, if any apply). Such daily figures are aggregated and averaged at each month end, and the month end figures are used to determine the monthly fee for Accounts which pay their fee monthly. For Accounts which pay their fee on a quarterly basis, the month end net asset value as of the last month in the calendar quarter is added to the month end net asset values for the prior two months, and that total is divided by three.

**For non-Liquidity Accounts:** The fee shall be a percentage of the value of the monthly or quarterly (as Client may elect) assets in the Account, with net assets determined by aggregating the market value of each asset as of the month end date. Market value is generally determined using readily available values from a nationally recognized pricing service; otherwise, the asset shall be valued as HighMark shall determine using sources independent of HighMark. For Accounts which pay their fee on a quarterly basis, the month end net asset value as of the last month in the calendar quarter is added to the month end net asset values for the prior two months, and that total is divided by three.

**For Multiple Account Relationships:** So long as the actual fee payable will exceed the Minimum Annual Fee (defined above), then HighMark may, in its sole discretion, allow the assets of two or more of Client's Accounts with HighMark to be aggregated for purposes of determining the fee due.

Fee Payment.

- Account fees are invoiced or debited quarterly in arrears (unless HighMark has received Client's written directive to charge monthly in arrears).
- HighMark's fees for its services are billed separately from custody fees charged to Client. Therefore, Client, at the commencement of HighMark's Services, shall give the Custodian a written directive (or has provided authorization pursuant to the Custody Agreement) to pay HighMark's fee by deducting the fee amount from the cash balance of Client's custody account upon receipt of HighMark's periodic invoice, and Custodian shall provide Client written notification of each such deduction.
- If the Account has insufficient balances for fee deduction, then Client authorizes HighMark to liquidate a sufficient amount of securities so that the proceeds of such liquidation (minus the expenses) will cover the fee due and owing.
- The fee is prorated based on the number of days the Agreement is in effect during an applicable payment period.

Expenses. HighMark will pay all expenses incurred by it in performing its duties under this Agreement, except that Client shall bear the cost of securities purchased for the Account and the costs of transactions in the Account, including brokerage commissions, custodial fees (unless otherwise included in the fee described above) and expenses and stamp duties, if any.

Date Effective As Of: April 1, 2018

Client Name: Desert Hospital Retirement Plan

Account No: 6746128600

By: \_\_\_\_\_

Its: Mark Matthews, Treasurer

HighMark Capital Management, Inc.

By: David B. Wines  
Its: President and Chief Executive Officer

Dated: \_\_\_\_\_

**AUTHORIZATION TO ENTER INTO ADVISORY SERVICES AGREEMENT  
(FOR USE BY BUSINESS ENTITIES)**

A. Desert Hospital Retirement Plan, duly organized and existing under the laws of California, with its principal place of business at Palm Springs (the "Business") desires to establish one or more securities account(s), (the "Account") and enter into an Advisory Services Agreement (the "Agreement") with HighMark Capital Management, Inc. ("HighMark"), a subsidiary of MUFG Union Bank, N.A. ("MUB").

B. The Business desires that certain person(s) be authorized to act on its behalf from time to time in communicating with and providing instructions to HighMark.

**NOW, THEREFORE, IT IS RESOLVED THAT:**

1. **Authorization.** Any \_\_\_\_\_ (\_\_\_\_\_) of the following is/are authorized and directed, in the name and on behalf of the Business, from time to time, with or without security, to communicate with and provide instructions to HighMark in accordance with and in order for both the Business and HighMark to fulfill their respective obligations under the Agreement:

TITLE	NAME	SIGNATURE
<u>President</u>	<u>Les Zendle, MD</u>	_____
<u>Vice Pres - Secretary</u>	<u>Carole Rogers, RN</u>	_____
<u>Treasurer</u>	<u>Mark Matthews</u>	_____
<u>Director</u>	<u>Kay Hazen</u>	_____
<u>Director</u>	<u>Jennifer WorthamDrPH</u>	_____

2. **Scope of Authority.** Without limiting the generality of the authority granted, (the "Authorization") each person designated in paragraph 1 above is authorized, from time to time, in the name and on behalf of the Business, to:

2.1 Execute and deliver to HighMark the Agreement, any Account agreement, and any and all other contracts, instructions, directives, policies, guidelines, and other written communications (collectively, the "Related Documents") necessary or desirable in order for both the Business and HighMark to fulfill their respective obligations under the Agreement.

