



**DESERT HEALTHCARE DISTRICT
BOARD MEETING
Board of Directors
November 28, 2017
2:00 P.M.**

Jerry Stergios Building, 2nd floor
Arthur H. "Red" Motley Boardroom
1140 N. Indian Canyon Drive, Palm Springs, California 92262
This meeting is handicapped-accessible

Page(s)	AGENDA	Item Type
	<i>Any item on the agenda may result in Board Action</i>	
	A. CALL TO ORDER – President Rogers Roll Call ____ Director Zende ____ Director Wortham ____ Director Matthews ____ Vice-President Hazen ____ President Rogers	
	B. PLEDGE OF ALLEGIANCE	
1-4	C. APPROVAL OF AGENDA	Action
	D. PUBLIC COMMENT 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. The Board has a policy of limiting speakers to no more than three minutes. 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.	
	E. CONSENT AGENDA All Consent Agenda item(s) listed below are considered to be routine by the Board of Directors and will be enacted by one motion. 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.	Action
5-14 15-19 20-22	1. BOARD MINUTES a. Board Meeting of October 24, 2017 b. Special Study Session of October 31, 2017 c. Special Study Session of November 16, 2017	
23-43	2. FINANCE and ADMINISTRATION a. Consideration for Approval of District October 2017 Financial Statements F&A Committee approved November 14, 2017	
	F. DESERT HEALTHCARE DISTRICT CEO REPORT – Herb K. Schultz, CEO	Information



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G.	DESERT REGIONAL MEDICAL CENTER CEO REPORT – Michele Finney, CEO	Information
H.	DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS' REPORT – President Rogers, RN and Director Dr. Les Zendle	Information
I.	INFORMATIONAL ITEMS 1. December 19, 2017 Board Meeting 2:00 PM	Information
J.	COMMITTEE REPORTS	
	1. FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE – Chair/Director Mark Matthews and Director Dr. Les Zendle	
44-47	a. Draft Minutes of the November 14, 2017	Information
48-49	b. CFO Report & Las Palmas Leasing Update	Information
50-79	c. Investment Reports – Robert Adams – Highmark Capital Management – District & RPP	Information
80-101	d. Consideration to approve LPMP Lease Renewal (3 Year) – Suite 2W 107 – Dr. Ramy Awad	Action
102-123	e. Consideration to approve LPMP New Lease (3 Year) – Suite 1W 104 – Oasis Advanced Gastroenterology, Inc.	Action
124	f. Consideration to approve the COO and CFO employment terms	Action
125-145	g. DRMC Capital Investment Review – Section 14.9 Lease F&A Committee approved November 14, 2017	Information
	2. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE - Chair/Director Dr. Les Zendle and President Carole Rogers, RN	
146-150	a. No November Meeting	Information
151-163	b. October 23, 2017 Meeting Minutes c. CBRE Conflict of Interest Waiver – Facility Condition Assessment	Action



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3. NEW PROVIDERS, FACILITIES, PROGRAMS AND SERVICES

- | | |
|--|-------------|
| a. Ad Hoc Committee | Information |
| b. Kaufman Hall Study Session | Information |
| c. Expansion, LAFCO Application, and Funding | Information |

4. RESOURCES AND PHILANTHROPY PROGRAM

- | | | |
|----------------|--|---------------|
| | a. Consideration to approve elimination of the Program Committee – a standing committee of the Board. | Action |
| 164-174 | b. Consideration to amend the by-laws to reflect the change of elimination. | Action |
| 175 | c. Consideration to approve the creation of four task forces. | Action |
| 176-178 | d. Community Health Focus Area: HOMELESSNESS
1. West Valley Homelessness Initiative update and presentation. | Information |
| 179-194 | e. Pending grant requests for consideration
1. Grant #954 Coachella Valley Rescue Mission: <i>Emergency Food, Shelter with Wrap Around Services for West Coachella Valley Homeless – \$100,000.</i> | Action |
| 195-209 | 2. Grant #955 Martha’s Village & Kitchen: <i>Health in Housing: Emergency Housing with Wrap-Around Services - \$186,150.</i> | Action |
| 210-227 | f. Community Health Focus Area: HEALTHY EATING/ACTIVE LIVING
1. Grant #953 FIND Food Bank: <i>Project Produce – \$387,068.</i> | Action |

K. OLD BUSINESS

- | | | |
|----------------|---|---------------|
| 228-255 | 1. Grant #891 Jewish Family Service of the Desert (JFSOD) - <i>Mental Health Outpatient Treatment Services 2016-2018.</i> | Information |
| | a. Consideration to approve JFSOD Year 3 and final budget | Action |
| 256-261 | 2. CVAG CV Link Quarterly Update Report | Information |

L. NEW BUSINESS

M. LEGAL COMMENTS & REPORT

Information



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- N. DIRECTORS' COMMENTS & REPORTS** Information
- O. ADJOURNMENT TO DESERT HEALTHCARE FOUNDATION BOARD OF DIRECTORS MEETING**
- P. RECONVENE TO DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS MEETING**
- Q. ADJOURNMENT TO EXECUTIVE SESSION**
- R. CONVENE TO CLOSED SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS**
1. Threat to Public Services or Facilities Pursuant to Government Code 54957 – Consultation with District General Counsel.
- S. RECONVENE TO OPEN SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS**
- T. REPORT AFTER CLOSED SESSION**
- U. ADJOURNMENT**

**DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
October 24, 2017**

A Meeting of the Board of Directors of the Desert Healthcare District was held in the Jerry Stergios Building - 1st Floor, Palm Springs, CA.

Attendance

Members

Carole Rogers, RN – President
Kay Hazen – Vice-President/Secretary
Mark Matthews – Treasurer
Dr. Les Zendle – Director

Absent

Jennifer Wortham, Dr.PH – Director

Staff

Herb K. Schultz, CEO
Chris Christensen, CFO
Donna Craig, Senior Program Officer
Alejandro Espinoza, Program Officer and Outreach Director
Mary Pannoni, Accounting/Admin. Support
Andrea S. Hayles, Clerk to the Board

Legal Counsel

Jeffrey G. Scott

Guests

Mitch Blumberg, Vice-Chair, Governing Board, Desert Reginal Medical Center
Steve Brown, Special Assistant, Assemblymember Eduardo Garcia's Office
Michele Finney, CEO, Desert Regional Medical Center
Ezra Kaufman, District Resident
Brett Klein, Clinics Marketing Specialist, Eisenhower Medical Center
Jason Lind, Executive Vice President, Americas, CB Richard Ellis
Rich Ramhoff, Director of Marketing, Desert Regional Medical Center
Stephanie Salter, District Resident

CALL TO ORDER

The meeting was called to order at 2:05 p.m. by President Rogers.

APPROVAL OF AGENDA

President Rogers asked for a motion to approve the agenda.

#17-94 MOTION WAS MADE by Director Matthews and seconded by Director Zendle to approve the agenda.

Motion passed unanimously.

Roll Call Vote:

AYES **4** **Director Zendle; Director Matthews;
Vice-President Hazen; President Rogers**

NOES: **0**

ABSTAIN:

ABSENT: **1** **Director Wortham**

Motion Passed 4-0

PUBLIC COMMENTS

Stephanie Salters, District Resident, provided an overview of a hospital incident that resulted in a sentinel or preventable death of a patient in the Trauma Unit due to an unsupervised ventilator. Because of the casualty, Ms. Salters explained that a monitor technician is now in place in the Unit 24/7; however, she is concerned that three units do not have the same technicians. Registered Nurses observe the monitors, but the nurses also tend to patients. Ms. Salters requested research from Michele Finney, CEO, Desert Regional Medical Center on other areas of the hospital that do not currently have monitor technicians.

CONSENT AGENDA

Submitted for approval:

1. BOARD MINUTES
 - a. Meeting of September 26, 2017
2. a. Consideration for approval of District September 2017 Financial Statements

#17-95 MOTION WAS MADE by Director Matthews and seconded by Director Zendle to approve the Consent Agenda.

Motion passed unanimously.

Roll Call Vote:

AYES **4** **Director Zendle; Director Matthews;
Vice-President Hazen; President Rogers**

NOES: **0**

ABSTAIN:

ABSENT: **1** **Director Wortham**

DESERT HEALTHCARE DISTRICT CEO REPORT

Herb K. Schultz, CEO explained the upcoming Special Study Session of Board on the proposed expansion and funding to the East Valley scheduled for October 31 at 10 a.m. Mr. Schultz provided brief remarks about the Coachella Valley Health Information Portal (cvHIP) future marketing plan, and the District's intent to present further information to the public. The Chief Operating Officer final candidate selection will be made this week, and interviews are underway for the open Communications and Marketing Director. As the holidays approach, Mr. Schultz reported that, due to the holiday schedule, the November and December regular board meeting dates would change to November 28 and December 19. Mr. Schultz also highlighted President Trump's Executive Order

altering the ACA provisions and other changes that could have a negative impact on the communities the District and Foundation serves.

DESERT REGIONAL MEDICAL CENTER CEO REPORT

Michele Finney, CEO, Desert Regional Medical Center, provided an overview and update of the Emergency Department expansion; the Intervention and Neuro Program for the Radiology Department; remodeling the Pharmacy Department; construction on the elevators; operating room sterilizers; the duct cleaning project; IV pump purchases; remediation of the basement with the appropriate air quality report for inhabitability; and critical care unit water damage repairs. Ms. Finney detailed the Department of Public Health survey dated 10/12 in response to a complaint related to facility staffing. The outcome was unsubstantiated with no violations.

Vice-President Hazen requested that Desert Regional Medical Center add equipment, facility repair and upgrades to the capital expenditures and investment reports regularly provided to the District. Ms. Hazen further explained that routinely requesting the capital investment inventory assists in improving communications and reporting on an ongoing basis.

Vice-President Hazen also requested additional information regarding the two flooding incidents, particularly whether remediation provided a permanent solution. Ms. Finney explained that the sprinklers have been repaired, which was the source of the water in the basement and the critical care unit. During the downpour, the water overpowered the sump pumps, and since that time, two additional pumps have been installed.

Vice-President Hazen stated once more—for reporting purposes—that since the repairs were more than a remediation and the upstream costs were addressed, to include these types of projects to regularly reporting and tracking – both as a notice when they occur and as a part of the capital expense report. Ms. Hazen inquired if President Rogers and Director Zendle, Governing Board Members, Desert Regional Medical Center receive information regarding repairs, remediation, and capital and facility improvements at the governing board meetings. Director Zendle stated that the capital improvements list has not been discussed and suggested a standing agenda item of the Governing Board for the capital improvements or repairs at the monthly meetings.

Vice-President Hazen inquired on the status of the east tower elevator which is in the early stage of repair. Ms. Finney explained that the architects are in the process of working on the drawings and timeline.

Stephanie Salters, District Resident, shared information and concern that a physician was off duty for two days for the first time in 12 years. As a result, a physician was flown in from another state to provide coverage, but the staff was not made aware of the orders. Ms. Salters questioned why the hospital acquired a physician from North Dakota without the appropriate credentials and communication to staff.

Ezra Kaufman, District Resident, raised a concern regarding clinical laboratory services costs per test at Desert Regional Medical Center being significantly higher than other hospitals in the Valley.

DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS REPORT

Director Zendle explained that the most recent DRMC governing board meeting was partly educating the Governing Board on annual compliance training issues and the importance as a reminder to the Governing Board and Staff that there are compliance rules, whistleblower rules, reporting rules, and policies. Other aspects of the meeting were related to credentialing and quality reports. President Rogers added that the hospital's new Business Plan aligns with the District's priorities.

Stephanie Salters, District Resident, distributed the contact information of Eric Creer, Public Records Coordinator, California Department of Public Health (CDPH). Ms. Salters explained that CDPH has a list of 251 survey findings of deficiencies and performance at Desert Regional Medical Center. Ms. Salters recommended that a data dump of the findings should be requested from CDPH for public knowledge.

INFORMATIONAL ITEMS

None

COMMITTEE REPORTS

1. PROGRAM COMMITTEE – No September Meeting
Vice-President Hazen explained that as the District begins implementation of the 3 Year Strategic Plan, organizational adjustments are being made to transition the committee structure. Staff will outline the specifics under New Business.
2. FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE - Director Matthews
 - a. Draft Minutes of October 10, 2017
 - b. CFO Report & Las Palmas Leasing Update
 - c. Retirement Protection Plan 06/30/2017
 - d. Consideration to approve FYE 06/30/2017 Audit Reports: Management Report & Communication Letter, Internal Controls Report, and Audit Reports for the Desert Healthcare District & Desert Hospital Retirement Protection Plan.
F&A Committee approved October 10, 2017

Director Matthews provided an overview of the Draft Minutes, CFO Report, the Las Palmas Leasing Update, the Retirement Protection Plan, and the FYE 06/30/17 Audit Reports.

President Rogers inquired on FY 16-17 stating administrative expenses of \$2M, which is approximately 29% of revenue although the average for non-profits is 20%. Chris Christensen, CFO, explained that based on audit purposes the \$2M of interest in the investment account is considered revenue but is offset by the unrealized loss on the investment. The administrative expenses also include non-cash items such as depreciation and the costs of the retirement protection plan.

Vice-President Hazen stated that trying to compute a percentage of administrative overhead for a government agency as one would for a non-profit agency, using the audit report could be confusing and unclear. It might be helpful to review the financial statement with operating revenue and operating expense percentages for a more precise representation. Vice President

Hazen supports identifying a percentage as well as a best practice benchmark and publishing the details to the website.

President Rogers inquired on the \$47M in the Notes to Financial Statements in the Audit Report concerning the lease agreement provisions and the District's responsibility for operating and maintaining the hospital.

Vice-President Hazen explained that the amount was provided by Steve Valentine, Vice President of Strategic Healthcare Management Consulting, Premier Inc. who conducted the District's market analysis.

Director Matthews explained that the estimate was performed as a financial placeholder in the event the lease is terminated.

Ezra Kaufman, District Resident, distributed to the Board the Statement of Cash Flows for 2013-2014. The statement illustrates a \$9M cash. Mr. Kaufman considers inaccurate.

Chris Christensen, CFO requested that Mr. Kaufman summarize his public request in writing so that the District can respond. Mr. Kaufman stated that his request is to postpone approval of the audited financials until Staff and the auditors reevaluate and reconsider the financials.

President Rogers explained that the firm that conducted the audit is credible including the audited financials. Vice-President Hazen explained that she would like to understand further the issues Mr. Kaufman has presented.

**#17-96 MOTION WAS MADE by Director Matthews and seconded by Director Zendle to approve the FYE 06/30/2017 Audit Reports.
Motion passed unanimously.**

Roll Call Vote:

**AYES: 4 Director Zendle; Director Matthews;
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT: 1 Director Wortham

3. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE

- a. Report of October 23, 2017 Meeting
- b. Consideration to approve the proposed CBRE draft contract – Facility Condition Assessment

Director Zendle explained the specifics of the CB Richard Ellis (CBRE) draft contract for Desert Regional Medical Center hospital inspection with a recommendation to the Board for approval. Once the report is complete in December it will be presented to Desert Regional Medical

Center’s Governing Board for review, then the District’s Board. Herb K. Schultz, CEO explained that the Report is not proprietary, and the public will have full access.

President Rogers inquired of CBRE concerning any conflicts with Desert Regional Medical Center. Jason Lind, of CBRE, indicated there are no conflicts of interest or current work between CBRE and Desert Regional Medical Center.

Vice-President Hazen stated that a conditions report is a considerable step forward in planning and preparations for facility and programs, and services strategies which accompany the work of consultants Kaufman Hall.

Director Zendle stated that the District should have been performing the inspections to ensure lease compliance and the condition of the hospital; however, a policy is now in place.

Ezra Kaufman, District Resident, inquired on the reasoning and difference of the ordinary course of business for the CBRE contract, and the assembly of the Ad Hoc Committee in private meetings for the Kaufman Hall consultants structural and nonstructural characteristics of the hospital.

President Rogers explained, and Vice-President Hazen reiterated that the work of CBRE and Kaufman Hall is not duplicative and CBRE’s report is important information on the condition of the facilities to inform planning for future facilities. The facility condition report will be similar to all other reports and analysis that have been provided as a part of the process and will be available to the public.

#17-97 MOTION WAS MADE by Director Zendle and seconded by Director Matthews to approve the proposed CBRE draft contract – Facility Condition Assessment. Motion passed unanimously.

Roll Call Vote:

AYES: 4 Director Zendle; Director Matthews; Vice-President Hazen; President Rogers

NOES: 0

ABSTAIN:

ABSENT: 1 Director Wortham

- 4. AD HOC COMMITTEE - NEW PROVIDERS, FACILITIES, PROGRAMS & SERVICES
 - a. Study Session on East Valley Expansion and Funding 10/31/2017 at 10 a.m.

Herb K. Schultz, CEO explained his upcoming meeting with Supervisor V. Manuel Perez to discuss funding and funding options for the East Valley expansion. Mr. Schultz detailed the

Special Study Session of the Board of Directors with Assemblymember Garcia related to an update on the LAFCO application and funding options. The Board will not take any action in the Study Session.

Director Zendle requested a better understanding of the origin of the funds, what is considered property tax revenue, utilization for the expansion such as the facility replacement fund and revenue from Las Palmas. Vice-President Hazen suggested that the items Director Zendle has requested be available for discussion at the Study Session.

Ezra Kaufman, District Resident, asked if the Board could provide during the Study Session the number of parcels in the District and how many are residential versus commercial. Mr. Schultz explained that the Plan of Services included in the LAFCO application is on the website and outlines the requested information.

5. AD HOD COMMITTEE – CEO CONTRACT

a. Consideration to approve the CEO’s 3-year employment agreement.

Jeffrey Scott, Legal Counsel, summarized the details of the 3-year employment agreement with an increase in salary and a small car allowance increase, with the leaves of absences aligned with other District employees but includes one additional week of vacation. The effective date of the contract is October 1.

Vice-President Hazen inquired on goal setting and the process to ensure the evaluation and criteria support the goals and expectations. In addition, the contract states *as set forth in the board president’s guide* – a policy document that should be updated to include goals and expectations for the coming year.

Director Zendle explained that the goals are not included in the contract, but the Committee utilized the methods of the prior CEO evaluation that does not complement the work of the current CEO; however, the Board Evaluation Committee will work with the CEO to develop new goals and evaluation metrics to update the evaluation process and president’s guide.

**#17-98 MOTION WAS MADE by Director Zendle and seconded by Director Matthews to approve the CEO’s 3-year employment agreement.
Motion passed unanimously.**

Roll Call Vote:

**AYES: 4 Director Zendle; Director Matthews;
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT: 1 Director Wortham

b. Dissolution of the Ad Hoc CEO Contract Committee

behavioral health are interactive with full community input and flexible structure. President Rogers recapped the priorities of the Strategic Plan referencing the crisis in homelessness and behavioral health and the board's approval of a homelessness and behavioral health consultant to assist in moving forward with the development of a process such as proposals for coordinated efforts. President Rogers noted Supervisor Perez's upcoming Mental Health Roundtable and advised the District to participate and highlight the District's role in tackling behavioral health.

Vice-President Hazen explained that the Board could provide the Advisory Committee with directives from the Strategic Plan. As content experts, the Advisory Committee will have a proactive approach and reactive advancement of the grant-making program. Ms. Hazen recommended positioning the Committee as task teams or several tasks teams representing content experts in the four strategic areas. Direct staff in a new structure to develop task teams as necessary in the strategic planning areas and report back in the form of a RFP, initiative, collective fund, or another established directive. Strong facilitation and leadership is necessary for forming the task teams, and addressing the primary care and behavioral health development of action plans when addressing participants at Supervisor Perez's Mental Health Roundtable on November 3. Director Zendle prefers the term tasks teams as opposed to advisory.

Director Matthews supported the concept but inquired about the three strategic priorities, and the amount of money that will be expended among the three priorities. Mr. Schultz outlined the three strategic priorities – New Providers, Facilities, Programs, and Services; One Coachella Valley; and Community Health and Wellness. Mr. Schultz also explained Staff's role and efforts in developing the implementation plan that accompanies the Strategic Plan. Director Matthews suggested commencing the implementation with the primary care and behavioral health priorities.

Director Zendle suggested tabling the issue until the language is more detailed and moving in the direction with the removal of the Program Committee and formation of the task teams.

Staff was asked to produce an implementation plan with well-defined timelines, a commencement date, tasks team development, and oversight. Additionally, Staff was asked to work with legal counsel on any revisions needed to the bylaws related to changes in the standing committee.

LEGAL COUNSEL COMMENTS & REPORTS

None

DIRECTORS' COMMENTS & REPORTS

President Rogers explained the details of a self-evaluation web link Legal Counsel will distribute to the Board for assessing performance and responsibilities.

ADJOURNMENT TO DESERT HEALTHCARE FOUNDATION BOARD OF DIRECTORS MEETING at 4:05 p.m.

RECONVENE TO DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS MEETING

ADJOURNMENT TO EXECUTIVE SESSION

RECESSED TO EXECUTIVE SESSION

CONVENE TO CLOSED SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS

REPORT AFTER CLOSED SESSION

The Board heard a report on the potential of New Providers, Facilities, Programs and Services and took no action.

ADJOURNMENT

The meeting adjourned at 5:17 p.m.

ATTEST: _____
Kay Hazen, Vice-President
Desert Healthcare District Board of Directors

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

DRAFT

**DESERT HEALTHCARE DISTRICT
SPECIAL STUDY SESSION OF THE BOARD OF DIRECTORS
MEETING MINUTES
October 31, 2017**

A Meeting of the Board of Directors of the Desert Healthcare District was held in the Jerry Stergios Building – 2nd Floor, Palm Springs, CA.

Attendance

Members

Carole Rogers, RN – President
Kay Hazen – Vice-President/Secretary
Mark Matthews – Treasurer
Jennifer Wortham, Dr.PH - Director
Dr. Les Zendle – Director

Absent

Staff

Herb K. Schultz, CEO
Chris Christensen, CFO
Donna Craig, Senior Program Officer
Alejandro Espinoza, Program Officer and Outreach Director
Mary Pannoni, Accounting/Admin. Support
Andrea S. Hayles, Clerk of the Board

Legal Counsel

Jeffrey G. Scott

Guests

Assemblymember Eduardo Garcia, AD-56
Joey Acuna, Jr., Clinicas de Salud del Pueblo
Mitch Blumberg, Vice Chair, Desert Regional Medical Center
Claudia F. Galvez, Clinicas de Salud del Pueblo
Brett Klein, Marketing Specialist, Eisenhower
Jacqueline Lopez, Congressman Raul Ruiz Office
Silvia Paz, Building Healthy Communities Coachella Valley, California Endowment
Rich Ramhoff, Director of Marketing, Desert Regional Medical Center
Greg Rodriguez, Legislative Assistant, Supervisor V. Manuel Perez

CALL TO ORDER

The meeting was called to order at 10:01 a.m. by President Rogers.

Director Matthews joined the meeting at 10:03 a.m.

APPROVAL OF AGENDA

President Rogers asked for a motion to approve the agenda.

**#18-01 MOTION WAS MADE by Vice-President Hazen and seconded by Director Matthews to approve the agenda.
Motion passed unanimously.**

Roll Call Vote:

**AYES 5 Director Zendle; Director Matthews; Director Wortham
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT: 0

Motion Passed 5-0

PUBLIC COMMENTS

None

Topics: Update on Healthcare District Expansion in the Eastern Coachella Valley; AB 2414, LAFCO Process, and Application (Plan of Services); Use of Ad Valorem Tax Revenues; and Review of Potential Funding Streams.

Herb K. Schultz, CEO commenced the meeting by describing the materials related to the Study Session. Mr. Schultz also thanked the Ad Hoc Committee for their work and guidance. Mr. Schultz explained the Update on Healthcare District Expansion in the Eastern Coachella Valley that include the Objectives, Background, and Discussion. The major activities were detailed including state legislative consideration of AB 2414, the LAFCO Application and Plan of Services, the Board's Strategic Planning Sessions, East and West Valley Voter Surveys, Town Halls, Use of Ad Valorem Taxes, and Potential Funding Streams. The Timeline of AB 2414 and the District's actions throughout the process was also described.

Mr. Schultz introduced Assemblymember Eduardo Garcia, AD-56 and stated that the public is welcome to ask questions on the subject matter. Assemblymember Garcia explained that we are still in beginning phase of determining a viable funding source. The original intent was to expand the District and apply the resources in the east. LAFCO has no authority to decline the application and collectively, all would work together on the funding for the new expansion boundaries. No financial obligation was written into the legislation, but the first step was to identify the preliminary objectives, then explore the funding sources currently being discussed and move forward with the programs. The Assemblymember expressed his adamant opposition to the parcel tax that would hinder the expansion of the District.

President Rogers explained that she is eager to expand the District's boundaries and expanding would cost approximately \$9M per year. The Board could determine ways to fund the programs.

Director Matthews stated that he understands the concerns about the parcel tax and inquired how to provide services to underserved communities, populations with health disparities, and undocumented immigrants without some source of funding. Director Matthews also mentioned the facilities replacement fund, seismic issues, and current upgrades.

The Assemblymember stated that the objective of the Expansion would be for the purpose to apply the District's resources outside of the boundaries. Once the expansion takes place, then the District could discuss the healthcare needs for the entire area including infrastructure. The Assemblymember further explained the various mechanisms of funding that have been discussed by the Board such as the facilities lease, the hospital component in the short-term and long-term, and the facilities replacement fund. Throughout the state, one of the scrutinies of Special Healthcare Districts is that they are not performing their duties. Monies are accumulating, but the funds are not used for health care needs. The Assemblymember noted that an allocation of \$1M from the District for facility repairs would not make a substantial difference to the overall mission and vision. The Foundation has monies that are allocated to healthcare programs, and the expansion could be evolved around those programs. The County's obligations to the District provided a percentage of taxes to manage and oversee the hospital; therefore, the County's allocation of funding could be repurposed. The County does not have the legal obligation to provide the annual funding. The County now has a more significant role and could potentially state that they do not want to fund \$5M but instead \$3M. The Assemblymember wrote the bill in good faith knowing that LAFCO could not deny the application with no legal authority. Once the voters approved the expansion, if there are no taxes presented, then we could assess the District to fund the east. The Assemblymember explained the lawsuit that challenged the illegal use of funds outside of the boundaries stating that if there are no healthcare nexuses outside the boundaries.

Director Matthews stated that the revenue would be \$3M and he has no issue voting for monies outside of the District. The reallocation of funds from the County is not the best option, but there are other choices such as increments and development in the future, including the County reclaiming the District. Building a hospital requires at least a billion dollars that would require everyone's vote. The Assemblymember indicated that he has not heard voters or west valley politicians voice concern about the reallocation of funds, including at the Districts Townhalls and Forums – recommending that the District work collectively to meet with members of the community. Herb K. Schultz, CEO, mentioned that he had heard concerns from elected officials and community members.

Vice-President Hazen stated that she and the Assemblymember agreed that it was best for this area to have a Special Healthcare District as opposed to the County reclaiming the District to maximize the assets. It is an opportunity to do more than less with the District's efforts to determine additional funding. The Strategic Plan is based on a One Coachella Valley model that includes a process for facilities, programs, and services to help identify the deliverables and additive for what the District could look like. The long-term will increase access and expand facilities, programs, and services, improve access, and have a collective impact. The Assemblymember stated this is an opportunity to move forward, but merely checking a box for voting dismisses the point to work with the stakeholders and elevate the strategic fund.

Director Zendle requested clarity and origin of the facilities replacement fund. Mr. Schultz referred everyone to the Sources of Funds Facilities Replacement Fund (FRF) handout that Chris Christensen, CFO will detail. Chris Christensen, CFO explained the components that make up the FRF that includes sources and amounts.

Director Wortham expressed concern about the change in the allocation of funds without going through the voters. The Foundation has monies and ways to leverage the current structure for the benefit of the east. Director Wortham will not support a property tax or take monies away from current needed services. The District has sufficient funds with its Foundation and partnerships. Vice-President Hazen explained that the LAFCO application has an option for the continuation of what the District is currently accomplishing to match funds that the District has placed in the Foundation, which are nonrestrictive for the short term.

The Assemblymember explained again that LAFCO has no options and they cannot decline the application. If the District focuses on the accomplishments for Expansion, LAFCO may determine that the achievements are not enough and more may be necessary.

Director Wortham conveyed concerns with the current lease structure and the implications to the Valley and the District to expand services. The current operator of the lease will apply to the expanded District. The District is unable to build clinics and accomplish other goals without the support of the current lease operator as the District. The Assemblymember explained that it is a contractual decision between the District and Tenet to ensure that medically underserved communities are not hindered. The Assemblymember indicated that there are no statutes or laws that limit the District from spending revenue outside the District if there is a nexus. President Rogers requested that the Board decide the appropriate course of action.

Vice-President Hazen stated that the Board could direct Staff to work with LAFCO on the specifics necessary to consider the application complete and move the application forward.

Greg Rodriguez, Legislative Assistant, Supervisor V. Manuel Perez stated that the Supervisor has no desire to take monies away from the District. The decision is up to the Board, and everyone is aware of the Supervisor's stance. Mr. Rodriguez indicated that the Supervisor spoke with the County CEO, George Johnson concerning why the District's application could not be accepted as is with a list of possible funding sources.

Vice-President Hazen requested the item be placed on the November Agenda to identify completion of the LAFCO application. Herb K. Schultz, CEO explained the timeline to bring the Board and others current, including the LAFCO application's list of financial resources.

Vice-President Hazen thanked the Assemblymember and stated that she has spent 15-years on the issue and has faith that it will happen with the promise of an expanded District that includes programs and services.

ADJOURNMENT

The meeting adjourned at 11:29 p.m.

ATTEST: _____

Kay Hazen, Vice-President
Desert Healthcare District Board of Directors

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

DRAFT

**DESERT HEALTHCARE DISTRICT
SPECIAL STUDY SESSION OF THE BOARD OF DIRECTORS
MEETING MINUTES
November 16, 2017**

A Meeting of the Board of Directors of the Desert Healthcare District was held in the Jerry Stergios Building – 2nd Floor, Palm Springs, CA.

Attendance

Members

Carole Rogers, RN – President
Kay Hazen – Vice-President/Secretary
Mark Matthews – Treasurer
Jennifer Wortham, Dr.PH
Les Zendle, MD– Director

Absent

Staff

Herb K. Schultz, CEO
Chris Christensen, CFO
Donna Craig, Senior Program Officer
Alejandro Espinoza, Program Officer and Outreach Director
Mary Pannoni, Accounting/Admin. Support
Andrea S. Hayles, Clerk to the Board

Legal Counsel

Jeffrey G. Scott

Guests

Jody Hill-Mischel, Managing Director, Kaufman Hall
Patrick Smyth, Senior Vice President, Kaufman Hall
Mitch Blumberg, Vice Chair, Governing Board, Desert Regional Medical Center
Michele Finney, CEO, Desert Regional Medical Center
Gary Honts, CEO, JFK Memorial Hospital
Mike Maloney, Senior Vice President, Corporate Development, Tenet Health

CALL TO ORDER

The meeting was called to order at 3:00 p.m. by President Rogers.

APPROVAL OF AGENDA

President Rogers asked for a motion to approve the agenda.

#18-02 MOTION WAS MADE by Vice-President Hazen and seconded by Director Matthews to approve the agenda.

Motion passed unanimously.

Roll Call Vote:

AYES 5 **Director Zendle; Director Matthews; Director Wortham;
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT: 0

Motion Passed 5-0

PUBLIC COMMENTS

None

STUDY SESSION

Herb K. Schultz, CEO, described the context of the Study Session on New Providers, Facilities, Programs, and Services by detailing consultants Kaufman Hall scope of work. Mr. Schultz further detailed the Study Session as it relates to planning for the One Coachella Valley priority of the Strategic Plan.

Jody Hill-Mischel, Managing Director, Kaufman Hall, introduced herself and explained the agenda items of the Study Session. Ms. Hill-Mischel described Kaufman Hall's Engagement Objectives, and the three priorities of the District's Strategic Plan, including Geography and Healthcare Access Points for inpatient outpatient clinics, imaging services, nursing facilities, and urgent care centers. Director Zendle inquired if the Healthcare Access Points solely represent Federally Qualified Health Center's (FQHC). Patrick Smyth, Senior Vice President, Kaufman Hall explained that other community clinics were not included in the map and will be added.

Patrick Smyth, Senior Vice President, Kaufman Hall explained the Market Environment Gaps, Initiatives, and Considerations for the types of care and needs, including its relation to seismic and structural bed space. Director's Zendle and Wortham emphasized seasonality in the Valley population and the general acute care bed numbers. Mr. Smyth explained that seasonality was taken into consideration with a rate of 10%; however, he will revisit the acute care bed space regarding seismic issues.

Vice-President Hazen explained that Kaufman Hall has considered the background, including current trends to factor into the scope work. Ms. Hill-Mischel explained that it is important to think about the needs, and gaps in the emerging trends as the District transforms and expands as patient needs evolve.

Mr. Smyth explained the aspects of subacute/post-acute care, specialty care services, and the importance of continuum of care. Director Zendle requested that Graduate Medical Education (GME) is included in specialty care since it drives access and connects academics.

Ms. Hill-Mischel described the Potential Scenarios including a partial upgrade, partial upgrade plus two to three new small hospitals (micro), reconfiguration plus a new hospital, and full seismic retrofit.

Ezra Kaufman, District Resident, asked about the capital required for the potential scenarios. Mr. Smyth explained that at this point, the capital is ever changing.

Vice-President Hazen facilitated a dialogue with the Board concerning nonstarter and components necessary for advancement. Director Wortham stated that the District should take responsibility and ownership for inpatient and outpatient care, including determining the cause of residency students not remaining in the community or frequenting the Coachella Valley. Director Zendle stated that historically, the District might not have the ability to operate a healthcare facility. It may be necessary to partner with someone who has been successful with behavioral health. Vice-President Hazen explained the similarities and correlation to subsidized services. President Rogers explained that movement is necessary, and the Board has approved \$50,000 for a behavioral health consultant. Vice President Hazen agreed with President Rogers and stated that clarity from the Board is needed to move in the appropriate direction. Director Zendle explained that he would not like to see funding placed into the Desert Regional Medical Center facility when populations from the east are traveling to the west for services, and determining the manpower necessary for programs and services. A buildout is needed for the east especially with JFK Memorial as the only hospital in the east valley. Director Zendle further explained that Eisenhower should be engaged in the conversation.

Mr. Schultz detailed the next Board meeting taking place on November 28, and the Hospital Governance and Oversight Committee meeting on November 27. A separate Study Session on Medical Manpower will be scheduled.

ADJOURNMENT

The meeting adjourned at 4:20 p.m.

ATTEST: _____

Kay Hazen, Vice-President
Desert Healthcare District Board of Directors

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

DESERT HEALTHCARE DISTRICT
OCTOBER 2017 FINANCIAL STATEMENTS
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DESERT HEALTHCARE DISTRICT
 YEAR TO DATE VARIANCE ANALYSIS
 ACTUAL VS BUDGET
 FOUR MONTHS ENDED OCTOBER 31, 2017

Scope: \$26,000 Variance per Statement of Operations Summary				
Account	YTD		Over(Under)	
	Actual	Budget	Budget	
5000 - Direct Expenses	\$ 136,818	\$ 184,111	\$ (47,493)	Lower wage and payroll tax \$10K due primarily to COO & Director of Communications and Marketing vacancy and straight-line amortization of salaries and 5.0% incentive pool, and vacations taken charged to vacation accrual; lower Medical Insurance and reimbursement of \$25K; Lower retirement plan expense of \$8K; Lower various \$4K.
6500 - Professional Fees Expense	\$ 293,534	\$ 158,824	\$ 134,710	Higher cost of Consultant for New Providers, Facilities, Programs and Services
7000 - Grants Expense	\$ 1,027,360	\$ 1,806,698	\$ (679,308)	Budget of \$4.5MM for fiscal year is amortized straight-line over the fiscal year. \$1MM is for Pulmonary.
9999-1 Unrealized loss on invest	\$ 353,372	\$ 500,000	\$ (146,628)	Continuing market price fluctuations for fixed income investments - Treasury's and Agency Bonds.

Desert Healthcare District
Cumulative Profit & Loss Budget vs. Actual
 July through October 2017

	MONTH			TOTAL		
	Oct 17	Budget	\$ Over Budget	Jul - Oct 17	Budget	\$ Over Budget
Income						
4000 · Income	621,316	648,308	(26,992)	2,608,470	2,593,232	15,238
4500 · LPMP Income	91,031	97,930	(6,899)	364,392	391,721	(27,329)
4501 · Miscellaneous Income	750	6,250	(5,500)	25,190	25,000	190
Total Income	713,097	752,488	(39,391)	2,998,052	3,009,953	(11,901)
Expense						
5000 · Direct Expenses	34,568	57,256	(22,688)	136,618	184,111	(47,493)
6000 · General & Administrative Exp	38,322	37,411	911	147,622	149,644	(2,022)
6325 · CEO Discretionary Fund		417	(417)	2,499	1,668	831
6445 · LPMP Expenses	73,421	79,514	(6,093)	293,235	318,056	(24,821)
6500 · Professional Fees Expense	98,357	39,706	58,651	293,534	158,824	134,710
6700 · Trust Expenses	20,504	21,154	(650)	82,225	84,616	(2,391)
Total Expense	265,172	235,458	29,714	955,733	896,919	58,814
7000 · Grants Expense	(3,849)	401,667	(405,516)	1,027,360	1,606,668	(579,308)
9999-1 · Unrealized (gain)/loss on invest	140,349	125,000	15,349	353,372	500,000	(146,628)
Net Income	311,422	(9,633)	321,055	661,586	6,387	655,199

Desert Healthcare District
Cumulative Profit & Loss Budget vs. Actual
 July through October 2017

	MONTH			TOTAL
	Oct 17	Budget	\$ Over Budget	
Income				
4000 · Income				
4010 · Property Tax Revenues	524,141	524,141	0	2,096,564
4200 · Interest Income	83,447	112,500	(29,053)	468,164
4300 · DHC Recoveries	1,749	1,666	83	6,996
4400 · Grant Income	11,979	10,000	1,979	36,745
Total 4000 · Income	621,316	648,307	(26,991)	2,608,469
4500 · LPMMP Income	91,030	97,931	(6,901)	364,392
4501 · Miscellaneous Income	750	6,250	(5,500)	25,190
Total Income	713,096	752,488	(39,392)	2,998,051
Expense				
5000 · Direct Expenses				
5100 · Administration Expense				
5110 · Wages Expense	50,684	82,811	(32,127)	191,490
5111 · Allocation to LPMMP - Payroll	(3,658)	(3,658)		(14,632)
5112 · Vacation/Sick/Holiday Expense	5,903	8,077	(2,174)	27,650
5114 · Allocation to Foundation	(26,563)	(51,086)	24,533	(106,252)
5115 · Allocation to NEOPB	(8,868)	(10,424)	1,556	(26,779)
5116 · Allocation to Avery-Pulmonary				
5119 · Allocation to RSS/CVHP-DHCF	(4,409)	(2,718)	(1,691)	(19,511)
5120 · Payroll Tax Expense	3,032	6,335	(3,303)	13,551
5130 · Health Insurance Expense				
5131 · Premiums Expense	7,242	10,886	(3,644)	28,986
5135 · Reimb./Co-Payments Expense	15	2,839	(2,824)	468
Total 5130 · Health Insurance Expense	7,257	13,725	(6,468)	29,454
5140 · Workers Comp. Expense		870	(870)	2,235
5145 · Retirement Plan Expense	5,552	6,708	(1,156)	16,005
5160 · Education Expense		292	(292)	194
Total 5100 · Administration Expense	28,930	50,922	(21,992)	113,405
5200 · Board Expenses				
5210 · Healthcare Benefits Expense				
5211 · Health Insurance Expense	4,124	4,055	69	14,114
5219 · Reimbursements/Co-Payments Exp				
5224 · Retired Board - Medical Expense	1,237	1,237		1,771
Total 5210 · Healthcare Benefits Expense	5,361	5,292	69	20,833
5230 · Meeting Expense	196	667	(471)	2,110
5240 · Catering Expense		333	(333)	185
5250 · Mileage Reimbursement Expense	79	42	37	79
Total 5200 · Board Expenses	5,636	6,334	(698)	23,207
Total 5000 · Direct Expenses	34,566	57,256	(22,690)	136,612
6000 · General & Administrative Exp				
6110 · Payroll fees Expense	145	229	(84)	580
6120 · Bank and Investment Fees Exp	9,798	9,333	465	39,646
6125 · Depreciation Expense	1,153	1,181	(28)	4,612
TOTAL				
Budget				
\$ Over Budget				
Jul - Oct 17				
Budget				
\$ Over Budget				

Desert Healthcare District
Cumulative Profit & Loss Budget vs. Actual
 July through October 2017

	MONTH			TOTAL		
	Oct 17	Budget	\$ Over Budget	Jul - Oct 17	Budget	\$ Over Budget
6126 · Depreciation-Solar Parking Lot	15,072	15,072	0	60,288	60,288	0
6130 · Dues and Membership Expense	988	2,275	(1,287)	4,252	9,100	(4,848)
6200 · Insurance Expense	945	700	245	3,780	2,800	980
6300 · Minor Equipment Expense		42	(42)		168	(168)
6305 · Auto Allowance & Mileage Exp	508	500	8	1,894	2,000	(106)
6306 · Staff- Auto Mileage reimb	363	104	259	902	416	486
6309 · Personnel Expense	1,275	104	1,171	1,275	416	859
6310 · Miscellaneous Expense		42	(42)		168	(168)
6311 · Cell Phone Expense	639	540	99	2,354	2,160	194
6312 · Wellness Park Expenses		208	(208)		832	(832)
6315 · Security Monitoring Expense	108	38	70	1,097	152	945
6340 · Postage Expense	479	542	(63)	958	2,168	(1,210)
6350 · Copier Rental/Fees Expense		458	(458)	1,212	1,832	(620)
6351 · Travel Expense	2,433	500	1,933	4,735	2,000	2,735
6352 · Meals & Entertainment Exp	422	333	89	1,405	1,332	73
6355 · Computer Services Expense	896	2,376	(1,480)	6,961	9,504	(2,543)
6360 · Supplies Expense	1,317	1,333	(16)	4,546	5,332	(786)
6380 · LAFCO Assessment Expense	1,793	1,500	293	7,132	6,000	1,132
Total 6000 · General & Administrative Exp	38,324	37,410	914	147,629	149,640	(2,011)
6325 · CEO Discretionary Fund		417	(417)	2,489	1,668	831
6445 · LPMP Expenses	73,422	79,512	(6,090)	293,238	318,048	(24,810)
6500 · Professional Fees Expense						
6516 · Professional Services Expense	84,509	25,750	58,759	237,860	103,000	134,860
6520 · Annual Audit Fee Expense	1,449	1,456	(7)	5,796	5,824	(28)
6530 · PR/Communications/Website	2,500	2,500		6,500	10,000	(3,500)
6560 · Legal Expense	9,900	10,000	(100)	43,380	40,000	3,380
Total 6500 · Professional Fees Expense	98,358	39,706	58,652	293,536	158,824	134,712
6700 · Trust Expenses						
6711 · Disability Admin. Fee Expense		537	(537)		2,148	(2,148)
6720 · Pension Plans Expense						
6721 · Legal Expense	98	208	(110)	98	832	(734)
6725 · RPP Pension Expense	20,000	20,000		80,000	80,000	
6728 · Pension Audit Fee Expense	406	408	(2)	2,127	1,632	495
Total 6720 · Pension Plans Expense	20,504	20,616	(112)	82,225	82,464	(239)
Total 6700 · Trust Expenses	20,504	21,153	(649)	82,225	84,612	(2,387)
Total Expense Before Grants and Unrealized Loss	265,174	235,454	29,720	955,739	896,897	58,842
7000 · Grants Expense						
7010 · Major Grant Awards Expense	(15,828)	391,667	(407,495)	990,615	1,566,668	(576,053)
7027 · Grant Exp - NEOPB	11,979	10,000	1,979	36,745	40,000	(3,255)
Total 7000 · Grants Expense	(3,849)	401,667	(405,516)	1,027,360	1,606,668	(579,308)
9999-1 · Unrealized (gain)/loss on invest	140,349	125,000	15,349	353,372	500,000	(146,628)
Net Income	311,422	(9,633)	321,055	661,586	6,387	655,199

Las Palmas Medical Plaza
Cumulative Profit & Loss Budget vs. Actual
 July through October 2017

	MONTH			TOTAL		
	Oct 17	Budget	\$ Over Budget	Jul - Oct 17	Budget	\$ Over Budget
Income						
4500 · LPMP Income						
4505 · Rental Income	65,391	70,036	(4,645)	261,605	280,144	(18,539)
4510 · CAM Income	25,639	27,812	(2,173)	102,787	111,248	(8,461)
4513 · Misc. Income		83	(83)		332	(332)
4500 · LPMP Income	91,030	97,931	(6,901)	364,392	391,724	(27,332)
Expense						
6445 · LPMP Expenses						
6420 · Insurance Expense	1,100	1,000	100	4,400	4,000	400
6425 · Building - Depreciation Expense	22,923	22,923	0	91,692	91,692	0
6426 · Tenant Improvements -Dep Exp	14,044	14,853	(809)	56,176	59,412	(3,236)
6427 · HVAC Maintenance Expense	2,398	1,333	1,065	3,910	5,332	(1,422)
6428 · Roof Repairs Expense		208	(208)		832	(832)
6431 · Building -Interior Expense		208	(208)		832	(832)
6432 · Plumbing -Interior Expense		208	(208)		832	(832)
6433 · Plumbing -Exterior Expense		208	(208)		832	(832)
6434 · Allocation Internal Prop. Mgmt	3,658	3,658	0	14,632	14,632	0
6435 · Bank Charges	759	1,000	(241)	3,362	4,000	(638)
6437 · Utilities -Vacant Units Expense	88	333	(245)	318	1,332	(1,014)
6439 · Deferred Maintenance Repairs Ex		1,042	(1,042)	375	4,168	(3,793)
6440 · Professional Fees Expense	10,117	10,167	(50)	40,468	40,668	(200)
6441 · Legal Expense		83	(83)		332	(332)
6458 · Elevators - R & M Expense	211	917	(706)	3,318	3,668	(350)
6460 · Extenuating Service Expense	180	208	(28)	720	832	(112)
6463 · Landscaping Expense	1,250	1,250	0	10,686	5,000	5,686
6467 · Lighting Expense		500	(500)		2,000	(2,000)
6468 · General Maintenance Expense		83	(83)		332	(332)
6470 · Maint. / Janitorial Service Exp		417	(417)		1,668	(1,668)
6471 · Marketing-Advertising		1,458	(1,458)		5,832	(5,832)
6475 · Property Taxes Expense	6,000	6,000	0	24,000	24,000	0
6476 · Signage Expense		250	(250)		1,000	(1,000)
6480 · Rubbish Removal Medical Waste E	1,357	1,400	(43)	4,009	5,600	(1,591)
6481 · Rubbish Removal Expense	2,123	2,039	84	8,492	8,156	336
6482 · Utilities/Electricity/Exterior	794	833	(39)	1,227	3,332	(2,105)
6484 · Utilities - Water (Exterior)	725	583	142	2,389	2,332	57
6485 · Security Expenses	5,695	6,250	(555)	23,064	25,000	(1,936)
6490 · Miscellaneous Expense		100	(100)		400	(400)
6445 · LPMP Expenses	73,422	79,512	(6,090)	293,238	318,048	(24,810)
Net Income	17,608	18,419	(811)	71,154	73,676	(2,522)

Desert Healthcare District
Balance Sheet
As of October 31, 2017

	Oct 31, 17
ASSETS	
Current Assets	
Checking/Savings	
1000 · CHECKING CASH ACCOUNTS	481,458
1100 · INVESTMENT ACCOUNTS	54,403,045
Total Checking/Savings	54,884,503
Accounts Receivable	131,066
Other Current Assets	
1270 · Prepaid Insurance -Ongoing	28,984
1279 · Pre-Paid Fees	32,342
1281 · NEOPB Receivable	38,091
1295 · Property Tax Receivable	1,974,507
Total Other Current Assets	2,073,924
Total Current Assets	57,089,493
Fixed Assets	
1300 · FIXED ASSETS	4,888,729
1335-00 · ACC DEPR	(1,451,924)
1400 · LPMP Assets	7,479,411
Total Fixed Assets	10,916,217
Other Assets	
1700 · OTHER ASSETS	2,928,331
TOTAL ASSETS	70,934,042
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	3,435
2001 · LPMP Accounts Payable	13,664
Total Accounts Payable	17,099
Other Current Liabilities	
2002 · LPMP Property Taxes	24,000
2131 · Grant Awards Payable	1,779,326
2133 · Accrued Accounts Payable	216,508
2141 · Accrued Vacation Time	24,896
2142 · Accrued Sick Time	34,026
2155 · Grant Payable · NEOPB	4,542
2186 · Retired BOD Medical - Current	17,615
2188 · Current Portion - LTD	14,803

Desert Healthcare District
Balance Sheet
As of October 31, 2017

	Oct 31, 17
2190 · Investment Fees Payable	8,193
Total Other Current Liabilities	2,123,910
Total Current Liabilities	2,141,009
Long Term Liabilities	
2170 · RPP - Pension Liability	2,963,995
2171 · RPP-Deferred Inflows-Resources	3,242,061
2280 · Long-Term Disability	57,281
2281 · Grants Payable - Long-term	10,455,641
2286 · Retirement BOD Medical Liabillit	77,198
2290 · LPMP Security Deposits	58,517
Total Long Term Liabilities	16,854,692
Total Liabilities	18,995,701
Equity	
3900 · *Retained Earnings	51,276,754
Net Income	661,586
Total Equity	51,938,340
TOTAL LIABILITIES & EQUITY	70,934,042

**Desert Healthcare District
Balance Sheet
As of October 31, 2017**

ASSETS	Oct 31, 17
Current Assets	
Checking/Savings	
1000 · CHECKING CASH ACCOUNTS	
1010 · Union Bank - Checking	391,421
1046 · Las Palmas Medical Plaza	89,536
1047 · Petty Cash	500
Total 1000 · CHECKING CASH ACCOUNTS	481,458
1100 · INVESTMENT ACCOUNTS	
1130 · Facility Replacement Fund	
1129 · F R Fund - Restricted-Pulmonary	1,000,000
1130 · Facility Replacement Fund - Other	54,648,757
Total 1130 · Facility Replacement Fund	55,648,757
1135 · Unrealized Gain(Loss) FRF	(1,245,712)
Total 1100 · INVESTMENT ACCOUNTS	54,403,045
Total Checking/Savings	54,884,503
Accounts Receivable	
1201 · Accounts Receivable	(12,277)
1204 · LPMF Accounts Receivable	10,633
1205 · Misc. Accounts Receivable	132,710
1211 · A-R Foundation - Exp Allocation	131,066
Total Accounts Receivable	28,984
Other Current Assets	
1270 · Prepaid Insurance -Ongoing	32,342
1279 · Pre-Paid Fees	38,091
1281 · NEOPB Receivable	1,974,507
1295 · Property Tax Receivable	2,073,924
Total Other Current Assets	57,089,493
Total Current Assets	131,066
Fixed Assets	
1300 · FIXED ASSETS	
1310 · Computer Equipment	75,769
1315 · Computer Software	68,770
1320 · Furniture and Fixtures	27,085
1325 · Offsite Improvements	300,849
1331 · DRMC - Parking lot	4,416,257
Total 1300 · FIXED ASSETS	4,888,729
1335-00 · ACC DEPR	

Desert Healthcare District
Balance Sheet
As of October 31, 2017

	Oct 31, 17
1335 · Accumulated Depreciation	(185,155)
1336 · Acc. Software Depreciation	(66,709)
1337 · Accum Deprec- Solar Parking Lot	(1,115,499)
1338 · Accum Deprec - LPMP Parking Lot	(84,560)
Total 1335-00 · ACC DEPR	(1,451,924)
1400 · LPMP Assets	
1401 · Building	8,705,680
1402 · Land	2,165,300
1403 · Tenant Improvements -New	1,995,325
1404 · Tenant Improvements - CIP	129,550
1406 · Building Improvements	
1406.1 · LPMP-Replace Parking Lot	676,484
1406 · Building Improvements - Other	1,364,337
Total 1406 · Building Improvements	2,040,821
1407 · Building Equipment Improvements	350,663
1409 · Accumulated Depreciation	
1410 · Accum. Depreciation	(6,785,493)
1412 · T I Accumulated Dep.-New	(1,122,434)
Total 1409 · Accumulated Depreciation	(7,907,927)
Total 1400 · LPMP Assets	7,479,411
Total Fixed Assets	10,916,217
Other Assets	
1700 · OTHER ASSETS	
1731 · Wellness Park	1,693,800
1740 · RPP-Deferred Outflows-Resources	1,234,531
Total Other Assets	2,928,331
TOTAL ASSETS	70,934,042
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	3,435
2001 · LPMP Accounts Payable	13,664
Total Accounts Payable	17,099
Other Current Liabilities	
2002 · LPMP Property Taxes	24,000
2131 · Grant Awards Payable	1,779,326
2133 · Accrued Accounts Payable	216,508

Desert Healthcare District
Balance Sheet
As of October 31, 2017

	Oct 31, 17
2141 · Accrued Vacation Time	24,896
2142 · Accrued Sick Time	34,026
2155 · Grant Payable - NEOPB	4,542
2186 · Retired BOD Medical - Current	17,615
2188 · Current Portion - LTD	14,803
2190 · Investment Fees Payable	8,193
Total Other Current Liabilities	2,123,910
Total Current Liabilities	2,141,009
Long Term Liabilities	
2170 · RPP - Pension Liability	2,963,995
2171 · RPP-Deferred Inflows-Resources	3,242,061
2280 · Long-Term Disability	57,281
2281 · Grants Payable - Long-term	10,455,641
2286 · Retirement BOD Medical Liabillit	77,198
2290 · LPM Security Deposits	58,517
Total Long Term Liabilities	16,854,692
Total Liabilities	18,995,701
Equity	
3900 · *Retained Earnings	51,276,754
Net Income	661,586
Total Equity	51,938,340
TOTAL LIABILITIES & EQUITY	70,934,042

Desert Healthcare District
A/R Aging Summary
As of October 31, 2017

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	Comment
Cohen Musch Thomas Medical Group	(3,365)	71	(3,294)	-	-	(6,588)	Prepayment
Desert Family Medical Center	(3,395)	-	-	-	-	(3,395)	Prepayment
Desert Healthcare Foundation-	30,972	-	31,674	31,861	38,203	132,710	Due from Foundation
Desert Oasis Healthcare Medical Group	(1,933)	-	-	-	-	(1,933)	Prepayment
Desert Regional Medical Center	-	1,291	2,968	-	-	4,259	SCE Reimbursement
Kay Hazen-	-	-	2,383	-	-	2,383	Insurance Premium
Laboratory Corporation of America	-	(4,620)	-	-	-	(4,620)	Prepayment
Sovereign	750	-	750	750	6,000	8,250	Slow Pay
TOTAL	23,029	(3,258)	34,481	32,611	44,203	131,066	

Desert Healthcare District
Deposit Detail
 October 2017

Type	Date	Name	Amount
Deposit	10/03/2017		1,749
		T-Mobile	(1,749)
TOTAL			(1,749)
Deposit	10/18/2017		15,634
		Riverside County Treasurer-	(14,673)
		Principal Financial Group-	(211)
Payment	10/18/2017	Sovereign	(750)
TOTAL			(15,634)
		Deposit Total	17,383

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	0.0%	\$ -	\$ -
Dec	16.9%	\$ 1,031,999	17.6%	\$ 1,075,328	\$ 43,330	16.9%	\$ 1,062,958	0.0%	\$ -	\$ -
Jan	31.9%	\$ 1,947,974	33.0%	\$ 2,014,083	\$ 66,110	31.9%	\$ 2,006,413	0.0%	\$ -	\$ -
Feb	0.0%	\$ -	0.8%	\$ 50,338	\$ 50,338	0.0%	\$ -	0.0%	\$ -	\$ -
Mar	0.3%	\$ 18,320	0.2%	\$ 11,638	\$ (6,681)	0.3%	\$ 18,869	0.0%	\$ -	\$ -
Apr	5.5%	\$ 335,858	5.8%	\$ 386,027	\$ 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%	\$ -	\$ -
Total	100%	\$ 6,106,500	99.6%	\$ 6,079,874	\$ (26,626)	100.00%	\$ 6,289,695	5.3%	\$ 333,917	\$ (87,492)

Las Palmas Medical Plaza
Deposit Detail - LPMP
 October 2017

Type	Date	Name	Amount
Deposit	10/02/2017		\$ 3,659
Payment	10/02/2017	Quest Diagnostics Incorporated	\$ (3,659)
TOTAL			\$ (3,659)
Deposit	10/05/2017		\$ 13,997
Payment	10/05/2017	Derakhsh Fozouni, M.D.	\$ (4,215)
Payment	10/05/2017	Derakhsh Fozouni, MD -	\$ (1,434)
Payment	10/05/2017	Ajiaz Hashmi, M.D., Inc.	\$ (2,656)
Payment	10/05/2017	Brad A. Wolfson, M.D.	\$ (3,286)
Payment	10/05/2017	Ramy Awad, M.D.	\$ (2,406)
TOTAL			\$ (13,997)
Deposit	10/18/2017		\$ 59,990
Payment	10/18/2017	Pathway Pharmaceuticals, Inc.	\$ (2,162)
Payment	10/18/2017	Milaukas Eye Institute Medical Group	\$ (5,862)
Payment	10/18/2017	West Pacific Medical Laboratory	\$ (1,889)
Payment	10/18/2017	Peter Jamieson, M.D.	\$ (2,908)
Payment	10/18/2017	Cure Cardiovascular Consultants	\$ (2,752)
Payment	10/18/2017	Steven Gundry, M.D.	\$ (5,191)
Payment	10/18/2017	Desert Regional Medical Center	\$ (4,658)
Payment	10/18/2017	Tenet HealthSystem Desert, Inc	\$ (5,265)
Payment	10/18/2017	Tenet HealthSystem Desert, Inc.	\$ (26,646)
Payment	10/18/2017	Dennis Spurgin, D.C.	\$ (2,656)
TOTAL			\$ (59,990)
Deposit	10/24/2017		\$ 4,620
Payment	10/24/2017	Laboratory Corporation of America	\$ (4,620)
TOTAL			\$ (4,620)
Deposit	10/31/2017		\$ 8,693
Payment	10/31/2017	Cohen Musch Thomas Medical Group	\$ (3,365)
Payment	10/31/2017	Desert Family Medical Center	\$ (3,395)
Payment	10/31/2017	Desert Oasis Healthcare Medical Group	\$ (1,933)
TOTAL			\$ (8,693)
		Total Deposits	\$ 90,959

Desert Healthcare District
Check Register
As of October 31, 2017

Type	Date	Num	Name	Amount
1010 - Union Bank - Checking				
Bill Pmt -Check	10/04/2017	14636	Boyd & Associates	(108)
Bill Pmt -Check	10/04/2017	14637	Graphtek Interactive	(300)
Bill Pmt -Check	10/04/2017	14638	Image Source	(372)
Bill Pmt -Check	10/04/2017	14639	KaufmanHall	(76,958)
Bill Pmt -Check	10/04/2017	14640	Ready Refresh	(43)
Bill Pmt -Check	10/04/2017	14641	So. Cal Computer Shop	(550)
Bill Pmt -Check	10/04/2017	14642	Time Warner Cable	(205)
Bill Pmt -Check	10/04/2017	14643	Underground Service Alert of Southern Cal	(12)
Bill Pmt -Check	10/04/2017	14644	Vanessa Smith-	(189)
Bill Pmt -Check	10/04/2017	14645	Verizon Wireless	(763)
Bill Pmt -Check	10/04/2017	14646	Xerox Financial Services	(392)
Liability Check	10/05/2017		QuickBooks Payroll Service	(1,430)
Liability Check	10/05/2017		QuickBooks Payroll Service	(23,321)
Bill Pmt -Check	10/09/2017	14647	Arrowhead Neuroscience Foundation Inc.	(84,047)
Bill Pmt -Check	10/09/2017	14648	United Cerebral Palsy of Inland Empire	(17,889)
General Journal	10/09/2017	04-01	401a payment - 10/06/17 payroll	(1,792)
General Journal	10/09/2017	04-01	457b payment - 10/06/17 payroll	(3,132)
Bill Pmt -Check	10/11/2017	14649	Rogers, Carole	(1,831)
Bill Pmt -Check	10/11/2017	14650	Alejandro Espinoza-	(93)
Bill Pmt -Check	10/11/2017	14651	Andrea S. Hayles-	(66)
Bill Pmt -Check	10/11/2017	14652	Brian Wachs, CPA	(500)
Bill Pmt -Check	10/11/2017	14653	Burke Consulting-VOID	-
Bill Pmt -Check	10/11/2017	14654	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	10/11/2017	14655	Mary Pannoni-	(25)
Bill Pmt -Check	10/12/2017	14656	Burke Consulting	(2,200)
Bill Pmt -Check	10/18/2017	14657	Boys & Girls Club of Coachella Valley	(2,505)
Bill Pmt -Check	10/18/2017	14658	Calif. Public Employees' Retirement System	(10,205)
Bill Pmt -Check	10/18/2017	14659	CoPower Employers' Benefits Alliance	(1,684)
Bill Pmt -Check	10/18/2017	14660	Law Offices of Scott & Jackson	(9,900)

Desert Healthcare District
Check Register
As of October 31, 2017

Type	Date	Num	Name	Amount
Bill Pmt -Check	10/18/2017	14661	Top Shop	(462)
Bill Pmt -Check	10/18/2017	14662	Tramutola, LLC	(7,009)
Bill Pmt -Check	10/19/2017	14663	Loma Linda University	(40,053)
Liability Check	10/19/2017		QuickBooks Payroll Service	(23,615)
Liability Check	10/19/2017		QuickBooks Payroll Service	(1,234)
General Journal	10/23/2017	04-03	401a payment - 10/20/17 payroll	(2,013)
General Journal	10/23/2017	04-03	457b payment - 10/20/17 payroll	(3,275)
Bill Pmt -Check	10/27/2017	14664	Desert Aids Project	(74,794)
Bill Pmt -Check	10/27/2017	14665	Neuro Vitality Center-Stroke Recovery	(26,134)
Bill Pmt -Check	10/27/2017	14666	Alejandro Espinoza-VOID	-
Bill Pmt -Check	10/27/2017	14667	Andrea S. Hayles-	(89)
Bill Pmt -Check	10/27/2017	14668	Vanessa Smith-	(231)
Check	10/28/2017	Auto Pay	Principal Financial Group-	(686)
Check	10/28/2017	Auto Pay	Principal Financial Group-	(1,061)
Bill Pmt -Check	10/30/2017	14669	Alejandro Espinoza-	(386)
Bill Pmt -Check	10/30/2017	14670	Desert Aids Project	(78,750)
Bill Pmt -Check	10/30/2017	14671	Desert Cancer Foundation	(2,872)
Bill Pmt -Check	10/30/2017	14672	First Bankcard (Union Bank)	(1,692)
Bill Pmt -Check	10/30/2017	14673	Image Source	(646)
Bill Pmt -Check	10/30/2017	14674	Piney Bowes Global Financial Services	(279)
Bill Pmt -Check	10/30/2017	14675	Piney Bowes Purchase Power	(200)
Bill Pmt -Check	10/30/2017	14676	Principal Life Insurance Co.	(798)
Bill Pmt -Check	10/30/2017	14677	Shred-It	(80)
Bill Pmt -Check	10/30/2017	14678	Staples Credit Plan	(618)
Bill Pmt -Check	10/30/2017	14679	Verizon Wireless	(781)
Check	10/31/2017		Service Charge	(798)
General Journal	10/31/2017	04-02	August 2017 LTD Payment - Jena Marie Van Earl	(1,234)
General Journal	10/31/2017	04-09	Record Medical Reimb - October 2017	(15)
TOTAL				(510,344)

Desert Healthcare District
Details for credit card Expenditures
Credit card purchases - September 2017 - Paid October 2017

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	Total Charges					

Chris' Statement: 2017 September \$ 1,528.29 District

6360 \$ 10.82	Conference call expense	
6360 \$ 9.81	Conference call expense	
6360 \$ 61.74	Conference call expense	
6360 \$ 5.37	Conference call expense	
6360 \$ 13.89	Conference call expense	
6360 \$ 39.91	Conference call expense	
6360 \$ 21.01	Conference call expense	
6352 \$ 45.62	Lunch - CEO/CFO meeting	
6308 \$ 270.96	Indeed job posting - COO & Dir. Marketing&Communications	
6308 \$ 502.47	Indeed job posting - COO & Dir. Marketing&Communications	
6308 \$ 501.22	Indeed job posting - COO & Dir. Marketing&Communications	
6352 \$ 45.67	Lunch - CEO/CFO meeting	
\$ 1,528.29		

Herb's Statement:

2017 September \$ 163.36 District

6352 \$ 70.00	State of the City address ticket - BOD	
6230 \$ 41.11	Lunch - CEO/BOD meeting	
6352 \$ 52.25	Pride Honors Awards ticket - CEO	
\$ 163.36		

Las Palmas Medical Plaza
Check Register
As of October 31, 2017

Type	Date	Num	Name	Amount
1046 - Las Palmas Medical Plaza				
Bill Pmt -Check	10/04/2017	9730	Desert Water Agency	(551)
Bill Pmt -Check	10/04/2017	9731	Imperial Security	(1,424)
Bill Pmt -Check	10/04/2017	9732	INPRO-EMS Construction	(10,492)
Bill Pmt -Check	10/04/2017	9733	Palm Springs Disposal Services Inc	(2,123)
Bill Pmt -Check	10/04/2017	9734	Palmtree Clinical Research, Inc.	(30,000)
Bill Pmt -Check	10/11/2017	9735	Imperial Security	(1,424)
Bill Pmt -Check	10/18/2017	9736	Desert Air Conditioning Inc.	(2,398)
Bill Pmt -Check	10/18/2017	9737	Frazier Pest Control, Inc.	(180)
Bill Pmt -Check	10/18/2017	9738	Frontier Communications	(211)
Bill Pmt -Check	10/18/2017	9739	Imperial Security	(1,424)
Bill Pmt -Check	10/18/2017	9740	Pink, Inc.	(1,250)
Bill Pmt -Check	10/18/2017	9741	Southern California Edison	(2,173)
Bill Pmt -Check	10/18/2017	9742	Stericycle, Inc.	(1,357)
Bill Pmt -Check	10/30/2017	9743	Desert Water Agency	(725)
Bill Pmt -Check	10/30/2017	9744	Imperial Security	(1,424)
Check	10/31/2017		Service Charge	(759)
TOTAL				(57,914)



MEMORANDUM

DATE: November 14, 2017

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

Active – still employed by hospital	137
Vested – no longer employed by hospital	61
Former employees receiving annuity	<u>13</u>
Total	<u>211</u>

The outstanding liability for the RPP is approximately **\$4.9M** (Actives - \$3.6M 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 Four (4) months ended October 31, 2017 totaled **\$140K**. Monthly annuity payments (13 participants) total **\$1.8K** per month.

DESERT HEALTHCARE DISTRICT						
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE						
As of 10/31/17						
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	CVEP - 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	\$ 18,000	\$ 50,000
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	\$ -	\$ 48,750
2016-887-BOD-9-22-15	CVEP - 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	\$ -	\$ 199,982
2016-891-BOD-11-17-15	Jewish Family Services of the Desert - Mental Health Outpatient Treatment - 3 Yr	\$ 570,000		\$ 297,691	\$ 108,102	\$ 189,589
	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	\$ 82,851	\$ 36,823
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	\$ 32,535	\$ 46,995
2016-909-BOD-06-28-16	Desert Cancer Foundation Support for the Patient Assistance Care - 1 Yr	\$ 187,000		\$ 18,700	\$ 2,872	\$ 15,828
	Unexpended funds from Grant #909					\$ (15,828)
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	\$ -	\$ 4,480
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	\$ -	\$ 7,090
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	\$ 101,904	\$ 475,550
2017-929-BOD-05-23-17	Gilda's Club Desert Cities: HeLP - Healthy Living Program - 1 Yr	\$ 142,000		\$ 78,100	\$ -	\$ 78,100
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	\$ 42,750	\$ 52,250
2017-938-BOD-07-25-17	Mizell Senior Center - A Matter of Balance Phase 2 - 2 Yr		\$ 400,300	\$ 400,300	\$ 90,068	\$ 310,233
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	\$ -	\$ 121,500
2017-948-BOD-09-26-17	Pegasus Hippo Therapy - Equine Therapy for District Residents - 1 Yr		\$ 93,829	\$ 93,829	\$ -	\$ 93,829
				\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -
TOTAL GRANTS		\$ 17,379,356	\$ 973,443	\$ 13,410,313	\$ 1,159,519	\$ 12,234,966
Amts available/remaining for Grant/Programs - FY 2017-18:						
Amount budgeted 2017-2018			\$ 4,700,000		G/L Balance:	10/31/2017
Amount granted through October 31, 2017:			\$ (973,443)		2131	\$ 1,779,326
Mini Grants: 932,940,942,943,944,946			\$ (23,500)		2281	\$ 10,455,641
Net adj - Grants not used: 909,			\$ 15,828		Total	\$ 12,234,967
Balance available for Grants/Programs INCLDG \$1,000,000 for pulmonary.			\$ 3,718,885		Difference - Rdg	\$ (0)

**DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE
MEETING MINUTES
November 14, 2017**

Meeting of the Finance, Administration, Real Estate and Legal Committee of the Desert Healthcare District was held in the Desert Healthcare District Conference Room, 2nd Floor, Palm Springs, CA

Attendance:

Members

Mark Matthews, Chairman/Treasurer
Dr. Les Zendle, Director

Absent

Alejandro Espinoza, Program Officer and
Outreach Director
Sid Rubenstein, Community Member
Arthur Shorr, Community Member

Staff

Herb K. Schultz, CEO
Chris Christensen, CFO
Donna Craig, Senior Program Officer
Mary Pannoni, Accounting/Admin Support
Andrea S. Hayles, Clerk to the Board

Community Members

CALL TO ORDER

The meeting was called to order at 3:03 p.m. by Chair Matthews.

APPROVAL OF AGENDA

Chairman Matthews requested an amended agenda item for Dr. Mehrdad Asgeri in item 2 of Other Matters. The lease should be changed from 5 years to 3 years representing the DBA of Oasis Advanced Gastroenterology.

It was moved and seconded (Director Zendle, Chair Matthews) to approve the agenda with the amended items. Motion passed unanimously.

PUBLIC COMMENT

Ezra Kaufman, District Resident, described his request for the Annual Independent Audits from 1995-2004. Chris Christensen, CFO, explained that he is requesting the information from the former auditors and also the State Controller's Office and County Auditor-Controllers office.

APPROVAL OF MINUTES

Submitted for approval:

1. Minutes – October 10, 2017

It was moved and seconded (Director Zendle, Director Matthews) to approve the minutes of October 10, 2017. Motion passed unanimously.

CEO REPORT – Herb K. Schultz, CEO explained the upcoming October 31, Study Session on New Providers, Facilities, Programs, and Services. The new Chief Operating Officer has been selected for employment, and the final interviews are underway for the Communications and Marketing Director position. Mr. Schultz also described the office arrangements for the new positions and restructuring of Staff.

CHIEF FINANCIAL OFFICER'S REPORT - LPMP Leasing Update

Chris Christensen, CFO provided a brief overview of the Chief Financial Officer Report that included the pending background check for the new Chief Operating Officer and the interviews for the Communications and Marketing Director positions update. There are currently three vacant suites at Las Palmas Medical Plaza.

FINANCIAL REPORTS

1. Financial Statements – The District's and LPMP Financial Statements for October 2017 was reviewed.
2. Accounts Receivable Aging Summary – The October 2017 accounts receivable detail was reviewed.
3. Deposits – District – The District's October 2017 deposits detail was reviewed.
4. Property Tax Receipts – District - The property tax receipts were reviewed.
5. Deposits – LPMP – The LPMP's October 2017 deposit detail was reviewed.
6. Check Register – District - The October 2017 DHCD check register for the District was reviewed.
7. LPMP Check Register – The October 2017 LPMP check register was reviewed.
8. Credit Card – Detail of Expenditures – The October 2017 credit card expenditures were reviewed.
9. RPP Update – The RPP update was reviewed.
10. Grant Payment Schedule - The grant payment schedule was reviewed.

It was moved and seconded (Director Zendle, Chair Matthews) to approve the October 2017 District Financial Reports - Items 1-10 and to forward to the Board for approval. Motion passed unanimously.

PUBLIC COMMENT

There were no public comments.

OTHER MATTERS

1. LPMP Lease Renewal (3 Year) - Suite 2W 107 – Dr. Ramy Awad – Action

Chris Christensen, CFO, detailed the 3-year lease renewal for Dr. Ramy Awad in Suite 2W 107.

It was moved and seconded (Director Zendle, Chair Matthews) to forward to the Board the LPMP Lease Renewal (3 Year) – Suite 2W 107 – Dr. Ramy Awad.

Motion passed unanimously.

2. LPMP New Lease (5 Year) – Suite 1W 104 – Dr. Mehrdad Asgeri – Action

Chris Christensen, CFO, detailed the aspects of the new 3-year lease for Dr. Mehrdad Asgeri – DBA Oasis Advanced Gastroenterology.

It was moved and seconded (Director Zendle, Chair Matthews) to forward to the Board the LPMP New Lease (3 Year) – Suite 1W 104 – Dr. Mehrdad Asgeri.

Motion passed unanimously.

3. COO & CFO Employment Terms Consideration – Action

Herb K. Schultz, CEO, explained the consideration for employment terms as outlined in the Staff Report.

It was moved and seconded (Director Zendle, Chair Matthews) to forward to the Board the COO and CFO Employment Terms for Consideration of Approval.

Motion passed unanimously.

4. Investment Reports – Highmark Capital Management – District & RPP – Informational

Chris Christensen, CFO, explained the details of the Highmark Capital Management Investment Reports.

5. DRMC Capital Investment Review – Section 14.9 Lease Agreement – Informational

Chris Christensen, CFO, provided details of Desert Regional Medical Center’s Capital Investment commitment. Ezra Kaufman, District Resident, inquired if the District has compared the list to the definition of the capital expenditures. Herb K. Schultz, CEO and Chris Christensen, CFO explained that the documentation provided satisfied Mr. Kaufman’s request. Mr. Kaufman indicated that he would like an analysis of the detail other than his own. Director Matthews instructed Mr. Kaufman to provide a written request.

PUBLIC COMMENT

There were no public comments.

ADJOURNMENT

The meeting was adjourned at 3:44 p.m.

ATTEST: _____
Mark Matthews, Chairman Finance and Administration Committee/Treasurer
Desert Healthcare District Board of Directors

DRAFT

Chief Financial Officer's Report

November 14, 2017

Operations:

COO lead candidate is currently undergoing background check and drug screening. The first round of interviews for the Director of Communications and Marketing has been completed by the CFO, with second round interviews anticipated the week of November 13, 2017.

Las Palmas Medical Plaza - Property Management:

Occupancy:

See attached unit rental status report.

92.7% currently occupied –

Total annual rent including CAM fees is \$1,089,624.

Leasing Activity:

Potential New Lease for Suite 1W-104 and a lease renewal for Dr. Ramy Awad are being presented in today's Committee meeting for review and approval.

**Las Palmas Medical Plaza
Unit Rental Status
As of November 1, 2017**

Unit	Tenant Name	Deposit	From	Lease Dates To	Term	Unit Sq Feet	Percent of Total	Monthly Rent	Annual Rent	Rent Per Sq Foot	Monthly CAM	Total Monthly Rent Inclyg CAM	Total Annual Rent Inclyg CAM
1W, 104	Vacant					1,024	2.07%						
1W, 105	Vacant					1,060	2.15%						
3W, 105-106	Vacant					1,536	3.11%						
Total - Vacancies						3,620	7.33%						
Total Suites-33 - 29 Suites Occupied						49,356	92.7%	\$ 65,162.80	\$ 781,953.60	\$ 1.42	\$ 25,639.20	\$ 90,802.00	\$ 1,089,624.00
Summary - All Units													
		Occupied	45,736			92.7%							
		Vacant	3,620			7.3%							
		Total	49,356			100%							

Desert Healthcare District Portfolio Review

Third Quarter 2017

Presented by
Robert L. Adams, CFA

HighMark Capital Management, Inc. is a subsidiary of Union Bank.

Economic and Market Perspectives
Q4 2017

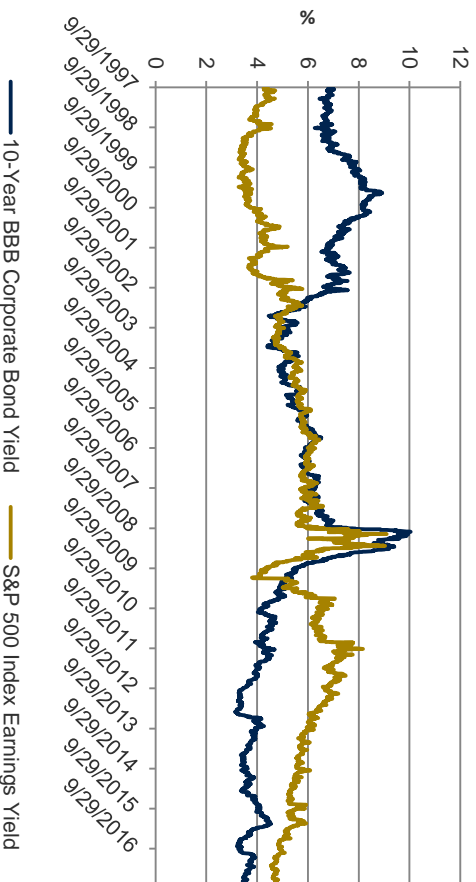
Introduction

Storms, both natural and man-made, were not enough to slow down global equity markets during the third quarter. Solid corporate earnings and encouraging economic data helped investors shrug off worries about the impact of major hurricane damage and escalating tensions between the U.S. and North Korea. Continued strength in a now globally synchronized growth cycle has reinforced equity markets' resilience to adverse events that might otherwise pose a threat to seemingly solid economic momentum.

The domestic economy, though not growing as fast as during prior cycles, also shows little signs of slowing down. Accommodative financial conditions continue to perpetuate steady economic growth amidst a backdrop of low inflation and unemployment, creating an environment supportive of equity-risk taking. A lack of competitive returns offered by bonds and cash further fueled a 'buy the dip' mentality that persisted in the stock market despite some absolute valuation measures indicating richness.

As shown in the following chart, one relative valuation metric that seems to ease equity investors' concerns over elevated absolute valuations is the comparison of corporate earnings yields to yields on corporate bonds. Despite rising equity prices since the end of the bear market in 2009, earnings yields continue to enjoy a healthy spread over corporate bond yields.

S&P 500 Earnings Yield vs. 10-Year BBB Corporate Bond Yield



Source: Bloomberg

Investor optimism has also been renewed by the robust earnings growth U.S. companies have achieved this year. According to Reuters, S&P 500 earnings rose by over 12% in the second quarter, easily surpassing Wall Street estimates of 6.4% going into the reporting season. After five quarters of negative earnings growth ending in the fourth quarter last year, the S&P 500 Index posted positive total returns during the past eleven consecutive months through September.

The bond market has struggled to find such a definitive direction this year. Long-term bond yields fell for most of the quarter until an abrupt pivot in early September when investors were surprised by healthier than expected headline inflation. The Federal Reserve's (Fed) decision to officially implement its well-telegraphed plan to shrink its balance sheet, along with some hawkish comments from Chairwoman Yellen, have also added upward pressure to rates late in the quarter.

As of the end of the quarter, the yield-to-maturity on the 10-year U.S. Treasury Note (2.33%) settled just 11 basis points lower than where it started the year, but up 30 basis points from levels traded in early September. On the shorter end of the yield curve, interest rates found more upward direction with the yield on the 2-year Treasury Note (1.47%) breaking out to new cycle highs at the close of the quarter.

As discussed in last quarter's Perspectives, the Fed finds itself in a pickle. On the one hand, the monetary policy-making body is eager to wean its influence on financial markets and the economy, while on the other, it must remain concerned about the impact of withdrawing monetary stimulus amid stubbornly low inflation. A less noisy measure of inflation that the Fed claims to focus most on, the core personal consumption expenditures (PCE) index, increased by just 1.3% in August – a level not seen since October 2015 and well below the Fed's stated 2% target.

Economic Highlights

U.S. Growth: The domestic economy grew at a robust 3.1% rate in the second quarter. Accelerating corporate profits and business spending helped drive growth to its fastest pace in two years. We expect third quarter growth to slow, in part due to the impact from hurricanes Irma and Maria.¹

Inflation: After showing signs of softening in June, the Consumer Price Index (CPI) reaccelerated in August to 1.9%. Hurricane damage should bring temporary upward pressure on prices in the coming months. However, excluding food and energy, price growth has remained weak.²

Employment: Hurricanes Irma and Harvey put a halt to seven years of job growth in September. An estimated 33,000 U.S. jobs were lost during the month, most notably from the restaurant industry. September's Employment Situation report was an expected temporary outlier, as July (+138,000) and August (+169,000) job growth remained largely consistent with longer term trends. Despite the setback in job growth, wage growth ticked up to an annualized rate of 2.9% in September.³

Foreign Exchange: The U.S. dollar continued its decline during the quarter from its cyclical peak at the end of last year. Year-to-date through the end of September, the U.S. Dollar Index has fallen by 8.4%. A weaker dollar should act as a tailwind for corporate profits and exports.⁴

Corporate Earnings: Second quarter earnings for S&P 500 companies increased 12.3% with a robust 5% top line revenue growth. Further, 73% of companies beat

consensus analyst estimates. A significant rebound in Energy sector earnings helped drive the overall market higher.⁴

Energy: Oil prices rallied during the quarter after hitting a bottom in late June. West Texas Intermediate Crude closed the quarter at \$51.58 per barrel after beginning the quarter at \$46.04⁴. Gasoline prices rose even more dramatically after refining capacity was taken offline due to storm damage. AAA National Average Gasoline price closed the third quarter at \$2.56 per gallon, up from \$2.23 to start the quarter, a 15% increase.

Market Performance

As of 9/30/2017

	Q3 2017	YTD 2017	% Total Return			
			1-Year	3-Year	5-Year	10-Year
S&P 500	4.5	14.2	18.6	10.8	14.2	7.4
MSCI EAFE	5.4	20.0	19.1	5.0	8.4	1.3
MSCI Emerging Markets	7.9	27.8	22.5	4.9	4.0	1.3
Bloomberg Barclays US Aggregate Bond	0.9	3.1	0.1	2.7	2.1	4.3
BofA ML US Treasury Bills	0.3	0.6	0.6	0.3	0.2	0.5
Bloomberg Commodity	2.5	-2.9	-0.3	-10.4	-10.5	-6.8

Source: Morningstar Direct
Periods greater than one year are annualized.

New Focus for the GOP Congress

In late September, President Trump and his Republican colleagues in Congress shifted attention from repealing the Affordable Care Act (ACA) to reforming the nation's tax code for corporations and individuals. On the next page is a summary of the Unified Framework for Fixing Our Broken Tax Code:

¹ U.S. Department of Commerce
² U.S. Bureau of Labor Statistics
³ Bloomberg
⁴ Reuters

Highlights of the Unified Framework for Fixing Our Broken Tax Code	
Corporate	
Corporate Tax Rate	20%
Business Pass-Through Rate	25%
Repatriation	Two rates for repatriated assets: one for hard assets, one for cash. Both to be paid over several years
Territorial System	Shift to territorial regime
Business Expenses	5 years or more to expense equipment
Deduction for Business Interest	Deduction limited - details to be worked out
Business Tax Credits	R&D and low-income housing credit remains, many others eliminated
Individual	
Tax Rates	New rates of 12%, 25%, 35% and potentially a 4th bracket
Standard Deduction	\$24,000 per couple and \$12,000 for single-filers; nearly doubles current deduction
AMT and Estate Tax	Repealed
Itemized Deductions	Deductions for mortgage interest and charities retained; many others eliminated
Child Credit	Increased but extent not specified
Tax Credit for Dependents	Adds a \$500 credit for non-child dependents

Source: Cornerstone Macro

Despite being generally consistent with promises made on the campaign trail, U.S. corporations and equity investors, eagerly awaiting a formal proposal, were heartened by the key tenets. Shares of companies that are likely to benefit the most from the revised framework (primarily those in U.S.-based cyclical sectors such as consumer goods and services, materials, financial firms, and real estate companies) got a boost after the plan was released. Conversely, the revival of the "reflation trade" was less supportive for defensive, yield-oriented companies and growth stocks lagged.