2.2 Direct the disposition of any Account proceeds and deliver to HighMark or its agent and accept from HighMark or its agent delivery of any property of the Business at any time held in the Account.

2.3 Specify in writing to HighMark the individuals who are authorized, in the name of and on behalf of the Business, to request changes to the Account relationship or agree to changes to the Agreement or any Related Documents.

3. **Writings.** The Related Documents may be in such form and contain such terms and conditions as may be required by HighMark in its sole discretion, and execution thereof by any person authorized under the Authorization shall be conclusive evidence of such person's and the Business's approval of the terms and conditions thereof.

4. **Certification.** The Secretary, any Assistant Secretary, or other authorized individual of the Business is hereby authorized and directed from time to time to certify to HighMark a copy of this Authorization, the names and specimen signatures of the persons designated in paragraph 1 above, and any modification thereof.

5. **Ratification/Amendment.** The authority given under this Authorization shall be retroactive and any and all acts so authorized that are performed prior to the formal adoption are hereby approved and ratified. In the event two or more resolutions of this Business are concurrently in effect, the provisions of each shall be cumulative, unless the latest shall specifically provide otherwise. The authority given hereby shall remain in full force and effect, and HighMark is authorized and requested to rely and act thereon, until HighMark shall have received at its business office at **350 California Street, 16<sup>th</sup> Floor, San Francisco, CA 94104** a certified copy of a further resolution of the Business amending, rescinding or revoking the Authorization.

6. **Form of Communication.** Communications made by any officer authorized under the Authorization may be made in writing, by telephone, or by other telecommunication method acceptable to HighMark. The Business recognizes and agrees that HighMark cannot effectively determine whether a specific communication purportedly made by or on behalf of the Business is actually authorized or authentic. The Business considers that it is in its best interests that HighMark act in accordance with these forms of communication, and therefore assumes all risks regarding the validity, authenticity and due authorization of any communication purporting to be made by or on behalf of the Business.

7. **Business As Partner/Joint Venture, LLC Member, or Manager.** Nothing in its organizational documents limits or prohibits the Business from acting as a general or limited partner of a partnership, a member or manager of a limited liability company, or joint venture of a joint venture. Any person designated in paragraph 1 of the Authorization is authorized, on behalf of the Business, in its role as a general or limited partner, a member or manager, or a joint venture, to execute and deliver all certificates, authorizations and agreements (i) to evidence the Business's role in and responsibilities to and for such partnership, limited liability company or joint venture so that Bank may rely thereon, and (ii) to evidence such partnership's, limited liability company's or joint venture's obligations and liabilities to Bank.

8. **No Limitation By This Authorization.** Nothing contained in this Authorization shall limit or modify the authority of any person to act on behalf of the Business as provided by law, any agreement or authorization relating to the Business otherwise.

**CERTIFICATE OF SECRETARY OF THE BUSINESS**

I hereby certify to HighMark Capital Management, Inc. ("HighMark") that the above Authorization to Enter Into Advisory Services Agreement ("Authorization") is a true copy of the resolution(s) Desert Hospital Retirement Plan, duly organized and existing under the laws of California (the "Business"), and the resolution(s) was/were duly adopted by the Board of Directors or other Governing Body of the Business and duly entered in the records of the Business. Further, the Authorization is in conformity with applicable law and regulation, the Articles of Incorporation and the By-Laws of the Business or any other foundational document(s) of the Business, and is now in full force and effect.

I also certify to the titles, names and specimen signatures of the persons authorized in paragraph 1 of the Authorization.

I agree to notify HighMark in writing of any change in any aspect of the Authorization or of any individual holding any position set forth in this certificate immediately upon the occurrence of any such change, and to provide HighMark a copy of the modified resolution(s) and the genuine specimen signature of any such new person.