Companies with high tax rates and large cash balances held overseas also saw share prices rise as investors looked forward to the prospect of repatriated cash being used to increase capital expenditures, share buybacks and dividends.

The business pass-through rate of 25% is a significant change for the sole proprietorships, partnerships, and S-corps that currently pay taxes at the owner's individual tax rate. Since the current top individual rate is 39.6%, the proposed tax reform is expected to be a significant boost for the finances of small business owners, which, according to supply-side economic theory, would be reinvested back in the businesses and enhance overall economic activity.

The Long and Winding Road to a New Tax Regime

Corporations have generally been enthusiastic about the net impact of the tax proposal, though it is early days yet. Most expect that the scope of the cuts will be pared back in the coming weeks and months. The first critical step will come next month when Congress begins negotiations on the budget.

This task requires determining the size of the overall tax cut even before the various committees get to work crafting the final details that will be sent to Congress for a vote. Setting the size of the tax cut up front, during budget negotiations, does not allow Republicans to increase the size and impact of the proposal later.

Given the many (often competing) groups involved in tax reform, it is more likely that the size of the current tax reform package will decrease rather than remain the same. And while the reform proposal is generally "pro-business", the elimination of several business tax credits in the current system, including those in support of on-shore production, would benefit some industries while negatively impacting others. Lobbying for revisions to mitigate the disparity between industry winners versus losers has already begun.

Deficit hawks, a significant voting block within the Republican party, are likely to take exception to the potential addition to the nation's deficit. This group, commonly known as the GOP's Freedom Caucus, and others may be skeptical of the Administration's claims that boosted economic growth will offset the reduced tax rates—by some estimates tax receipts could decline by trillions in coming years. Democrats in the House and Senate are certainly expected to cry foul over the expected reductions in tax liability for the wealthiest Americans. The proposal includes repealing the estate tax—a tax which contributes modest tax revenue, yet significantly impacts only a limited number of the nation's wealthiest families.

It did not take long before the horse-trading began: two days after outlines of the tax plan were issued by the White House, officials were beginning the negotiating process with President Trump's senior economic adviser Gary Cohn, stating that the President was open to negotiating the plan's proposed elimination of the deduction individual taxpayers can now claim for state and local taxes. As the deduction for state and local taxes primarily benefits higher-income individuals, often in states that traditionally favor the Democratic party, the outreach may be a sign that Republicans will seek Democratic support for the final bill.

If one thing is certain, it is that any bill that passes will likely see major modifications to the current outline. The 25% business pass-through rate may only cover some business income, with the remaining income viewed as wage income and subject to the top personal tax rate. There may also be a maximum amount of pass-through income eligible for the fixed 25% rate - as little as \$1 million to \$2 million by one estimate. One of the myriad of details awaiting Congressional committees is figuring out how to prevent wealthy individuals from claiming pass-through business status to pay lower taxes on some or all of their income.

Given the heavy-lifting required to convert President Trump's nine-page outline into the most significant pro-growth and pro-investment tax reform bill since the Reagan administration's reform more than 30 years ago, it is unlikely that the package will clear Congress this year. Furthermore, any approved legislation will likely be phased in over several years - making the impact of tax reform on corporate balance sheets gradual rather than immediate.

The coming months will feature plenty of the gamesmanship, arm-twisting, and negotiations required to make the aggressive tax plan law. If there is any legislation that is as cantankerous as health care regulation, it would be the tax code. With the mid-term elections fast approaching and no progress on an ACA repeal, the stakes could not be higher for Republicans. Such necessity should improve the odds of success in some form, but it far from guarantees it.

Crypto Craze

By now you have probably at least heard of Bitcoin, even if you do not know exactly what it is or how it works. Bitcoin is a digital or "crypto" currency, which is not controlled by a centralized entity like a government. This decentralized feature has important implications because it does not allow supply to be manipulated⁵ like government-issued currency. In an age when "quantitative easing" has become a global household term, a currency with a finite supply has a certain appeal to many.

The details behind cryptocurrency are technical, which likely has steered some away from paying close attention to the phenomenon. In the simplest terms, all digital currencies, including Bitcoin, are based on a distributed ledger (or database) technology known as blockchain. Blockchain relies on a peer-to-peer network to validate and process transactions. So-called Bitcoin "miners" help process transactions in exchange for new units. Units are stored in digital wallets accessible exclusively by the owner's unique key.

During a parabolic rise in value over the past twelve months, Bitcoin and its copycats have shown up on the radar screen of many investors. So far, in 2017, Bitcoin's value in U.S. dollars has more than quadrupled. In true capitalist form, Bitcoin's popularity has spurred plenty of competition. Today, there are over 1,000 known cryptocurrencies with an estimated market value of \$140 billion⁶ - roughly half of which is Bitcoin.

⁵ Bitcoin will be limited to 21 million units
⁶ <https://coinmarketcap.com/all/views/all>, S. Department of Commerce

Up, Up And Away



Source: Bloomberg

One emerging source of demand for digital currency has come from China. Looking for creative ways to avoid their government's recently imposed capital controls, Chinese citizens have found Bitcoin and other cryptocurrencies to be a convenient way to avoid a depreciating Yuan, while also earning a very healthy return. Worried about the popularity of cryptocurrencies, Chinese regulators outlawed digital currency exchanges and initial coin offerings, known as "ICOs", in September. This crackdown led to a near instantaneous 20% drop in Bitcoin's value.

Exchanging traditional currency for cryptocurrency can only be done on specialized exchanges. Currently, no securitized product exists in the U.S. to "invest" in Bitcoin, although (stock) exchange traded funds (ETFs) may be on the horizon. Seizing on the phenomenon, several hedge funds have launched with the intent of investing in digital currencies and the ecosystem of the blockchain technology.

Opinions on digital currency seem to be about as binary as the potential outcomes of the concept itself. Bitcoin has been championed by some pundits as the next big thing. Other high-profile investors and financial services executives have called it a baseless fraud.

At such an early stage of a technology's development, it can be difficult to predict an outcome with any degree of certainty. Currency, by definition, is a store of value, which one expects to be relatively stable over time. So far, digital currency has been anything but stable. Ironically, the extreme volatility that has led to its early success may ultimately limit cryptocurrency's broader acceptance.

Even if digital currency succeeds as a widely used form of payment, which "brand" ultimately becomes ubiquitous is anyone's guess at this stage. While Bitcoin has first-mover advantage and dominant market share, that is no guarantee of success in the tech world. Think of MySpace, Netscape, etc. For this reason, one should consider buying cryptocurrency a gamble rather than an investment, at least for now.

Many have prognosticated that blockchain will become a revolutionary technology with wide-reaching disruptive applications for secure transaction processing and data storage, well beyond the currency realm. Much like the early days of the internet, however, it is hard to have clarity on the individual winners and losers. If one thing is clear, we should not dismiss this budding technology.

(EU)reka!

Since the Global Financial Crisis, the European Union (EU), plagued by political strife and structural inefficiency, has largely been perceived as a home for dead money. U.S. equity markets, buoyed by stronger corporate earnings growth and better overall economic conditions (i.e., no sovereign debt crisis to deal with) rallied during this period. European equity markets struggled in the years following the crisis, with the MSCI Europe Index returns lagging significantly behind those of the S&P 500 Index between 2009 and 2016.

However, the tide in Europe appears to be turning. Factors including a stabilizing political environment, improving economic indicators, and attractive relative valuations for European equity markets have all contributed to the region's resurgence. As a result, we remain optimistic about European equity markets.

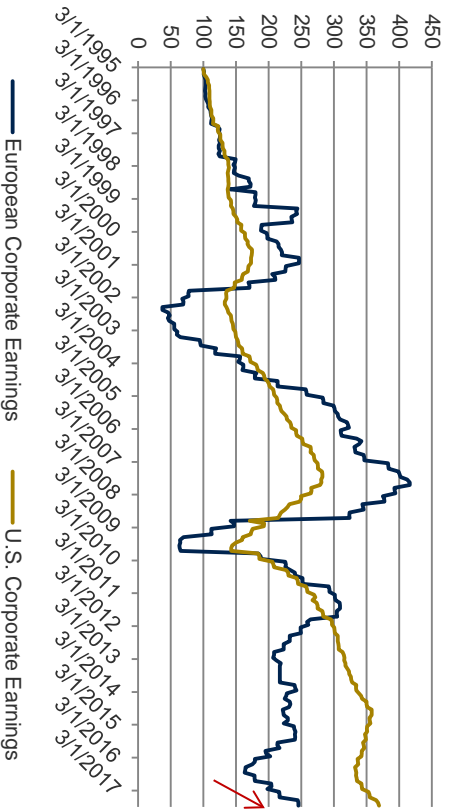
For months, the world awaited election outcomes in Austria, the Netherlands, France and Germany, wondering whether populist parties would succeed. Following the initial shock of the "Brexit" vote last June, the possibility of other European countries succumbing to far-right populism did not seem that far off. However, with each election subsequent to Brexit, populist candidates were rejected at the polls in favor of more mainstream, establishment party candidates. In Europe's largest economies, France and Germany, Macron and Merkel won, mostly quieting the question of European unity – at least for now.

Europe's competitive currency and a cyclical upswing in global demand have sparked rejuvenation in economic activity in the region. The IHS Markit's Flash Eurozone Composite Purchasing Managers' Index (PMI) moved up again in August, from 55.7 to 55.8, which is the highest level that the index has reached in over six years (anything above 50 is considered expansionary). The European labor market has also tightened significantly, with the unemployment rate at its lowest level in almost a decade.

Europe's improving economy provides a catalyst for corporate earnings growth, which has been anemic since the continent's sovereign debt crisis. Early recognition of this trend appears to be in progress. Capital flows have led the MSCI Europe Index in U.S. dollars to outperform the S&P 500 Index by over 8.5% year-to-date through the end of September.

Attractive valuations relative to the U.S. stock market, along with improving earnings growth expectations, should contribute to continued positive momentum in the European equity market. European corporate earnings have lagged behind those of U.S. companies recently, but have demonstrated a pattern of convergence over longer time periods. As shown in the chart below, that gap is shrinking as European companies are experiencing their first full year of earnings expansion in six years.

Closing the Earnings Gap



Source: Bloomberg

While Europe has not yet shed all its baggage, the region offers compelling value nonetheless. Populist movements are still worthy of concern, but have been overly discounted in our view. The European integration project is a work in progress – however, on the balance, political risks are on the decline just as the economy is gaining traction.

Conclusion

By most measures, the global economy today is at its strongest point since the beginning of the financial crisis. In concert with low real and nominal interest rates orchestrated by central banks, such economic tranquility is music to investors' ears and reflected by healthy asset price appreciation over the past 12 to 18 months. However, an environment of low interest rates, narrow credit spreads and elevated equity market valuations lowers future upside return potential from stocks and bonds. As a result, past historical returns for major asset classes are unlikely to be matched or exceeded going forward.

With major central banks seeking to pull back monetary policy accommodation as the global economy firms up, investors must not become complacent. Although recent market behavior has heavily discounted the likelihood of such an outcome, hitting an air pocket in the economy is never out of the question. When indications of a slowdown eventually emerge, seemingly insatiable appetites for equity market risk may change at a moment's notice. Therefore, it is especially important that we remind ourselves during periods of general calm that staying focused on long-term goals and strategic asset allocation policy is the key to riding out any storm that could eventually rattle markets.

James St. Aubin, Head of Investment Strategy

HighMark Capital Management, Inc.

www.highmarkcapital.com

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Account Name: DESERT HEALTHCARE DISTRICT

Investment Review

Account ID: 6736304730

August 31, 2017 to September 30, 2017

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DESERT HOSPITAL RETIREMENT PLAN

6746128600

09/30/2017

Investment Objective: DOCUMENT DIRECTED - IS

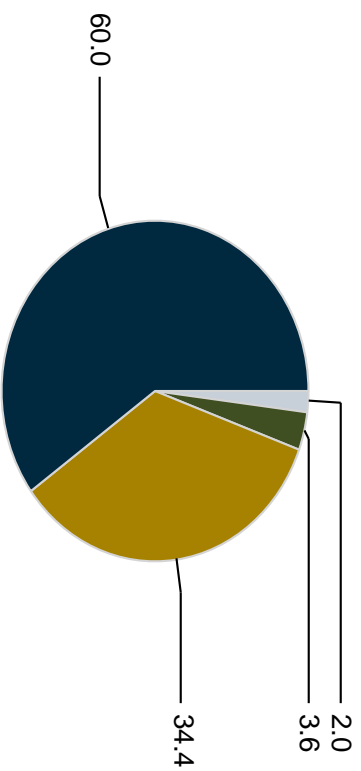
Investment Officer: ROBERT L. ADAMS

Inception Date: 07/01/1998

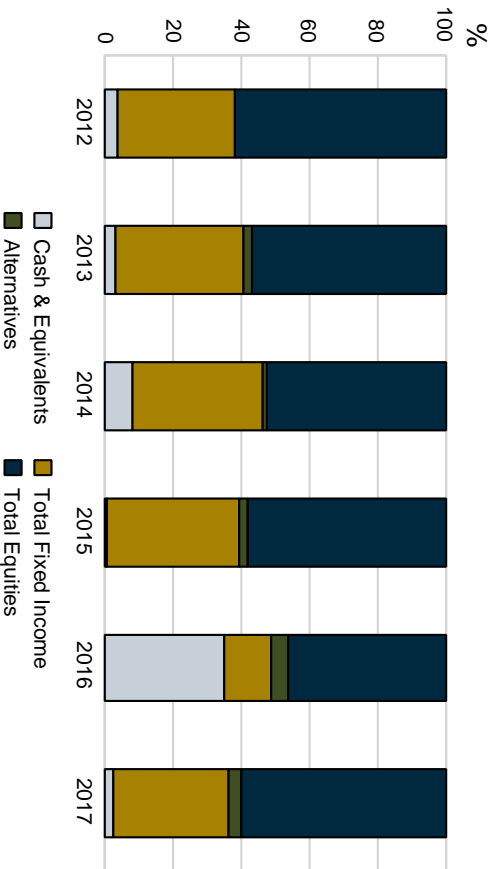
Asset Allocation Summary

Market Value by Asset Class

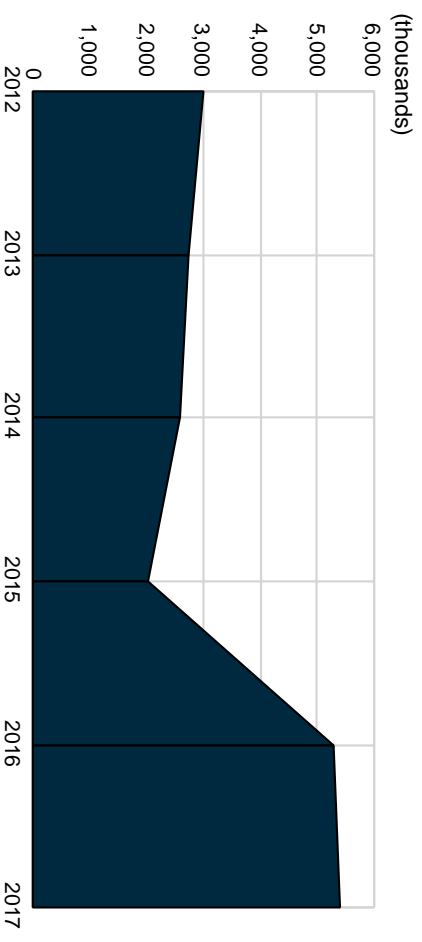
	Market Value	Mkt Val	% of
Total Equities	3,249,745	60.0	
Total Fixed Income	1,862,572	34.4	
Alternatives	196,994	3.6	
Cash & Equivalents	110,502	2.0	
Total	5,419,814	100.0	



Annual Allocation



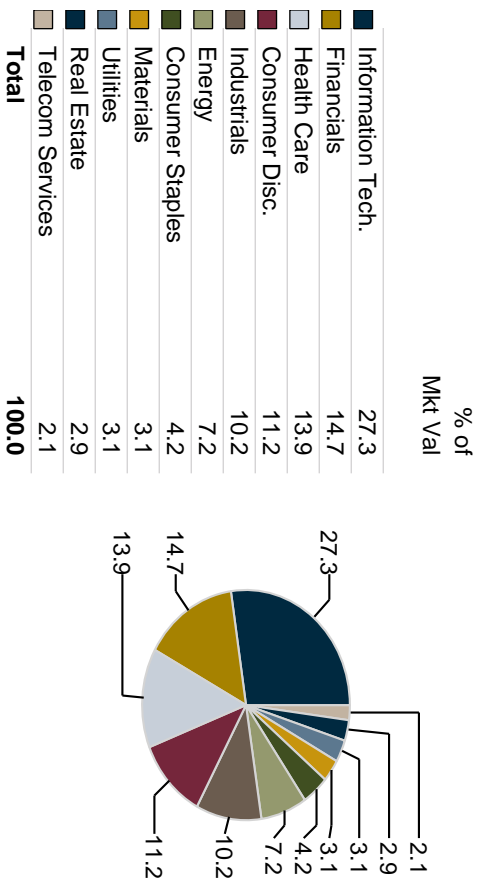
Annual Ending Market Values



Largest 10 Holdings - YTD Return

	Market Value	Mkt Val	% of	Return
ISHARES MSCI EAFE ETF	393,760		7.3	20.54
ISHARES S&P 500 GROWTH ET	339,905		6.3	19.28
ISHARES S&P 500 VALUE ETF	334,521		6.2	8.23
ISHARES RUSSELL 2000 ETF	233,384		4.3	10.93
ISHARES MSCI EAFE VALUE E	212,940		3.9	18.24
ISHARES MSCI EAFE GROWTH	212,823		3.9	22.99
ISHARES MSCI EMERGING MKT	196,044		3.6	28.65
EATON VANCE FLT G RT & HI	190,911		3.5	3.62
SCHWAB STRATEGIC TR	182,822		3.4	7.84
VANGUARD INDEX FUNDS S&P	178,839		3.3	7.78

Equity Holdings Analysis - Individual Holdings



Top 10 Performers YTD

	Market Value	Mkt Val	% of	Return
PIMCO HIGH YIELD,INSTL #1	0		.0	105.15
APPLIED MATLS INC	9,012		.2	61.13
FACEBOOK INC CL A	10,765		.2	48.96
ADOBE SYS INC	3,730		.1	44.37
ROYAL CARIBBEAN CRUISES L	4,289		.1	44.19
BAXTER INTL INC COM	4,530		.1	42.26
ROCKWELL COLLINS	5,098		.1	41.85
PVH CORP	5,168		.1	39.52
MASTERCARD INC-A	6,354		.1	37.07
APPLE INC COM	19,881		.4	34.36

Bottom 10 Performers YTD

	Market Value	Mkt Val	% of	Return
TRACTOR SUPPLY CO	2,658		.1	-15.32
HALLIBURTON CO	5,570		.1	-14.19
DISNEY (WALT) COMPANY HOL	3,154		.1	-10.15
EQUIFAX INC	3,710		.1	-10.11
HOLOGIC INC	2,642		.1	-8.88
MONDELEZ INTL INC CL A	3,597		.1	-6.95
OCCIDENTAL PETE CORP	2,404		.0	-6.63
WALGREENS BOOTS ALLIANCE	2,625		.1	-5.23
AMERICAN INTL GROUP COM	5,034		.1	-4.59
EOG RES INC	6,578		.1	-3.93

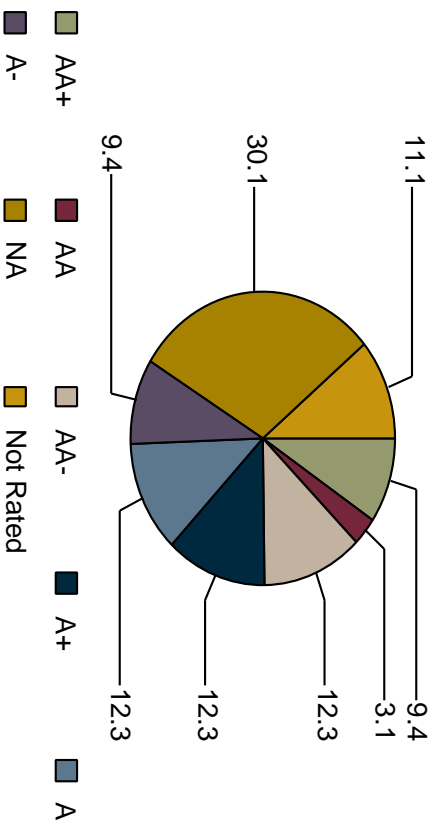
Fixed Income Analysis - Individual Holdings

09/30/2017 07/31/2017 10/31/2016 10/31/2015 10/31/2014

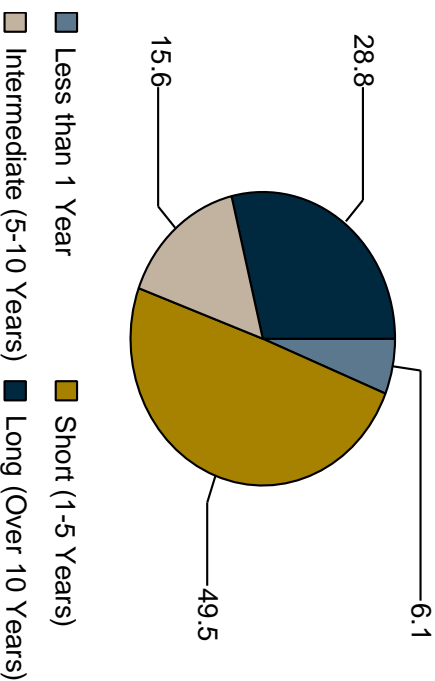
Duration	7.42	7.60	6.13	5.59	4.77
Coupon	3.12	3.12	2.76	2.69	2.87
Yield to Maturity	2.47	2.44	1.94	2.18	1.93
Maturity	10.10	10.36	7.65	7.09	6.21
Current Yield	3.01	3.01	2.64	2.62	2.78

Face Amount	1,611,024	1,623,921	573,286	736,230	909,595
Market Value	1,663,816	1,680,414	594,803	749,362	930,678
Cost	1,664,997	1,678,436	592,213	757,454	938,220

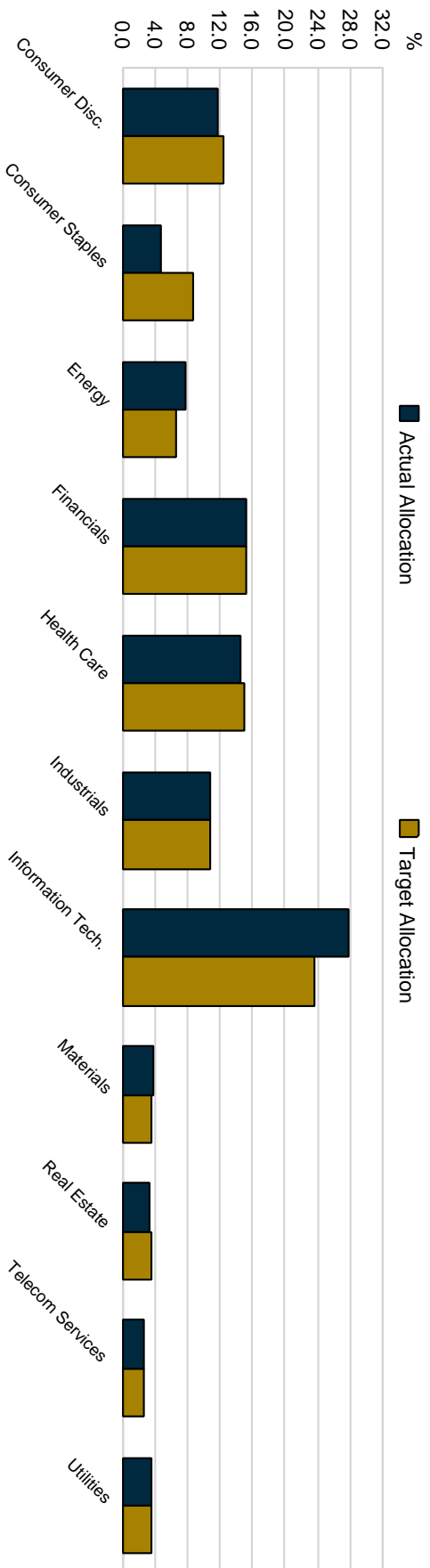
Quality Allocation by Market Value



Maturity Allocation by Market Value



Equity Sector Allocation vs. SP500 Target



Market Value	Actual Allocation	Target Allocation	Variance	
Consumer Disc.	41,008	11.2	11.9	-0.6
Consumer Staples	15,228	4.2	8.2	-4.1
Energy	26,149	7.2	6.1	1.1
Financials	53,695	14.7	14.6	0.1
Health Care	50,876	13.9	14.5	-0.6
Industrials	37,405	10.2	10.2	0.0
Information Tech.	99,798	27.3	23.2	4.1
Materials	11,469	3.1	3.0	0.2
Real Estate	10,479	2.9	3.0	-0.1
Telecom Services	7,819	2.1	2.2	0.0
Utilities	11,201	3.1	3.1	-0.1
Total Common Stock	365,128	100.0	100.0	0.0

Summary Investment Performance

Beginning Market Value	12,016,944.00
Beginning Accrued Income	77,673.00
Beginning Portfolio Value	12,094,617.00
Contributions	3,681,449.25
Withdrawals	-15,874,277.09
Income Earned	3,495,098.54
Gain/Loss	2,022,926.07
Ending Market Value	5,411,024.92
Ending Accrued Income	8,788.85
Ending Portfolio Value	5,419,813.77
Total Earnings	5,518,024.61

Performance

Cash Equivalents	1.95
Total Fixed Income	4.09
Total Equities	6.33
Total Acct - Gross of Fees	5.56
TaxEx Blended Bal Index excl EMI/Alts	5.77

Selected Period Performance
DESERT HOSPITAL RETIREMENT PLAN
 Account 6746128600
 Period Ending: 09/30/2017

Sector	Market Value	3 Months	1 Year	3 Years	5 Years	15 Years	Inception to Date 05/01/1998
Cash & Equivalents	110,502	.22	.55	.26	.17	1.11	1.82
Lipper Money Market Funds		.20	.51	.19	.12		
Total Fixed Income	1,862,572	.77	.50	1.98	1.56	3.27	4.09
BC Intmtd US Aggregate Inc		.72	.25	2.25	1.75	3.87	4.71
Large Cap Blend Category	726,789	5.53	18.19	9.76	12.58	10.04	6.29
S&P 500 Composite Index		4.48	18.61	10.81	14.22		
Large-Cap Value Funds	334,521	3.44	16.28	8.75	13.00	9.57	6.00
S&P 500/Citigroup Value Index		3.48	16.47	8.93	13.21		
Large-Cap Growth Funds	339,905	5.19	20.00	12.17	14.93	10.38	6.11
S&P 500/Citigroup Growth Index		5.29	19.90	12.24	15.00		
Mid Cap Funds	262,517	3.63	15.78	9.74	14.30	11.97	9.87
S&P MidCap 400 Index		3.22	17.52	11.18	14.43		
Small-Cap Blended Funds	233,384	5.85	21.24	12.45	13.79	11.37	7.40
Russell 2000 Index (USD)		5.67	20.74	12.18			
Small-Cap Value Funds	93,090	5.29	20.71	12.40	13.27	10.86	8.30
Russell 2000 Value Index (5.11	20.55	12.12			
Small-Cap Growth Funds	93,954	6.43	21.75	12.83	14.94	11.78	6.04
Russell 2000 Growth Index		6.22	20.98	12.17	14.28		
International Equity Funds MSCI	1,142,179	5.42	19.23	4.62	6.25	8.75	
Eafe + EM Free(net) Index		6.04	19.95	5.07	7.33		
Total Equities	3,249,745	5.06	19.13	8.94	11.74	10.07	6.33
S&P 500 Composite Index		4.48	18.61	10.81	14.22	10.04	6.29
65% S&P 500/ 15% Russel		4.86	19.17	9.94	13.07	9.99	
Total Managed Portfolio	5,419,814	3.34	11.64	6.42	7.72	7.53	5.56
Total Account Net of Fees	5,419,814	3.17	10.89	5.68	6.97	6.80	4.85
Portfolio Inception: 05/01/1998							

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

Holdings Report

Account Name: **DESERT HOSPITAL RETIREMENT PLAN**
 Account ID: **6746128600**

Investment Review
 August 31, 2017 to September 30, 2017

Cash - Money Market										
First AMERN GOVT OBLIG FD CL Z #3676	Ticker	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
	FGZXX	110,430.800	1.00	110,430.80	1.00	110,502.20	2.0	.01	961.63	.9
Total for Cash - Money Market				110,430.80		110,502.20	2.0		961.63	.9

Taxable Fixed - Corporates										
ALABAMA PWR NTS 3.375% 10/01/20	APN3320	50,000,000	105.92	52,960.50	103.78	52,735.25	1.0	3.38	1,687.50	3.3
ALPHABET INC 3.375% 2/25/24		100,000,000	103.68	103,675.00	104.81	105,144.50	1.9	3.38	3,375.00	3.2
BERKSHIRE HATH FIN 3.000% 5/15/22	BH33022	50,000,000	104.53	52,264.50	103.36	52,245.17	1.0	3.00	1,500.00	2.9
CISCO SYS NTS 2.450% 6/15/20	CSN2420	100,000,000	101.52	101,522.00	101.58	102,299.39	1.9	2.45	2,450.00	2.4
COLGATE PALMOLIVE CO 2.950% 11/01/20	CL20	100,000,000	103.10	103,095.00	103.39	104,619.17	1.9	2.95	2,950.00	2.9
DISNEY WALT CO MTNS 2.300% 2/12/21	DWC2321	50,000,000	103.43	51,716.50	100.86	50,587.03	.9	2.30	1,150.00	2.3
DU PONT E INTS 3.625% 1/15/21	DPE3621	100,000,000	104.06	104,062.00	104.77	105,533.28	1.9	3.63	3,625.00	3.5
HOME DEPOT INC NT 2.250% 9/1/018	HDI2218	50,000,000	102.28	51,139.50	100.67	50,400.63	.9	2.25	1,125.00	2.2
IBM CORP 3.375% 8/01/23	IC00323	100,000,000	103.56	103,559.00	104.19	104,756.50	1.9	3.38	3,375.00	3.2
MIDAMERICAN ENERGY 2.400% 3/15/19	BRK.B/19A	50,000,000	102.73	51,366.50	101.01	50,557.33	.9	2.40	1,200.00	2.4
PRAAIR INC	PX23	50,000,000	101.99	50,994.00	99.86	50,079.00	.9	2.70	1,350.00	2.7
WELLS FARGO NTS 3.500% 3/08/22	WFN3512	100,000,000	102.96	102,964.00	103.86	104,086.61	1.9	3.50	3,500.00	3.4
Total for Taxable Fixed - Corporates				929,318.50		933,043.86	17.2		27,287.50	2.9

Taxable Fixed - Mortgages										
FGLMC G07029 4.000% 6/01/42	G07029F	90,127,700	106.20	95,718.44	106.59	96,063.51	1.8	4.00	3,605.11	3.8
FGLMC #C04306 3.000% 11/01/42	C04306F	64,567,560	104.36	67,382.31	100.95	65,342.37	1.2	3.00	1,937.03	3.0
FGLMC #C18024 5.500% 11/01/28	C18024F	1,426,550	103.75	1,480.04	110.12	1,577.40	.0	5.50	78.46	5.0
FGLMC #E01253 5.500% 12/01/17	E01253F	207,800	99.84	207.47	100.21	209.18	.0	5.50	11.43	5.5
FHLMC #B13755 4.500% 4/01/19	B13755F	3,252,430	104.91	3,412.01	102.24	3,337.42	.1	4.50	146.36	4.4
FGLMC #G60344 4.000% 12/01/45	G60344F	93,721,830	105.63	98,993.69	106.50	100,129.91	1.8	4.00	3,748.87	3.8
FNMA #254721 5.000% 5/01/18	254721A	424,660	101.45	430.83	102.31	436.24	.0	5.00	21.23	4.9
FNMA AS6340 3.5000% 12/1/2045	AS6340A	87,341,310	102.63	89,640.84	103.59	90,474.24	1.7	3.50	3,056.95	3.4
FNMA AU3742 3.5000% 8/1/2043	AU3742A	90,366,420	102.45	92,583.23	103.60	93,619.61	1.7	3.50	3,162.82	3.4
FNMA 995672 4.500% 4/01/39	995672A	13,893,040	101.70	14,129.66	107.61	15,002.26	.3	4.50	625.19	4.2
GNMA II #3629 6.000% 8/20/28	002629M	3,829,110	99.69	3,817.16	113.81	4,376.98	.1	6.00	229.75	5.3
GNMA II #003389 5.000% 5/20/33	003389M	5,038,950	103.75	5,227.91	109.27	5,527.21	.1	5.00	251.95	4.6
GNMA #474804 6.500% 9/15/28	474804X	1,878,240	101.19	1,900.55	110.36	2,083.03	.0	6.50	122.09	5.9
GNMA #780912 6.500% 11/15/28	780912X	2,693,380	101.97	2,746.41	114.59	3,100.99	.1	6.50	175.07	5.7
GNMA #781057 5.500% 6/15/29	781057X	2,254,630	100.37	2,263.08	112.16	2,539.19	.0	5.50	124.00	4.9
Total for Taxable Fixed - Mortgages				479,933.63		483,819.54	8.9		17,296.31	3.6

Holdings Report

Account Name: **DESERT HOSPITAL RETIREMENT PLAN**

Account ID: **6746128600**

Investment Review
August 31, 2017 to September 30, 2017

Tickler	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield	
Taxable FX - US Govt Agcy										
FHLMC NTS 2.375% 1/13/22	FN22322	50,000,000	105,66	52,830.60	101.77	51,144.29	.9	2.38	1,187.50	2.3
Total for Taxable FX - US Govt Agcy						51,144.29	.9		1,187.50	2.3
Taxable Fixed - US Treas										
US TREAS NTS 1.750% 9/30/19	UTN1719	50,000,000	100.89	50,445.31	100.50	50,691.90	.9	1.75	875.00	1.7
US TREAS NTS 2.250% 7/31/18	UTN2218	50,000,000	101.78	50,890.63	100.73	50,556.54	.9	2.25	1,125.00	2.2
US TREAS NTS 2.250% 4/30/21	UTN2221A	50,000,000	101.06	50,531.25	101.77	51,353.79	.9	2.25	1,125.00	2.2
US TREAS NTS 2.250% 7/31/21	UTN2221B	50,000,000	102.09	51,046.88	101.72	51,051.04	.9	2.25	1,125.00	2.2
Total for Taxable Fixed - US Treas						203,653.27	3.8		4,250.00	2.1
Taxable Funds - Bank Loan										
EATON VANCE FLT.G RT & H INCM1 #904	EIFHX	21,450,300	8.82	189,246.34	8.87	190,911.32	3.5	.36	7,807.91	4.1
Total for Taxable Funds - Bank Loan						189,246.34	3.5		7,807.91	4.1
Taxable Funds - High Yield										
PIMCO HIGH YIELD.DINSTL #108	PHYX	.020	7.00	.14	7.00	.14	.0	.47	.01	6.6
Total for Taxable Funds - High Yield						.14	.0		.01	7.1
Con Discretionary - Dom CS										
COMCAST CORP-CL A	CMCSA	243,000	33.52	8,145.40	38.48	9,350.64	.2	.63	153.09	1.6
DISNEY (WALT) COMPANY HOLDING CO	DIS	32,000	109.71	3,510.56	98.57	3,154.24	.1	1.56	49.92	1.6
DOLLAR TREE STORES	DLTR	67,000	79.79	5,345.72	86.82	5,816.94	.1	.00	.00	.0
LOWES COS INC	LOW	59,000	66.58	3,928.40	79.94	4,716.46	.1	1.64	96.76	2.1
PVH CORP	PVH	41,000	88.20	3,616.04	126.06	5,168.46	.1	.15	6.15	.1
STARBUCKS CORP	SBUX	101,000	56.54	5,710.89	53.71	5,424.71	.1	1.00	101.00	1.9
TJX COS INC NEW	TJX	64,000	75.25	4,815.68	73.73	4,718.72	.1	1.25	80.00	1.7
TRACTOR SUPPLY CO	TSCO	42,000	77.90	3,271.60	63.29	2,658.18	.0	1.08	45.36	1.7
Total for Con Discretionary - Dom CS						41,008.35	.8		532.28	1.3
Con Staples - Dom CS										
COSTCO WHOLESALE CORP	COST	31,000	159.48	4,943.81	164.29	5,092.99	.1	2.00	62.00	1.2
MONDELEZ INTL INC CL A	MDLZ	88,000	41.16	3,621.99	40.66	3,597.44	.1	.88	77.44	2.2
PROCTER & GAMBLE CO	PG	43,000	91.67	3,941.60	90.98	3,912.14	.1	2.76	118.59	3.0
WALGREENS BOOTS ALLIANCE INC COM	WBA	34,000	82.24	2,796.29	77.22	2,625.48	.0	1.60	54.40	2.1
Total for Con Staples - Dom CS						15,303.69	.3		312.43	2.1

Energy - Dom CS	Ticker	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
CHEVRON CORP. COMMON STOCK	CVX	83,000	112.12	9,306.17	117.50	9,752.50	.2	4.32	358.56	3.7
CONCHO RES INC	CXO	14,000	131.36	1,838.98	131.72	1,844.08	.0	.00	.00	.0
EOG RES INC	EOG	68,000	92.73	6,305.61	96.74	6,578.32	.1	.67	45.56	.7
HALLIBURTON CO	HAL	121,000	48.59	5,879.23	46.03	5,569.63	.1	.72	87.12	1.6
OCCIDENTAL PETE CORP	OXY	37,000	74.62	2,761.11	64.21	2,404.26	.0	3.08	113.96	4.8
Total for Energy - Dom CS				26,091.10		26,148.79	.5		605.20	2.3
Financials - Domestic CS										
AFFILIATED MANAGERS GROUP INC	AMG	31,000	153.56	4,760.38	189.83	5,884.73	.1	.80	24.80	.4
AMERICAN INTL GROUP COM	AIG	82,000	62.18	5,098.37	61.39	5,033.98	.1	1.28	104.96	2.1
BK NEW YORK MELLON CORP COM	BK	74,000	45.26	3,348.88	53.02	3,923.48	.1	.96	71.04	1.8
CITIGROUP INC COM	C	137,000	53.28	7,298.83	72.74	9,965.38	.2	1.28	175.36	1.8
E TRADE FIN CORP COM	ETFC	74,000	41.52	3,072.11	43.61	3,227.14	.1	.00	.00	.0
INTERCONTINENTAL EXCHANGE INC	ICE	77,000	54.65	4,207.81	68.70	5,289.90	.1	.80	61.60	1.2
JPMORGAN CHASE & CO	JPM	117,000	92.48	10,820.74	95.51	11,174.67	.2	2.24	262.08	2.3
PNC FINANCIAL SERVICES GROUP	PNC	40,000	118.99	4,759.42	134.77	5,390.80	.1	3.00	120.00	2.2
SCHWAB CHARLES CORP NEW	SCHW	87,000	34.72	3,020.88	43.74	3,805.38	.1	.32	27.84	.7
Total for Financials - Domestic CS				46,387.42		53,695.46	1.0		847.68	1.6
Health Care - Dom CS										
ABBOTT LABS COM	ABT	107,000	45.38	4,855.98	53.36	5,709.52	.1	1.06	113.42	2.0
AETNA INC	AET	15,000	114.84	1,722.54	159.01	2,385.15	.0	2.00	30.00	1.3
BAXTER INTL INC COM	BAX	72,000	42.93	3,090.61	62.75	4,529.52	.1	.64	46.08	1.0
BRISTOL MYERS SQUIBB CO	BMY	94,000	59.02	5,548.11	63.74	5,991.56	.1	1.56	146.64	2.4
CELGENE CORP	CELG	61,000	114.38	6,977.46	145.82	8,895.02	.2	.00	.00	.0
GILEAD SCIENCES INC	GILD	70,000	81.33	5,692.96	81.02	5,671.40	.1	2.08	145.60	2.6
HOLOGIC INC	HOLX	72,000	40.00	2,880.15	36.69	2,641.68	.0	.00	.00	.0
LABORATORY CORP AMER HLDGS	LH	14,000	122.45	1,714.26	150.97	2,113.58	.0	.00	.00	.0
LILLY ELI & CO	LLY	57,000	83.68	4,769.72	85.54	4,875.78	.1	2.08	118.56	2.4
MERCK & CO COM COM	MRK	125,000	57.14	7,142.66	64.03	8,062.50	.1	1.88	235.00	2.9
Total for Health Care - Dom CS				44,394.45		50,875.71	.9		835.30	1.6
Industrials - Domestic CS										
EQUIFAX INC	EFX	35,000	115.73	4,050.58	105.99	3,709.65	.1	1.56	54.60	1.5

Ticker	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Info Tech - Domestic CS									
FORTIVE CORP COM	78,000	51.68	4,031.31	70.79	5,521.62	.1	.28	21.84	.4
HONEYWELL INTL INC	46,000	137.14	6,308.21	141.74	6,520.04	.1	2.98	137.08	2.1
HUNT J B TRANS SVCS INC	46,000	90.83	4,178.17	111.08	5,109.68	.1	.92	42.32	.8
NORTHROP GRUMMAN CORP	21,000	245.51	5,155.67	287.72	6,042.12	.1	4.00	84.00	1.4
ROCKWELL COLLINS	39,000	91.63	3,573.46	130.71	5,097.69	.1	1.32	51.48	1.0
UNITED PARCEL SERVICE CL B	45,000	109.59	4,931.55	120.09	5,404.05	.1	3.32	149.40	2.8
Total for Industrials - Domestic CS			32,228.95		37,404.85	.7		540.72	1.4
Materials - Domestic CS									
ADBE	25,000	94.72	2,368.12	149.18	3,729.50	.1	.00	.00	.0
ALPHABET INC CAP STK CL A	16,000	770.55	12,328.85	973.72	15,579.52	.3	.00	.00	.0
ANALOG DEVICES INC	61,000	70.48	4,299.42	86.17	5,256.37	.1	1.80	109.80	2.1
APPLE INC COM	129,000	104.53	13,485.01	154.12	19,881.48	.4	2.52	325.08	1.6
APPLIED MATLS INC	173,000	28.36	4,905.58	52.09	9,011.57	.2	.40	69.20	.8
CISCO SYS INC	271,000	30.25	8,197.46	33.63	9,113.73	.2	1.16	314.36	3.4
FACEBOOK INC CL A	63,000	117.53	7,404.15	170.87	10,764.81	.2	.00	.00	.0
MASTERCARD INC-A	45,000	98.83	4,447.30	141.20	6,354.00	.1	.88	39.60	.6
MICROSOFT CORP	223,000	54.97	12,258.28	74.49	16,611.27	.3	1.68	374.64	2.3
TEXAS INSTRS INC	39,000	67.91	2,648.56	89.64	3,495.96	.1	2.48	96.72	2.8
Total for Info Tech - Domestic CS			72,342.73		99,798.21	1.8		1,329.40	1.3
Real Estate - Domestic CS									
ECOLAB INC	38,000	113.79	4,324.00	128.61	4,901.61	.1	1.48	56.24	1.2
PRAAIR INC	47,000	132.97	6,249.36	139.74	6,567.78	.1	3.15	148.05	2.3
Total for Materials - Domestic CS			10,573.36		11,469.39	.2		204.29	1.8
Telecom Services - Domestic CS									
AMERICAN TOWER CORP	51,000	101.75	5,189.18	136.68	7,004.34	.1	2.64	134.64	1.9
OUTFRONT MEDIA INC COM REIT	138,000	23.48	3,239.63	25.18	3,474.84	.1	1.44	198.72	5.7
Total for Real Estate - Domestic CS			8,428.81		10,479.18	.2		333.36	3.2
Utilities-Dom Common Stock									
VERIZON COMMUNICATIONS	158,000	52.52	8,298.71	49.49	7,819.42	.1	2.36	372.88	4.8
Total for Telecom Services - Domestic CS			8,298.71		7,819.42	.1		372.88	4.8

Holdings Report

	Ticker	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Large-Cap Value Funds										
EDISON INTL	EIX	69,000	71.14	4,908.80	77.17	5,362.16	.1	2.17	149.73	2.8
WEC ENERGY GROUP INC COM	WEC	93,000	58.60	5,450.06	62.78	5,838.54	.1	2.08	193.44	3.3
Total for Utilities-Dom Common Stock										
				10,358.86		11,200.70	.2		343.17	3.1
Large-Cap Value Funds										
ISHARES S&P 500 VALUE ETF	IWE	3,100,000	90.13	279,413.72	107.91	334,521.00	6.2	2.42	7,489.60	2.2
Total for Large-Cap Value Funds										
				279,413.72		334,521.00	6.2		7,489.60	2.2
Mid-Cap Value Funds										
ISHARES RUS MID-CAP VALUE	IWS	1,525,000	71.27	108,685.43	84.93	129,518.25	2.4	1.82	2,772.45	2.1
Total for Mid-Cap Value Funds										
				108,685.43		129,518.25	2.4		2,772.45	2.1
Small-Cap Value Funds										
ISHARES RUSSELL 2000 VALUE ETF	IWN	750,000	110.12	82,591.33	124.12	93,090.00	1.7	2.16	1,617.75	1.7
Total for Small-Cap Value Funds										
				82,591.33		93,090.00	1.7		1,617.75	1.7
Large-Cap Growth Funds										
ISHARES S&P 500 GROWTH ETF	IWW	2,370,000	111.19	263,521.75	143.42	339,905.40	6.3	1.98	4,692.60	1.4
Total for Large-Cap Growth Funds										
				263,521.75		339,905.40	6.3		4,692.60	1.4
Mid-Cap Growth Funds										
ISHARES RUS MID-CAP GRW ETF	IWP	1,175,000	85.20	100,105.86	113.19	132,998.25	2.5	1.11	1,307.78	1.0
Total for Mid-Cap Growth Funds										
				100,105.86		132,998.25	2.5		1,307.78	1.0
Small-Cap Growth Funds										
ISHARES RUSSELL 2000 GROWTH ETF	IWO	525,000	142.31	74,712.85	178.96	93,954.00	1.7	1.49	781.73	.8
Total for Small-Cap Growth Funds										
				74,712.85		93,954.00	1.7		781.73	.8
Large-Cap Blended Funds										
SCHWAB STRATEGIC TR	SCHX	3,045,000	56.45	171,875.38	60.04	182,821.80	3.4	1.14	3,471.30	1.9
VANGUARD INDEX FUNDS S&P 500 ETF SHS	VOO	775,000	217.09	168,244.12	230.76	178,839.00	3.3	4.48	3,472.00	1.9
Total for Large-Cap Blended Funds										
				340,119.50		361,660.80	6.7		6,943.30	1.9
Small-Cap Blended Funds										
ISHARES RUSSELL 2000 ETF	IWM	1,575,000	117.48	185,025.22	148.18	233,383.50	4.3	1.91	3,003.53	1.3
Total for Small-Cap Blended Funds										
				185,025.22		233,383.50	4.3		3,003.53	1.3

Holdings Report

	Ticker	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield	
Emerging Market Funds											
	ISHARES MSCI EMERGING MKT FD	EEM	4,375,000	36,18	158,306.52	44.81	196,043.75	3.6	.59	2,572.50	1.3
Total for Emerging Market Funds						158,306.52	196,043.75	3.6		2,572.50	1.3
Foreign Large Growth Funds											
	ISHARES MSCI EAFE GROWTH ETF	EFG	2,750,000	66.43	182,686.12	77.39	212,822.50	3.9	1.28	3,517.25	1.7
Total for Foreign Large Growth Funds						182,686.12	212,822.50	3.9		3,517.25	1.7
Foreign Large Value Funds											
	ISHARES MSCI EAFE VALUE ETF	EFV	3,900,000	49.70	193,825.19	54.60	212,940.00	3.9	1.66	6,485.70	3.0
Total for Foreign Large Value Funds						193,825.19	212,940.00	3.9		6,485.70	3.0
Foreign Large Blended Funds											
	ISHARES MSCI EAFE ETF	EFA	5,750,000	61.08	351,196.94	68.48	393,760.00	7.3	1.66	9,533.50	2.4
	ISHARES TR HDG MSCI EAFE	HEFA	4,375,000	26.06	114,000.98	28.94	126,612.50	2.3	.70	3,071.25	2.4
Total for Foreign Large Blended Funds						465,197.92	520,372.50	9.6		12,604.75	2.4
Intl CS - Non-ADRS											
	ALLERGAN PLC SHS	AGN	22,000	227.88	5,013.40	204.95	4,508.90	.1	2.80	61.60	1.4
	DELPHI AUTOMOTIVE PLC	DLPH	51,000	81.15	4,138.89	98.40	5,018.40	.1	1.16	59.16	1.2
	MEDTRONIC PLC SHS	MDT	72,000	74.43	5,358.78	77.77	5,599.44	.1	1.84	132.48	2.4
	CHUBB LIMITED COM	CB	28,000	128.66	3,602.60	142.55	3,991.40	.1	2.84	79.52	2.0
	ROYAL CARIBBEAN CRUISES LTD	RCL	36,000	80.14	2,884.99	118.54	4,289.04	.1	2.40	86.40	2.0
Total for Intl CS - Non-ADRS						20,998.66	23,407.18	.4		419.16	1.8
Global Macro											
	EATON VANCE GBL MAC ABS RT AD #208	EGRIX	9,014,850	9.98	90,009.02	10.60	95,557.43	1.8	.18	1,622.67	1.7
	WESTERN ASSET MAC OPP IS FD #5102	LAOSX	8,488,410	10.44	88,577.08	11.95	101,436.48	1.9	.20	1,731.64	1.7
Total for Global Macro						178,586.10	196,993.91	3.6		3,354.31	1.7
Total						4,911,202.62	5,419,813.77	100.0		122,609.98	2.3

DESERT HEALTHCARE DISTRICT

6736304730

09/30/2017

Investment Objective: FIXED INCOME MANAGEMENT

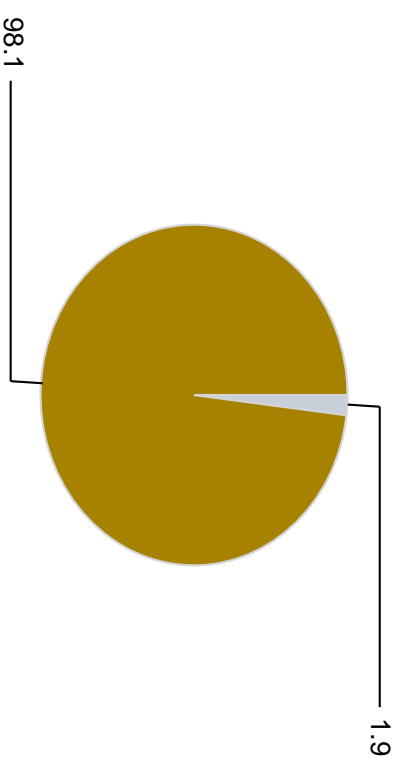
Investment Officer: ROBERT L. ADAMS

Inception Date: 07/01/1998

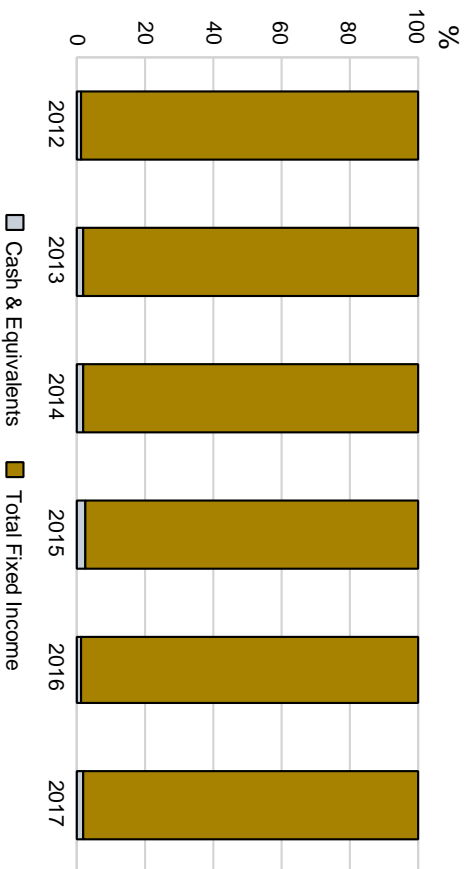
Asset Allocation Summary

Market Value by Asset Class

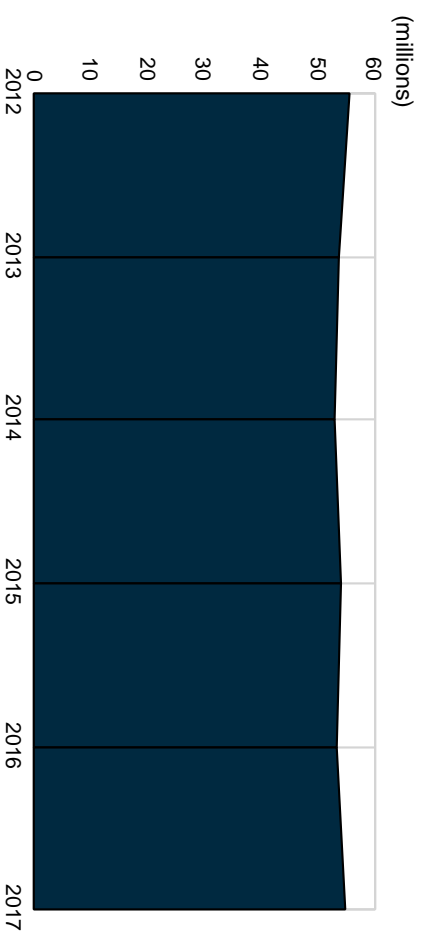
	Market Value	Mkt Val	% of
Total Fixed Income	53,831,331		98.1
Cash & Equivalents	1,025,446		1.9
Total	54,856,777		100.0



Annual Allocation



Annual Ending Market Values



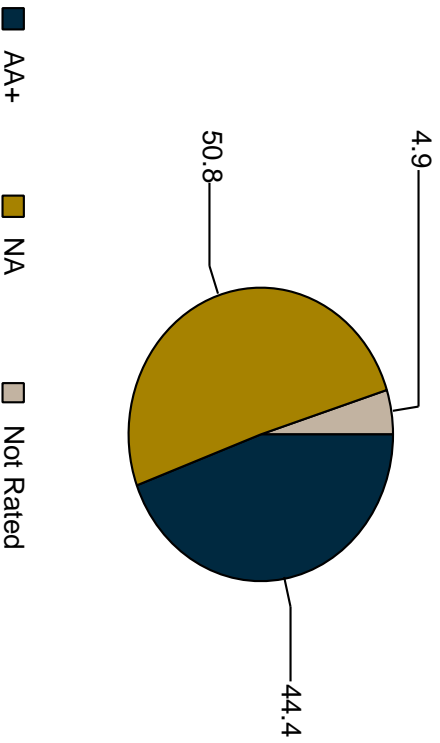
Fixed Income Analysis - Individual Holdings

09/30/2017 07/31/2017 10/31/2016 10/31/2015 10/31/2014

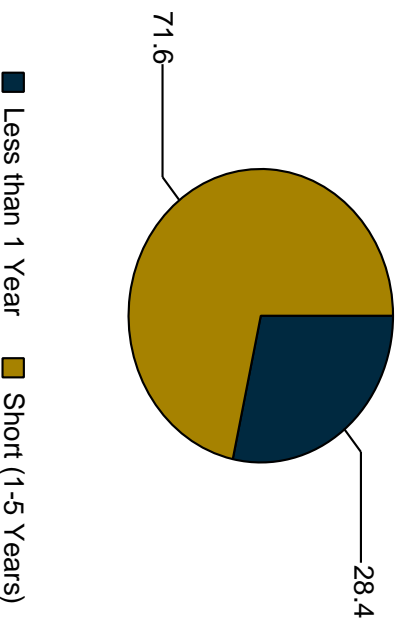
Duration	2.17	2.10	2.02	1.72	1.92
Coupon	2.66	2.91	3.38	4.36	4.77
Yield to Maturity	1.73	1.79	1.12	1.37	.99
Maturity	2.23	2.15	2.07	1.78	2.01
Current Yield	2.62	2.86	3.26	4.15	4.44

Face Amount	52,800,000	52,800,000	53,200,000	50,500,000	49,400,000
Market Value	53,462,787	53,636,960	54,900,671	52,957,213	52,976,480
Cost	54,568,150	54,920,860	56,934,572	56,305,195	55,700,467

Quality Allocation by Market Value



Maturity Allocation by Market Value



Summary Investment Performance

Beginning Market Value	4,867,756.00
Beginning Accrued Income	29,993.00
Beginning Portfolio Value	4,897,749.00
Contributions	70,945,181.00
Withdrawals	-43,880,861.37
Income Earned	35,811,788.43
Gain/Loss	-12,917,080.24
Ending Market Value	54,487,496.74
Ending Accrued Income	369,280.08
Ending Portfolio Value	54,856,776.82
Total Earnings	22,894,708.19

Performance

Cash Equivalents	1.95
Total Fixed Income	3.39
Total Acct - Gross of Fees	3.32
TaxEx Blended Bal Index excl EMI/Alts	5.71



Selected Period Performance
DESERT HEALTHCARE DISTRICT
 Account 6736304730
 Period Ending: 09/30/2017

Sector	Market Value	3 Months	1 Year	3 Years	5 Years	15 Years	Inception to Date 07/01/1998
Cash & Equivalents	1,025,446	.22	.57	.30	.19	1.11	1.79
Lipper Money Market Funds Index		.20	.51	.19	.12		
Total Fixed Income	53,831,331	.29	.28	.95	.75	2.34	3.39
BC 1-3 Yr US Govt. Bd Index		.24	.27	.78	.65	2.16	3.15
Total Managed Portfolio	54,856,777	.29	.30	.94	.74	2.32	3.32
Total Account Net of Fees	54,856,777	.24	.10	.74	.54	2.12	3.12

Portfolio Inception: 07/01/1998

Returns are gross of account level investment advisory fees and net of any fees, including fees to manage mutual fund or exchange traded fund holdings. Returns for periods over one year are annualized. The information presented has been obtained from sources believed to be accurate and reliable. Past performance is not indicative of future returns. Securities are not FDIC insured, have no bank guarantee, and may lose value.

	Ticker	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield
Cash - Money Market										
FIDELITY GOVT MMKT INST CL-I #57	FIDGOV	1,024,709.740	1.00	1,024,709.74	1.00	1,025,445.52	1.9	.01	9,347.40	.9
Total for Cash - Money Market				1,024,709.74		1,025,445.52	1.9		9,347.40	.9
Taxable FX - US Govt Agency										
FHLB BDS 3.370% 2/23/18	FB33318C	1,000,000.000	102.77	1,027,720.10	100.85	1,012,037.22	1.8	3.37	33,700.00	3.3
FHLB BDS 1.375% 6/12/20	FB11320F	1,000,000.000	100.18	1,001,784.74	99.21	996,243.19	1.8	1.38	13,750.00	1.4
FHLB BDS 5.000% 11/17/17	FB55017B	1,000,000.000	109.07	1,090,728.60	100.48	1,023,421.11	1.9	5.00	50,000.00	5.0
FHLB BDS 4.750% 6/08/18	FB44718A	1,000,000.000	114.76	1,147,560.00	102.29	1,037,759.72	1.9	4.75	47,500.00	4.6
FHLB BDS 4.375% 6/14/19	FB44319	1,000,000.000	106.53	1,065,335.93	104.73	1,060,333.47	1.9	4.38	43,750.00	4.2
FHLB BDS 4.500% 9/13/19	FB44519B	1,500,000.000	108.26	1,623,921.73	105.59	1,587,255.00	2.9	4.50	67,500.00	4.3
FNMA NTS 4.600% 6/05/18	FN44618	1,000,000.000	104.69	1,046,890.78	102.22	1,037,022.22	1.9	4.60	46,000.00	4.5
FNMA BDS 1.500% 6/22/20	FB11520E	1,000,000.000	100.43	1,004,256.68	99.72	1,001,325.00	1.8	1.50	15,000.00	1.5
FNMA MTN 1.875% 12/28/20	FM11820D	2,000,000.000	100.92	2,018,400.00	100.52	2,020,007.50	3.7	1.88	37,500.00	1.9
FNMA NTS 1.250% 5/06/21	FN11221B	1,500,000.000	100.11	1,501,665.87	98.22	1,480,897.08	2.7	1.25	18,750.00	1.3
FNMA NTS 2.000% 1/05/22	FN22022D	1,000,000.000	100.06	1,000,598.00	100.25	1,007,317.78	1.8	2.00	20,000.00	2.0
FNMA NTS 1.875% 9/18/18	FN11819C	1,000,000.000	101.21	1,012,093.58	100.49	1,005,527.08	1.8	1.88	18,750.00	1.9
FNMA NTS 1.875% 2/19/19	FN11719I	1,000,000.000	101.44	1,014,362.44	100.56	1,007,747.50	1.8	1.88	18,750.00	1.9
FNMA NTS 1.750% 11/26/19	FN11719I	2,000,000.000	100.55	2,010,903.24	100.38	2,019,752.78	3.7	1.75	35,000.00	1.7
FNMA NT 2.000% 11/30/20	FN22020AC	1,000,000.000	101.51	1,015,076.14	100.73	1,014,012.22	1.8	2.00	20,000.00	2.0
FHLMC NTS 4.875% 6/13/18	FN44808E	2,000,000.000	110.18	2,203,614.18	102.45	2,078,290.00	3.8	4.88	97,500.00	4.8
FHLMC NTS 3.750% 3/27/19	FN33719	1,000,000.000	105.70	1,056,990.69	103.31	1,033,496.67	1.9	3.75	37,500.00	3.6
FHLMC NTS 2.375% 1/13/22	FN22322	2,000,000.000	102.04	2,040,818.00	101.77	2,045,771.67	3.7	2.38	47,500.00	2.3
FHLMC NT 1.250% 10/02/19	FN11219	1,000,000.000	98.48	984,760.00	99.43	1,000,485.28	1.8	1.25	12,500.00	1.3
FHLMC NTS 1.500% 1/17/20	FN11520AG	1,000,000.000	99.99	999,940.00	99.74	1,000,453.33	1.8	1.50	15,000.00	1.5
FNMA NTS 4.377% 1/23/18	FN44318	1,000,000.000	112.65	1,126,510.00	100.91	1,017,337.67	1.9	4.38	43,770.00	4.3
Total for Taxable FX - US Govt Agency				26,993,930.70		26,486,493.49	48.3		739,720.00	2.8
Taxable Fixed - US Treas										
US TREAS NTS 1.500% 12/31/18	UTN1518A	1,000,000.000	100.18	1,001,808.91	100.11	1,004,880.76	1.8	1.50	15,000.00	1.5
US TREAS NTS 2.125% 1/31/21	UTN2121	1,000,000.000	101.76	1,017,578.13	101.39	1,017,490.16	1.9	2.13	21,250.00	2.1
US TREAS NTS 2.250% 3/31/21	UTN2221	1,000,000.000	101.72	1,017,226.56	101.77	1,029,041.81	1.9	2.25	22,500.00	2.2
US TREAS NTS 2.125% 9/30/21	UTN2121B	1,000,000.000	103.87	1,038,700.40	101.21	1,022,793.38	1.9	2.13	21,250.00	2.1
US TREAS NTS 1.750% 9/30/19	UTN1719	1,000,000.000	101.27	1,012,728.64	100.50	1,013,838.08	1.8	1.75	17,500.00	1.7
US TREAS NTS 2.000% 10/31/21	UTN2021D	1,000,000.000	100.57	1,005,664.06	100.72	1,015,559.57	1.9	2.00	20,000.00	2.0
US TREAS NTS 2.125% 12/31/21		1,800,000.000	101.60	1,828,828.13	101.13	1,829,988.44	3.3	2.13	38,250.00	2.1

Holdings Report

Account Name: DESERT HEALTHCARE DISTRICT
Account ID: 6736304730

Investment Review
August 31, 2017 to September 30, 2017

Ticker	Units	Unit Cost	Total Cost	Price	Market Value	Weight	Unit Income	Annual Income	Current Yield	
US TREAS NT 4.250% 11/15/17	UTN4217	2,000,000.000	107.44	2,148,818.81	100.38	2,039,625.98	3.7	4.25	85,000.00	4.2
US TREAS NTS 2.750% 2/15/19	UTN0019	2,000,000.000	103.47	2,069,477.30	101.80	2,043,044.46	3.7	2.75	55,000.00	2.7
US TREAS NTS 3.125% 5/15/19	UTN3119	1,000,000.000	104.55	1,045,504.67	102.70	1,038,833.67	1.9	3.13	31,250.00	3.0
US TREAS NTS 3.625% 2/15/20	UTN3620	1,000,000.000	107.06	1,070,571.13	104.85	1,053,149.76	1.9	3.63	36,250.00	3.5
US TREAS NTS 2.625% 8/15/20	UTN2620	1,000,000.000	104.30	1,042,985.58	102.84	1,031,752.58	1.9	2.63	26,250.00	2.6
US TREAS NTS 2.625% 11/15/20	UTN2620A	1,000,000.000	103.49	1,034,921.88	102.94	1,039,325.08	1.9	2.63	26,250.00	2.6
US TREAS NTS 2.750% 2/28/18	UTN2818	1,000,000.000	102.07	1,020,702.06	100.63	1,008,684.97	1.8	2.75	27,500.00	2.7
US TREAS NTS 2.875% 3/31/18	UTN0118	1,000,000.000	102.64	1,026,448.79	100.81	1,022,503.98	1.9	2.88	28,750.00	2.9
US TREAS NTS 2.375% 5/31/18	UTN2318	1,000,000.000	102.23	1,022,288.50	100.71	1,015,051.56	1.9	2.38	23,750.00	2.4
US TREAS NTS 2.250% 7/31/18	UTN2218	2,000,000.000	101.78	2,035,511.75	100.73	2,022,261.52	3.7	2.25	45,000.00	2.2
US TREAS NTS 2.000% 2/15/22	UTN2022	1,000,000.000	101.29	1,012,851.56	100.65	1,009,074.35	1.8	2.00	20,000.00	2.0
US TREAS NTS 2.000% 7/31/20	UTN2020	1,000,000.000	103.68	1,036,843.25	101.09	1,014,229.57	1.8	2.00	20,000.00	2.0
US TREAS NTS 2.000% 9/30/20	UTN2020A	1,000,000.000	102.51	1,025,087.37	101.06	1,020,684.95	1.9	2.00	20,000.00	2.0
US TREAS NTS 2.250% 4/30/21	UTN2221A	1,000,000.000	103.63	1,036,312.56	101.77	1,027,075.76	1.9	2.25	22,500.00	2.2
US TREAS NTS 2.250% 7/31/21	UTN2221B	1,000,000.000	101.96	1,019,609.38	101.72	1,021,020.76	1.9	2.25	22,500.00	2.2
US TREAS NTS 1.625% 6/30/20	UTN0020A	1,000,000.000	100.38	1,003,750.00	100.08	1,004,926.66	1.8	1.63	16,250.00	1.6
Total for Taxable Fixed - US Treas			27,574,219.42		27,344,837.81		49.8		662,000.00	2.4
Total			55,592,859.86		54,856,776.82		100.0		1,411,067.40	2.6



Disclosures

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Date: November 28, 2017

To: Board of Directors

Subject: Lease Renewal Agreement – Dr. Ramy Awad - Las Palmas
Medical Plaza Suite #2W-107

Staff recommendation: Consideration to approve the draft lease agreement for Dr. Ramy Awad at the Las Palmas Medical Plaza.

Background:

- Dr Awad has been a long standing tenant of the Las Palmas Medical Plaza
- Dr. Awad would like to renew a 3 year lease with base rent of \$1.65/sf.
- Dr. Awad requests \$7/sf for Tenant Improvement Allowance reimbursement.
- Dr Awad is currently reviewing the proposed lease agreement.
- Staff recommends approval of the draft lease agreement subject to Dr Awad's approval.
- At the F&A Committee meeting on November 14th, the Committee recommended forwarding to the Board for full approval.
- Draft lease agreement is attached for your review.

Fiscal Impact:

Estimated revenue from Rent and CAMs for life of the lease - \$84,787

Estimated cost of Tenant Improvement Allowance (\$7/sf) - \$7,168.

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OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Dr. Ramy Awad, referred to as "Tenant", and is dated December 1, 2017.

1. LEASE OF PREMISES.

In consideration of the Rent (as defined at Section 5.4) and the provisions of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the Premises described in Section 2L. The Premises are located within the Building and Project described in Section 2m. Tenant shall have the non-exclusive right (unless otherwise provided herein) in common with Landlord, other tenants, subtenants, and invitees, to use of the Common Areas (as defined at Section 2e).

2. DEFINITIONS.

As used in this Lease, the following terms shall have the following meanings:

- a. *Base Rent (Initial)*: Twenty Thousand, Two Hundred Seventy-Five Dollars & 20/100 (\$20,275.20) per year.
- b. *Base Year*: The calendar year of December 1 to November 30.
- c. *Broker(s)*:
Landlord's: N/A
Tenant's: N/A
In the event that N/A represents both Landlord and Tenant, Landlord and Tenant hereby confirm that they were timely advised of the dual representation and that they consent to the same, and that they do not expect said broker to disclose to either of them the confidential information of the other party.
- d. *Commencement Date*: December 1, 2017.
- e. *Common Areas*: The building lobbies, common corridors and hallways, restrooms, parking areas, stairways, elevators and other generally understood public or common areas. Landlord shall have the right to regulate or restrict the use of the Common Areas.
- f. *Expiration Date*: November 30, 2020, unless otherwise sooner terminated in accordance with the provisions of this Lease.
- g. *Landlord's Mailing Address*: 1140 N. Indian Canyon Dr., Palm Springs, CA 92262
Tenant's Mailing Address: 555 E. Tachevah Dr. 2W-107, Palm Springs, CA 92262
- h. *Monthly Installments of Base Rent (initial)*: \$ One Thousand, Six Hundred Eighty-Nine Dollars and 60/100 (\$1,689.60) per month.
- i. *Project Operating Costs (CAMs)*: Currently Sixty Cents (\$.60) per square foot per month.
- j. *Tenant Improvement Allowance (TI)*: Seven Dollars (\$7) per square foot or Seven Thousand, One Hundred Sixty-Eight and 00/100 Dollars (\$7,168.00).
- k. *Parking*: Tenant shall be permitted, to park 5 cars on a non-exclusive basis in the area(s) designated by Landlord for parking (for Staff - generally in the back of the parking area, perimeter streets, and Wellness Park parking lot). Tenant shall abide by any and all parking regulations and rules established from time to time by Landlord or Landlord's parking operator.
- l. *Premises*: That portion of the Building containing approximately 1024 square feet of Rentable Area, located in Building 2W and known as Suite 107.
- m. *Project*: The building of which the Premises are a part (the "Building") and any other buildings or improvements on the real property (the "Property") located at 555 E. Tachevah Drive, Palm Springs, California 92262. The Project is known as The Las Palmas Medical Plaza.
- n. *Rentable Area*: As to both the Premises and the Project, the respective measurements of floor area as may from time to time be subject to lease by Tenant and all tenants of the Project, respectively, as determined by Landlord and applied on a consistent basis throughout the Project.

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- o. *Security Deposit (Section 7)*: \$ One Thousand, Five Hundred Dollars and 00/100 (\$1,500.00). Deposit shall be carried forward from prior lease dated October 1, 2011.
- p. *State*: the State of California.
- q. *Tenant's First Adjustment Date (Section 5)*: The first day of the calendar month following the Commencement Date plus 12 months.
- r. *Tenant's Proportionate Share*: 2.07%. Such share is a fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of six building(s) containing a total Rentable Area of 49,356 square feet.
- s. *Tenant's Use Clause (Article 8)*: General office use consistent with and use the City may allow under the City of Palm Springs zoning, subject to Landlord's reasonable approval.
- t. *Term*: The period commencing on the Commencement Date and expiring at midnight on the Expiration Date.

3. EXHIBITS AND ADDENDA.

The exhibits and addenda listed below (unless lined out) are incorporated by reference in this Lease:

- a. Exhibit "A" Rules and Regulations.
- b. Addenda*

*See Addendum attached hereto and by this reference made a part hereof.

4. DELIVERY OF POSSESSION.

If for any reason Landlord does not deliver possession of the Premises to Tenant on the commencement Date, Landlord shall not be subject to any liability for such failure, the Expiration Date shall not change and the validity of this Lease shall not be impaired, but Rent shall be abated until delivery of possession, "Delivery of possession" shall be deemed to occur on the date Landlord completes Landlord's Work as defined in Addendum. If Landlord permits Tenant to enter into possession of the Premises before the Commencement Date, such possession shall be subject to the provisions of this Lease, including, without limitation, the payment of Rent.

5. RENT.

5.1 *Payment of Base Rent*: Tenant agrees to pay the base rent for the premises. Monthly installments of Base Rent shall be payable in advance on the first day of each calendar month of the term. If the term begins (or ends) on other than the first (or last) day of a calendar month, the Base Rent for the partial month shall be prorated on a per diem basis. Tenant shall pay Landlord the first Monthly Installment of Base Rent when Tenant executes the Lease.

5.2 *Adjusted Base Rent*:

- a. The Base Rent (and the corresponding monthly installments of Base Rent) set forth at Section 2a shall be adjusted annually (the "Adjustment Date"), commencing on Tenant's First Adjustment Date.
- b. Such adjustment shall be the greater of 3% over the preceding year or Consumer Price Index.

5.3 *Project Operating Costs(CAMs)*:

- a. In order that the Rent payable during the Term reflect Project Operating Costs, Tenant agrees to pay to Landlord as Rent, Tenant's Proportionate Share of all costs, expenses and obligations attributable to the Project and its operation as set forth in 2i, all as provided below.
- b. If, during any calendar year during the Term, Project Operating Costs exceed the Project Operating Costs for the Base Year, Tenant shall pay to Landlord, in addition to the Base Rent and all other payments due under this lease, an amount equal to Tenant's Proportionate Share of such excess Project Operating Costs in accordance with the provisions of this Section 5.3b.

(1.) The term "Project Operating Costs" shall include all those items described in the following subparagraphs (a) and (b).

- (a.) All taxes, assessments, water and sewer charges and other similar governmental charges levied on or attributable to the Building or Project or their operation, including without limitation, (i) real property taxes or assessments levied or assessed against the Building or Project, (ii) assessments or charges levied or assessed against the Building or Project by any redevelopment agency, (iii) any tax measured by gross rentals received from the leasing of the Premises, Building or Project, excluding any net income, franchise, capital stock, estate or inheritance taxes imposed by the State or federal government or their agencies, branches or departments; provided that if at any time during the Term any governmental entity levies, assesses or imposes on Landlord any (1) general or special, ad valorem or specific, excise, capital levy or other tax, assessment, levy or charge directly on the Rent received under this lease or on the rent received under any other leases of space in the Building or Project, or (2) and license fee, excise or franchise tax,

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assessment, levy or charge measured by or based, in whole or in part, upon such rent, or (3) any transfer, transactions, or similar tax, assessment, levy or charge based directly or indirectly upon the transaction represented by this Lease or such other leases, or (4) any occupancy, use, per capita or other tax, assessment, levy or charge based directly or indirectly upon the use or occupancy of the Premises or other premises within the Building or Project, then any such taxes, assessments, levies and charges shall be deemed to be included in the term Project Operation Costs. If at any time during the Term the assessed valuation of, or taxes on, the Project are not based on a completed Project having at least eighty-five percent (85%) of the Rentable Area occupied, then the "taxes" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the taxes, which would have been payable if the Project were completed and at least eighty-five percent (85%) occupied.

(b.) Operating costs incurred by Landlord in maintaining and operating the Building and Project, including without limitation the following: costs of (1) utilities; (2) supplies; (3) insurance (including public liability, property damage, earthquake, and fire and extended coverage insurance for the full replacement cost of the Building and Project as required by Landlord or its lenders for the Project; (4) services of independent contractors; (5) compensation (including employment taxes and fringe benefits) of all persons who perform duties connected with the operation, maintenance, repair or overhaul of the Building or Project, and equipment, improvements and facilities located within the Project, including without limitation engineers, janitors, painters, floor waxers, window washers, security and parking personnel and gardeners (but excluding persons performing services not uniformly available to or performed for substantially all Building or Project tenant); (6) operation and maintenance of a room for delivery and distribution of mail to tenants of the Building or Project as required by the U.S. Postal Service (including, without limitation, an amount equal to the fair market rental value of the mail room premises); (7) management of the Building or Project, whether managed by Landlord or an independent contractor (including, without limitation, an amount equal to the fair market value of any on-site manager's office); (8) rental expenses for (or a reasonable depreciation allowance on) personal property used in the maintenance, operation or repair of the Building or Project; (9) costs, expenditures or charges (whether capitalized or not) required by any governmental or quasi-governmental authority; (10) amortization of capital expenses (including financing costs) (i) required by a governmental entity for energy conservation or life safety purposes, or (ii) made by landlord to reduce Project Operating Costs; and (11) any other costs or expenses incurred by Landlord under this Lease and not otherwise reimbursed by tenants of the Project. If at any time during the Term, less than eighty-five percent (85%) of the Rentable Area of the Project is occupied, the "operating costs" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the operating costs which would have been incurred if the Project had been at least eighty-five percent (85%) occupied.

(2.) Tenant's Proportionate Share of Project Operating Costs shall be payable by Tenant to Landlord as follows:

(a.) Beginning with the calendar year following the Base Year and for each calendar year thereafter ("comparison Year"), Tenant shall pay Landlord an amount equal to Tenant's Proportionate Share of the Project Operating Costs incurred by Landlord in the Comparison Year which exceeds the total amount of Project Operating Costs payable by Landlord for the Base Year. This excess is referred to as the "Excess Expenses."

(b.) To provide for current payments of Excess Expenses, Tenant shall, at Landlord's request, pay as additional rent during each Comparison Year, an amount equal to Tenant's Proportionate Share of the Excess Expenses payable during such Comparison Year, as estimated by Landlord from time to time. Such payments shall be made in monthly installments, commencing on the first day of the month following the month in which Landlord notifies Tenant of the amount it is to pay hereunder and continuing until the first day of the month following the month in which Landlord gives Tenant a new notice of estimated Excess Expenses. It is the intention hereunder to estimate from time to time the amount of the Excess Expense for each Comparison Year and Tenant's Proportionate Share thereof, and then to make an adjustment in the following year based on the actual Excess Expenses incurred for that Comparison Year.

(c.) On or before April 1 of each Comparison Year after the first Comparison Year (or as soon thereafter as is practical), Landlord shall deliver to Tenant a statement setting forth Tenant's Proportionate Share of the Excess Expenses for the preceding Comparison Year. If Tenant's Proportionate Share of the actual Excess Expenses for the previous Comparison Year exceeds the total of the estimated monthly payments made by Tenant for such year, Tenant shall pay Landlord the amount of the deficiency within ten (10) days of the receipt of the statement. If such total exceeds Tenant's Proportionate Share of the actual Excess Expenses for such Comparison Year, then Landlord shall credit against Tenant's next ensuing monthly installment(s) of additional rent an amount equal to the difference until the credit is exhausted. If the credit is due from Landlord on the Expiration Date, Landlord shall pay Tenant the amount of the credit. The obligations of Tenant and Landlord to make payments required under this Section 5.3 shall survive the Expiration Date.

(d.) Tenant's Proportionate Share of Excess Expenses in any Comparison Year having less than 365 days shall be appropriately prorated.

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- (e.) If any dispute arises as to the amount of any additional rent due hereunder, Tenant shall have the right after reasonable notice and at reasonable times to inspect Landlord's accounting records at Landlord's accounting office and, if after such inspection Tenant still disputes the amount of additional rent owed, a certification as to the proper amount shall be made by Landlord's certified public accountant, which certification shall be final and conclusive. Tenant agrees to pay the cost of such certification unless it is determined that Landlord's original statement overstated Project Operating Costs by more than five percent (5%).
- (f.) If this Lease sets forth an Expense Stop at Section 2f, then during the Term, Tenant shall be liable for Tenant's Proportionate Share of any actual Project Operating Costs which exceed the amount of the Expense Stop. Tenant shall make current payments of such excess costs during the Term in the same manner as is provided for payment of Excess Expenses under the applicable provisions of Section 5.3(2)(b) and (c) above.

5.4 *Definition of Rent:* The Rent shall be paid to the Building manager (or other person) and at such place, as Landlord may from time to time designate in writing, without any prior demand therefore and without deduction or offset, in lawful money of the United States of America.

5.5 *Rent Control:* If the amount of Rent or any other payment due under this Lease violates the terms of any governmental restrictions on such Rent or payment, then the Rent or payment due during the period of such restrictions shall be the maximum amount allowable under those restrictions. Upon termination of the restrictions, Landlord shall, to the extent it is legally permitted, recover from Tenant the difference between the amounts received during the period of the restrictions and the amounts Landlord would have received had there been no restrictions.

5.6 *Taxes Payable by Tenant:* In addition to the Rent and any other charges to be paid by Tenant hereunder, Tenant shall reimburse Landlord upon demand for any and all taxes payable by Landlord (other than net income taxes) which are not otherwise reimbursable under this Lease, whether or not now customary or within the contemplation of the parties, where such taxes are upon, measured by or reasonably attributable to (a) the cost or value of Tenant's equipment, furniture, fixtures and other personal property located in the Premises, or the cost or value of any leasehold improvements made in or to the Premises by or for Tenant, other than Building Standard Work made by Landlord, regardless of whether title to such improvements is held by Tenant or Landlord; (b) the gross or net Rent payable under this Lease, including, without limitation, any rental or gross receipts tax levied by any taxing authority with respect to the receipt of the Rent hereunder; (c) the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion thereof; or (d) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. If it becomes unlawful for Tenant to reimburse Landlord for any costs as required under this Lease, the Base Rent shall be revised to net Landlord the same net Rent after imposition of any tax or other charge upon Landlord as would have been payable to Landlord but for the reimbursement being unlawful.

5.7 *Tenant Improvement Allowance:* In recognition for Tenant completing all improvements, including fire sprinklers, if necessary, to the premises as mutually agreed by Landlord and Tenant, Landlord shall provide Tenant with a total Tenant improvement allowance not to exceed that set forth in Section 2j upon completion of agreed tenant improvements. This allowance will be reimbursed to tenant upon satisfactory receipt of paid invoices and inspection by Property Management that work has been satisfactorily completed. Any additional tenant improvements will be at the sole expense of the Tenant. Improvements shall conform to a high quality of design approved by Landlord prior to commencement of work, and shall be performed by a licensed General Contractor approved by Landlord in advance. Tenant shall submit plans and specifications for any and all improvements to Landlord, and where necessary, the City of Palm Springs and other applicable government agencies for their required approval (if any) prior to commencement of work. Tenant and the General Contractor shall indemnify and hold Landlord and its officers, agents and employees harmless from any liability resulting from the tenant improvement work and shall be named as an additional insured on the insurance policy of both the Tenant and the General Contractor. All costs shall be subject to prevailing wages and if construction costs exceed \$25,000, then the tenant improvements shall also be subject to California competitive bid statutes.

6. INTEREST AND LATE CHARGES.

If Tenant fails to pay when due any Rent or other amounts or charges which Tenant is obligated to pay under the terms of this Lease, the unpaid amounts shall bear interest at the maximum rate then allowed by law. Tenant acknowledges that the late payment of any Monthly Installment of Base Rent will cause Landlord to lose the use of that money and incur costs and expenses not contemplated under this Lease, including without limitation, administrative and collection costs and processing and accounting expenses, the exact amount of which is extremely difficult to ascertain. Therefore, in addition to interest, if any such installment is not received by Landlord within five (5) days from the date it is due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of such installment. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for the loss suffered from such nonpayment by Tenant. Acceptance of any interest or late charge shall not constitute a waiver of Tenant's default with respect to such nonpayment by Tenant nor prevent Landlord from exercising any other rights or remedies available to Landlord under this Lease.