The authority provided for in the Authorization shall remain in full force and effect, and HighMark is authorized and requested to rely and act thereon until HighMark shall receive at its business office at 350 California Street, 16<sup>th</sup> Floor, San Francisco, CA 94104, either a certified copy of a further resolution of this Business's Board of Directors or other Governing Body amending the Authorization, or a certification of a change in the authorized person(s).

Dated: \_\_\_\_\_  
\_\_\_\_\_  
Secretary of \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\*President of \_\_\_\_\_  
\_\_\_\_\_

\* When the Secretary is among those authorized, the President should sign this Certificate, also.



**HIGHMARK CAPITAL MANAGEMENT, INC.  
COMPLIANCE WITH RULE 204-3**

Rule 204-3 under the Investment Advisers Act of 1940, commonly referred to as the "brochure rule," generally requires every SEC-registered investment adviser to deliver to each prospective advisory client a written disclosure statement, or "brochure," describing the adviser's business practices, as well as the appropriate "brochure supplement(s)" describing the educational and business background of certain of the adviser's portfolio managers. An adviser must deliver the brochure before or at the time it enters into an advisory contract with the client and the brochure supplement(s) before investment advice is given to the client.

To comply with the brochure rule, an investment adviser may furnish each prospective client with either a copy of the adviser's completed Form ADV Part 2A or a written document containing the information required by Form ADV Part 2A. The investment adviser is also required to furnish the appropriate Form ADV Part 2B document(s) (brochure supplement(s)).

I acknowledge that I received the HighMark Capital Management, Inc. brochure and brochure supplement either before or at the time I entered into the advisory contract with HighMark Capital Management, Inc. (HighMark).

**CLIENT / COMPANY / ENTITY NAME:** Desert Hospital Retirement Plan

**Authorized Signer:** Les Zendle, MD

**Title:** President

**Signature of Authorized Signer:** \_\_\_\_\_

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

**Authorized Signer:** Carole Rogers, RN

**Title:** Vice President - Secretary

**Signature of Authorized Signer:** \_\_\_\_\_

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



**HIGHMARK CAPITAL MANAGEMENT, INC.  
CUSTODY RULE**

In connection with your establishment of an investment advisory account relationship with HighMark Capital Management, Inc. (HighMark), a custody account has been opened in your name with US Bank. It is recommended that you compare the security positions shown on the periodic investment statement you receive from HighMark ("investment statement") to those shown on the statement you receive from the Custodian ("custodial statement"). Differences in reported security positions may exist because investment statements are presented on a trade date basis, whereas the information presented on the custodial statement is generally shown on a settlement date basis. There also may be differences in the values shown for your investments due to accrued but uncollected income, and the use of differing valuation sources and methods.



Date: April 24, 2018

To: BOARD OF DIRECTORS

Subject: Grant #926 Ranch Recovery Centers

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Project Title: *Purchase & Installation of Emergency Generator*

Background: At their December 20, 2016 Board of Directors meeting, the Directors approved a grant for \$27,969 towards the purchase and installation of an emergency generator for the Ranch's Dining & Community Outreach Center building. Part of the funding for this project had been provided by a City of Palm Desert Community Development Block Grant (CDBG). The Ranch requested the balance needed for completion of this project.

The Ranch received from the District part payment of \$25,172.10 with a 10% retention of \$2,796.90 currently not paid towards the purchase and installation of the emergency generator.

Over the past 18 months, the Ranch has experienced unexpected delays and increased costs in the installation of the emergency backup generator. DHCD staff met on site to understand the challenges and the disconnection of third party regulations faced by the grantee has resulted in a request to amend the current grant by \$18,844.00.

Staff recommendation: Increase the original approved grant award from \$27,969 to \$46,813 to finalize the project. Staff has confirmed this will be leveraged against funds received from the City of Palm Desert CDBG funds (\$56,558).