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7. SECURITY DEPOSIT.

Tenant agrees to deposit with Landlord the Security Deposit set forth at Section 2.0 upon execution of this Lease, as security for Tenant's faithful performance of its obligations under this Lease. Landlord and Tenant agree that the Security Deposit may be commingled with funds of Landlord and Landlord shall have no obligation or liability for payment of interest on such deposit. Tenant shall not mortgage, assign, transfer or encumber the Security Deposit without the prior written consent of Landlord and any attempt by Tenant to do so shall be void, without force or effect and shall not be binding upon Landlord.

If Tenant fails to pay Rent or other amount when due and payable under this Lease, or fails to perform any of the terms hereof, Landlord may appropriate and apply or use all or any portion of the Security Deposit for Rent payments or any other amount then due and unpaid, for payment of any amount for which Landlord has become obligated as a result of Tenant's default or breach, and for any loss or damage sustained by Landlord as a result of Tenant's default or breach, and Landlord may so apply or use this deposit without prejudice to any other remedy Landlord may have by reason of Tenant's default or breach. If Landlord so uses any of the Security Deposit, Tenant shall, within ten (10) days after written demand therefore, restore the Security Deposit to the full amount originally deposited; Tenant's failure to do so shall constitute an act of default hereunder and Landlord shall have the right to exercise any remedy provided for at Article 27 hereof. Within fifteen (15) days after the Term (or any extension thereof) has expired or Tenant has vacated the Premises, whichever shall last occur, and provided Tenant is not then in default on any of its obligations hereunder, Landlord shall return the Security Deposit to Tenant, or, if Tenant has assigned its interest under this Lease, to the last assignee of Tenant. If Landlord sells its interest in the Premises, Landlord may deliver this deposit to the purchaser of Landlord's interest and thereupon be relieved of any further liability or obligation with respect to the Security Deposit.

8. TENANT'S USE OF THE PREMISES

Tenant shall use the Premises solely for the purposes set forth in Tenant's Use Clause. Tenant shall not use or occupy the Premises in violation of law or any covenant, condition or restriction affecting the Building or Project or the certificate of occupancy issued for the Building or Project, and shall, upon notice from Landlord, immediately discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of law or the certificate of occupancy. Tenant, at Tenant's own cost and expense, shall comply with all laws, ordinances, regulations, rules and/or any directions of any governmental agencies or authorities having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or its use or occupation. A judgment of any court of competent jurisdiction or the admission by Tenant in any action or proceeding against Tenant that Tenant has violated any such laws, ordinances, regulations, rules and/or directions in the use of the Premises shall be deemed to be a conclusive determination of that fact as between Landlord and Tenant. Tenant shall not do or permit to be done anything, which will invalidate or increase the cost of any fire, extended coverage or other insurance policy covering the Building or Project and/or property located therein, and shall comply with all rules, orders, regulations, requirements and recommendations of the Insurance Services Office or any other organization performing a similar function. Tenant shall promptly upon demand reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Article. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or Project, or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

9. SERVICES AND UTILITIES.

Provided that Tenant is not in default hereunder, Landlord agrees to furnish to the Premises during generally recognized business days, and during hours determined by Landlord in its sole discretion, and subject to the Rules and Regulations of the Building or Project, electricity for normal desk top office equipment and normal copying equipment, and heating, ventilation and air conditioning ("HVAC") as required in Landlord's judgment for the comfortable use and occupancy of the Premises. If Tenant desires HVAC at any other time, Landlord shall use reasonable efforts to furnish such service upon reasonable notice from Tenant and Tenant shall pay Landlord's charges therefore on demand. Landlord shall also maintain and keep lighted the common stairs, common entries and restrooms in the Building. Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor shall the Rent be abated by reason of (I) the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, (ii) failure to furnish or delay in furnishing any such services where such failure or delay is caused by accident or any condition or event beyond the reasonable control of Landlord, or by the making of necessary repairs or improvements to the Premises, Building or Project, or (iii) the limitation, curtailment or rationing of, or restrictions on, use of water, electricity, gas or any other form of energy serving the Premises, Building or Project. Landlord shall not be liable under any circumstances for a loss of or injury to property or business, however occurring, through or in connection with or incidental to failure to furnish any such services. If Tenant uses heat generating machines or equipment in the Premises which affect the temperature otherwise maintained by the HVAC system, Landlord reserves the right to install supplementary air conditioning units in the Premises and the cost thereof, including the cost of installation, operation and maintenance thereof, shall be paid by Tenant to Landlord upon demand by Landlord.

Tenant shall not, without the written consent of Landlord, use any apparatus or devise in the Premises, including without limitation, electronic data processing machines, punch card machines or machines using in excess of 120 volts, which consumes more electricity than is usually furnished or supplied for the use of premises as general office space, as

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determined by Landlord. Tenant shall not connect any apparatus with electric current except through existing electrical outlets in the Premises. Tenant shall not consume water or electric current in excess of that usually furnished or supplied for the use of premises as general office space (as determined by Landlord), without first procuring the written consent of Landlord, which Landlord may refuse, and in the event of consent, Landlord may have installed a water meter or electrical current meter in the Premises to measure the amount of water or electric current consumed. The cost of any such meter and of its installation, maintenance and repair shall be paid for by the Tenant and Tenant agrees to pay to Landlord Promptly upon demand for all such water and electric current consumed as shown by said meters, at the rates charged for such services by the local public utility plus any additional expense incurred in keeping account of the water and electric current so consumed. If a separate meter is not installed, the excess cost for such water and electric current shall be established by an estimate made by a utility company or electrical engineer hired by Landlord at Tenant's expense.

Nothing contained in this Article shall restrict Landlord's right to require at any time separate metering of utilities furnished to the Premises. In the event utilities are separately metered, Tenant shall pay promptly upon demand for all utilities consumed at utility rates charged by the local public utility plus any additional expense incurred by Landlord in keeping account of the utilities so consumed. Tenant shall be responsible for the maintenance and repair of any such meters at its sole cost.

Landlord shall furnish elevator service, lighting replacement for building standard lights, restroom supplies, window washing and janitor services of common area in a manner that such services are customarily furnished to comparable office buildings in the area.

10. CONDITION OF THE PREMISES.

Tenant's taking possession of the Premises shall be deemed conclusive evidence that as of the date of taking possession of the Premises are in good order and satisfactory condition, except for such matters as to which Tenant gave Landlord notice on or before the Commencement Date. No promise of Landlord to alter, remodel, repair or improve the Premises, the Building or the Project and no representation, express or implied, respecting any matter or thing relating to the Premises, Building, Project or this Lease (including, without limitation, the condition of the Premises, the Building or the Project) have been made to Tenant by Landlord or its Broker or Sales Agent, other than as may be contained herein or in a separate exhibit or addendum signed by Landlord and Tenant.

11. CONSTRUCTION, REPAIRS AND MAINTENANCE.

- a. *Landlord's Obligations:* Landlord shall maintain in good order, condition and repair the Building and all other portions of the Premises not the obligation of Tenant or of any other tenant in the Building.
- b. *Tenant's Obligations:*
 - (1.) Tenant shall perform Tenant's Work to the Premises as described in an exhibit specific to Tenant Improvements, if applicable."
 - (2.) Tenant at Tenant's sole expense shall, except for services furnished by Landlord pursuant to Article 9 hereof, maintain the Premises in good order, condition and repair, including the interior surfaces of the ceilings, walls and floors, all doors, all interior windows, all plumbing, pipes and fixtures, electrical wiring, switches and fixtures, Building Standard furnishings and special items and equipment installed by or at the expense of Tenant.
 - (3.) Tenant shall be responsible for all repairs and alterations in and to the Premises, Building and Project and the facilities and systems thereof, the need for which arises out of (i) Tenant's use or occupancy of the Premises, (ii) the installation, removal, use or operation of Tenant's Property (as defined in Article 13) in the Premises, (iii) the moving of Tenant's Property into or out of the Building, or (iv) the act, omission, misuse or negligence of Tenant, its agents, contractors, employees or invitees.
 - (4.) If Tenant fails to maintain the Premises in good order, condition and repair, Landlord shall give Tenant notice to do such acts as are reasonably required to so maintain the Premises. If Tenant fails to promptly commence such work and diligently prosecute it to completion, then Landlord shall have the right to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be paid by Tenant promptly after demand with interest at the prime commercial rate then being charged by Bank of America NT & SA plus two percent (2%) per annum, from the date of such work, but not to exceed the maximum rate then allowed by law. Landlord shall have no liability to Tenant for any damage, inconvenience, or interference with the use of the Premises by Tenant as a result of performing any such work.
- c. *Compliance with Law:* Landlord and Tenant shall each do all acts required to comply with all applicable laws, ordinances, and rules of any public authority relating to their respective maintenance obligations as set forth herein.
- d. *Waiver by Tenant:* Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford the Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition and repair.

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- e. *Load and Equipment Limits:* Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry, as determined by Landlord or Landlord's structural engineer. The cost of any such determination made by Landlord's structural engineer shall be paid for by Tenant upon demand. Tenant shall not install business machines or mechanical equipment which cause noise or vibration to such a degree as to be objectionable to Landlord or other Building tenants.
- f. Except as otherwise expressly provided in this Lease, Landlord shall have no liability to Tenant nor shall Tenant's obligations under this Lease be reduced or abated in any manner whatsoever by reason of any inconvenience, annoyance, interruption or injury to business arising from Landlord's making any repairs or changes which Landlord is required or permitted by this Lease or by any other tenant's lease or required by law to make in or to any portion of the Project, Building or the Premises. Landlord shall nevertheless use reasonable efforts to minimize any interference with Tenant's business in the Premises.
- g. Tenant shall give Landlord prompt notice of any damage to or defective condition in any part or appurtenance of the Building's mechanical, electrical, plumbing, HVAC or other systems serving, located in, or passing through the Premises.
- h. Upon the expiration or earlier termination of this Lease, Tenant shall return the Premises to Landlord clean and in the same condition as on the date Tenant took possession, except for normal wear and tear. Any damage to the Premises, including any structural damage, resulting from Tenant's use or from the removal of Tenant's fixtures, furnishings and equipment pursuant to Section 13b shall be repaired by Tenant at Tenant's expense.

12. ALTERATIONS AND ADDITIONS.

- a. Tenant shall not make any additions, alterations or improvements to the Premises without obtaining the prior written consent of Landlord. Landlord's consent may be conditioned on Tenant's removing any such additions, alterations or improvements upon the expiration of the term and restoring the Premises to the same condition as on the date Tenant took possession. All work with respect to any addition, alteration or improvement shall be done in a good and workmanlike manner by properly qualified and licensed personnel approved by Landlord, and such work shall be diligently prosecuted to completion. Landlord may, at Landlord's option, require that any such work be performed by Landlord's contractor in which case the cost of such work shall be paid for before commencement of the work. Tenant shall pay to Landlord upon completion of any such work by Landlord's contractor, an administrative fee of fifteen percent (15%) of the cost of the work.
- b. Tenant shall pay the costs of any work done on the Premises pursuant to Section 12a, and shall keep the Premises, Building and Project free and clear of liens of any kind. Tenant shall indemnify, defend against and keep Landlord free and harmless from all liability, loss, damage, costs, attorneys' fees and any other expense incurred on account of claims by any person performing work or furnishing materials or supplies for Tenant or any person claiming under Tenant.

Tenant shall keep Tenant's leasehold interest, and any additions or improvements which are or become the property of Landlord under this Lease, free and clear of all attachment or judgment liens. Before the actual commencement of any work for which a claim or lien may be filed, Tenant shall give Landlord notice of the intended commencement date a sufficient time before that date to enable Landlord to post notices of non-responsibility or any other notices which Landlord deems necessary for the proper protection of Landlord's interest in the Premises, Building or the Project, and Landlord shall have the right to enter the Premises and post such notice at any reasonable time.

- c. Landlord may require, at Landlord's sole option, that Tenant provide to Landlord, at Tenant's expense, a lien and completion bond in an amount equal to at least one and one-half (1.5) times the total estimated cost of any additions, alterations or improvements to be made in or to the Premises, to protect Landlord against any liability for mechanic's and material men's liens and to insure timely completion of the work. Nothing contained in this Section 12c shall relieve Tenant of its obligations under Section 12b to keep the Premises, Building and Project free of all liens.
- d. Unless their removal is required by Landlord as provided in Section 12a, all additions, alterations and improvements made to the Premises shall become the property of Landlord and be surrendered with the Premises upon the expiration of the Term; provided, however, Tenant's equipment, machinery and trade fixtures which can be removed without damage to the Premises shall remain the property of Tenant and may be removed, subject to the provisions of Section 13b.

13. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.

- a. All fixtures, equipment, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant ("Leasehold Improvements"), shall be and remain a part of the Premises, shall be the property of Landlord and shall not be removed by Tenant, except as expressly provided in Section 13b.
- b. All movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment located in the Premises and acquired by or for the account of Tenant, without expense to

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Landlord, which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Premises (collectively “Tenant’s Property”) shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that if any of Tenant’s Property is removed, Tenant shall promptly repair any damage to the Premises or to the Building resulting from such removal.

14. RULES AND REGULATIONS.

Tenant agrees to comply with (and cause its agents, contractors, employees and invitees to comply with) the rules and regulations attached hereto as Exhibit “D” and with such reasonable modifications thereof and additions thereto as Landlord may from time to time make. Landlord shall not be responsible for any violation of said rules and regulations by other tenants or occupants of the Building of Project.

15. CERTAIN RIGHTS RESERVED BY LANDLORD.

Landlord reserves the following rights, exercisable without liability to Tenant for (a) damage or injury to property, person or business, (b) causing an actual or constructive eviction from the Premises, or (c) disturbing Tenant’s use or possession of the Premises:

- a. To name the Building and Project and to change the name or street address of the Building or Project;
- b. To install and maintain all signs on the exterior and interior of the Building and Project;
- c. To have pass keys to the Premises and all doors within the Premises, eluding Tenant’s vaults and safes;
- d. At any time during the Term, and on reasonable prior notice to Tenant, to inspect the Premises, and to show the Premises to any prospective purchaser or mortgagee of the Project, or to any assignee of any mortgage on the Project, or to others having an interest in the Project or Landlord, and during the last six months of the Term, to show the Premises to prospective tenants thereof; and
- e. To enter the Premises for the purpose of making inspections, repairs, alterations, additions or improvements to the Premises or the Building (including, without limitation, checking, calibrating, adjusting or balancing controls and other parts of the HVAC system), and to take all steps as may be necessary or desirable for the safety, protection, maintenance or preservation of the Premises or the Building or Landlord’s interest therein, or as may be necessary or desirable for the operation or improvement of the Building or in order to comply with laws, orders or requirements of governmental or other authority. Landlord agrees to use its best efforts (except in an emergency) to minimize interference with Tenant’s business in the Premises in the course of any such entry.

16. ASSIGNMENT AND SUBLETTING.

No assignment of this Lease or sublease of all or any part of the Premises shall be permitted, except as provided in this Article 16.

- a. Tenant shall not, without the prior written consent of Landlord, assign or hypothecate this Lease or any interest herein or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than Tenant. Any of the foregoing acts without such consent shall be void and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest of Tenant herein, be assignable by operation of law without the written consent of Landlord.
- b. If at any time or from time to time during the Term Tenant desires to assign this Lease or sublet all or any part of the Premises, Tenant shall give notice to Landlord setting forth the terms and provisions of the proposed assignment or sublease, and the identity of the proposed assignee or subtenant. Tenant shall promptly supply Landlord with such information concerning the business background and financial condition of such proposed assignee or subtenant as Landlord may reasonably request. Landlord shall have the option, exercisable by notice given to Tenant within twenty (20) days after Tenant’s notice is given, either to sublet such space from Tenant at the rental and on the other terms set forth in this Lease for the term set forth in Tenant’s notice, or, in the case of an assignment, to terminate this Lease. If Landlord does not exercise such option, Tenant may assign the Lease or sublet such space to such proposed assignee or subtenant on the following further conditions:
 - (1.) Landlord shall have the right to approve such proposed assignee or subtenant, which approval shall not be unreasonably withheld;
 - (2.) The assignment or sublease shall be on the same terms set forth in the notice given to Landlord;
 - (3.) No assignment or sublease shall be valid and no assignee or sub lessee shall take possession of the Premises until an executed counterpart of such assignment or sublease has been delivered to Landlord;
 - (4.) No assignee or sub lessee shall have a further right to assign or sublet except on the terms herein contained; and

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- (5.) Any sums or other economic consideration received by Tenant as a result of such assignment or subletting, however denominated under the assignment or sublease, which exceed, in the aggregate, (i) the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to any portion of the Premises subleased), plus (ii) any real estate brokerage commissions or fees payable in connection with such assignment or subletting, shall be paid to Landlord as additional rent under this Lease without affecting or reducing any other obligations of Tenant hereunder.
- c. Notwithstanding the provisions of paragraphs a and b above, Tenant may assign this Lease or sublet the Premises or any portion thereof, without Landlord's consent and without extending any recapture or termination option to Landlord, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from a merger or consolidation with Tenant, or to any person or entity which acquires all the assets of Tenant's business as a going concern, provided that (i) the assignee or sub lessee assumes, in full, the obligations of Tenant under this Lease, (ii) Tenant remains fully liable under this Lease, and (iii) the use of the Premises under Article 8 remains unchanged.
- d. No subletting or assignment shall release Tenant of Tenant's obligations under this Lease or alter the primary liability of Tenant to pay the Rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Rent by landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by an assignee or subtenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee, subtenant or successor. Landlord may consent to subsequent assignments of the Lease or sub lettings or amendments or modifications to the Lease with assignees of tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereof and any such actions shall not relieve Tenant of liability under this Lease.
- e. If Tenant assigns the Lease or sublets the Premises or requests the consent of Landlord to any assignment or subletting or if Tenant requests the consent of Landlord for any act that Tenant proposes to do, then Tenant shall, upon demand, pay Landlord an administrative fee of One Hundred Fifty and No/100 Dollars (\$150.00) plus any attorney's fees reasonably incurred by Landlord in connection with such act or request.

17. HOLDING OVER.

If after expiration of the Term, Tenant remains in possession of the Premises with Landlord's permission (express or implied), Tenant shall become a tenant from month to month only, upon all the provisions of this Lease (except as to term and Base Rent), but the "Monthly Installments of Base Rent" payable by Tenant shall be increased to one hundred fifty percent (150%) of the Monthly Installments of Base Rent payable by Tenant at the expiration of the Term. Such monthly rent shall be payable in advance on or before the first day of each month. If either party desires to terminate such month-to-month tenancy, it shall give the other party not less than thirty (30) days advance written notice of the date of termination.

18. SURRENDER OF PREMISES.

- a. Tenant shall peaceably surrender the Premises to Landlord on the Expiration Date, in broom-clean condition and in as good condition as when Tenant took possession, except for (i) reasonable wear and tear, (ii) loss by fire or other casualty, and (iii) loss by condemnation. Tenant shall, on Landlord's request, remove Tenant's Property on or before the Expiration Date and promptly repair all damage to the Premises or Building caused by such removal.
- b. If Tenant abandons or surrenders the Premises, or is dispossessed by process of law or otherwise, any of Tenant's Property left on the Premises shall be deemed to be abandoned, and, at Landlord's option, title shall pass to Landlord under this Lease as by a bill of sale. If Landlord elects to remove all or any part of such Tenant's Property, the cost of removal, including repairing any damage to the Premises or Building caused by such removal, shall be paid by Tenant. On the Expiration Date Tenant shall surrender all keys to the Premises.

19. DESTRUCTION OR DAMAGE.

- a. If the Premises or the portion of the Building necessary for Tenant's occupancy is damaged by fire, earthquake, act of God, the elements, or other casualty, Landlord shall, subject to the provisions of this Article, promptly repair the damage, if such repairs can, in Landlord's opinion, be completed within ninety (90) days. If Landlord determines that repairs can be completed with ninety (90) days, this Lease shall remain in full force and effect, except that if such damage is not the result of the negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors, licensees, or invitees, the Base Rent shall be abated to the extent Tenant's use of the Premises is impaired, commencing with the date of damage and continuing until completion of the repairs required of Landlord under Section 19d.
- b. If in Landlord's opinion, such repairs to the Premises or portion of the Building necessary for Tenant's occupancy cannot be completed within ninety (90) days, Landlord may elect, upon notice to Tenant given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.

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- c. If any other portion of the Building or Project is totally destroyed or damaged to the extent that in Landlord's opinion repair thereof cannot be completed within ninety (90) days, Landlord may elect upon notice to Tenant given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.
- d. If the Premises are to be repaired under this Article, Landlord shall repair at its cost any injury or damage to the Building and Building Standard Work in the Premises. Tenant shall be responsible at its sole cost and expense for the repair, restoration, and replacement of any other Leasehold Improvements and Tenant's Property. Landlord shall not be liable for any loss of business, inconvenience or annoyance arising from any repair or restoration of any portion of the Premises, Building, or Project as a result of any damage from fire or other casualty.
- e. This Lease shall be considered an express agreement governing any case of damage to or destruction of the Premises, Building, or Project by fire or other casualty, and any present or future law which purports to govern the rights of Landlord and Tenant in such circumstances in the absent of express agreement, shall have no application.

20. EMINENT DOMAIN.

- a. If the whole of the Building or Premises is lawfully taken by condemnation or in any other manner for any public or quasi-public purpose, this Lease shall terminate as of the date of such taking, and Rent shall be prorated to such date. If less than the whole of the Building or Premises is so taken, this Lease shall be unaffected by such taking, provided that (i) Tenant shall have the right to terminate this Lease by notice to Landlord given within ninety (90) days after the date of such taking if twenty percent (20%) or more of the Premises is taken and the remaining area of the Premises is not reasonably sufficient for Tenant to continue operation of its business, and (ii) Landlord shall have the right to terminate this Lease by notice to Tenant given within ninety (90) days after the date of such taking. If either Landlord or Tenant so elects to terminate this Lease, the Lease shall terminate on the thirtieth (30th) day after either such notice. The Rent shall be prorated to the date of termination. If this Lease continues in force upon such partial taking, the Base Rent and Tenant's Proportionate Share shall be equitably adjusted according to the remaining Rentable Area of the Premises and Project.
- b. In the event of any taking, partial or whole, all of the proceeds of any award, judgment, or settlement payable by the condemning authority shall be the exclusive property of Landlord, and Tenant hereby assigns to Landlord all of its right, title, and interest in any award, judgment, or settlement from the condemning authority. Tenant, however, shall have the right, to the extent that Landlord's award is not reduced or prejudiced, to claim from the condemning authority (but not from Landlord) such compensation as may be recoverable by Tenant in its own right for relocation expenses and damage to Tenant's personal property.
- c. In the event of a partial taking of the Premises which does not result in a termination of this Lease, Landlord shall restore the remaining portion of the Premises as nearly as practicable to its condition prior to the condemnation or taking, but only to the extent of Building Standard Work. Tenant shall be responsible at its sole cost and expenses for the repair, restoration, and replacement of any other Leasehold improvements and Tenant's Property.

21. INDEMNIFICATION.

- a. Tenant shall indemnify and hold Landlord harmless against and from liability and claims of any kind for loss or damage to property of Tenant or any other person, or for any injury to or death of any person, arising out of: (1) Tenant's use and occupancy of the Premises, or any work, activity, or other things allowed or suffered by Tenant to be done in, on, or about the Premises; (2) any breach or default by Tenant of any of the Tenant's obligations under this Lease; or (3) any negligent or otherwise tortuous act or omission of Tenant, its agents, employees, invitees, or contractors. Tenant shall at Tenant's expense and by counsel satisfactory to Landlord, defend Landlord in any action or proceeding arising from any such claim and shall indemnify Landlord against all costs, attorneys' fees, expert witness fees, and any other expenses incurred in such action or proceeding. As a material part of the consideration for Landlord's execution of this Lease, Tenant hereby assumes all risk of damage or injury to any person or property in, on, or about the Premises from any cause.
- b. Landlord shall not be liable for injury or damage which may be sustained by the person or property of Tenant, its employees, invitees, or customers or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction, or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures, whether such damage or injury results from conditions arising upon the Premises or upon other portions of the Building or Project or from other sources. Landlord shall not be liable for any damages arising from any act or omission of any other tenant of the Building or Project.

22. TENANT'S INSURANCE.

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- a. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies acceptable to Landlord and Landlord's lender and qualified to do business in the State. Each policy shall name Landlord, and at Landlord's request any mortgagee of Landlord, as an additional insured, as their respective interests may appear. Each policy shall contain (i) a cross-liability endorsement, (ii) a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance, and (iii) a waiver by the insurer of any right of subrogation against Landlord, its agents, employees, and representatives, which arises or might arise by reason of any payment under such policy or by reason of any act or omission of Landlord, its agents, employees, or representatives. A copy of each paid up policy (authenticated by the insurer) or certificate of the insurer evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord before the date Tenant is first given the right of possession of the Premises, and thereafter within thirty (30) days after any demand by Landlord therefore. Landlord may, at any time and from time to time, inspect and/or copy any insurance policies required to be maintained by Tenant hereunder. No such policy shall be cancelable except after twenty (20) days written notice to Landlord and Landlord's lender. Tenant shall furnish Landlord with renewals or "binders" of any such policy at least ten (10) days prior to the expiration thereof. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge the Tenant the premiums together with a twenty-five percent (25%) handling charge, payable upon demand. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by the Tenant, provided such blanket policies expressly afford coverage to the Premises, Landlord, Landlord's mortgagee, and Tenant as required by this Lease.
- b. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall procure, pay for and maintain in effect policies of casualty insurance covering (i) all Leasehold Improvements (including any alterations, additions, or improvements as may be made by Tenant pursuant to the provisions of Article 12 hereof), and (ii) trade fixtures, merchandise, and other personal property from time to time in, on, or about the Premises, in an amount not less than one hundred percent (100%) of their actual replacement cost from time to time, providing protection against any peril included within the classification "Fire and Extended Coverage" together with insurance against sprinkler damage, vandalism, and malicious mischief. The proceeds of such insurance shall be used for the repair or replacement of the property so insured. Upon termination of this Lease following a casualty as set forth herein, the proceeds under (i) above be paid to Landlord, and the proceeds under (ii) above be paid to Tenant.
- c. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall procure, pay for, and maintain in effect worker's compensation insurance as required by law and comprehensive public liability and property damage insurance with respect to the construction of improvements on the Premises, the use, operation, or condition of the Premises, and the operations of Tenant in, on, or about the Premises, providing broad form property damage coverage for not less than Five Hundred Thousand Dollars (\$500,000) per person and One Million Dollars (\$1,000,000) each occurrence, and property damage liability insurance with a limit of not less than Two Hundred Fifty Thousand Dollars (\$250,000) each accident.
- d. Not less than every three (3) years during the Term, Landlord and Tenant shall mutually agree to increases in all of Tenant's insurance policy limits for all insurance to be carried by Tenant as set forth in this Article. In the event Landlord and Tenant cannot mutually agree upon the amounts of said increases, then Tenant agrees that all insurance policy limits as set forth in this Article shall be adjusted for increases in the cost of living in the same manner as is set forth in Section 5.2 hereof for the adjustment of the Base Rent.

23. WAIVER OF SUBROGATION.

Landlord and Tenant each hereby waive all rights or recovery against the other and against the officers, employees, agents, and representatives of the other, on account of loss by or damage to the waiving party of its property or the property of others under its control, to the extent that such loss or damage is insured against under any fire and extended coverage insurance policy which either may have in force at the time of the loss or damage. Tenant shall, upon obtaining the policies of insurance required under this Lease, give notice to its insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

24. SUBORDINATION AND ATTORNMENT.

Upon written request of Landlord, or any first mortgagee or first deed of trust beneficiary of Landlord, or ground lessor of Landlord, Tenant shall, in writing, subordinate its rights under this Lease to the lien of any first mortgage or first deed of trust, or to the interest of any lease in which Landlord is lessee, and to all advances made or thereafter to be made thereunder. However, before signing any subordination agreement, Tenant shall have the right to obtain from any lender or lessor or Landlord requesting such subordination, an agreement in writing providing that, as long as Tenant is not in default hereunder, this Lease shall remain in effect for the full Term. The holder of any security interest may, upon written notice to Tenant, elect to have this Lease prior to its security interest regardless of the time of the granting or recording of such security interest.

In the event of any foreclosure sale, transfer in lieu of foreclosure, or termination of the lease in which Landlord is lessee, Tenant shall attorn to the purchaser, transferee, or lessor, as the case may be, and recognize that party as Landlord under this Lease provided such party acquires and accepts the Premises subject to this Lease.

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25. TENANT ESTOPPEL CERTIFICATE.

Within ten (10) days after written request from Landlord, Tenant shall execute and deliver to Landlord or Landlord's designee, a written statement certifying (a) that this lease is unmodified and in full force and effect, or is in full force and effect as modified and stating the modifications; (b) the amount of Base Rent and the date to which Base Rent and additional rent have been paid in advance; (c) the amount of any security deposited with Landlord; and (d) that Landlord is not in default hereunder or, if Landlord is claimed to be in default, stating the nature of any claimed default. Any such statement may be relied upon by a purchaser, assignee, or lender. Tenant's failure to execute and deliver such statement within the time required shall at Landlord's election be a default under this Lease and shall also be conclusive upon Tenant that: (1) this Lease is in full force and effect and has not been modified except as represented by Landlord; (2) there are no uncured defaults in Landlord's performance and that Tenant has no right of offset, counter-claim, or deduction against Rent; and (3) not more than one month's Rent has been paid in advance.

26. TRANSFER OF LANDLORD'S INTEREST.

In the event of any sale or transfer by Landlord of the Premises, Building, or Project, and assignment of this Lease by Landlord, Landlord shall be and is hereby entirely freed and relieved of any and all liability and obligations contained in or derived from this Lease arising out of any act, occurrence, or omission relating to the Premises, Building, Project, or Lease occurring after the consummation of such sale or transfer, providing the purchaser shall expressly assume all of the covenants and obligations of Landlord under this Lease. If any security deposit or prepaid Rent has been paid by Tenant, Landlord may transfer the security deposit or prepaid Rent to Landlord's successor and upon such transfer, Landlord shall be relieved of any and all further liability with respect thereto.

27. DEFAULT.

27.1. *Tenant's Default.* The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

- a. If Tenant abandons or vacates the Premises; or
- b. If Tenant fails to pay any Rent or any other charges required to be paid by Tenant under this Lease and such failure continues for five (5) days after such payment is due and payable; or
- c. If Tenant fails to promptly and fully perform any other covenant, condition, or agreement contained in this lease and such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; or
- d. If a writ of attachment or execution is levied on this Lease or on any of Tenant's Property; or
- e. If Tenant makes a general assignment for the benefit of creditors, or provides for an arrangement, composition, extension or adjustment with its creditors; or
- f. If Tenant files a voluntary petition for relief or if a petition against Tenant in a proceeding under the federal bankruptcy laws or other insolvency laws is filed and not withdrawn or dismissed within forty-five (45) days thereafter, or if under the provisions of any law providing for reorganization or winding up of corporations, any court of competent jurisdiction assumes jurisdiction, custody, or control of Tenant or any substantial part of its property and such jurisdiction, custody, or control remains in force unrelinquished, unstayed, or unterminated for a period of forty-five (45) days; or
- g. If in any proceeding or action in which Tenant is not a party, a trustee, receiver, agent, or custodian is appointed to take charge of the Premises or Tenant's Property (or has the authority to do so) for the purpose of enforcing a lien against the Premises or Tenant's Property; or
- h. If Tenant is a partnership or consists of more than one (1) person or entity, if any partner of the partnership or other person or entity is involved in any of the acts or events described in subparagraphs d through g above.

27.2. *Remedies.* In the event of Tenant's default hereunder, then, in addition to any other rights or remedies Landlord may have under any law, Landlord shall have the right, at Landlord's option, without further notice or demand of any kind to do the following:

- a. Terminate this Lease and Tenant's right to possession of the Premises and re-enter the Premises and take possession thereof, and Tenant shall have no further claim to the Premises or under this Lease; or
- b. Continue this Lease in effect, re-enter and occupy the Premises for the account of Tenant, and collect any unpaid Rent or other charges which have or thereafter become due and payable; or
- c. Re-enter the Premises under the provisions of subparagraph b and thereafter elect to terminate this Lease and Tenant's right to possession of the Premises.

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If Landlord re-enters the Premises under the provisions of subparagraph b or c above, Landlord shall not be deemed to have terminated this Lease or the obligation of Tenant to pay any Rent or other charges thereafter accruing, unless Landlord notifies Tenant in writing of Landlord's election to terminate this Lease. In the event of any re-entry or retaking of possession by Landlord, Landlord shall have the right, but not the obligation, to remove all or any part of Tenant's Property in the Premises and to place such property in storage at a public warehouse at the expense and risk of Tenant. If Landlord elects to relet the Premises for the account of Tenant, the rent received by Landlord from such reletting shall be applied as follows: first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs of such reletting; third, to the payment of the cost of any alterations or repairs to the Premises; fourth, to the payment of Rent due and unpaid hereunder; and the balance, if any, shall be held by Landlord and applied in payment of future Rent as it becomes due. If that portion of rent received from the reletting, which is applied against, the Rent due hereunder is less than the amount of the Rent due, Tenant shall pay the deficiency to Landlord promptly upon demand by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as determined, any costs and expenses incurred by Landlord in connection with such reletting or in making alterations and repairs to the Premises, which are not covered by the rent received from the reletting.

Should Landlord elect to terminate this Lease under the provisions of subparagraph a or c above, Landlord may recover as damages from Tenant the following:

- (1.) *Past Rent.* The worth at the time of the award of any unpaid Rent which had been earned at the time of termination; plus
- (2.) *Rent Prior to Award.* The worth at the time of the award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus
- (3.) *Rent After Award.* The worth at the time of the award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of the rental loss that Tenant provides could be reasonably avoided; plus
- (4.) *Proximately Caused Damages.* Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom including, but not limited to, any costs or expenses (including attorneys' fees) incurred by Landlord in (a) retaking possession of the Premises, (b) maintaining the Premises after Tenant's default, (c) preparing the Premises for reletting to a new tenant, including any repairs or alterations, and (d) reletting the Premises, including broker's commissions.

"The worth at the time of the award@ as used in subparagraphs 1 and 2 above is to be computed by allowing interest at the rate of ten percent (10%) per annum." The worth at the time of the award@ as used in subparagraph 3 above is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank situated nearest to the Premises at the time of the award plus one percent (1%).

The waiver by Landlord of any breach of any term, covenant, or condition of this Lease shall not be deemed a waiver of such term, covenant, or condition or of any subsequent breach of the same or any other term, covenant, or condition. Acceptance of Rent by Landlord subsequent to any breach hereof shall not be deemed a waiver of any preceding breach other than the failure to pay the particular Rent so accepted, regardless of Landlord's knowledge of any breach at the time of such acceptance of Rent. Landlord shall not be deemed to have waived any term, covenant, or condition unless Landlord gives Tenant written notice of such waiver.

- 27.3 *Landlord's Default.* If Landlord fails to perform any covenant, condition, or agreement contained in this Lease within thirty (30) days after receipt of written notice from Tenant specifying such default, or if such default cannot reasonably be cured within thirty (30) days, if Landlord fails to commence to cure within that thirty (30) day period, then Landlord shall be liable to Tenant for any damages sustained by Tenant as a result of Landlord's breach; provided, however, it is expressly understood and agreed that if Tenant obtains a money judgment against Landlord resulting from any default or other claim arising under this Lease, that judgment shall be satisfied only out of the rents, issues, profits, and other income actually received on account of Landlord's right, title, and interest in the Premises, Building, or Project, and no other real, personal, or mixed property of Landlord (or of any of the partners which comprise Landlord, if any) wherever situated, shall be subject to levy to satisfy such judgment. If, after notice to Landlord of default, Landlord (or any first mortgagee or first deed of trust beneficiary of Landlord) fails to cure the default as provided herein, then Tenant shall have the right to cure that default at Landlord's expense. Tenant shall not have the right to terminate this Lease or to withhold, reduce, or offset any amount against any payments of Rent or any other charges due and payable under this Lease, except as otherwise specifically provided herein.

28. BROKERAGE FEES.

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Tenant warrants and represents that it has not dealt with any real estate broker or agent in connection with this Lease or its negotiation except those noted in Section 2.c. Tenant shall indemnify and hold Landlord harmless from any cost, expenses, or liability (including costs of suit and reasonable attorneys' fees) for any compensation, commission, or fees claimed by any other real estate broker or agent in connection with this Lease or its negotiation by reason of any act of Tenant.

29. NOTICES.

All notices, approvals, and demands permitted or required to be given under this Lease shall be in writing and deemed duly served or given if personally delivered or sent by certified or registered U.S. mail, postage prepaid, and addressed as follows: (a) if to Landlord, to Landlord's Mailing Address and to the Building manager, and (b) if to Tenant, to Tenant's Mailing Address; provided, however, notices to Tenant shall be deemed duly served or given if delivered or mailed to Tenant at the Premises. Landlord and Tenant may from time to time by notice to the other designate another place for receipt of future notices.

30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

In the event of imposition of federal, state, or local government controls, rules, regulations, or restrictions on the use or consumption of energy or other utilities during the Term, both Landlord and Tenant shall be bound thereby. In the event of a difference in interpretation by Landlord and Tenant of any such controls, the interpretation of Landlord shall prevail, and Landlord shall have the right to enforce compliance therewith, including the right of entry into the Premises to effect compliance.

31. RELOCATION OF PREMISES.

Landlord shall have the right to relocate the Premises to another part of the Building in accordance with the following:

- a. The new premises shall be substantially the same in size, dimension, configuration, decor and nature as the Premises described in this Lease, and if the relocation occurs after the Commencement Date, shall be placed in that condition by Landlord at its cost.
- b. Landlord shall give Tenant at least thirty (30) days written notice of Landlord's intention to relocate the Premises.
- c. As nearly as practicable, the physical relocation of the Premises shall take place on a weekend and shall be completed before the following Monday. If the physical relocation has not been completed in that time, Base Rent shall abate in full from the time the physical relocation commences to the time it is completed. Upon completion of such relocation, the new premises shall become the "Premises" under this Lease.
- d. All reasonable costs incurred by Tenant as a result of the relocation shall be paid by Landlord.
- e. If the new premises are smaller than the Premises as it existed before the relocation, Base Rent shall be reduced proportionately.
- f. The parties hereto shall immediately execute an amendment to this Lease setting forth the relocation of the Premises and the reduction of Base Rent, if any.

32. QUIET ENJOYMENT.

Tenant, upon paying the Rent and performing all of its obligations under this Lease, shall peaceably and quietly enjoy the Premises, subject to the terms of this Lease and to any mortgage, lease, or other agreement to which this Lease may be subordinate.

33. OBSERVANCE OF LAW.

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

34. FORCE MAJEURE.

_____ District _____ Recipient

Any prevention, delay or stoppage of work to be performed by Landlord or Tenant which is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefore, acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse performance of the work by that party for a period equal to the duration of that prevention, delay or stoppage. Nothing in this Article 34 shall excuse or delay Tenant's obligation to pay Rent or other charges under this Lease.

35. CURING TENANT'S DEFAULTS.

If Tenant defaults in the performance of any of its obligations under this Lease, Landlord may (but shall not be obligated to) without waiving such default, perform the same for the account at the expense of Tenant. Tenant shall pay Landlord all costs of such performance promptly upon receipt of a bill therefore.

36. SIGN CONTROL.

Tenant shall not affix, paint, erect or inscribe any sign, projection, awning, signal or advertisement of any kind to any part of the Premises, Building or Project, including without limitation, the inside or outside of windows or doors, without the written consent of Landlord. Landlord shall have the right to remove any signs or other matter, installed without Landlord's permission, without being liable to Tenant by reason of such removal, and to charge the cost of removal to Tenant as additional rent hereunder, payable within ten (10) days of written demand by Landlord.

37. MISCELLANEOUS.

- a. *Accord and Satisfaction; Allocation of Payments:* No payment by Tenant or receipt by Landlord of a lesser amount than the Rent provided for in this Lease shall be deemed to be other than on account of the earliest due Rent, nor shall any endorsement or statement on any check or letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of the Rent or pursue any other remedy provided for in this Lease. In connection with the foregoing, Landlord shall have the absolute right in its sole discretion to apply any payment received from Tenant to any account or other payment of Tenant then not current and due or delinquent.
- b. *Addenda:* If any provision contained in an addendum to this Lease is inconsistent with any other provision herein, the provision contained in the addendum shall control, unless otherwise provided in the addendum.
- c. *Attorneys' Fees:* If any action or proceeding is brought by either party against the other pertaining to or arising out of this Lease, the finally prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred on account of such action or proceeding.
- d. *Captions, Articles and Section Numbers:* The captions appearing within the body of this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Lease. All references to Article and Section numbers refer to Articles and Sections in this Lease.
- e. *Changes Requested by Lender:* Neither Landlord or Tenant shall unreasonably withhold its consent to changes or amendments to this Lease requested by the lender on Landlord's interest, so long as these changes do not alter the basic business terms of this Lease or otherwise materially diminish any rights or materially increase any obligations of the party from whom consent to such charge or amendment is requested.
- f. *Choice of Law:* This Lease shall be construed and enforced in accordance with the laws of the State of California.
- g. *Consent:* Notwithstanding anything contained in this Lease to the contrary, Tenant shall have no claim, and hereby waives the right to any claim against Landlord for money damages by reason of any refusal, withholding or delaying by Landlord of any consent, approval or statement of satisfaction, and in such event, Tenant's only remedies therefore shall be an action for specific performance, injunction or declaratory judgment to enforce any right to such consent, etc.
- h. *Corporate Authority:* If Tenant is a corporation, each individual signing this Lease on behalf of Tenant represents and warrants that he is duly authorized to execute and deliver this lease on behalf of the corporation, and that this Lease is binding on Tenant in accordance with its terms. Tenant shall, at Landlord's request, deliver a certified copy of a resolution of its board of directors authorizing such execution.
- i. *Counterparts:* This Lease may be executed in multiple counterparts, all of which shall constitute one and the same Lease.
- j. *Execution of Lease; No Option:* The submission of this Lease to Tenant shall be for examination purposes only, and does not and shall not constitute a reservation of or option for Tenant to lease, or otherwise create any interest of Tenant in the Premises or any other premises within the Building or Project. Execution of this Lease by Tenant

_____ District _____ Recipient

and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has in fact signed and delivered this Lease to Tenant.

- k. *Furnishing of Financial Statements; Tenant's Representations*: In order to induce Landlord to enter into this Lease, Tenant agrees that it shall promptly furnish Landlord, from time to time, upon Landlord's written request, with financial statements reflecting Tenant's current financial condition. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects.
- l. *Further Assurances*: The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Lease.
- m. *Mortgagee Protection*: Tenant agrees to send by certified or registered mail to any first mortgagee or first deed of trust beneficiary of Landlord whose address has been furnished to Tenant, a copy of any notice of default served by Tenant on Landlord. If Landlord fails to cure such default within the time provided for in this Lease, such mortgagee or beneficiary shall have an additional thirty (30) days to cure such default; provided that if such default cannot reasonably be cured within that thirty (30) day period, then such mortgagee or beneficiary shall have such additional time to cure the default as is reasonably necessary under the circumstances.
- n. *Prior Agreements; Amendments*: This Lease contains all of the agreements of the parties with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties or their respective successors in interest.
- o. *Recording*: Tenant shall not record this Lease without the prior written consent of Landlord. Tenant, upon the request of Landlord, shall execute and acknowledge a "short form" memorandum of this Lease for recording purposes.
- p. *Severability*: A final determination by a court of competent jurisdiction that any provision of this Lease is invalid shall not affect the validity of any other provision, and any provision so determined to be invalid shall, to the extent possible, be construed to accomplish its intended effect.
- q. *Successors and Assigns*: This Lease shall apply to and bind the heirs, personal representatives, and permitted successors and assigns of the parties.
- r. *Time of the Essence*: Time is of the essence of this Lease.
- s. *Waiver*: No delay or omission in the exercise of any right or remedy of Landlord upon any default by Tenant shall impair such right or remedy or be construed as a waiver of such default.
- t. *Compliance*: The parties hereto agree to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment In Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and The Americans With Disabilities Act.

The receipt and acceptance by Landlord of delinquent Rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular Rent payment involved.

No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of the Lease.

Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

Any waiver by Landlord of any default must be in writing and shall not be a waiver of any other default concerning the same or other provision of the Lease.

_____ District _____ Recipient

The parties hereto have executed this Lease as of the dates set forth below.

Date: _____

Date: _____

Landlord: Desert Healthcare District

Tenant: _____

dba: Las Palmas Medical Plaza

By: Herb K. Schultz

By: _____

Signature: _____

Signature: _____

Title: CEO

Title: _____

CONSULT YOUR ADVISORS This document has been prepared for approval by your attorney. No representation or recommendation is made as to the legal sufficiency or tax consequences of this document or the transaction to which it relates. These are questions for your attorney.

In any real estate transaction, it is recommended that you consult with a professional, such as a civil engineer, industrial hygienist or other person, with experience in evaluating the condition of the property, including the possible presence of asbestos, hazardous materials and underground storage tanks.

DRAFT

EXHIBIT "A"

RULES AND REGULATIONS

1. No sign, placard, pictures, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the written consent of Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed, or inscribed at the expense of Tenant by a person approved by Landlord outside the Premises; provided, however, that Landlord may furnish and install a Building standard window covering at all exterior windows. Tenant shall not, without prior written consent of Landlord, cause or otherwise sunscreen any window.

2. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress and egress from their respective Premises.
3. Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises.
4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of the rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it.
5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.
6. No furniture, freight or equipment of any kind shall be brought into the Building without the prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant.
7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substances in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises of the Building.
8. No cooking shall be done or permitted by any Tenant on the Premises, nor shall the Premises be used for storage of merchandise, for washing clothes, for lodging or for any improper, objectionable or immoral purposes.
9. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.
10. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.
11. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 p.m. and 8:00 a.m. the following day, access to the Building or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing of the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.
12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.
13. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of the Landlord.

_____ District _____ Recipient

14. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.
15. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.
16. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.
17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.
18. All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be kept closed except for normal ingress and egress from the Premises.

Landlord's Initials

Tenant's Initials

DRAFT

ADDENDUM

Addendum to that certain Office Building Lease dated December 1, 2017 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord, and Dr. Ramy Awad as Tenant for the property commonly known as Las Palmas Medical Plaza located 555 E. Tachevah Drive, Palm Springs, CA 92262.

Page 1

In the event of any inconsistency between the Addendum language and the body of the Lease, the Addendum language shall prevail.

- 1. Commencement Date: December 1, 2017
- 2. Expiration Date: November 30, 2020
- 3. Rent Schedule:

12/1/2017 – 11/30/2018	\$1,689.60	
12/1/2018 – 11/30/2019	\$1,740.29	Greater of or CPI
12/1/2019 – 11/30/2020	\$1,792.50	Greater of or CPI
- 4. CAMs: Currently \$.60 per square foot.
- 5. Security Deposit: Carry over from prior lease dated October 1, 2011 - One Thousand, Five Hundred Dollars and 00/100 (\$1,500.00)

The foregoing is hereby agreed to and accepted:

Date: _____

Date: _____

Landlord: Desert Healthcare District

Tenant: _____

dba: Las Palmas Medical Plaza

By: Herb K. Schultz

By: _____

Signature: _____

Signature: _____

Title: CEO

Title: _____



Date: November 28, 2017

To: Board of Directors

Subject: New Lease Agreement – Oasis Advanced Gastroenterology, Inc.
(Dr. Mehrdad Asgeri) - Las Palmas Medical Plaza Suite #1W-104

Staff recommendation: Consideration to approve the draft lease agreement for Oasis Advanced Gastroenterology, Inc. (Dr. Mehrdad Asgeri) at the Las Palmas Medical Plaza.

Background:

- Dr. Asgeri, who is a gastroenterologist is a new prospective tenant and is requesting a 3 year lease with base rent of \$1.65/sf.
- Dr. Asgeri requests \$8/sf for Tenant Improvement Allowance reimbursement.
- Dr. Asgeri is currently reviewing the proposed lease agreement and will provide financial statements/tax returns and rental reference for review by Staff.
- Staff recommends approval of the draft lease agreement subject to Dr Asgeri's approval.
- At the F&A Committee meeting on November 14th, the Committee recommended forwarding to the Board for full approval.
- Draft lease agreement is attached for your review.

Fiscal Impact:

Estimated revenue from Rent and CAMs for life of the lease - \$84,787

Estimated cost of Tenant Improvement Allowance (\$8/sf) - \$8,192.

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OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Oasis Advanced Gastroenterology, Inc., referred to as "Tenant", and is dated December 1, 2017.

1. LEASE OF PREMISES.

In consideration of the Rent (as defined at Section 5.4) and the provisions of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the Premises described in Section 2L. The Premises are located within the Building and Project described in Section 2m. Tenant shall have the non-exclusive right (unless otherwise provided herein) in common with Landlord, other tenants, subtenants, and invitees, to use of the Common Areas (as defined at Section 2e).

2. DEFINITIONS.

As used in this Lease, the following terms shall have the following meanings:

- a. *Base Rent (Initial)*: Twenty Thousand, Two Hundred Seventy-Five Dollars & 20/100 (\$20,275.20) per year.
- b. *Base Year*: The calendar year of December 1 to November 30.
- c. *Broker(s)*:
 Landlord's: N/A
 Tenant's: N/A
 In the event that N/A represents both Landlord and Tenant, Landlord and Tenant hereby confirm that they were timely advised of the dual representation and that they consent to the same, and that they do not expect said broker to disclose to either of them the confidential information of the other party.
- d. *Commencement Date*: December 1, 2017.
- e. *Common Areas*: The building lobbies, common corridors and hallways, restrooms, parking areas, stairways, elevators and other generally understood public or common areas. Landlord shall have the right to regulate or restrict the use of the Common Areas.
- f. *Expiration Date*: November 30, 2020, unless otherwise sooner terminated in accordance with the provisions of this Lease.
- g. *Landlord's Mailing Address*: 1140 N. Indian Canyon Dr., Palm Springs, CA 92262
Tenant's Mailing Address: 555 E. Tachevah Dr. 1W-104, Palm Springs, CA 92262
- h. *Monthly Installments of Base Rent (initial)*: \$ One Thousand, Six Hundred Eighty-Nine Dollars and 60/100 (\$1,689.60) per month.
- i. *Project Operating Costs (CAMS)*: Currently Sixty Cents (\$.60) per square foot per month.
- j. *Tenant Improvement Allowance (TI)*: Eight Dollars (\$8) per square foot or Eight Thousand, One Hundred Ninety-Two and 00/100 Dollars (\$8,192.00).
- k. *Parking*: Tenant shall be permitted, to park 5 cars on a non-exclusive basis in the area(s) designated by Landlord for parking (for Staff - generally in the back of the parking area, perimeter streets, and Wellness Park parking lot). Tenant shall abide by any and all parking regulations and rules established from time to time by Landlord or Landlord's parking operator.
- l. *Premises*: That portion of the Building containing approximately 1024 square feet of Rentable Area, located in Building 1W and known as Suite 104.
- m. *Project*: The building of which the Premises are a part (the "Building") and any other buildings or improvements on the real property (the "Property") located at 555 E. Tachevah Drive, Palm Springs, California 92262. The Project is known as The Las Palmas Medical Plaza.
- n. *Rentable Area*: As to both the Premises and the Project, the respective measurements of floor area as may from time to time be subject to lease by Tenant and all tenants of the Project, respectively, as determined by Landlord and applied on a consistent basis throughout the Project.

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- o. *Security Deposit (Section 7)*: \$ One Thousand, Six Hundred Eighty-Nine Dollars and 60/100 (\$1,689.60) .
- p. *State*: the State of California.
- q. *Tenant's First Adjustment Date (Section 5)*: The first day of the calendar month following the Commencement Date plus 12 months.
- r. *Tenant's Proportionate Share*: 2.07 %. Such share is a fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of six building(s) containing a total Rentable Area of 49,356 square feet.
- s. *Tenant's Use Clause (Article 8)*: General office use consistent with and use the City may allow under the City of Palm Springs zoning, subject to Landlord's reasonable approval.
- t. *Term*: The period commencing on the Commencement Date and expiring at midnight on the Expiration Date.

3. EXHIBITS AND ADDENDA.

The exhibits and addenda listed below (unless lined out) are incorporated by reference in this Lease:

- a. Exhibit "A" Rules and Regulations.
- b. Addenda*

*See Addendum attached hereto and by this reference made a part hereof.

4. DELIVERY OF POSSESSION.

If for any reason Landlord does not deliver possession of the Premises to Tenant on the commencement Date, Landlord shall not be subject to any liability for such failure, the Expiration Date shall not change and the validity of this Lease shall not be impaired, but Rent shall be abated until delivery of possession, "Delivery of possession" shall be deemed to occur on the date Landlord completes Landlord's Work as defined in Addendum. If Landlord permits Tenant to enter into possession of the Premises before the Commencement Date, such possession shall be subject to the provisions of this Lease, including, without limitation, the payment of Rent.

5. RENT.

5.1 *Payment of Base Rent*: Tenant agrees to pay the base rent for the premises. Monthly installments of Base Rent shall be payable in advance on the first day of each calendar month of the term. If the term begins (or ends) on other than the first (or last) day of a calendar month, the Base Rent for the partial month shall be prorated on a per diem basis. Tenant shall pay Landlord the first Monthly Installment of Base Rent when Tenant executes the Lease.

5.2 *Adjusted Base Rent*:

- a. The Base Rent (and the corresponding monthly installments of Base Rent) set forth at Section 2a shall be adjusted annually (the "Adjustment Date"), commencing on Tenant's First Adjustment Date.
- b. Such adjustment shall be the greater of 3% over the preceding year or Consumer Price Index.

5.3 *Project Operating Costs (CAMs)*:

- a. In order that the Rent payable during the Term reflect Project Operating Costs, Tenant agrees to pay to Landlord as Rent, Tenant's Proportionate Share of all costs, expenses and obligations attributable to the Project and its operation as set forth in 2i, all as provided below.
- b. If, during any calendar year during the Term, Project Operating Costs exceed the Project Operating Costs for the Base Year, Tenant shall pay to Landlord, in addition to the Base Rent and all other payments due under this lease, an amount equal to Tenant's Proportionate Share of such excess Project Operating Costs in accordance with the provisions of this Section 5.3b.

(1.) The term "Project Operating Costs" shall include all those items described in the following subparagraphs (a) and (b).

- (a.) All taxes, assessments, water and sewer charges and other similar governmental charges levied on or attributable to the Building or Project or their operation, including without limitation, (i) real property taxes or assessments levied or assessed against the Building or Project, (ii) assessments or charges levied or assessed against the Building or Project by any redevelopment agency, (iii) any tax measured by gross rentals received from the leasing of the Premises, Building or Project, excluding any net income, franchise, capital stock, estate or inheritance taxes imposed by the State or federal government or their agencies, branches or departments; provided that if at any time during the Term any governmental entity levies, assesses or imposes on Landlord any (1) general or special, ad valorem or specific, excise, capital levy or other tax, assessment, levy or charge directly on the Rent received under this lease or on the rent received under any other leases of space in the Building or Project, or (2) and license fee, excise or franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rent, or (3) any transfer, _____ District _____ Recipient

transactions, or similar tax, assessment, levy or charge based directly or indirectly upon the transaction represented by this Lease or such other leases, or (4) any occupancy, use, per capita or other tax, assessment, levy or charge based directly or indirectly upon the use or occupancy of the Premises or other premises within the Building or Project, then any such taxes, assessments, levies and charges shall be deemed to be included in the term Project Operation Costs. If at any time during the Term the assessed valuation of, or taxes on, the Project are not based on a completed Project having at least eighty-five percent (85%) of the Rentable Area occupied, then the "taxes" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the taxes, which would have been payable if the Project were completed and at least eighty-five percent (85%) occupied.

(b.) Operating costs incurred by Landlord in maintaining and operating the Building and Project, including without limitation the following: costs of (1) utilities; (2) supplies; (3) insurance (including public liability, property damage, earthquake, and fire and extended coverage insurance for the full replacement cost of the Building and Project as required by Landlord or its lenders for the Project; (4) services of independent contractors; (5) compensation (including employment taxes and fringe benefits) of all persons who perform duties connected with the operation, maintenance, repair or overhaul of the Building or Project, and equipment, improvements and facilities located within the Project, including without limitation engineers, janitors, painters, floor waxers, window washers, security and parking personnel and gardeners (but excluding persons performing services not uniformly available to or performed for substantially all Building or Project tenant); (6) operation and maintenance of a room for delivery and distribution of mail to tenants of the Building or Project as required by the U.S. Postal Service (including, without limitation, an amount equal to the fair market rental value of the mail room premises); (7) management of the Building or Project, whether managed by Landlord or an independent contractor (including, without limitation, an amount equal to the fair market value of any on-site manager's office); (8) rental expenses for (or a reasonable depreciation allowance on) personal property used in the maintenance, operation or repair of the Building or Project; (9) costs, expenditures or charges (whether capitalized or not) required by any governmental or quasi-governmental authority; (10) amortization of capital expenses (including financing costs) (i) required by a governmental entity for energy conservation or life safety purposes, or (ii) made by landlord to reduce Project Operating Costs; and (11) any other costs or expenses incurred by Landlord under this Lease and not otherwise reimbursed by tenants of the Project. If at any time during the Term, less than eighty-five percent (85%) of the Rentable Area of the Project is occupied, the "operating costs" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the operating costs which would have been incurred if the Project had been at least eighty-five percent (85%) occupied.

(2.) Tenant's Proportionate Share of Project Operating Costs shall be payable by Tenant to Landlord as follows:

(a.) Beginning with the calendar year following the Base Year and for each calendar year thereafter ("comparison Year"), Tenant shall pay Landlord an amount equal to Tenant's Proportionate Share of the Project Operating Costs incurred by Landlord in the Comparison Year which exceeds the total amount of Project Operating Costs payable by Landlord for the Base Year. This excess is referred to as the "Excess Expenses."

(b.) To provide for current payments of Excess Expenses, Tenant shall, at Landlord's request, pay as additional rent during each Comparison Year, an amount equal to Tenant's Proportionate Share of the Excess Expenses payable during such Comparison Year, as estimated by Landlord from time to time. Such payments shall be made in monthly installments, commencing on the first day of the month following the month in which Landlord notifies Tenant of the amount it is to pay hereunder and continuing until the first day of the month following the month in which Landlord gives Tenant a new notice of estimated Excess Expenses. It is the intention hereunder to estimate from time to time the amount of the Excess Expense for each Comparison Year and Tenant's Proportionate Share thereof, and then to make an adjustment in the following year based on the actual Excess Expenses incurred for that Comparison Year.

(c.) On or before April 1 of each Comparison Year after the first Comparison Year (or as soon thereafter as is practical), Landlord shall deliver to Tenant a statement setting forth Tenant's Proportionate Share of the Excess Expenses for the preceding Comparison Year. If Tenant's Proportionate Share of the actual Excess Expenses for the previous Comparison Year exceeds the total of the estimated monthly payments made by Tenant for such year, Tenant shall pay Landlord the amount of the deficiency within ten (10) days of the receipt of the statement. If such total exceeds Tenant's Proportionate Share of the actual Excess Expenses for such Comparison Year, then Landlord shall credit against Tenant's next ensuing monthly installment(s) of additional rent an amount equal to the difference until the credit is exhausted. If the credit is due from Landlord on the Expiration Date, Landlord shall pay Tenant the amount of the credit. The obligations of Tenant and Landlord to make payments required under this Section 5.3 shall survive the Expiration Date.

(d.) Tenant's Proportionate Share of Excess Expenses in any Comparison Year having less than 365 days shall be appropriately prorated.

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- (e.) If any dispute arises as to the amount of any additional rent due hereunder, Tenant shall have the right after reasonable notice and at reasonable times to inspect Landlord's accounting records at Landlord's accounting office and, if after such inspection Tenant still disputes the amount of additional rent owed, a certification as to the proper amount shall be made by Landlord's certified public accountant, which certification shall be final and conclusive. Tenant agrees to pay the cost of such certification unless it is determined that Landlord's original statement overstated Project Operating Costs by more than five percent (5%).
- (f.) If this Lease sets forth an Expense Stop at Section 2f, then during the Term, Tenant shall be liable for Tenant's Proportionate Share of any actual Project Operating Costs which exceed the amount of the Expense Stop. Tenant shall make current payments of such excess costs during the Term in the same manner as is provided for payment of Excess Expenses under the applicable provisions of Section 5.3(2)(b) and (c) above.

5.4 *Definition of Rent:* The Rent shall be paid to the Building manager (or other person) and at such place, as Landlord may from time to time designate in writing, without any prior demand therefore and without deduction or offset, in lawful money of the United States of America.

5.5 *Rent Control:* If the amount of Rent or any other payment due under this Lease violates the terms of any governmental restrictions on such Rent or payment, then the Rent or payment due during the period of such restrictions shall be the maximum amount allowable under those restrictions. Upon termination of the restrictions, Landlord shall, to the extent it is legally permitted, recover from Tenant the difference between the amounts received during the period of the restrictions and the amounts Landlord would have received had there been no restrictions.

5.6 *Taxes Payable by Tenant:* In addition to the Rent and any other charges to be paid by Tenant hereunder, Tenant shall reimburse Landlord upon demand for any and all taxes payable by Landlord (other than net income taxes) which are not otherwise reimbursable under this Lease, whether or not now customary or within the contemplation of the parties, where such taxes are upon, measured by or reasonably attributable to (a) the cost or value of Tenant's equipment, furniture, fixtures and other personal property located in the Premises, or the cost or value of any leasehold improvements made in or to the Premises by or for Tenant, other than Building Standard Work made by Landlord, regardless of whether title to such improvements is held by Tenant or Landlord; (b) the gross or net Rent payable under this Lease, including, without limitation, any rental or gross receipts tax levied by any taxing authority with respect to the receipt of the Rent hereunder; (c) the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Premises or any portion thereof; or (d) this transaction or any document to which Tenant is a party creating or transferring an interest or an estate in the Premises. If it becomes unlawful for Tenant to reimburse Landlord for any costs as required under this Lease, the Base Rent shall be revised to net Landlord the same net Rent after imposition of any tax or other charge upon Landlord as would have been payable to Landlord but for the reimbursement being unlawful.

5.7 *Tenant Improvement Allowance:* In recognition for Tenant completing all improvements, including fire sprinklers, if necessary, to the premises as mutually agreed by Landlord and Tenant, Landlord shall provide Tenant with a total Tenant improvement allowance not to exceed that set forth in Section 2j upon completion of agreed tenant improvements. This allowance will be reimbursed to tenant upon satisfactory receipt of paid invoices and inspection by Property Management that work has been satisfactorily completed. Any additional tenant improvements will be at the sole expense of the Tenant. Improvements shall conform to a high quality of design approved by Landlord prior to commencement of work, and shall be performed by a licensed General Contractor approved by Landlord in advance. Tenant shall submit plans and specifications for any and all improvements to Landlord, and where necessary, the City of Palm Springs and other applicable government agencies for their required approval (if any) prior to commencement of work. Tenant and the General Contractor shall indemnify and hold Landlord and its officers, agents and employees harmless from any liability resulting from the tenant improvement work and shall be named as an additional insured on the insurance policy of both the Tenant and the General Contractor. All costs shall be subject to prevailing wages and if construction costs exceed \$25,000, then the tenant improvements shall also be subject to California competitive bid statutes.

6. INTEREST AND LATE CHARGES.

If Tenant fails to pay when due any Rent or other amounts or charges which Tenant is obligated to pay under the terms of this Lease, the unpaid amounts shall bear interest at the maximum rate then allowed by law. Tenant acknowledges that the late payment of any Monthly Installment of Base Rent will cause Landlord to lose the use of that money and incur costs and expenses not contemplated under this Lease, including without limitation, administrative and collection costs and processing and accounting expenses, the exact amount of which is extremely difficult to ascertain. Therefore, in addition to interest, if any such installment is not received by Landlord within five (5) days from the date it is due, Tenant shall pay Landlord a late charge equal to ten percent (10%) of such installment. Landlord and Tenant agree that this late charge represents a reasonable estimate of such costs and expenses and is fair compensation to Landlord for the loss suffered from such nonpayment by Tenant. Acceptance of any interest or late charge shall not constitute a waiver of Tenant's default with respect to such nonpayment by Tenant nor prevent Landlord from exercising any other rights or remedies available to Landlord under this Lease.

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7. SECURITY DEPOSIT.

Tenant agrees to deposit with Landlord the Security Deposit set forth at Section 2.0 upon execution of this Lease, as security for Tenant's faithful performance of its obligations under this Lease. Landlord and Tenant agree that the Security Deposit may be commingled with funds of Landlord and Landlord shall have no obligation or liability for payment of interest on such deposit. Tenant shall not mortgage, assign, transfer or encumber the Security Deposit without the prior written consent of Landlord and any attempt by Tenant to do so shall be void, without force or effect and shall not be binding upon Landlord.

If Tenant fails to pay Rent or other amount when due and payable under this Lease, or fails to perform any of the terms hereof, Landlord may appropriate and apply or use all or any portion of the Security Deposit for Rent payments or any other amount then due and unpaid, for payment of any amount for which Landlord has become obligated as a result of Tenant's default or breach, and for any loss or damage sustained by Landlord as a result of Tenant's default or breach, and Landlord may so apply or use this deposit without prejudice to any other remedy Landlord may have by reason of Tenant's default or breach. If Landlord so uses any of the Security Deposit, Tenant shall, within ten (10) days after written demand therefore, restore the Security Deposit to the full amount originally deposited; Tenant's failure to do so shall constitute an act of default hereunder and Landlord shall have the right to exercise any remedy provided for at Article 27 hereof. Within fifteen (15) days after the Term (or any extension thereof) has expired or Tenant has vacated the Premises, whichever shall last occur, and provided Tenant is not then in default on any of its obligations hereunder, Landlord shall return the Security Deposit to Tenant, or, if Tenant has assigned its interest under this Lease, to the last assignee of Tenant. If Landlord sells its interest in the Premises, Landlord may deliver this deposit to the purchaser of Landlord's interest and thereupon be relieved of any further liability or obligation with respect to the Security Deposit.

8. TENANT'S USE OF THE PREMISES

Tenant shall use the Premises solely for the purposes set forth in Tenant's Use Clause. Tenant shall not use or occupy the Premises in violation of law or any covenant, condition or restriction affecting the Building or Project or the certificate of occupancy issued for the Building or Project, and shall, upon notice from Landlord, immediately discontinue any use of the Premises which is declared by any governmental authority having jurisdiction to be a violation of law or the certificate of occupancy. Tenant, at Tenant's own cost and expense, shall comply with all laws, ordinances, regulations, rules and/or any directions of any governmental agencies or authorities having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or its use or occupation. A judgment of any court of competent jurisdiction or the admission by Tenant in any action or proceeding against Tenant that Tenant has violated any such laws, ordinances, regulations, rules and/or directions in the use of the Premises shall be deemed to be a conclusive determination of that fact as between Landlord and Tenant. Tenant shall not do or permit to be done anything, which will invalidate or increase the cost of any fire, extended coverage or other insurance policy covering the Building or Project and/or property located therein, and shall comply with all rules, orders, regulations, requirements and recommendations of the Insurance Services Office or any other organization performing a similar function. Tenant shall promptly upon demand reimburse Landlord for any additional premium charged for such policy by reason of Tenant's failure to comply with the provisions of this Article. Tenant shall not do or permit anything to be done in or about the Premises which will in any way obstruct or interfere with the rights of other tenants or occupants of the Building or Project, or injure or annoy them, or use or allow the Premises to be used for any improper, immoral, unlawful or objectionable purpose, nor shall Tenant cause, maintain or permit any nuisance in, on or about the Premises. Tenant shall not commit or suffer to be committed any waste in or upon the Premises.

9. SERVICES AND UTILITIES.

Provided that Tenant is not in default hereunder, Landlord agrees to furnish to the Premises during generally recognized business days, and during hours determined by Landlord in its sole discretion, and subject to the Rules and Regulations of the Building or Project, electricity for normal desk top office equipment and normal copying equipment, and heating, ventilation and air conditioning ("HVAC") as required in Landlord's judgment for the comfortable use and occupancy of the Premises. If Tenant desires HVAC at any other time, Landlord shall use reasonable efforts to furnish such service upon reasonable notice from Tenant and Tenant shall pay Landlord's charges therefore on demand. Landlord shall also maintain and keep lighted the common stairs, common entries and restrooms in the Building. Landlord shall not be in default hereunder or be liable for any damages directly or indirectly resulting from, nor shall the Rent be abated by reason of (I) the installation, use or interruption of use of any equipment in connection with the furnishing of any of the foregoing services, (ii) failure to furnish or delay in furnishing any such services where such failure or delay is caused by accident or any condition or event beyond the reasonable control of Landlord, or by the making of necessary repairs or improvements to the Premises, Building or Project, or (iii) the limitation, curtailment or rationing of, or restrictions on, use of water, electricity, gas or any other form of energy serving the Premises, Building or Project. Landlord shall not be liable under any circumstances for a loss of or injury to property or business, however occurring, through or in connection with or incidental to failure to furnish any such services. If Tenant uses heat generating machines or equipment in the Premises which affect the temperature otherwise maintained by the HVAC system, Landlord reserves the right to install supplementary air conditioning units in the Premises and the cost thereof, including the cost of installation, operation and maintenance thereof, shall be paid by Tenant to Landlord upon demand by Landlord.

Tenant shall not, without the written consent of Landlord, use any apparatus or devise in the Premises, including without limitation, electronic data processing machines, punch card machines or machines using in excess of 120 volts, which consumes more electricity than is usually furnished or supplied for the use of premises as general office space, as

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determined by Landlord. Tenant shall not connect any apparatus with electric current except through existing electrical outlets in the Premises. Tenant shall not consume water or electric current in excess of that usually furnished or supplied for the use of premises as general office space (as determined by Landlord), without first procuring the written consent of Landlord, which Landlord may refuse, and in the event of consent, Landlord may have installed a water meter or electrical current meter in the Premises to measure the amount of water or electric current consumed. The cost of any such meter and of its installation, maintenance and repair shall be paid for by the Tenant and Tenant agrees to pay to Landlord Promptly upon demand for all such water and electric current consumed as shown by said meters, at the rates charged for such services by the local public utility plus any additional expense incurred in keeping account of the water and electric current so consumed. If a separate meter is not installed, the excess cost for such water and electric current shall be established by an estimate made by a utility company or electrical engineer hired by Landlord at Tenant's expense.

Nothing contained in this Article shall restrict Landlord's right to require at any time separate metering of utilities furnished to the Premises. In the event utilities are separately metered, Tenant shall pay promptly upon demand for all utilities consumed at utility rates charged by the local public utility plus any additional expense incurred by Landlord in keeping account of the utilities so consumed. Tenant shall be responsible for the maintenance and repair of any such meters at its sole cost.

Landlord shall furnish elevator service, lighting replacement for building standard lights, restroom supplies, window washing and janitor services of common area in a manner that such services are customarily furnished to comparable office buildings in the area.

10. CONDITION OF THE PREMISES.

Tenant's taking possession of the Premises shall be deemed conclusive evidence that as of the date of taking possession of the Premises are in good order and satisfactory condition, except for such matters as to which Tenant gave Landlord notice on or before the Commencement Date. No promise of Landlord to alter, remodel, repair or improve the Premises, the Building or the Project and no representation, express or implied, respecting any matter or thing relating to the Premises, Building, Project or this Lease (including, without limitation, the condition of the Premises, the Building or the Project) have been made to Tenant by Landlord or its Broker or Sales Agent, other than as may be contained herein or in a separate exhibit or addendum signed by Landlord and Tenant.

11. CONSTRUCTION, REPAIRS AND MAINTENANCE.

- a. *Landlord's Obligations:* Landlord shall maintain in good order, condition and repair the Building and all other portions of the Premises not the obligation of Tenant or of any other tenant in the Building.
- b. *Tenant's Obligations:*
 - (1.) Tenant shall perform Tenant's Work to the Premises as described in an exhibit specific to Tenant Improvements, if applicable."
 - (2.) Tenant at Tenant's sole expense shall, except for services furnished by Landlord pursuant to Article 9 hereof, maintain the Premises in good order, condition and repair, including the interior surfaces of the ceilings, walls and floors, all doors, all interior windows, all plumbing, pipes and fixtures, electrical wiring, switches and fixtures, Building Standard furnishings and special items and equipment installed by or at the expense of Tenant.
 - (3.) Tenant shall be responsible for all repairs and alterations in and to the Premises, Building and Project and the facilities and systems thereof, the need for which arises out of (i) Tenant's use or occupancy of the Premises, (ii) the installation, removal, use or operation of Tenant's Property (as defined in Article 13) in the Premises, (iii) the moving of Tenant's Property into or out of the Building, or (iv) the act, omission, misuse or negligence of Tenant, its agents, contractors, employees or invitees.
 - (4.) If Tenant fails to maintain the Premises in good order, condition and repair, Landlord shall give Tenant notice to do such acts as are reasonably required to so maintain the Premises. If Tenant fails to promptly commence such work and diligently prosecute it to completion, then Landlord shall have the right to do such acts and expend such funds at the expense of Tenant as are reasonably required to perform such work. Any amount so expended by Landlord shall be paid by Tenant promptly after demand with interest at the prime commercial rate then being charged by Bank of America NT & SA plus two percent (2%) per annum, from the date of such work, but not to exceed the maximum rate then allowed by law. Landlord shall have no liability to Tenant for any damage, inconvenience, or interference with the use of the Premises by Tenant as a result of performing any such work.
- c. *Compliance with Law:* Landlord and Tenant shall each do all acts required to comply with all applicable laws, ordinances, and rules of any public authority relating to their respective maintenance obligations as set forth herein.
- d. *Waiver by Tenant:* Tenant expressly waives the benefits of any statute now or hereafter in effect which would otherwise afford the Tenant the right to make repairs at Landlord's expense or to terminate this Lease because of Landlord's failure to keep the Premises in good order, condition and repair.

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- e. *Load and Equipment Limits:* Tenant shall not place a load upon any floor of the Premises which exceeds the load per square foot which such floor was designed to carry, as determined by Landlord or Landlord's structural engineer. The cost of any such determination made by Landlord's structural engineer shall be paid for by Tenant upon demand. Tenant shall not install business machines or mechanical equipment which cause noise or vibration to such a degree as to be objectionable to Landlord or other Building tenants.
- f. Except as otherwise expressly provided in this Lease, Landlord shall have no liability to Tenant nor shall Tenant's obligations under this Lease be reduced or abated in any manner whatsoever by reason of any inconvenience, annoyance, interruption or injury to business arising from Landlord's making any repairs or changes which Landlord is required or permitted by this Lease or by any other tenant's lease or required by law to make in or to any portion of the Project, Building or the Premises. Landlord shall nevertheless use reasonable efforts to minimize any interference with Tenant's business in the Premises.
- g. Tenant shall give Landlord prompt notice of any damage to or defective condition in any part or appurtenance of the Building's mechanical, electrical, plumbing, HVAC or other systems serving, located in, or passing through the Premises.
- h. Upon the expiration or earlier termination of this Lease, Tenant shall return the Premises to Landlord clean and in the same condition as on the date Tenant took possession, except for normal wear and tear. Any damage to the Premises, including any structural damage, resulting from Tenant's use or from the removal of Tenant's fixtures, furnishings and equipment pursuant to Section 13b shall be repaired by Tenant at Tenant's expense.

12. ALTERATIONS AND ADDITIONS.

- a. Tenant shall not make any additions, alterations or improvements to the Premises without obtaining the prior written consent of Landlord. Landlord's consent may be conditioned on Tenant's removing any such additions, alterations or improvements upon the expiration of the term and restoring the Premises to the same condition as on the date Tenant took possession. All work with respect to any addition, alteration or improvement shall be done in a good and workmanlike manner by properly qualified and licensed personnel approved by Landlord, and such work shall be diligently prosecuted to completion. Landlord may, at Landlord's option, require that any such work be performed by Landlord's contractor in which case the cost of such work shall be paid for before commencement of the work. Tenant shall pay to Landlord upon completion of any such work by Landlord's contractor, an administrative fee of fifteen percent (15%) of the cost of the work.
- b. Tenant shall pay the costs of any work done on the Premises pursuant to Section 12a, and shall keep the Premises, Building and Project free and clear of liens of any kind. Tenant shall indemnify, defend against and keep Landlord free and harmless from all liability, loss, damage, costs, attorneys' fees and any other expense incurred on account of claims by any person performing work or furnishing materials or supplies for Tenant or any person claiming under Tenant.

Tenant shall keep Tenant's leasehold interest, and any additions or improvements which are or become the property of Landlord under this Lease, free and clear of all attachment or judgment liens. Before the actual commencement of any work for which a claim or lien may be filed, Tenant shall give Landlord notice of the intended commencement date a sufficient time before that date to enable Landlord to post notices of non-responsibility or any other notices which Landlord deems necessary for the proper protection of Landlord's interest in the Premises, Building or the Project, and Landlord shall have the right to enter the Premises and post such notice at any reasonable time.

- c. Landlord may require, at Landlord's sole option, that Tenant provide to Landlord, at Tenant's expense, a lien and completion bond in an amount equal to at least one and one-half (1.5) times the total estimated cost of any additions, alterations or improvements to be made in or to the Premises, to protect Landlord against any liability for mechanic's and material men's liens and to insure timely completion of the work. Nothing contained in this Section 12c shall relieve Tenant of its obligations under Section 12b to keep the Premises, Building and Project free of all liens.
- d. Unless their removal is required by Landlord as provided in Section 12a, all additions, alterations and improvements made to the Premises shall become the property of Landlord and be surrendered with the Premises upon the expiration of the Term; provided, however, Tenant's equipment, machinery and trade fixtures which can be removed without damage to the Premises shall remain the property of Tenant and may be removed, subject to the provisions of Section 13b.

13. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.

- a. All fixtures, equipment, improvements and appurtenances attached to or built into the Premises at the commencement of or during the Term, whether or not by or at the expense of Tenant ("Leasehold Improvements"), shall be and remain a part of the Premises, shall be the property of Landlord and shall not be removed by Tenant, except as expressly provided in Section 13b.
- b. All movable partitions, business and trade fixtures, machinery and equipment, communications equipment and office equipment located in the Premises and acquired by or for the account of Tenant, without expense to

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Landlord, which can be removed without structural damage to the Building, and all furniture, furnishings and other articles of movable personal property owned by Tenant and located in the Premises (collectively "Tenant's Property") shall be and shall remain the property of Tenant and may be removed by Tenant at any time during the Term; provided that if any of Tenant's Property is removed, Tenant shall promptly repair any damage to the Premises or to the Building resulting from such removal.

14. RULES AND REGULATIONS.

Tenant agrees to comply with (and cause its agents, contractors, employees and invitees to comply with) the rules and regulations attached hereto as Exhibit "D" and with such reasonable modifications thereof and additions thereto as Landlord may from time to time make. Landlord shall not be responsible for any violation of said rules and regulations by other tenants or occupants of the Building of Project.

15. CERTAIN RIGHTS RESERVED BY LANDLORD.

Landlord reserves the following rights, exercisable without liability to Tenant for (a) damage or injury to property, person or business, (b) causing an actual or constructive eviction from the Premises, or (c) disturbing Tenant's use or possession of the Premises:

- a. To name the Building and Project and to change the name or street address of the Building or Project;
- b. To install and maintain all signs on the exterior and interior of the Building and Project;
- c. To have pass keys to the Premises and all doors within the Premises, eluding Tenant's vaults and safes;
- d. At any time during the Term, and on reasonable prior notice to Tenant, to inspect the Premises, and to show the Premises to any prospective purchaser or mortgagee of the Project, or to any assignee of any mortgage on the Project, or to others having an interest in the Project or Landlord, and during the last six months of the Term, to show the Premises to prospective tenants thereof; and
- e. To enter the Premises for the purpose of making inspections, repairs, alterations, additions or improvements to the Premises or the Building (including, without limitation, checking, calibrating, adjusting or balancing controls and other parts of the HVAC system), and to take all steps as may be necessary or desirable for the safety, protection, maintenance or preservation of the Premises or the Building or Landlord's interest therein, or as may be necessary or desirable for the operation or improvement of the Building or in order to comply with laws, orders or requirements of governmental or other authority. Landlord agrees to use its best efforts (except in an emergency) to minimize interference with Tenant's business in the Premises in the course of any such entry.

16. ASSIGNMENT AND SUBLETTING.

No assignment of this Lease or sublease of all or any part of the Premises shall be permitted, except as provided in this Article 16.

- a. Tenant shall not, without the prior written consent of Landlord, assign or hypothecate this Lease or any interest herein or sublet the Premises or any part thereof, or permit the use of the Premises by any party other than Tenant. Any of the foregoing acts without such consent shall be void and shall, at the option of Landlord, terminate this Lease. This Lease shall not, nor shall any interest of Tenant herein, be assignable by operation of law without the written consent of Landlord.
- b. If at any time or from time to time during the Term Tenant desires to assign this Lease or sublet all or any part of the Premises, Tenant shall give notice to Landlord setting forth the terms and provisions of the proposed assignment or sublease, and the identity of the proposed assignee or subtenant. Tenant shall promptly supply Landlord with such information concerning the business background and financial condition of such proposed assignee or subtenant as Landlord may reasonably request. Landlord shall have the option, exercisable by notice given to Tenant within twenty (20) days after Tenant's notice is given, either to sublet such space from Tenant at the rental and on the other terms set forth in this Lease for the term set forth in Tenant's notice, or, in the case of an assignment, to terminate this Lease. If Landlord does not exercise such option, Tenant may assign the Lease or sublet such space to such proposed assignee or subtenant on the following further conditions:
 - (1.) Landlord shall have the right to approve such proposed assignee or subtenant, which approval shall not be unreasonably withheld;
 - (2.) The assignment or sublease shall be on the same terms set forth in the notice given to Landlord;
 - (3.) No assignment or sublease shall be valid and no assignee or sub lessee shall take possession of the Premises until an executed counterpart of such assignment or sublease has been delivered to Landlord;
 - (4.) No assignee or sub lessee shall have a further right to assign or sublet except on the terms herein contained; and

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- (5.) Any sums or other economic consideration received by Tenant as a result of such assignment or subletting, however denominated under the assignment or sublease, which exceed, in the aggregate, (i) the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to any portion of the Premises subleased), plus (ii) any real estate brokerage commissions or fees payable in connection with such assignment or subletting, shall be paid to Landlord as additional rent under this Lease without affecting or reducing any other obligations of Tenant hereunder.
- c. Notwithstanding the provisions of paragraphs a and b above, Tenant may assign this Lease or sublet the Premises or any portion thereof, without Landlord's consent and without extending any recapture or termination option to Landlord, to any corporation which controls, is controlled by or is under common control with Tenant, or to any corporation resulting from a merger or consolidation with Tenant, or to any person or entity which acquires all the assets of Tenant's business as a going concern, provided that (i) the assignee or sub lessee assumes, in full, the obligations of Tenant under this Lease, (ii) Tenant remains fully liable under this Lease, and (iii) the use of the Premises under Article 8 remains unchanged.
- d. No subletting or assignment shall release Tenant of Tenant's obligations under this Lease or alter the primary liability of Tenant to pay the Rent and to perform all other obligations to be performed by Tenant hereunder. The acceptance of Rent by landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment or subletting shall not be deemed consent to any subsequent assignment or subletting. In the event of default by an assignee or subtenant or any successor of Tenant in the performance of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee, subtenant or successor. Landlord may consent to subsequent assignments of the Lease or sub lettings or amendments or modifications to the Lease with assignees of tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereof and any such actions shall not relieve Tenant of liability under this Lease.
- e. If Tenant assigns the Lease or sublets the Premises or requests the consent of Landlord to any assignment or subletting or if Tenant requests the consent of Landlord for any act that Tenant proposes to do, then Tenant shall, upon demand, pay Landlord an administrative fee of One Hundred Fifty and No/100 Dollars (\$150.00) plus any attorney's fees reasonably incurred by Landlord in connection with such act or request.