Alcohol and Drug Treatment Services

**THE RANCH**

Corporate Office and Men's Services:  
7885 Annandale Avenue  
Desert Hot Springs, CA 92240  
760-329-2924  
Fax: 760-329-0169

**MESA VISTA**

Men's Transition:  
66610 Twelfth Street  
Desert Hot Springs, CA 92240  
760-251-5703  
Fax: 760-251-5704

**HACIENDA VALDEZ**

Women's Services:  
12890 Quinta Way  
Desert Hot Springs, CA 92240  
760-329-2959  
Fax: 760-329-2953

**HARMONY HOUSE**

Women's Transition:  
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Desert Hot Springs, CA 92240  
760-329-2959  
Fax: 760-329-2953

www.RanchRecovery.org Email: info@RanchRecovery.com

**ADVISORY BOARD**

April 19, 2018

JEFF GREENBERG  
RICHARD McKINLEY, MD  
BOB REORDAN

To: Desert Healthcare District  
1140 N. Indian Canyon Dr.  
Palm Springs, CA 92262

**IN MEMORIAM**

Attn: Lisa Houston, COO  
Donna Craig, Senior Program Officer

JEANNE ANDERSON  
BARBARA BAXTER  
HONRABLE  
LEONARD K. FIRESTONE  
BETTY FORD

As per our meeting and discussion on April 17, 2018 regarding the purchase and installation of an emergency generator at The Ranch, please review the following information:

EDWIN C. JOHNSEN  
DR. JOHN P. McGOVERN  
JOE SOLOMON  
LARRY D. SMITH  
SHERIFF (RET.)  
WAYNE STIGALL

I. Original contract proposal for purchase and installation:	\$84,527.00
<i>12-20-2016 Desert Healthcare District total grant award</i>	<i>\$27,969.00</i>
• 01/24/2017 Desert Healthcare District funds received	\$25,172.10
• 04/24/2017 City of Palm Desert CDBG funds received	\$56,558.00
• Desert Healthcare District retention funds due on completion	<u>\$ 2,796.90</u>
	<b>\$84,526.90</b>

**BOARD OF DIRECTORS**

II. Current Final cost \$103,371.00

MITCH EPSTEIN  
CHAIR  
JAMES M. TRACY D.D.S.  
VICE CHAIR  
TONY CISNEROS  
TREASURER/SECRETARY  
ERNIE RUBIN  
EVENT CHAIR  
TEDDI ROZELL  
JOE WAGNER  
KENNETH RUSS, M.D.  
KATHERINE SPILDE, Ph.D.  
JUNE TRUBEE

**Additional funds needed to complete project** **\$ 18,844.00**  
(Details attached)

Thank you for your consideration.

Sincerely,  
  
Rick Mesa  
President/CEO

**RICK MESA**  
**PRESIDENT/C.E.O.**





Alcohol and Drug Treatment Services

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www.RanchRecovery.org Email: info@RanchRecovery.org

April 19, 2018

Re: Emergency Generator Project timeline per Tom Gorham (The Ranch)

Project Costs:

• Doug Wall Construction Original bid	\$84,527.00	(10/20/2016)	
• Doug Wall adjustments to bid	\$ 3,345.00	(07/03/2017)	
• Concrete	\$ 2,847.00		} Additional Cost as the project progressed (See timeline below)
• Gas Line	\$ 4,500.00		
• Gas Tank Slab	\$ 1,200.00		
• Plans/Engineering	+ \$ 6,952.00		
<b>Total Project Cost</b>	<b>\$103,371.00</b>		

Here is the timeline for the Generator Project (grant #926) from the time grant check was received on 1/24/2017 until present:

January to May 2017—

- ◊ Completed engineering and drafted bid documents.
- ◊ Sent all project documents to City of Palm Desert to get approval to send for bidding.
- ◊ Contractor delivered bid. Bid was too high, and we needed to renegotiate bid.

June 2017—

- ◊ Applied to AQMD for permit
- ◊ Delay in receiving permit
- ◊ AQMD stated in review that the entire property would be considered a "Sensitive Receptor Site" and AQMD ruled that a special filter would be required for diesel generator.