17. HOLDING OVER.

If after expiration of the Term, Tenant remains in possession of the Premises with Landlord's permission (express or implied), Tenant shall become a tenant from month to month only, upon all the provisions of this Lease (except as to term and Base Rent), but the "Monthly Installments of Base Rent" payable by Tenant shall be increased to one hundred fifty percent (150%) of the Monthly Installments of Base Rent payable by Tenant at the expiration of the Term. Such monthly rent shall be payable in advance on or before the first day of each month. If either party desires to terminate such month-to-month tenancy, it shall give the other party not less than thirty (30) days advance written notice of the date of termination.

18. SURRENDER OF PREMISES.

- a. Tenant shall peaceably surrender the Premises to Landlord on the Expiration Date, in broom-clean condition and in as good condition as when Tenant took possession, except for (i) reasonable wear and tear, (ii) loss by fire or other casualty, and (iii) loss by condemnation. Tenant shall, on Landlord's request, remove Tenant's Property on or before the Expiration Date and promptly repair all damage to the Premises or Building caused by such removal.
- b. If Tenant abandons or surrenders the Premises, or is dispossessed by process of law or otherwise, any of Tenant's Property left on the Premises shall be deemed to be abandoned, and, at Landlord's option, title shall pass to Landlord under this Lease as by a bill of sale. If Landlord elects to remove all or any part of such Tenant's Property, the cost of removal, including repairing any damage to the Premises or Building caused by such removal, shall be paid by Tenant. On the Expiration Date Tenant shall surrender all keys to the Premises.

19. DESTRUCTION OR DAMAGE.

- a. If the Premises or the portion of the Building necessary for Tenant's occupancy is damaged by fire, earthquake, act of God, the elements, or other casualty, Landlord shall, subject to the provisions of this Article, promptly repair the damage, if such repairs can, in Landlord's opinion, be completed within ninety (90) days. If Landlord determines that repairs can be completed with ninety (90) days, this Lease shall remain in full force and effect, except that if such damage is not the result of the negligence or willful misconduct of Tenant or Tenant's agents, employees, contractors, licensees, or invitees, the Base Rent shall be abated to the extent Tenant's use of the Premises is impaired, commencing with the date of damage and continuing until completion of the repairs required of Landlord under Section 19d.
- b. If in Landlord's opinion, such repairs to the Premises or portion of the Building necessary for Tenant's occupancy cannot be completed within ninety (90) days, Landlord may elect, upon notice to Tenant given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.

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- c. If any other portion of the Building or Project is totally destroyed or damaged to the extent that in Landlord's opinion repair thereof cannot be completed within ninety (90) days, Landlord may elect upon notice to Tenant given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.
- d. If the Premises are to be repaired under this Article, Landlord shall repair at its cost any injury or damage to the Building and Building Standard Work in the Premises. Tenant shall be responsible at its sole cost and expense for the repair, restoration, and replacement of any other Leasehold Improvements and Tenant's Property. Landlord shall not be liable for any loss of business, inconvenience or annoyance arising from any repair or restoration of any portion of the Premises, Building, or Project as a result of any damage from fire or other casualty.
- e. This Lease shall be considered an express agreement governing any case of damage to or destruction of the Premises, Building, or Project by fire or other casualty, and any present or future law which purports to govern the rights of Landlord and Tenant in such circumstances in the absent of express agreement, shall have no application.

20. EMINENT DOMAIN.

- a. If the whole of the Building or Premises is lawfully taken by condemnation or in any other manner for any public or quasi-public purpose, this Lease shall terminate as of the date of such taking, and Rent shall be prorated to such date. If less than the whole of the Building or Premises is so taken, this Lease shall be unaffected by such taking, provided that (i) Tenant shall have the right to terminate this Lease by notice to Landlord given within ninety (90) days after the date of such taking if twenty percent (20%) or more of the Premises is taken and the remaining area of the Premises is not reasonably sufficient for Tenant to continue operation of its business, and (ii) Landlord shall have the right to terminate this Lease by notice to Tenant given within ninety (90) days after the date of such taking. If either Landlord or Tenant so elects to terminate this Lease, the Lease shall terminate on the thirtieth (30th) day after either such notice. The Rent shall be prorated to the date of termination. If this Lease continues in force upon such partial taking, the Base Rent and Tenant's Proportionate Share shall be equitably adjusted according to the remaining Rentable Area of the Premises and Project.
- b. In the event of any taking, partial or whole, all of the proceeds of any award, judgment, or settlement payable by the condemning authority shall be the exclusive property of Landlord, and Tenant hereby assigns to Landlord all of its right, title, and interest in any award, judgment, or settlement from the condemning authority. Tenant, however, shall have the right, to the extent that Landlord's award is not reduced or prejudiced, to claim from the condemning authority (but not from Landlord) such compensation as may be recoverable by Tenant in its own right for relocation expenses and damage to Tenant's personal property.
- c. In the event of a partial taking of the Premises which does not result in a termination of this Lease, Landlord shall restore the remaining portion of the Premises as nearly as practicable to its condition prior to the condemnation or taking, but only to the extent of Building Standard Work. Tenant shall be responsible at its sole cost and expenses for the repair, restoration, and replacement of any other Leasehold improvements and Tenant's Property.

21. INDEMNIFICATION.

- a. Tenant shall indemnify and hold Landlord harmless against and from liability and claims of any kind for loss or damage to property of Tenant or any other person, or for any injury to or death of any person, arising out of: (1) Tenant's use and occupancy of the Premises, or any work, activity, or other things allowed or suffered by Tenant to be done in, on, or about the Premises; (2) any breach or default by Tenant of any of the Tenant's obligations under this Lease; or (3) any negligent or otherwise tortuous act or omission of Tenant, its agents, employees, invitees, or contractors. Tenant shall at Tenant's expense and by counsel satisfactory to Landlord, defend Landlord in any action or proceeding arising from any such claim and shall indemnify Landlord against all costs, attorneys' fees, expert witness fees, and any other expenses incurred in such action or proceeding. As a material part of the consideration for Landlord's execution of this Lease, Tenant hereby assumes all risk of damage or injury to any person or property in, on, or about the Premises from any cause.
- b. Landlord shall not be liable for injury or damage which may be sustained by the person or property of Tenant, its employees, invitees, or customers or any other person in or about the Premises, caused by or resulting from fire, steam, electricity, gas, water, or rain which may leak or flow from or into any part of the Premises, or from the breakage, leakage, obstruction, or other defects of pipes, sprinklers, wires, appliances, plumbing, air conditioning, or lighting fixtures, whether such damage or injury results from conditions arising upon the Premises or upon other portions of the Building or Project or from other sources. Landlord shall not be liable for any damages arising from any act or omission of any other tenant of the Building or Project.

22. TENANT'S INSURANCE.

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- a. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies acceptable to Landlord and Landlord's lender and qualified to do business in the State. Each policy shall name Landlord, and at Landlord's request any mortgagee of Landlord, as an additional insured, as their respective interests may appear. Each policy shall contain (i) a cross-liability endorsement, (ii) a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance, and (iii) a waiver by the insurer of any right of subrogation against Landlord, its agents, employees, and representatives, which arises or might arise by reason of any payment under such policy or by reason of any act or omission of Landlord, its agents, employees, or representatives. A copy of each paid up policy (authenticated by the insurer) or certificate of the insurer evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord before the date Tenant is first given the right of possession of the Premises, and thereafter within thirty (30) days after any demand by Landlord therefore. Landlord may, at any time and from time to time, inspect and/or copy any insurance policies required to be maintained by Tenant hereunder. No such policy shall be cancelable except after twenty (20) days written notice to Landlord and Landlord's lender. Tenant shall furnish Landlord with renewals or "binders" of any such policy at least ten (10) days prior to the expiration thereof. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge the Tenant the premiums together with a twenty-five percent (25%) handling charge, payable upon demand. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by the Tenant, provided such blanket policies expressly afford coverage to the Premises, Landlord, Landlord's mortgagee, and Tenant as required by this Lease.
- b. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall procure, pay for and maintain in effect policies of casualty insurance covering (i) all Leasehold Improvements (including any alterations, additions, or improvements as may be made by Tenant pursuant to the provisions of Article 12 hereof), and (ii) trade fixtures, merchandise, and other personal property from time to time in, on, or about the Premises, in an amount not less than one hundred percent (100%) of their actual replacement cost from time to time, providing protection against any peril included within the classification "Fire and Extended Coverage" together with insurance against sprinkler damage, vandalism, and malicious mischief. The proceeds of such insurance shall be used for the repair or replacement of the property so insured. Upon termination of this Lease following a casualty as set forth herein, the proceeds under (i) above be paid to Landlord, and the proceeds under (ii) above be paid to Tenant.
- c. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall procure, pay for, and maintain in effect worker's compensation insurance as required by law and comprehensive public liability and property damage insurance with respect to the construction of improvements on the Premises, the use, operation, or condition of the Premises, and the operations of Tenant in, on, or about the Premises, providing broad form property damage coverage for not less than Five Hundred Thousand Dollars (\$500,000) per person and One Million Dollars (\$1,000,000) each occurrence, and property damage liability insurance with a limit of not less than Two Hundred Fifty Thousand Dollars (\$250,000) each accident.
- d. Not less than every three (3) years during the Term, Landlord and Tenant shall mutually agree to increases in all of Tenant's insurance policy limits for all insurance to be carried by Tenant as set forth in this Article. In the event Landlord and Tenant cannot mutually agree upon the amounts of said increases, then Tenant agrees that all insurance policy limits as set forth in this Article shall be adjusted for increases in the cost of living in the same manner as is set forth in Section 5.2 hereof for the adjustment of the Base Rent.

23. WAIVER OF SUBROGATION.

Landlord and Tenant each hereby waive all rights or recovery against the other and against the officers, employees, agents, and representatives of the other, on account of loss by or damage to the waiving party of its property or the property of others under its control, to the extent that such loss or damage is insured against under any fire and extended coverage insurance policy which either may have in force at the time of the loss or damage. Tenant shall, upon obtaining the policies of insurance required under this Lease, give notice to its insurance carrier or carriers that the foregoing mutual waiver of subrogation is contained in this Lease.

24. SUBORDINATION AND ATTORNMENT.

Upon written request of Landlord, or any first mortgagee or first deed of trust beneficiary of Landlord, or ground lessor of Landlord, Tenant shall, in writing, subordinate its rights under this Lease to the lien of any first mortgage or first deed of trust, or to the interest of any lease in which Landlord is lessee, and to all advances made or thereafter to be made thereunder. However, before signing any subordination agreement, Tenant shall have the right to obtain from any lender or lessor or Landlord requesting such subordination, an agreement in writing providing that, as long as Tenant is not in default hereunder, this Lease shall remain in effect for the full Term. The holder of any security interest may, upon written notice to Tenant, elect to have this Lease prior to its security interest regardless of the time of the granting or recording of such security interest.

In the event of any foreclosure sale, transfer in lieu of foreclosure, or termination of the lease in which Landlord is lessee, Tenant shall attorn to the purchaser, transferee, or lessor, as the case may be, and recognize that party as Landlord under this Lease provided such party acquires and accepts the Premises subject to this Lease.

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25. TENANT ESTOPPEL CERTIFICATE.

Within ten (10) days after written request from Landlord, Tenant shall execute and deliver to Landlord or Landlord's designee, a written statement certifying (a) that this lease is unmodified and in full force and effect, or is in full force and effect as modified and stating the modifications; (b) the amount of Base Rent and the date to which Base Rent and additional rent have been paid in advance; (c) the amount of any security deposited with Landlord; and (d) that Landlord is not in default hereunder or, if Landlord is claimed to be in default, stating the nature of any claimed default. Any such statement may be relied upon by a purchaser, assignee, or lender. Tenant's failure to execute and deliver such statement within the time required shall at Landlord's election be a default under this Lease and shall also be conclusive upon Tenant that: (1) this Lease is in full force and effect and has not been modified except as represented by Landlord; (2) there are no uncured defaults in Landlord's performance and that Tenant has no right of offset, counter-claim, or deduction against Rent; and (3) not more than one month's Rent has been paid in advance.

26. TRANSFER OF LANDLORD'S INTEREST.

In the event of any sale or transfer by Landlord of the Premises, Building, or Project, and assignment of this Lease by Landlord, Landlord shall be and is hereby entirely freed and relieved of any and all liability and obligations contained in or derived from this Lease arising out of any act, occurrence, or omission relating to the Premises, Building, Project, or Lease occurring after the consummation of such sale or transfer, providing the purchaser shall expressly assume all of the covenants and obligations of Landlord under this Lease. If any security deposit or prepaid Rent has been paid by Tenant, Landlord may transfer the security deposit or prepaid Rent to Landlord's successor and upon such transfer, Landlord shall be relieved of any and all further liability with respect thereto.

27. DEFAULT.

27.1. *Tenant's Default.* The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:

- a. If Tenant abandons or vacates the Premises; or
- b. If Tenant fails to pay any Rent or any other charges required to be paid by Tenant under this Lease and such failure continues for five (5) days after such payment is due and payable; or
- c. If Tenant fails to promptly and fully perform any other covenant, condition, or agreement contained in this lease and such failure continues for thirty (30) days after written notice thereof from Landlord to Tenant; or
- d. If a writ of attachment or execution is levied on this Lease or on any of Tenant's Property; or
- e. If Tenant makes a general assignment for the benefit of creditors, or provides for an arrangement, composition, extension or adjustment with its creditors; or
- f. If Tenant files a voluntary petition for relief or if a petition against Tenant in a proceeding under the federal bankruptcy laws or other insolvency laws is filed and not withdrawn or dismissed within forty-five (45) days thereafter, or if under the provisions of any law providing for reorganization or winding up of corporations, any court of competent jurisdiction assumes jurisdiction, custody, or control of Tenant or any substantial part of its property and such jurisdiction, custody, or control remains in force unrelinquished, unstayed, or unterminated for a period of forty-five (45) days; or
- g. If in any proceeding or action in which Tenant is not a party, a trustee, receiver, agent, or custodian is appointed to take charge of the Premises or Tenant's Property (or has the authority to do so) for the purpose of enforcing a lien against the Premises or Tenant's Property; or
- h. If Tenant is a partnership or consists of more than one (1) person or entity, if any partner of the partnership or other person or entity is involved in any of the acts or events described in subparagraphs d through g above.

27.2. *Remedies.* In the event of Tenant's default hereunder, then, in addition to any other rights or remedies Landlord may have under any law, Landlord shall have the right, at Landlord's option, without further notice or demand of any kind to do the following:

- a. Terminate this Lease and Tenant's right to possession of the Premises and re-enter the Premises and take possession thereof, and Tenant shall have no further claim to the Premises or under this Lease; or
- b. Continue this Lease in effect, re-enter and occupy the Premises for the account of Tenant, and collect any unpaid Rent or other charges which have or thereafter become due and payable; or
- c. Re-enter the Premises under the provisions of subparagraph b and thereafter elect to terminate this Lease and Tenant's right to possession of the Premises.

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If Landlord re-enters the Premises under the provisions of subparagraph b or c above, Landlord shall not be deemed to have terminated this Lease or the obligation of Tenant to pay any Rent or other charges thereafter accruing, unless Landlord notifies Tenant in writing of Landlord's election to terminate this Lease. In the event of any re-entry or retaking of possession by Landlord, Landlord shall have the right, but not the obligation, to remove all or any part of Tenant's Property in the Premises and to place such property in storage at a public warehouse at the expense and risk of Tenant. If Landlord elects to relet the Premises for the account of Tenant, the rent received by Landlord from such reletting shall be applied as follows: first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs of such reletting; third, to the payment of the cost of any alterations or repairs to the Premises; fourth, to the payment of Rent due and unpaid hereunder; and the balance, if any, shall be held by Landlord and applied in payment of future Rent as it becomes due. If that portion of rent received from the reletting, which is applied against, the Rent due hereunder is less than the amount of the Rent due, Tenant shall pay the deficiency to Landlord promptly upon demand by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as determined, any costs and expenses incurred by Landlord in connection with such reletting or in making alterations and repairs to the Premises, which are not covered by the rent received from the reletting.

Should Landlord elect to terminate this Lease under the provisions of subparagraph a or c above, Landlord may recover as damages from Tenant the following:

- (1.) *Past Rent.* The worth at the time of the award of any unpaid Rent which had been earned at the time of termination; plus
- (2.) *Rent Prior to Award.* The worth at the time of the award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that Tenant proves could have been reasonably avoided; plus
- (3.) *Rent After Award.* The worth at the time of the award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of the rental loss that Tenant provides could be reasonably avoided; plus
- (4.) *Proximately Caused Damages.* Any other amount necessary to compensate Landlord for all detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom including, but not limited to, any costs or expenses (including attorneys' fees) incurred by Landlord in (a) retaking possession of the Premises, (b) maintaining the Premises after Tenant's default, (c) preparing the Premises for reletting to a new tenant, including any repairs or alterations, and (d) reletting the Premises, including broker's commissions.

"The worth at the time of the award@ as used in subparagraphs 1 and 2 above is to be computed by allowing interest at the rate of ten percent (10%) per annum." The worth at the time of the award@ as used in subparagraph 3 above is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank situated nearest to the Premises at the time of the award plus one percent (1%).

The waiver by Landlord of any breach of any term, covenant, or condition of this Lease shall not be deemed a waiver of such term, covenant, or condition or of any subsequent breach of the same or any other term, covenant, or condition. Acceptance of Rent by Landlord subsequent to any breach hereof shall not be deemed a waiver of any preceding breach other than the failure to pay the particular Rent so accepted, regardless of Landlord's knowledge of any breach at the time of such acceptance of Rent. Landlord shall not be deemed to have waived any term, covenant, or condition unless Landlord gives Tenant written notice of such waiver.

- 27.3 *Landlord's Default.* If Landlord fails to perform any covenant, condition, or agreement contained in this Lease within thirty (30) days after receipt of written notice from Tenant specifying such default, or if such default cannot reasonably be cured within thirty (30) days, if Landlord fails to commence to cure within that thirty (30) day period, then Landlord shall be liable to Tenant for any damages sustained by Tenant as a result of Landlord's breach; provided, however, it is expressly understood and agreed that if Tenant obtains a money judgment against Landlord resulting from any default or other claim arising under this Lease, that judgment shall be satisfied only out of the rents, issues, profits, and other income actually received on account of Landlord's right, title, and interest in the Premises, Building, or Project, and no other real, personal, or mixed property of Landlord (or of any of the partners which comprise Landlord, if any) wherever situated, shall be subject to levy to satisfy such judgment. If, after notice to Landlord of default, Landlord (or any first mortgagee or first deed of trust beneficiary of Landlord) fails to cure the default as provided herein, then Tenant shall have the right to cure that default at Landlord's expense. Tenant shall not have the right to terminate this Lease or to withhold, reduce, or offset any amount against any payments of Rent or any other charges due and payable under this Lease, except as otherwise specifically provided herein.

28. BROKERAGE FEES.

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Tenant warrants and represents that it has not dealt with any real estate broker or agent in connection with this Lease or its negotiation except those noted in Section 2.c. Tenant shall indemnify and hold Landlord harmless from any cost, expenses, or liability (including costs of suit and reasonable attorneys' fees) for any compensation, commission, or fees claimed by any other real estate broker or agent in connection with this Lease or its negotiation by reason of any act of Tenant.

29. NOTICES.

All notices, approvals, and demands permitted or required to be given under this Lease shall be in writing and deemed duly served or given if personally delivered or sent by certified or registered U.S. mail, postage prepaid, and addressed as follows: (a) if to Landlord, to Landlord's Mailing Address and to the Building manager, and (b) if to Tenant, to Tenant's Mailing Address; provided, however, notices to Tenant shall be deemed duly served or given if delivered or mailed to Tenant at the Premises. Landlord and Tenant may from time to time by notice to the other designate another place for receipt of future notices.

30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

In the event of imposition of federal, state, or local government controls, rules, regulations, or restrictions on the use or consumption of energy or other utilities during the Term, both Landlord and Tenant shall be bound thereby. In the event of a difference in interpretation by Landlord and Tenant of any such controls, the interpretation of Landlord shall prevail, and Landlord shall have the right to enforce compliance therewith, including the right of entry into the Premises to effect compliance.

31. RELOCATION OF PREMISES.

Landlord shall have the right to relocate the Premises to another part of the Building in accordance with the following:

- a. The new premises shall be substantially the same in size, dimension, configuration, decor and nature as the Premises described in this Lease, and if the relocation occurs after the Commencement Date, shall be placed in that condition by Landlord at its cost.
- b. Landlord shall give Tenant at least thirty (30) days written notice of Landlord's intention to relocate the Premises.
- c. As nearly as practicable, the physical relocation of the Premises shall take place on a weekend and shall be completed before the following Monday. If the physical relocation has not been completed in that time, Base Rent shall abate in full from the time the physical relocation commences to the time it is completed. Upon completion of such relocation, the new premises shall become the "Premises" under this Lease.
- d. All reasonable costs incurred by Tenant as a result of the relocation shall be paid by Landlord.
- e. If the new premises are smaller than the Premises as it existed before the relocation, Base Rent shall be reduced proportionately.
- f. The parties hereto shall immediately execute an amendment to this Lease setting forth the relocation of the Premises and the reduction of Base Rent, if any.

32. QUIET ENJOYMENT.

Tenant, upon paying the Rent and performing all of its obligations under this Lease, shall peaceably and quietly enjoy the Premises, subject to the terms of this Lease and to any mortgage, lease, or other agreement to which this Lease may be subordinate.

33. OBSERVANCE OF LAW.

Tenant shall not use the Premises or permit anything to be done in or about the Premises which will in any way conflict with any law, statute, ordinance or governmental rule or regulation now in force or which may hereafter be enacted or promulgated. Tenant shall, at its sole cost and expense, promptly comply with all laws, statutes, ordinances and governmental rules, regulations or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire insurance underwriters or other similar bodies now or hereafter constituted, relating to, or affecting the condition, use or occupancy of the Premises, excluding structural changes not related to or affected by Tenant's improvements or acts. The judgment of any court of competent jurisdiction or the admission of Tenant in any action against Tenant, whether Landlord is a party thereto or not, that Tenant has violated any law, ordinance or governmental rule, regulation or requirement, shall be conclusive of that fact as between Landlord and Tenant.

34. FORCE MAJEURE.

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Any prevention, delay or stoppage of work to be performed by Landlord or Tenant which is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefore, acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse performance of the work by that party for a period equal to the duration of that prevention, delay or stoppage. Nothing in this Article 34 shall excuse or delay Tenant's obligation to pay Rent or other charges under this Lease.

35. CURING TENANT'S DEFAULTS.

If Tenant defaults in the performance of any of its obligations under this Lease, Landlord may (but shall not be obligated to) without waiving such default, perform the same for the account at the expense of Tenant. Tenant shall pay Landlord all costs of such performance promptly upon receipt of a bill therefore.

36. SIGN CONTROL.

Tenant shall not affix, paint, erect or inscribe any sign, projection, awning, signal or advertisement of any kind to any part of the Premises, Building or Project, including without limitation, the inside or outside of windows or doors, without the written consent of Landlord. Landlord shall have the right to remove any signs or other matter, installed without Landlord's permission, without being liable to Tenant by reason of such removal, and to charge the cost of removal to Tenant as additional rent hereunder, payable within ten (10) days of written demand by Landlord.

37. MISCELLANEOUS.

- a. *Accord and Satisfaction; Allocation of Payments:* No payment by Tenant or receipt by Landlord of a lesser amount than the Rent provided for in this Lease shall be deemed to be other than on account of the earliest due Rent, nor shall any endorsement or statement on any check or letter accompanying any check or payment as Rent be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of the Rent or pursue any other remedy provided for in this Lease. In connection with the foregoing, Landlord shall have the absolute right in its sole discretion to apply any payment received from Tenant to any account or other payment of Tenant then not current and due or delinquent.
- b. *Addenda:* If any provision contained in an addendum to this Lease is inconsistent with any other provision herein, the provision contained in the addendum shall control, unless otherwise provided in the addendum.
- c. *Attorneys' Fees:* If any action or proceeding is brought by either party against the other pertaining to or arising out of this Lease, the finally prevailing party shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred on account of such action or proceeding.
- d. *Captions, Articles and Section Numbers:* The captions appearing within the body of this Lease have been inserted as a matter of convenience and for reference only and in no way define, limit or enlarge the scope or meaning of this Lease. All references to Article and Section numbers refer to Articles and Sections in this Lease.
- e. *Changes Requested by Lender:* Neither Landlord or Tenant shall unreasonably withhold its consent to changes or amendments to this Lease requested by the lender on Landlord's interest, so long as these changes do not alter the basic business terms of this Lease or otherwise materially diminish any rights or materially increase any obligations of the party from whom consent to such charge or amendment is requested.
- f. *Choice of Law:* This Lease shall be construed and enforced in accordance with the laws of the State of California.
- g. *Consent:* Notwithstanding anything contained in this Lease to the contrary, Tenant shall have no claim, and hereby waives the right to any claim against Landlord for money damages by reason of any refusal, withholding or delaying by Landlord of any consent, approval or statement of satisfaction, and in such event, Tenant's only remedies therefore shall be an action for specific performance, injunction or declaratory judgment to enforce any right to such consent, etc.
- h. *Corporate Authority:* If Tenant is a corporation, each individual signing this Lease on behalf of Tenant represents and warrants that he is duly authorized to execute and deliver this lease on behalf of the corporation, and that this Lease is binding on Tenant in accordance with its terms. Tenant shall, at Landlord's request, deliver a certified copy of a resolution of its board of directors authorizing such execution.
- i. *Counterparts:* This Lease may be executed in multiple counterparts, all of which shall constitute one and the same Lease.
- j. *Execution of Lease; No Option:* The submission of this Lease to Tenant shall be for examination purposes only, and does not and shall not constitute a reservation of or option for Tenant to lease, or otherwise create any interest of Tenant in the Premises or any other premises within the Building or Project. Execution of this Lease by Tenant

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and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has in fact signed and delivered this Lease to Tenant.

- k. *Furnishing of Financial Statements; Tenant's Representations*: In order to induce Landlord to enter into this Lease, Tenant agrees that it shall promptly furnish Landlord, from time to time, upon Landlord's written request, with financial statements reflecting Tenant's current financial condition. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects.
- l. *Further Assurances*: The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Lease.
- m. *Mortgagee Protection*: Tenant agrees to send by certified or registered mail to any first mortgagee or first deed of trust beneficiary of Landlord whose address has been furnished to Tenant, a copy of any notice of default served by Tenant on Landlord. If Landlord fails to cure such default within the time provided for in this Lease, such mortgagee or beneficiary shall have an additional thirty (30) days to cure such default; provided that if such default cannot reasonably be cured within that thirty (30) day period, then such mortgagee or beneficiary shall have such additional time to cure the default as is reasonably necessary under the circumstances.
- n. *Prior Agreements; Amendments*: This Lease contains all of the agreements of the parties with respect to any matter covered or mentioned in this Lease, and no prior agreement or understanding pertaining to any such matter shall be effective for any purpose. No provisions of this Lease may be amended or added to except by an agreement in writing signed by the parties or their respective successors in interest.
- o. *Recording*: Tenant shall not record this Lease without the prior written consent of Landlord. Tenant, upon the request of Landlord, shall execute and acknowledge a "short form" memorandum of this Lease for recording purposes.
- p. *Severability*: A final determination by a court of competent jurisdiction that any provision of this Lease is invalid shall not affect the validity of any other provision, and any provision so determined to be invalid shall, to the extent possible, be construed to accomplish its intended effect.
- q. *Successors and Assigns*: This Lease shall apply to and bind the heirs, personal representatives, and permitted successors and assigns of the parties.
- r. *Time of the Essence*: Time is of the essence of this Lease.
- s. *Waiver*: No delay or omission in the exercise of any right or remedy of Landlord upon any default by Tenant shall impair such right or remedy or be construed as a waiver of such default.
- t. *Compliance*: The parties hereto agree to comply with all applicable federal, state and local laws, regulations, codes, ordinances and administrative orders having jurisdiction over the parties, property or the subject matter of this Agreement, including, but not limited to, the 1964 Civil Rights Act and all amendments thereto, the Foreign Investment In Real Property Tax Act, the Comprehensive Environmental Response Compensation and Liability Act, and The Americans With Disabilities Act.

The receipt and acceptance by Landlord of delinquent Rent shall not constitute a waiver of any other default; it shall constitute only a waiver of timely payment for the particular Rent payment involved.

No act or conduct of Landlord, including, without limitation, the acceptance of keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the Term. Only a written notice from Landlord to Tenant shall constitute acceptance of the surrender of the Premises and accomplish a termination of the Lease.

Landlord's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent to or approval of any subsequent act by Tenant.

Any waiver by Landlord of any default must be in writing and shall not be a waiver of any other default concerning the same or other provision of the Lease.

_____ District _____ Recipient

The parties hereto have executed this Lease as of the dates set forth below.

Date: _____

Date: _____

Landlord: Desert Healthcare District

Tenant: _____

dba: Las Palmas Medical Plaza

By: Herb K. Schultz

By: _____

Signature: _____

Signature: _____

Title: CEO

Title: _____

CONSULT YOUR ADVISORS This document has been prepared for approval by your attorney. No representation or recommendation is made as to the legal sufficiency or tax consequences of this document or the transaction to which it relates. These are questions for your attorney.

In any real estate transaction, it is recommended that you consult with a professional, such as a civil engineer, industrial hygienist or other person, with experience in evaluating the condition of the property, including the possible presence of asbestos, hazardous materials and underground storage tanks.

DRAFT

EXHIBIT "A"

RULES AND REGULATIONS

1. No sign, placard, pictures, advertisement, name or notice shall be inscribed, displayed or printed or affixed on or to any part of the outside or inside of the Building without the written consent of Landlord first had and obtained and Landlord shall have the right to remove any such sign, placard, picture, advertisement, name or notice without notice to and at the expense of Tenant.

All approved signs or lettering on doors shall be printed, painted, affixed, or inscribed at the expense of Tenant by a person approved by Landlord outside the Premises; provided, however, that Landlord may furnish and install a Building standard window covering at all exterior windows. Tenant shall not, without prior written consent of Landlord, cause or otherwise sunscreen any window.

2. The sidewalks, halls, passages, exits, entrances, elevators and stairways shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress and egress from their respective Premises.
3. Tenant shall not alter any lock or install any new or additional locks or any bolts on any doors or windows of the Premises.
4. The toilet rooms, urinals, wash bowls and other apparatus shall not be used for any purpose other than that for which they were constructed and no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of the rule shall be borne by the Tenant who, or whose employees or invitees, shall have caused it.
5. Tenant shall not overload the floor of the Premises or in any way deface the Premises or any part thereof.
6. No furniture, freight or equipment of any kind shall be brought into the Building without the prior notice to Landlord and all moving of the same into or out of the Building shall be done at such time and in such manner as Landlord shall designate. Landlord shall have the right to prescribe the weight, size and position of all safes and other heavy equipment brought into the Building and also the times and manner of moving the same in and out of the Building. Safes or other heavy objects shall, if considered necessary by Landlord, stand on supports of such thickness as is necessary to properly distribute the weight. Landlord will not be responsible for loss of or damage to any such safe or property from any cause and all damage done to the Building by moving or maintaining any such safe or other property shall be repaired at the expense of Tenant.
7. Tenant shall not use, keep or permit to be used or kept any foul or noxious gas or substances in the Premises, or permit or suffer the Premises to be occupied or used in a manner offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors and/or vibrations, or interfere in any way with other tenants or those having business therein, nor shall any animals or birds be brought in or kept in or about the Premises of the Building.
8. No cooking shall be done or permitted by any Tenant on the Premises, nor shall the Premises be used for storage of merchandise, for washing clothes, for lodging or for any improper, objectionable or immoral purposes.
9. Tenant shall not use or keep in the Premises or the Building any kerosene, gasoline or inflammable or combustible fluid or material, or use any method of heating or air conditioning other than that supplied by Landlord.
10. Landlord will direct electricians as to where and how telephone and telegraph wires are to be introduced. No boring or cutting for wires will be allowed without the consent of the Landlord. The location of telephones, call boxes and other office equipment affixed to the Premises shall be subject to the approval of Landlord.
11. On Saturdays, Sundays and legal holidays, and on other days between the hours of 6:00 p.m. and 8:00 a.m. the following day, access to the Building or to the halls, corridors, elevators or stairways in the Building, or to the Premises may be refused unless the person seeking access is known to the person or employee of the Building in charge and has a pass or is properly identified. The Landlord shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building of any person. In case of invasion, mob, riot, public excitement, or other commotion, the Landlord reserves the right to prevent access to the Building during the continuance of the same by closing of the doors or otherwise, for the safety of the tenants and protection of property in the Building and the Building.
12. Landlord reserves the right to exclude or expel from the Building any person who, in the judgment of Landlord, is intoxicated or under the influence of liquor or drugs, or who shall in any manner do any act in violation of any of the rules and regulations of the Building.
13. No vending machine or machines of any description shall be installed, maintained or operated upon the Premises without the written consent of the Landlord.

_____ District _____ Recipient

14. Landlord shall have the right, exercisable without notice and without liability to Tenant, to change the name and street address of the Building of which the Premises are a part.
15. Tenant shall not disturb, solicit, or canvass any occupant of the Building and shall cooperate to prevent same.
16. Without the written consent of Landlord, Tenant shall not use the name of the Building in connection with or in promoting or advertising the business of Tenant except as Tenant's address.
17. Landlord shall have the right to control and operate the public portions of the Building, and the public facilities, and heating and air conditioning, as well as facilities furnished for the common use of the tenants, in such manner as it deems best for the benefit of the tenants generally.
18. All entrance doors in the Premises shall be left locked when the Premises are not in use, and all doors opening to public corridors shall be kept closed except for normal ingress and egress from the Premises.

Landlord's Initials

Tenant's Initials

DRAFT

ADDENDUM

Addendum to that certain Office Building Lease dated December 1, 2017 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord, and Oasis Advanced Gastroenterology, Inc., as Tenant for the property commonly known as Las Palmas Medical Plaza located 555 E. Tachevah Drive, Palm Springs, CA 92262.

Page 1

In the event of any inconsistency between the Addendum language and the body of the Lease, the Addendum language shall prevail.

- 1. Commencement Date: December 1, 2017
- 2. Expiration Date: November 30, 2020
- 3. Rent Schedule:

12/1/2017 – 11/30/2018	\$1,689.60	
12/1/2018 – 11/30/2019	\$1,740.29	Greater of or CPI
12/1/2019 – 11/30/2020	\$1,792.50	Greater of or CPI
- 4. CAMs: Currently \$.60 per square foot.
- 5. Security Deposit: One Thousand, Six Hundred Eighty-Nine Dollars and 60/100 (\$1,689.60)

The foregoing is hereby agreed to and accepted:

Date: _____

Date: _____

Landlord: Desert Healthcare District

Tenant: _____

dba: Las Palmas Medical Plaza

By: Herb K. Schultz

By: _____

Signature: _____

Signature: _____

Title: CEO

Title: _____



Date: November 28, 2017

To: Board of Directors

Subject: New Chief Operating Officer (COO) Position Employment Terms
& Chief Financial Officer (CFO) Revised Vacation Time.

Staff recommendation: Consideration to approve employment terms/benefits for the new Chief Operating Officer position and revised vacation time for the Chief Financial Officer.

Background:

- The Desert Healthcare District/Foundation, as a result of the enactment of the comprehensive 3-year Strategic Plan, Staffing Plan, and the Annual Budget, is recruiting to fill the position of Chief Operating Officer(COO).
- The position is a new Staff position with the District/Foundation.
- Staff has recruited a candidate who has been offered the following benefits, in addition to the standard benefits as defined in the District's Employee Handbook.
 - COO will receive an auto allowance of \$5,000 per year.
 - COO will receive three (3) weeks of vacation per year, subject to future increase not to exceed four (4) weeks.
- Staff recommends approval of the additional benefits offered for the COO position.
- Staff also recommends approval of increasing the Chief Financial Officer's vacation time from two (2) weeks to three (3) weeks of vacation per year, subject to future increase not to exceed four (4) weeks.
- At the F&A Committee meeting on November 14th, the Committee recommended forwarding to the Board for full approval.

Fiscal Impact:

The cost for the Auto Allowance and vacation time is included in the salary range of the Annual Budget.

October 18, 2017

Mark Matthews, Chair
Finance & Administration Committee
Desert Healthcare District
1140 N. Indian Canyon Drive
Palm Springs, CA 92262

Dear Director Matthews:

At the October 10, 2017 Meeting of the Finance & Administration Committee, a request was made for documentation to support compliance with Section 14.9 of the Hospital Lease Agreement by Desert Hospital District and Tenet HealthSystems Desert, Inc.

I attempted to locate the CEO's in the timeline to secure any information they might recall. I did successfully reach Truman L. Gates, past CEO of DRMC. Based in part on our conversation and his memory, an additional record search was undertaken. The result of this search is summarized below:

- 1) Attachment A: January 31, 2000 letter to Desert Healthcare District President Mr. Frederick Supple updating the Board on the three-year capital commitment and requesting a one-year extension to complete projects in process. The three year commitment is stated as \$17,305,491. The dollars expended in the three year period of fiscal year end 1998, 1999 and 2000 is stated as \$13,419,988; leaving a commitment balance of \$3,885,503.

- 2) Attachment B: A document appended to the District Board of Directors meeting of December 14, 1999 titled: Desert Regional Medical Center 3 Year Capital Commitment as of October 1999 (FY2000). The commitment sum per the document is again \$17,305,491. Attached to the document is a list of capital expenditures for fiscal years ending 1998, 1999 and 2000. The attached listing supports the expenditures of \$13,419,988 and is consistent with the letter summary from Truman Gates.
- 3) Attachment C: December 14, 1999 District Board of Directors minutes documenting the request to extend the three-year capital commitment to four years. Request was referred for committee consideration.
- 4) Attachment D: The January 18, 2000 District Board of Directors minutes documenting the matter was held over and referred to the liaison subcommittee before taking formal action.
- 5) Attachment E: The February 22, 2000 District Board of Directors minutes documenting approval of the 1-year extension.
- 6) Attachment F: The Annual Report to the District Board submitted by Truman Gates, CEO dated June 5, 2001 certifying capital expenditures in the 2001 fiscal year in excess of \$9,923,000. Expenditures included a Cath Lab at \$2,306,000, Endovascular/EP Suite at \$1,193,000 and a Spiral CT for \$1,232,000. This is the period of the 1-year extension to achieve the remaining balance of \$3,885,503.

Thank you for the opportunity to research this matter.

Sincerely,



Michele Finney
President & CEO

Cc: Herb Schultz, DHCD CEO

 **DESERT REGIONAL**
Medical Center

January 31, 2000

Mr. Frederick Supple, President
Desert Healthcare District
P.O. Box 1508
Palm Springs, CA 92263-1503

Dear Mr. Supple:

I have been asked to formalize Tenet's request that the three year capital commitment request contained in the operating lease be extended for one year.

As I verbalized at your meeting two months ago, several of our major capital projects have been protracted due to allowing adequate time for proper planning and the longer than usual time taken by the State to approve construction-related drawings.

During my personal presentation, I provided the documentation indicating that our three year capital obligation totaled \$17,305,491, of which we have for FY98, FY99, and year to date, FY00, spent \$13,419,988, leaving a balance of \$3,885,503.

Since that presentation, we have received approval and will expend an additional \$1,202,048 for constructing and equipping a new acute rehabilitation unit by May 31, 2000.

This leaves the current capital obligation at \$2,683,455. Given our plans to construct a second cath lab and electrophysiology lab as well as a new location for an expanded GI lab, we will easily surpass this balance by the end of FY01.

Your positive consideration of this request is most appreciated. As you can see, we have some exciting improvements in facilities and programs for Desert Regional Medical Center.

Sincerely,


Truman L. Gates
Chief Executive Officer

ds

cc: Michael P. Appelhans, Esq.