July 2017—

- ◊ Had to get bid for new requirement, cost estimate was \$18,000 above bid.

August 2017—

- ◊ Decision to move forward with project, sign contract and order generator.

September 2017—

- ◊ Contractor informs us it takes 3 to 4 months for delivery of generator
- ◊ Received approval of contract document by City of Palm Desert. Received approval from AQMD, signed and returned. City of Palm Desert grants extension for project.

October 2017—

- ◊ City of Palm Desert required site inspection prior to construction.
- ◊ City of Palm Desert informed us that federal regulations on CDBGs will not allow for diesel fuel within 105 feet of the building; it's suggested that natural gas will allow generator to remain at the location next to the building.
- ◊ City of Palm Desert issued contractor document back with changes before their approval to start construction.



Alcohol and Drug Treatment Services

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Re: Emergency Generator Project timeline per Tom Gorham (The Ranch) - Page 2

Timeline continued:)

November 2017—

- ◇ We received bids from plumbing contractors.
- ◇ Generator ordered.

December 2017—

- ◇ Received permit from AQMD

January 2018—

- ◇ All federal paperwork approved. City of Palm Desert gave approval to start construction.
- ◇ Contractor started construction on electrical underground.

February 2018—

- ◇ Concrete poured for generator.
- ◇ Gas line brought in 100ft from other building.

March 2018—

- ◇ Generator delivered.

Pending (April 2018)—

- ◇ Concrete and propane tank installation
- ◇ Final certification on generator



Date: April 24, 2018

To: BOARD OF DIRECTORS

Subject: **BEHAVIORAL HEALTH INITIATIVE**

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**Staff recommendation:** Consideration to accept \$2,000,000 from the Desert Healthcare District to fund the Behavioral Health Initiative Collective Fund.

**Background:** The concept of the collective fund/initiative was presented at the February 27, 2018 Board meeting and was approved to establish the collective fund at the March 27, 2018 Board meeting for Community Health Focus Area: #2 Primary Care and Behavioral Health Access – with a focus on Behavioral Health.

As with the West Valley Homelessness Initiative collective fund, the Behavioral Health Initiative Collective Fund will support programs and infrastructure to address the behavioral health issues in the Coachella Valley. Desert Healthcare Foundation will be responsible for the administration of the funds.

**DESERT HEALTHCARE DISTRICT GRANT AGREEMENT**

This agreement is entered into by the Desert Healthcare District (“DISTRICT”), a California health care district organized and operating pursuant to Health and Safety Code section 32000 et seq., and Desert Healthcare Foundation (“RECIPIENT”) and is effective upon execution by both parties.

1. **Grant**

Purpose and Use of Grant: To fund and establish a Behavioral Health Initiative Collective Fund

Amount: \$2,000,000.00

2. **Term of Agreement**

The term of this agreement is from May 1, 2018 through April 30, 2019, subject, however, to earlier termination as provided in this agreement.

3. **Legal Responsibility/Liability**

In authorizing execution of this agreement, the governing body of RECIPIENT accepts legal responsibility to ensure that the funds provided by DISTRICT are allocated solely for the purpose for which the grant was intended. RECIPIENT agrees to be knowledgeable of the requirements of this agreement and to be responsible for compliance with its terms. In no event shall DISTRICT be legally responsible or liable for RECIPIENT's performance or failure to perform under the terms of the grant or this agreement.

RECIPIENT agrees that DISTRICT may review, audit, and/or inspect DISTRICT-funded program operated by RECIPIENT under this agreement for compliance with the terms of this agreement.

4. **Reduction/Reimbursement of Awarded Funds**

DISTRICT may reduce, suspend, or terminate the payment or amount of the grant if the District determines in its sole discretion that RECIPIENT is not using the grant for the intended purposes or meeting the objectives of the grant. RECIPIENT hereby expressly waives any and all claims against DISTRICT for damages that may arise from the termination, suspension, or reduction of the grant funds provided by DISTRICT.

DISTRICT \_\_\_\_\_ RECIPIENT \_\_\_\_\_

RECIPIENT further agrees to reimburse any funds received from DISTRICT, where the DISTRICT determines that grant funds have not been utilized by RECIPIENT for their intended purpose.

5. **Other Funding Sources**

If requested by DISTRICT, RECIPIENT shall make information available regarding other funding sources or collaborating agencies for the programs or services provided by RECIPIENT.

6. **Attribution Policy**

RECIPIENT agrees to comply with the DISTRICT'S attribution policy, which is attached to this agreement as Exhibit "A."

7. **Payment Schedule**

Unless RECIPIENT and DISTRICT agree upon alternative arrangements, grant funds shall be allocated and paid according to the schedule and requirements described on Exhibit "B." In the event RECIPIENT fails to provide report(s) and/or appropriate supporting documentation in a timely manner, RECIPIENT may be subject to a delay or discontinuance of funding, at DISTRICT'S sole discretion.

8. **Program Budget**

RECIPIENT shall also submit, prior to the DISTRICT entering into this agreement, a program budget, which shall be subject to review and approval of DISTRICT. A copy of RECIPIENT'S program budget shall be attached to this agreement as Exhibit "C."

9. **Scope of Services/Recipient Activities**

Prior to the DISTRICT entering into this agreement, RECIPIENT shall include in its application, subject to review and approval by the DISTRICT, details of the RECIPIENT'S scope of service(s), activities or program(s) proposed for funding.

10. **Evaluation/Outcomes Reporting**

Prior to the District entering into this agreement, RECIPIENT shall include in its application, subject to review and approval of the DISTRICT, details of its plan for evaluation and reporting.

DISTRICT \_\_\_\_\_ RECIPIENT \_\_\_\_\_

RECIPIENT shall cooperate in efforts undertaken by DISTRICT to evaluate RECIPIENT'S effectiveness and use of the grant funds. RECIPIENT shall participate in and comply with all on-site evaluation and grant monitoring procedures including interviews with RECIPIENT'S staff by DISTRICT. RECIPIENT, at the request of the DISTRICT, shall also provide progress reports to DISTRICT according to the schedule contained on Exhibit "B" in a format to be provided by DISTRICT.

11. **Use of Subcontractors**

RECIPIENT may not subcontract any portion of the duties and obligations required by this agreement without the written consent of the DISTRICT. A copy of the proposed subcontract between RECIPIENT and the subcontractor shall be provided to DISTRICT for review. In the event DISTRICT consents to subcontract, the subcontractor shall be required to execute an agreement assuming all rights and obligations of this agreement, including the DISTRICT'S right to inspect the subcontractor's books and records and the right to monitor and evaluate the effectiveness of the use of the grant funds. Notwithstanding the forgoing, RECIPIENT shall remain primarily responsible for compliance with all terms and conditions of this agreement.

12. **Use of Funds**

The funds received pursuant to this agreement may not be used by RECIPIENT for general operating expenses or any other programs or services provided by RECIPIENT without the written consent of DISTRICT.

Upon request, RECIPIENT shall make available for the DISTRICT and members of the public, a detailed description of the program(s) and/or service(s) funded by DISTRICT. This program description may be a separate document or may be incorporated into the overall program materials developed by the RECIPIENT.

13. **Prevailing Wages**

If the funds received are used to pay for any portion of an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws (Labor Code sections 1720 et seq. and 1770 et seq.), and if the project cost is \$1,000 or more, RECIPIENT agrees to fully comply with such Prevailing Wage Laws, if applicable. RECIPIENT shall require any contractor or subcontractor performing work on an applicable "public works" or "maintenance" project to fully comply with all Prevailing Wage Laws, including but not limited to the payment of prevailing wages, registration with DIR, and maintenance of certified payroll records."

14. **Independent Contractor Status**

The relationship between DISTRICT and RECIPIENT, and the agents, employees, and subcontractors of RECIPIENT in the performance of this agreement, shall be one of independent contractors, and no agent, employee, or subcontractor of RECIPIENT shall be deemed to be an officer, employee, or agent of DISTRICT.

15. **Use of Funds for Lobbying or Political Purposes**

RECIPIENT is prohibited from using funds provided by DISTRICT herein for any political campaign or to support attempts to influence legislation by any governmental body.

16. **Compliance with Applicable Law and Regulations**

RECIPIENT shall comply with all federal, state, and local laws and regulations, including but not limited to labor laws, occupational and general safety laws, and licensing laws. All licenses, permits, notices, and certificates as are required to be maintained by RECIPIENT shall be in effect throughout the term of this agreement.

Where medical records, and/or client records are generated under this agreement, RECIPIENT shall safeguard the confidentiality of the records in accordance with all state and federal laws, including the provisions of the Health Insurance Accountability and Portability Act of 1996 (HIPAA), and the laws and regulations promulgated subsequent thereto.

RECIPIENT shall notify DISTRICT in writing within 5 (five) days if any required licenses or permits are canceled, suspended, or otherwise terminated, or if RECIPIENT becomes a party to any litigation or investigation by a regulatory agency that may interfere with the ability of RECIPIENT to perform its duties under this agreement.

17. **Changes or Modifications to the Use of DISTRICT Grant Funds**

RECIPIENT shall submit to DISTRICT, in writing, any requests for proposed changes in the use of DISTRICT grant funds. DISTRICT must receive such requests at least thirty (30) days prior to the date the proposed changes are to be implemented and the proposed changes shall be subject to DISTRICT Board approval.

Notwithstanding the foregoing, requests for transfers between budget categories or line items less than ten percent (10%) of the total grant amount that do not change the total grant amount or generate additional line items may be directed to the DISTRICT's Program Department for consideration.

DISTRICT \_\_\_\_\_ RECIPIENT \_\_\_\_\_

18. **No-Cost Grant Extensions**

Any request by the RECIPIENT to extend a grant's project period without additional funding from the DISTRICT will be processed pursuant to the DISTRICT's No-Cost Grant Extension Policy. Any no-cost grant extension request shall be subject to DISTRICT Board approval.

19. **Conflict of Interest/Self Dealing**

RECIPIENT and RECIPIENT'S officers and employees shall not have a financial interest or acquire any financial interest, direct or indirect, in any business entity or source of income that could be financially affected by, or otherwise conflict in any manner or degree with, the performance of programs or services required under this agreement.

20. **Indemnity and Hold Harmless**

RECIPIENT agrees to indemnify, defend, and hold harmless DISTRICT and its officers, agents, employees, volunteers, and servants from any and all claims and losses accruing or resulting to any and all employees, contractors, subcontractors, laborers, volunteers, and any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance of this agreement and from any and all claims and losses of any kind accruing or resulting to any person, firm, or corporation arising out of, or in any way connected with or as a result of, the performance or execution of this agreement, the consummation of the transactions contemplated hereby, or in the expenditure of grant funds provided by DISTRICT.

21. **Fiscal/Accounting Principles**

RECIPIENT shall maintain an accounting system that accurately reflects and documents all fiscal transactions for which grant funds are used. The accounting system must conform to generally accepted accounting principles and upon request, DISTRICT shall have the right to review, inspect and copy all books and records related to the accounting system.

22. **Documentation of Revenues and Expenses**

RECIPIENT shall maintain full and complete documentation of all revenue and expenses (including subcontracted, overhead, and indirect expenses) associated with use of the grant funds covered by this agreement. During the term of this agreement and thereafter, DISTRICT or its authorized representative(s) shall have the right to review all RECIPIENT financial records including records related to the use or disbursement of the grant funds, upon request by DISTRICT. DISTRICT shall also have the right to audit, if necessary, RECIPIENT'S use of grant funds and any and all programs or services that were provided through the use of the DISTRICT funds. In the event of an audit or financial review,

DISTRICT \_\_\_\_\_ RECIPIENT \_\_\_\_\_



RECIPIENT agrees to provide DISTRICT access to all of RECIPIENT'S books and records.

23. **Records Retention**

All records of RECIPIENT pertaining to the use of grant funds shall be maintained at RECIPIENT'S main local office for at least five (5) years following the year in which grant funds were first provided by DISTRICT.

24. **Governing Law**

This agreement shall be governed by and construed in accordance with the laws of the State of California.

25. **Assignment or Transfer**

RECIPIENT may not assign or transfer any interest in this agreement or entitlement to grant funds without the written consent of District.

26. **Entire Agreement, Amendment**

This agreement contains the entire understanding and agreement of the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous agreements not contained herein. This agreement may only be amended or modified by a writing signed by both parties.

27. **Notices**

Any notice required or permitted pursuant to this agreement may be given by a party to the other party at the address set forth in the signature block of this agreement. Either party may change its address for purposes of notice by complying with the requirements of this section.

28. **Signatories**

The persons executing this agreement on behalf of the RECIPIENT have been designated by the governing body or fiscal agent of the RECIPIENT as the official signatories of this agreement and all related documents. At least one of these persons is a member of the RECIPIENT'S governing board, and both persons have the authority to execute this agreement on behalf of RECIPIENT.

DISTRICT \_\_\_\_\_ RECIPIENT \_\_\_\_\_

**RECIPIENT:**

Desert Healthcare Foundation  
1140 N. Indian Canyon  
Palm Springs, CA 92262

**Name:** President/Chair of RECIPIENT  
Governing Body

**Name:** Executive Director

\_\_\_\_\_  
PLEASE PRINT

\_\_\_\_\_  
PLEASE PRINT

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

\_\_\_\_\_  
DATE

**Authorized Signatory for Desert Healthcare District:**

**Name:** Herb K. Schultz  
**Title:** Chief Executive Officer

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
DATE

Desert Healthcare District  
1140 N. Indian Canyon Dr.  
Palm Springs, CA 92262

## EXHIBIT A

### DESERT HEALTHCARE DISTRICT ATTRIBUTION POLICY

1. **Attribution Wording**

Attribution for District-funded programs shall be as follows:

“Made possible by funding from Desert Healthcare District” / “Echo posible por medio de fondos de Desert Healthcare District” **or** “Funded by Desert Healthcare District” / “Fondado por Desert Healthcare District”

2. **Educational Materials**

Educational materials are items such as brochures, workbooks, posters, videos, curricula, or games. Materials (in print or electronic formats) produced and distributed for Desert Healthcare District-funded programs shall include the approved wording.

3. **Promotional Materials**

District attribution shall be included on promotional items such as flyers, banners and other types of signage. However, acknowledgement may be omitted when space limitation is an issue (e.g., buttons, pencils, pens, etc.)

4. **Media Materials and Activities**

Attribution to the District shall be included in any information distributed to the media for the purpose of publicizing a District-funded program. This information may include news releases and advisories, public service announcements (PSAs), television and radio advertisements, and calendar/event listings.

Media and publicity activities, such as news conferences, story pitching, press interviews, editorial board meetings and promotional events shall include reference to the District’s program support. As a courtesy, the District would appreciate notification of these activities at least two (2) weeks in advance, whenever possible. Please send to the District copies of any press coverage of District-funded programs.

5. **Logo Usage**

Use of the Desert Healthcare District logo is permitted and encouraged. Logos can be provided in print and electronic formats. Logos will be provided by DISTRICT upon initial grant funding and at RECIPIENT’s request thereafter. Graphic standards for logos shall be adhered to as provided by DISTRICT. Requests for logo should be directed to the Program Department of Desert Healthcare District.

6. **Photograph Consent**

RECIPIENT shall permit photographs of District-funded program to be taken by District-designated photographer at District expense, and consents to usage of such photographs on District Web site and other materials designed to inform and educate the public about District.

DISTRICT \_\_\_\_\_ RECIPIENT \_\_\_\_\_

## EXHIBIT B

DISTRICT \_\_\_\_\_ RECIPIENT \_\_\_\_\_

**EXHIBIT C**

**PROGRAM BUDGET ATTACHED AS SUPPLEMENTAL PAGE(S)**

DISTRICT \_\_\_\_\_ RECIPIENT \_\_\_\_\_