**DESERT REGIONAL MEDICAL CENTER
3 YEAR CAPITAL COMMITMENT
AS OF OCTOBER 1999**

FY 98 Capital Expenditures	\$5,720,755.00
Less: Lease Buyout Chem Analyzer	(119,981)
Lease Buyout HP Monitors	(225,111)
Lease Buyout Nuclear Camera	(323,250)
Perot Installation	(353,570)
Perot Installation	(144,825)
	<hr/>
Net FY98 Capital Expenditures	\$4,554,018
FY99 Capital Expenditures	4,875,528
FY2000 Signed CERS	3,990,442
	<hr/>
FY 98, 99, 00 Capital Commitments	\$13,419,988
Tenet 3 Year Capital Obligation	17,305,491
	<hr/>
Obligation Remaining for FY00	(\$3,885,503)

Project	SubPj	AcStr	Dte	CER	Amount	Paid	Amount	Pct	Cmp	FL	Description	Committed	Amount	Cls	Date
694-98-001			11/01/97		1457705.00	1637882.32	112.36		**	SINATRA PATIENT TOWER REMODEL	1105229.45	11/25/98			
694-98-002			11/01/97		198566.00	221696.19	111.64		**	FINANCE RELOCATION	165878.20	7/29/98			
694-98-003			11/01/97		41956.00	47808.32	113.94		**	PEDIATRIC REFER	45525.79	11/24/98			
694-98-004			11/01/97		87040.00	88978.39	102.22		**	WOMEN INFANT CENTER ISOLATION ROOMS	82397.98	11/25/98			
694-98-005			11/01/97		28448.00	33654.00	118.30		**	4E SNF FLOORING		7/29/98			
694-98-006			11/01/97		6500.00	7935.31	122.08		**	CATH ARCHITECTURAL		7/29/98			
694-98-007			11/01/97		25000.00	21073.95	84.29		**	ENERGY SYSTEM STUDY	20495.00	8/25/99			
694-98-008			11/01/97		8900.00	8772.27	98.56		**	DOOR AND CABINET REPLACEMENT	8400.00	9/22/98			
694-98-009			11/01/97		7500.00	7430.79	99.07		**	DOOR SENSOR UPGRADE	7379.24	7/29/98			
694-98-010			11/01/97		45467.00	49975.19	109.91		**	SUITE BUILDOUT SUITE 125 EL MIRADOR	47559.50	3/04/99			
694-98-011			11/01/97		9517.00	9517.00	100.00		**	SUITE BUILDOUT SUITE 321E EL MIRADOR		3/04/99			
694-98-012			11/01/97		11700.00	10694.14	91.40		**	ELECTRICAL UPGRADE EL MIRADOR		7/28/98			
694-98-013			1/01/98		56270.00	52314.08	92.96		**	EL MIRADOR STE 423	51249.00	7/28/98			
694-98-014			1/01/98		100751.00	98839.27	98.10		**	EL MIRADOR STE 420	96168.82	3/04/99			
694-98-015			1/01/98		14880.00	14913.60	100.22		**	EL MIRADOR STE 425	14589.62	7/28/98			
694-98-016			1/01/98		42970.00	50151.17	116.71		**	EL MIRADOR STE 319	48910.39	7/28/98			
694-98-017			11/01/97		85000.00	121909.55	143.42		**	UPGRADE FIRE ALARM SYSTEM	23073.63	7/29/98			
694-98-018			4/01/98		3239.00	3284.97	101.41		**	SUITE 125	3238.80	7/28/98			
694-98-019			4/01/98		67331.00	67888.18	100.82		**	SURGERY HVAC UPGRADE 7021	64075.93	7/29/98			
694-98-020			4/01/98		29000.00	224961.08	77.57		**	COOLING TOWER ADDITION 8480	269961.34	7/29/98			
694-98-021			4/01/98		62810.00	65752.03	104.68		**	REPLACE ELECTRIC DOORS 8480	67410.00	9/22/98			
694-98-022			4/01/98		12100.00	16653.19	137.62		**	VACUUM SYSTEM TIE-IN 8480	16387.29	9/22/98			
694-98-023			4/01/98		70000.00	71230.28	101.75		**	PFI CONSTRUCTION 8480	69503.60	9/22/98			
694-98-024			4/01/98		45012.00	35056.00	77.88		**	NURSE CALL SYSTEM 5202	42012.00	9/22/98			
694-98-025			4/01/98		160841.00	160156.87	99.57		**	SINATRA TOWER UPGRADE 8480	160804.87	9/22/98			
694-98-026			4/01/98		20356.00	20871.99	102.53		**	REFURBISH PEDIATRIC UNIT 6120	5303.02	9/22/98			
694-98-027			4/01/98		10516.00	7746.75	73.66		**	DATA CABLES MOB OFFICES 8140	8289.21	7/29/98			
694-98-028			4/01/98		49000.00	49342.33	100.69		**	UPGRADE HOT WATER PIPES 8480	49000.00	7/29/98			
694-98-029			5/01/98		185000.00	146294.72	79.07		**	4" TUBE SYSTEM UPGRADE 8480	177079.75	7/29/98			
694-98-030			5/01/98		25285.00	25824.63	102.13		**	1ST FLOOR WINDOW REPLACEMENT 8480	25285.00	9/22/98			
694-98-031			5/01/98		15602.00	15711.00	100.69		**	VERTICAL BLIND REPLACE 8480	15602.00	7/29/98			
694-98-032			5/01/98		8278.00	8335.41	100.69		**	REMODEL VOLUNTEER/PULMONARY 8480	8277.85	7/29/98			
694-98-033			5/01/98		11965.00	11746.50	98.17		**	FIRE DOOR REPLACEMENT 8480	11665.00	7/29/98			
694-98-034			5/01/98		8789.00	8850.40	100.69		**	PRIOR TO CONVERSION	8789.00	7/29/98			
694-98-035			6/01/97		866569.00				**	SYMM CHIP					
694-98-102			11/01/97		566.00				**	COMPUTER ACCOUNTING					
694-98-103			11/01/97		2846.00				**	PHARMACY COMPUTERS	1160.47	9/22/98			
694-98-104			11/01/97		19501.00	1160.47	5.95		**	GE BUILDING	16578.25	9/22/98			
694-98-105			11/01/97		130000.00	129875.55	99.90		**	DISHWASHER REPLACEMENT	14000.00	9/22/98			
694-98-106			11/01/97		14000.00	15085.00	107.75		**	GOLF CARTS					
694-98-107			11/01/97		14400.00				**	CADD PUMPS					
694-98-108			11/01/97		30160.00	32884.90	109.03		**	MIXER GUARD	35160.00	11/23/98			
694-98-109			11/01/97		1563.00	1451.03	92.83		**	FAX MACHINE SECURITY					
694-98-110			11/01/97		1288.00				**	CARDIOLOGY PRINTER					
694-98-111			11/01/97		2117.00				**	TELE SWITCH SALICK					
694-98-112			11/01/97		2192.00				**	LEASE BUYOUT HP MONITORS					
694-98-113			11/01/97		8182.00				**	LEASE BUYOUT CHEM ANALYZER					
694-98-114			11/01/97		127196.00	119981.38	94.32		**	GL LAB SYSTEM					
694-98-115			11/01/97		225111.00				**	FILES FOR ACCOUNTING					
694-98-116			11/01/97		55730.00	33437.55	59.99		**	REPLACE AIR CONDITIONER 555					
694-98-119			11/01/97		16880.00				**	DENATONE FOR SURGERY					
694-98-120			11/01/97		5400.00				**	PSYCH CAMERA					
694-98-121			11/01/97		2601.00				**	BUDGET COMPUTER					
694-98-122			11/01/97		1800.00				**	SATELITE SYSTEM					
694-98-123			11/01/97		7847.00				**	BAR CODE READER					
694-98-124			11/01/97		1387.00				**						
694-98-125			11/01/97		1765.00				**						

F498

Att. name of B

Project	SubPj	AcStrDte	CER	Amount	Paid	Amount	Pct	Cmp	FL	Description	Committed	Amount	Cls	Date
694-98-126		11/01/97		3600.00	3283.64	91.21				HISTOLOGY HOOD			11/10/98	
694-98-127		11/01/97		9166.00	9166.27	100.00				DEFIBRILLATOR 3 SINATRA	9166.27		11/11/98	
694-98-128		11/01/97		461529.00	358765.30	77.73				PEROT INSTALL	22288.57		10/18/99	
694-98-129		11/01/97		1393.00	1393.21	100.01			** MDX		1393.21		11/11/98	
694-98-130		11/01/97		1099.00						PRINTER IS			5/12/98	
694-98-131		11/01/97		4571.00	993.68	90.41				SPD DISTRIBUTION CHARTS	993.67		11/11/98	
694-98-132		11/01/97		6846.00	4571.41	100.00				SPD INSTRUMENT CONTAINER	4571.41		11/24/98	
694-98-133		11/01/97		107319.00	107319.00	100.00				ELECTRIC DOORS				
694-98-134		12/01/97		2394.00						C-ARM	99600.00		8/27/98	
694-98-135		1/01/98		26308.00	2579.35	107.74			** GOLIGHER RETRACTOR	2579.35			9/22/98	
694-98-136		1/01/98		20106.00	2075.89	7.89				EDIX SECURITY	20106.17		11/25/98	
694-98-137		1/01/98		1128.00	20106.17	100.00				CUSA HANDPIECES			11/24/98	
694-98-138		1/01/98		55154.53	55154.53	99.99				ULTRACISION HANDPIECES				
694-98-139		1/01/98		15828.00	9482.00	59.90				TELEVISION REPLACEMENT	55154.53		11/24/98	
694-98-140		1/01/98		200502.00	196608.37	98.05				ABDUCTOR BARS	9982.00		11/25/98	
694-98-141		1/01/98		9992.00	10224.06	102.32			**	UPGRADE CENTRAL PLANT BREAKER	196736.05		9/23/98	
694-98-142		1/01/98		1649.00						** ICU ISOLATION ROOMS	10429.25		11/25/98	
694-98-143		1/01/98		1649.00						FLOOR BUFFERS				
694-98-144		1/01/98		3013.00	9059.40	95.88				STRYKER DRILL REPLACEMENT	9049.96		11/24/98	
694-98-145		1/01/98		9448.00						REPLACE HEAT EXCHANGER				
694-98-146		1/01/98		1326.00						SLIDE PROJECTOR SYSTEM				
694-98-147		1/01/98		14790.00						CORDELESS DRILLS - SURGERY				
694-98-148		1/01/98		784.00	784.32	100.04				** SATELLITE UPGRADE	1048.64		11/24/98	
694-98-149		2/01/98		229356.00	212387.09	92.60				** CARDIAC ICU MONITORS 6020	212387.03		9/23/98	
694-98-150		2/01/98		2600.00	2812.28	108.16				** ACT-II INSTRUMENT 6030	2811.50		11/24/98	
694-98-151		3/01/98		650.00	643.82	99.04				PULSE OXIMETER - 6030	643.82		11/24/98	
694-98-152		3/01/98		650.00	643.82	99.04				PULSE OXIMETER - 6080	643.82		11/24/98	
694-98-153		3/01/98		650.00	668.05	102.77				** PULSE OXIMETER - 6081	668.06		11/24/98	
694-98-154		3/01/98		2763.00	2742.25	99.24				DINAMAPP PORTABLE BP MACHINE - 6081	2742.24		11/24/98	
694-98-155		3/01/98		2400.00	2379.12	99.13				E/P MONITORS - 6083	2379.12		11/23/98	
694-98-156		3/01/98		2495.00						TONOMETER - 7230				
694-98-157		3/01/98		700.00						FAX MACHINE - 7230				
694-98-158		3/01/98		700.00						FAX MACHINE - 8720				
694-98-159		4/01/98		933.00	1005.31	107.75				** HP POWER MODULE 6080	1005.31		11/24/98	
694-98-160		4/01/98		2306.00	2304.77	99.94				BLOOD PRESSURE MONITORS 6080	2304.77		11/24/98	
694-98-161		4/01/98		8000.00	7951.19	99.38				SWITCHGEAR BATTERY REPLACEMENT 848	7898.86		11/24/98	
694-98-162		4/01/98		4400.00	3883.00	88.25				NURSE CALL/37 PIN UPGRADE 8480	4124.67		11/24/98	
694-98-163		4/01/98		25000.00	20992.01	83.96				EAST TOWER FIRESTOPPING	25000.00		11/23/98	
694-98-164		4/01/98		95000.00	102595.53	107.99				** ADA UPGRADES 8480	99780.78		11/25/98	
694-98-165		4/01/98		7250.00	7249.99	99.99				EVS CLEANING EQUIPMENT 8460	7249.99		11/24/98	
694-98-166		4/01/98		45000.00	45164.58	100.36				** SECURITY CAMERA INSTALLATION 8440	45428.01			
694-98-167		4/01/98		36618.00	31420.01	85.80				VENTILATORS 7180	31420.01		11/24/98	
694-98-168		4/01/98		8031.00	7893.07	98.28				PULSE OXIMETER 7180	8293.41		11/25/98	
694-98-169		4/01/98		16203.00	16212.10	100.05				** COMPACT SYNTHES DRILL 7021	16211.48		11/24/98	
694-98-170		4/01/98		49565.00	49776.40	100.42				** NOVUS 2000 LASER 7021	49761.20		11/24/98	
694-98-171		4/01/98		7191.00	7191.24	100.00				** TRANSPORT MONITOR 7021	7191.24		11/24/98	
694-98-172		4/01/98		3599.00	3604.03	100.13				** INFINITY STIRRUPS 7021	3603.65		11/24/98	
694-98-173		4/01/98		14903.00	14978.77	87.08				STRYKER CORDELESS DRILL 7021	13024.33		11/24/98	
694-98-174		4/01/98		8058.00	16117.26	200.01				** LUXTEC XENON HEADLIGHT 7021	16117.26		11/24/98	
694-98-175		4/01/98		1425.00	1185.26	83.17				CHAIRS FOR PEX 8530	1181.38		11/24/98	
694-98-176		4/01/98		7000.00	6202.30	88.60				FOOD DISPLAY CABINET REPLACEMENT 8	6163.26		11/25/98	
694-98-177		4/01/98		17000.00	16188.67	95.22				REPLACE EMERGENCY GENERATOR FUEL IN	16200.00		11/25/98	
694-98-178		4/01/98		1985.00	1715.68	86.43				HYDRAULIC GEAR PULLER 8480	1713.42		11/25/98	
694-98-179		4/01/98		3326.00						LAPTOP COMPUTER 8720	3311.53			
694-98-180		4/01/98		6200.00	5798.42	93.52				HEAT EXCHANGE BUNDLE 8480	5558.62		11/25/98	
694-98-181		4/01/98		9500.00	9915.52	104.37			**	CCC LANDSCAPING AND SIGNS 8480	9578.39		11/25/98	
694-98-182		4/01/98		16493.00	16395.90	99.41				MEDICAL GAS MANIFOLD UPGRADE 8480	16493.00		11/25/98	

Project	Subpj	AcstrDte	CER Amount	Paid Amount	Pct Cmp	FL	Description	Committed Amount	Cls Date
694-98-186		4/01/98	19000.00	18158.14	95.56		REPAIR AND UPGRADE 4" TUBE SYSTEM	18158.14	11/25/98
694-98-187		4/01/98	11500.00	11506.08	100.05	**	CVVH PUMPING SYSTEM 6010	11500.00	11/25/98
694-98-188		4/01/98	70055.00	70055.15	100.00		CENTRAL MONITORING 6010	70055.15	9/23/98
694-98-189		5/01/98	27658.00	27160.98	98.20		3M CODING 8540	26916.44	2/11/99
694-98-190		5/01/98	3326.00	3214.94	96.66		GREEN/LUNDON PC 8540	3214.94	11/25/98
694-98-191		5/01/98	1942.00	1887.06	97.17		YEAR 2000 COMPUTER 8540	1937.06	11/25/98
694-98-192		5/01/98	9997.00	9996.99	99.99		MICROFILM READER/PRINTER 8530	9996.99	11/25/98
694-98-193		5/01/98	3960.00	3886.92	98.15		OSCILLATING DRILL ATTACHMENTS 7021	3886.35	2/11/99
694-98-194		5/01/98	13750.00	13882.84	100.96	**	ANGIOMAT ILLUMINA INJECTOR 7111	13882.84	11/25/98
694-98-195		5/01/98	1085.00	1061.34	97.81		ADMITTING FAX MACHINE 8560	1061.34	11/25/98
694-98-196		5/01/98	6226.00	7953.28	127.74	**	ISOLATION CARTS 7050	7953.28	11/25/98
694-98-197		5/01/98	8151.00	8157.21	100.07	**	OPTICAL SCANNER 8540	8151.75	11/25/98
694-98-198		5/01/98	1608.00	1607.48	99.96		BIO-MED COMPUTER 8480	1607.48	11/25/98
694-98-199		5/01/98	4958.00	4707.69	94.95		REPLACE BOILER PUMP	4707.69	11/25/98
694-98-200		5/01/98	3064.00	3286.73	107.26	**	QUATUM 6000 LIGHT SOURCE 7021	3065.84	11/25/98
694-98-900		6/01/97	144825.62	144825.62	100.00		IS CONVERSION COSTS		
694-98-999		5/01/98	220000.00	224695.20	102.13	**	PAINT HOSPITAL EXTERIOR		9/22/98
*TOTALS :			6961793.62	5720755.45				4036524.54	

Project	Subj	AcStrDt	CER	Amount	Paid	Amount	Pct	Comp	FL	Description	Committed	Amount	Cls	Date
694-99-001		7/01/98	12232.00		12319.44	100.71	**			MOB SUITE 425 RECONFIGURE 8140	12231.14		9/22/98	
694-99-002		11/04/98	181300.00		162796.03	89.79	**			SUITE 205 8140	155063.43		7/19/99	
694-99-003		11/04/98	150595.00		132247.66	87.81	**			SUITE 419 8140	132858.85		7/19/99	
694-99-004		11/04/98	129900.00		113786.99	87.59	**			SUITE 210 8140	111860.71		7/19/99	
694-99-010		8/05/98	127000.00		126786.02	99.83	**			FIRE ALARM UPGRADE 8480	125756.55		7/27/99	
694-99-011		8/05/98	95000.00		97829.47	102.97	**			DOOR REPLACEMENT 8480	129115.00		7/27/99	
694-99-012		8/05/98	99000.00		99853.69	100.86	**			REPLACE FLOORING WOMAN AND INFANTS	98384.47		7/27/99	
694-99-013		8/05/98	45000.00		45505.00	101.12	**			4" TUBE SYSTEM UPGRADE 8480	44415.23		7/28/99	
694-99-014		8/05/98	57000.00		58313.19	102.30	**			ELEVATOR UPGRADE 8480	64497.43		7/27/99	
694-99-015		8/05/98	2834.00		2827.66	99.77	**			DOOR LOCKS ON DIRTY UTILITY ROOMS	2755.51		7/28/99	
694-99-017		8/05/98	18000.00		17144.56	95.24	**			DOOR SENSORS 8480	17126.66		7/28/99	
694-99-018		8/14/98	96770.00		91551.28	94.60	**			PHYSICIAN DINING ROOM 8480	93064.21		7/27/99	
694-99-019		8/14/98	6000.00		6088.70	101.47	**			REMODEL FORMER HISTOLOGY 8480	6009.00		2/09/99	
694-99-020		8/14/98	29850.00		36787.51	123.24	**			EXIT SIGN REPLACEMENTS 8480	28091.65		7/27/99	
694-99-021		8/14/98	24050.00		24366.37	101.31	**			FIRE WALL PENETRATION REPAIRS 8480	24050.00		5/21/99	
694-99-022		8/14/98	140812.00		144067.62	102.31	**			INSTALL COOLING TOWER 8480	140273.14		4/16/99	
694-99-023		8/14/98	2200.00		1826.08	83.00	**			ADD FLOOR DRAIN 8480	1800.00		2/09/99	
694-99-024		8/14/98	3550.00		3445.51	97.05	**			CONVERT DARKROOM 8480	3430.00		5/21/99	
694-99-025		8/14/98	26492.00		24099.64	90.96	**			MEDICAL AIR PUMPS 8480	42912.47		10/15/99	
694-99-027		9/02/98	18900.00		18750.00	99.20	**			REPLACEMENT COMPRESSORS IN FREEZERS	18750.00		5/21/99	
694-99-028		9/02/98	2200.00		2370.50	107.75	**			UPGRADE MEDICAL GAS MONITORS 8480	2200.00		5/21/99	
694-99-029		9/02/98	191006.00		191156.01	100.07	**			UPGRADE EAST BUILDING ROOFS 8480	187861.00		7/28/99	
694-99-030		9/10/98	35151.00		31405.83	89.34	**			REPLACE EAST BUILDING TANK 8480	54514.25		4/16/99	
694-99-031		10/01/98	217697.00		214241.63	98.41	**			UPGRADE DEARATOR 8480	218966.11		4/16/99	
694-99-032		10/06/98	75000.00		75000.00	100.00	**			EAST TOWER LIFE SAFETY 8480	100000.00		2/09/99	
694-99-033		11/02/98	20509.00		22098.45	107.75	**			REPLACE AIR HANDLER 8480	20509.00		4/16/99	
694-99-101		7/01/98	293986.00		279379.79	95.03	**			AUTOMATION CONTROLS UPGRADE 8480	290136.38		8/17/99	
694-99-102		7/01/98	6362.00		6361.52	99.99	**			SNF-ACUTE CARE UNIT	6361.52		12/21/98	
694-99-103		7/01/98	12583.00		11670.89	92.75	**			COMPUTER FOR MDS 6202	11852.23		4/16/99	
694-99-104		7/01/98	4948.00		4947.67	99.99	**			PUMP AND CONDENSER 8480	4947.67		12/21/98	
694-99-105		7/01/98	9343.00		9191.14	98.37	**			SERVO 300 VENTILATOR 7180	9188.35		3/05/99	
694-99-106		8/04/98	3708.00		3761.79	101.45	**			PRINTERS FOR INVENTORY CONTROL 705	3761.79		12/21/98	
694-99-107		8/04/98	2634.00		2661.56	101.04	**			ORTHOPEDIC EQUIPMENT 7021	2658.82		12/21/98	
694-99-108		8/04/98	8238.00		8238.03	100.00	**			FLEXIBLE CYSTOSCOPE 7021	8238.03		5/21/99	
694-99-109		8/04/98	10506.00		10567.68	100.58	**			FLEXIBLE CHOLEDOCHOSCOPE 7021	10567.68		4/16/99	
694-99-110		8/04/98	9095.00		9099.11	100.04	**			COMPACT AIR DRILL 7021	9098.77		12/21/98	
694-99-111		8/04/98	27915.00		29846.75	106.92	**			NEOPROBE 1500 PORTABLE RADIOISOTOPE	27700.00		12/21/98	
694-99-112		8/04/98	7459.00		7505.47	100.62	**			HELMETS FOR TOTAL JOINT SURGERY 70	7488.17		12/21/98	
694-99-113		8/04/98	4638.00		4627.67	99.77	**			AIR EMBOLUS MONITOR 7021	4627.30		12/21/98	
694-99-114		8/04/98	27907.00		39546.43	141.70	**			G.I. LAB VIDEO SYSTEM	39546.43		12/21/98	
694-99-115		8/04/98	41484.00		41483.75	99.99	**			VIDEO GASTROSCOPE 7147	41483.75		12/21/98	
694-99-116		8/04/98	44393.00		44393.00	100.00	**			VIDEO COLONSCOPE 7147	44393.00		12/21/98	
694-99-117		8/04/98	44653.00		44867.43	100.48	**			DIONICS ARTHROSCOPY EQUIPMENT 7147	44775.43		4/16/99	
694-99-118		8/04/98	67635.00		67661.62	100.03	**			SURGICAL ARTHROSCOPY EQUIPMENT 7147	67661.62		12/21/98	
694-99-119		8/05/98	3599.00		3625.31	100.73	**			LEG STIRRUPS 7021	3623.40		12/21/98	
694-99-120		8/05/98	12346.00		12351.39	100.04	**			SITE RITE II ULTRASOUND SCANNER 71	12351.39		12/21/98	
694-99-121		8/05/98	1022.00		1063.68	104.07	**			DIGITAL CAMERA 8440	1060.64		12/21/98	
694-99-122		8/10/98	10261.00		10261.05	100.00	**			QUANTUM DLT 7000 8540	10261.05		12/21/98	
694-99-123		8/12/98	2435.00		2461.45	101.04	**			LATEX FREE SUPPLY CARTS 7050	2461.45		12/21/98	
694-99-124		8/14/98	1935.00		1920.85	99.28	**			REPLACE FAX MACHINE IN MARKETING 8	1920.85		4/16/99	
694-99-125		8/14/98	7761.00		7767.84	100.08	**			NEURO MICRODISSECTOMY SET 7021	7767.84		12/21/98	
694-99-126		8/14/98	1018.00		1018.24	100.02	**			PAINT SPRAYER 8480	1018.24		12/21/98	
694-99-127		8/18/98	2366.00		2365.12	99.96	**			REPLACE FAX IN MEDICAL RECORDS 870	2365.11		12/21/98	
694-99-128		8/19/98	18245.00		18244.24	99.99	**			HP MINI-MERLIN MONITORS 6030	18244.24		12/21/98	
694-99-129		9/02/98	6620.81		6620.81	100.00	**			OMNITRACK MRI MONITORING SYSTEM 71	6528.23		5/21/99	
694-99-130		9/10/98	612.00		642.73	105.02	**			MONITOR FOR HELP DESK 8540	596.50		12/22/98	
694-99-131		9/10/98	6165.00		6162.71	99.96	**			REPLACEMENT PRINTERS 8540	6122.16		3/05/99	

F499

All items R

Project	SubPj	AcStrDte	CER	Amount	Paid	Amount	Pct	Comp	PL	Description	Committed	Amount	Cls	Date
694-99-132		9/10/98		11279.00	11322.38	100.38	100.38	**		COLPOSCOPE 7230	11322.38	3/05/99		
694-99-133		9/10/98		2027.00	2031.09	100.20	100.20	**		FAX MACHINE FOR E/R 7230	2031.09	5/21/99		
694-99-134		9/10/98		1164.00	1163.70	99.97	99.97	**		OFFICE CHAIRS 7404	1163.70	5/21/99		
694-99-135		9/10/98		2032.00	2031.09	99.95	99.95	**		FAX MACHINE FOR HOMEHEALTH 7404	2031.09	3/05/99		
694-99-136		9/10/98		5398.00	5397.90	99.99	99.99	**		BENCHTOP BIOFLO CHAMBER 7419	5397.89	3/05/99		
694-99-137		9/10/98		5312.00	5723.68	107.75	107.75	**		INFUSION PUMPS 7419	5723.68	4/16/99		
694-99-138		9/10/98		916.00	691.83	75.52	75.52	**		COOLER 7200	691.83	4/16/99		
694-99-139		9/10/98		769.00	781.19	101.58	101.58	**		FAX MACHINE FOR RADIOLOGY 7140	781.19	12/22/98		
694-99-140		9/10/98		5530.00	5529.74	99.99	99.99	**		VACUUM REPLACEMENTS 8440	5529.74	12/23/98		
694-99-141		9/10/98		4455.00	4134.17	92.79	92.79	**		SECURITY CAMERAS 6041	4454.57	5/21/99		
694-99-142		9/10/98		1329.00	1228.35	92.42	92.42	**		CHAIRS FOR NICU 6041	1228.35	4/16/99		
694-99-143		9/10/98		17779.00	17834.11	100.30	100.30	**		NEWBORN HEARING SCREENER 6041	17834.11	4/16/99		
694-99-144		9/10/98		10441.00	10634.93	101.85	101.85	**		OVERNIGHT ROOM MONITORING 6041	10634.92	7/28/99		
694-99-145		9/10/98		5207.00	5088.97	97.73	97.73	**		PHOTOTHERAPY LAMPS 6041	5088.96	3/05/99		
694-99-146		9/10/98		1855.00				**		CENTRIFUGE 6041				
694-99-147		9/10/98		628.00	627.62	99.93	99.93	**		REFRIGERATOR 6041	627.61	3/05/99		
694-99-148		9/10/98		266180.00	250041.71	93.93	93.93	**		OB MANAGEMENT SYSTEM 7010	250041.71	8/25/99		
694-99-149		9/10/98		11054.00	10388.46	93.97	93.97	**		MONITOR AND RECORDER 6120	10388.45	4/16/99		
694-99-150		9/10/98		8639.00	8889.89	102.90	102.90	**		ISOLETTE 6120	8889.89	3/05/99		
694-99-151		9/10/98		1927.00	1864.54	96.75	96.75	**		PHOTOTHERAPY LAMP 6120	1864.53	3/05/99		
694-99-152		9/10/98		29793.00	27650.00	92.80	92.80	**		INFANT SECURITY SYSTEM 6120	27650.00	5/21/99		
694-99-153		9/16/98		1481.00	1414.33	95.49	95.49	**		MULTI DOPPLEX II 7280	1413.49	3/05/99		
694-99-154		9/15/98		3005.00	3034.76	100.99	100.99	**		MENTOR TONO-PEN XL 7230	3033.08	12/22/98		
694-99-155		9/21/98		2616.00	2575.23	98.44	98.44	**		HANDHELD PULSE OXIMETER 7180	2575.23	4/16/99		
694-99-156		9/21/98		5061.00	5027.08	99.32	99.32	**		PERCUSSIONAIRE IPV-1 7180	5027.08	7/28/99		
694-99-161		9/21/98		3618.00	3811.13	105.33	105.33	**		MED CARTS WITH AUTO LOCK 7180	3811.13	7/28/99		
694-99-162		9/21/98		26289.00	24000.22	91.29	91.29	**		NOVA STAT PROFILE M ANALYZER 7180	25383.97	7/28/99		
694-99-163		9/30/98		1242.00	1341.13	107.98	107.98	**		SLIDE PROJECTOR 8270	1339.33	12/22/98		
694-99-164		9/30/98		18000.00	18000.00	100.00	100.00	**		WASHER DISINFECTOR 7050	18000.00	12/22/98		
694-99-165		10/01/98		17719.00	17719.49	100.00	100.00	**		FEMRX 7021	17719.49	3/05/99		
694-99-166		10/22/98		234303.00	213525.17	91.13	91.13	**		CERNER ALPHA UPGRADE 8540	349813.82	10/05/99		
694-99-167		10/27/98		3934.00	3872.54	98.43	98.43	**		SLEEPER CHAIRS 7050	3872.54	3/05/99		
694-99-168		11/02/98		15134.00	15063.45	99.53	99.53	**		CADD-PCA PUMPS 7010	13980.00	3/05/99		
694-99-169		11/02/98		1685.00	1684.93	99.99	99.99	**		EVS CART UPGRADE 8460	1684.92	3/05/99		
694-99-170		11/02/98		3045.00	3045.03	100.00	100.00	**		MEDICAL RECORDS PRINTER 8700	3044.24	12/22/98		
694-99-173		11/11/98		10001.00	10381.38	103.80	103.80	**		SURGERY SUPPLY CART 7050	11749.05	4/19/99		
694-99-174		11/11/98		1227.00	707.03	57.62	57.62	**		NURSING OFFICE ERGONOMIC MEASURES	870.79	7/28/99		
694-99-175		11/11/98		40790.00	40789.86	99.99	99.99	**		OLYMPUS G.I. LAB UPGRADE 7147	40789.86	3/05/99		
694-99-176		11/12/98		1664.00	1665.83	100.10	100.10	**		COMPUTER 8140	1665.83	3/05/99		
694-99-200		3/15/99		17665.00	17664.57	99.99	99.99	**		ACMI TURP INSTRUMENTATION 7021	17664.57	7/28/99		
694-99-204		5/25/99		58615.00	58614.93	99.99	99.99	**		JACKSON TABLE SYSTEM	58614.92	8/25/99		
694-99-205		5/25/99		15462.00	15500.88	100.25	100.25	**		PACEMAKERS - CICU 6020	15500.87	3/05/99		
694-99-219		12/11/98		1944.00	2046.92	105.29	105.29	**		STRYER MULTI STATION BATTERY	2046.92	7/28/99		
694-99-221		1/25/99		4425.00	4356.78	98.45	98.45	**		EDUCATION OFFICE PC REPLACEMENT 827	4356.78	7/28/99		
694-99-223		5/17/99		1192.00	1210.54	101.55	101.55	**		Y2K UPGRADE KIT FOR C-ARM	1210.54	7/28/99		
694-99-225		5/17/99		14061.00	14055.51	99.96	99.96	**		Y2K REPLACE CAPINTEC DOSE	14055.51	7/28/99		
694-99-226		5/17/99		296605.00	293104.51	98.81	98.81	**		Y2K ER DEPT SYSTEM UPGRADE	293104.48	8/25/99		
694-99-229		5/17/99		1174.00	1174.48	100.04	100.04	**		Y2K REPLACE PRINTER DEVICES	1174.48	7/28/99		
694-99-232		3/31/99		87816.00	85743.13	97.63	97.63	**		Y2K CYRANO TESTING SOFTWARE	85743.13	7/28/99		
694-99-233		3/31/99		39506.00	37104.12	93.92	93.92	**		Y2K SOFTWARE-PERSONNEL SCHEDULING	35166.61	7/28/99		
694-99-234		3/31/99		2424.00	2424.38	100.01	100.01	**		IMMS IC MODULE	2250.00	7/28/99		
694-99-235		6/01/98		38000.00	24343.51	64.06	64.06	**		Y2K SOFTWARE-PULMONARY FUNCTION	3596.67	10/18/99		
694-99-236		3/31/99		3604.00	3573.75	99.16	99.16	**		PICKER PQ CT SCANNER Y2K UPGRADE	6769.27	7/28/99		
694-99-237		3/31/99		6000.00	6000.00	100.00	100.00	**		REPLACE FILE SERVER	1726.42	8/17/99		
694-99-239		3/31/99		6764.00	6764.00	100.00	100.00	**		PC ACQUISITION	40417.18	10/05/99		
694-99-240		3/31/99		1723.00	1723.00	100.00	100.00	**		Y2K NON COMPLIANT SOFTWARE				
694-99-241		4/06/99		40885.00	40885.18	98.77	98.77	**						

Attachment B

INFINITIUM PROJECT MANAGEMENT

Tenet Healthcare - PROJECT ON

SKDBSJXX 11:38 AM Page: 3
Data Set: 200

Project	SubPj	AcStrDte	CER Amount	Paid Amount	Pct	Cmp FL	Description	Committed Amount	Cls Date
694-99-242		4/06/99	766.00	766.02	100.00		Y2K NON-COMPLIANT SOFTWARE	766.02	7/28/99
694-99-243		4/06/99	3209.00	2732.92	85.16		Y2K NON-COMPLIANT SOFTWARE	2537.00	7/28/99
694-99-244		4/06/99	1955.00	2002.99	102.45	**	Y2K NON-COMPLIANT SOFTWARE	2002.99	10/05/99
694-99-245		4/06/99	52796.00	52796.06	100.00		Y2K NON-COMPLIANT SOFTWARE	52796.04	7/28/99
694-99-246		4/06/99	37813.00	37153.96	98.25		Y2K NON-COMPLIANT SOFTWARE	35093.00	7/28/99
694-99-247		5/03/99	193201.26				Y2K ICU MONITOR REPLACEMENT		
694-99-248		5/03/99	7432.00	7432.06	100.00		Y2K UPGRADE - EMAIL	7432.06	7/28/99
694-99-249		5/25/99	33630.00	38288.05	113.85	**	ERBE ARGON PLASMA COAGULATOR	38288.05	7/28/99
694-99-250		5/25/99	73659.00	73608.60	99.93		DIONICS LAPROSCOPIC EQUIPMENT	73659.18	7/28/99
694-99-251		5/25/99	53829.00	54467.80	101.18	**	STRYKER TPS DRILL SYSTEM	54467.79	7/28/99
694-99-252		5/25/99	2435.00	2444.68	100.39	**	LEKSELL STEREOTACTIC CT INDICATOR	2271.00	7/28/99
694-99-253		5/25/99	4884.00	4903.75	100.40	**	RULTRACT IMA RETRACTOR	4555.00	7/28/99
694-99-254		5/25/99	108534.00	107667.27	99.20	**	ARTHROSCOPY SYSTEM	107667.27	8/25/99
694-99-255		5/25/99	25783.00	25782.50	99.99	**	CARBON FIBRE IMAGING TABLE	25782.50	10/05/99
694-99-256		5/25/99	12943.00	13979.61	108.00	**	SYNTHES COMPACT AIR DRIVETTE SET	13979.61	7/28/99
694-99-257		5/25/99	80678.00	80678.00	100.00	**	ICON P COMPUTER/CARDIAC SYSTEM	80678.00	7/28/99
694-99-999		3/24/99	367000.00	563959.54	153.66	**	UNDERGROUND STORAGE TANK	80813.75	8/25/99
*TOTALS :			4992853.26	4675528.19				4591011.01	

Attachment B

DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS
MINUTES OF DECEMBER 14, 1999
PAGE 9

Director Grundy will bring the videotape in for viewing by staff and those who are interested.

The Directors of the Board congratulated Tiempo de los Ninos for their fundraising efforts during the Foundation Golf Tournament. They raised approximately \$16,400.00 and it was suggested that a public ad of acknowledgement be prepared by Ms. Rips in *The Desert Sun* in salute to Tiempo de los Ninos.

ADJOURN TO CLOSED SESSION

Mr. Supple called for adjournment to closed session at 4:08 p.m. for the discussion of pending litigation and real estate matters.

REPORT AFTER CLOSED SESSION

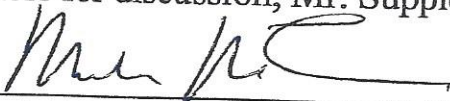
At 4:50 p.m. Mr. Supple reconvened the meeting to open session. Mr. Supple reported that in closed session the Directors of the Board unanimously approved the claim against Dr. Villarasa, and approved the Personnel Committee recommendation regarding earned bonuses for staff.

✶ In addition, the Board determined that the request of Tenet HealthSystem Desert, Inc. to extend the capital improvement expenditure timeline from the original 3-year requirement to an amended 4-year requirement be referred to the Committee (Directors' Grayman and Grundy) for review to be brought back to the full Board for consideration.

ADJOURNMENT

There being no further business for discussion, Mr. Supple called for adjournment at 4:55 p.m.

APPROVED BY:



Mark J. Matthews

Vice President/Secretary
Desert Healthcare District Board of Directors
Lori Laferriere, Administrative Director

PREPARED BY:

DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING
JANUARY 18, 2000
MINUTES

PRESENT: Frederic Supple, Jr. President
 Mark J. Matthews, Vice President/Secretary
 Dick Grundy, Treasurer
 Sid Rubenstein, DDS
 Glen Grayman, MD

ALSO PRESENT: Jeff Scott, Esq. Bruce Short
 Lori Laferriere Kelley Green, Ph.D.

GUESTS: Catherine McMillan Hoddy Fritz
 Catherine Rips Kevin Rogers
 Duffy Atkinson

CALL TO ORDER

Mr. Supple, President, called the Desert Healthcare District Board meeting to order at 2:04 p.m., and asked for approval of the agenda. Director Matthews moved for approval of the agenda. Director Grundy seconded with all in favor.

PUBLIC COMMENT

No public comment.

APPROVAL OF MINUTES

In review of the December 14, 1999 minutes, Director Grundy requested that the grant to the St. Theresa School in the amount of \$3,850.00, not be referred to as a "small" grant, because District policy states that a small grant is referred to anything up to \$3,000.00. Therefore, "small" will be deleted from the wording within the minutes.

In reference to Mr. Gates, CEO of Desert Regional Medical Center, request to extend the capital improvement requirement from 3 years to 4 years, as referred to within the minutes, it was felt that the Board had not officially acted on this request. After discussion, it was felt that the liaison subcommittee (Glen Grayman, M.D. and Dick Grundy) would meet with Mr. Gates to discuss this request, as well as other issues of concern, before official action is taken.

DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS
MINUTES OF JANUARY 18, 2000
PAGE 2

Mr. Scott suggested changing the minutes to read, "The Board determined that the request of Tenet HealthSystem Desert, Inc. to extend the capital improvement expenditure timeline from the original 3-year requirement to an amended 4-year requirement will be referred to the liaison subcommittee for appropriate review, and brought back to the full District Board."

ACTION: Director Matthews moved for approval of the December 14, 1999 minutes with the amendments as suggested. Director Grayman seconded with all in favor.

QUARTERLY INVESTMENT MANAGEMENT REVIEW

Mr. Hody Fritz with HighMark Capital Management reported that Mr. Kirk Lynch, Investment Manager, had taken a position with Arthur Andersen, and would no longer be managing the District accounts. Taking his place, Mr. Fritz introduced Duffy Atkinson, the new AVP/Portfolio Manager with Highmark Capital Management, Inc. Also in attendance was Kevin Rogers, Managing Director of the Portfolio Management Group.

Mr. Atkinson presented the quarterly Investment Management Portfolio Summary of the Desert Healthcare District trust accounts as of January 13, 2000. Because the Desert Healthcare District is a governmental agency, the trust accounts of the District, excluding the Pension Trust, are in fixed accounts.

Of significant note, the investment management for the Pension Plan has done exceptionally well. As of April 30, 1998, the pension fund was at \$12,094,000.00. One year ½ later, and after \$2.4 million in disbursements, the pension fund remains at \$12,520,000.00 to date.

The *Investment Policy of the Desert Healthcare District* was presented for review, as set up to do on an annual basis. Director Grundy recommended that the annual timeline for review be moved to June of each year, rather than calendar year end, and that the *Policy* continue as is until that time.

ACTION: Director Matthews moved to recommend that the Investment Policy remain as is, and will be re-reviewed in June 2000. Director Grayman seconded with all in favor.

DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS
MINUTES OF FEBRUARY 22, 2000
Page 4

Director Matthews suggested that all five Directors of the District, also be the five Directors of Desert Health Services, Inc., rather than only two officers; President (Mark Matthews) and Vice President/Secretary (Ric Supple). Mr. Scott will locate the Bylaws of Desert Health Services, Inc. and bring back a Resolution to the District Board of Directors for ratifying this request and thereby making amendment to the Bylaws of the Desert Health Services, Inc.

Computer Project

Mr. Short updated the Board on the computer project. He reported that an RFP was prepared at the direction of Jeff Scott and sent to local vendors. The next step will be to hold a pre-bidders conference, and to receive proposals. A computer ad hoc committee has been established consisting of Mark Matthews, Glen Grayman, M.D., Bruce Short, Lori Laferriere, Cynthia Clipper-Gray, Lesa Bodnar, and Brad Yochum. The Committee will review the responses received to view options, and determine an appropriate budget for the upcoming year.

Desert Regional Medical Center Update

Director Grundy reported that the committee had met with Mr. Truman Gates to discuss a number of District concerns which included the Hospital honoring the Top of the Tower program, the Hospital notifying the District when records are going to be destroyed, and a more prompt procedure for the District to receive payments on funds which are handled by the Hospital. Director Grundy indicated that Mr. Gates was very receptive to the District's concerns and assured the committee that the Hospital will support the Top of the Tower program, do a better job in notifying the District when records are to be destroyed, and pay the District interest should Tenet fail to remit public monies in a timely fashion. It was agreed that Tenet would be allowed 10 days in which to remit public monies after a demand has been made. Interest would be charged after the 10-day grace period.

In consideration for addressing these concerns Director Grundy noted that the Committee was recommending to the Board that they consent to the Hospital's request to an additional 1-year extension on the capital improvement program.

ACTION: Director Matthews moved to direct Legal Counsel To send a letter to Mr. Gates thanking him for his assistance and granting Tenet a 1-year extension to complete the capital improvement plan. Director Rubenstein seconded with all in favor.

**2000-2001
ANNUAL REPORT**

This annual report is prepared to comply with Schedule 14.12 of that certain Lease Agreement ("Lease") between Tenet HealthSystem Desert, Inc., dba Desert Regional Medical Center ("Lessee") and the Desert Healthcare District ("Lessor"). All reference numbers used in this annual report reflect the reference numbers utilized in Schedule 14.12 of the Lease.

Paragraph 2.2. Lessee, during this certification period, has paid all real and personal property taxes, general and special assessments and other charges levied on or assessed on the leased premises, the improvements of personal property located on or in the leased premises, or the leasehold estate of any sublease hold estate, as well as any and all municipal, county, state or federal income or franchise taxes chargeable against Lessee.

Paragraph 2.5. Lessee, during this certification period, has paid for all of the utilities used upon the leased premises.

Paragraph 3.1. The leased premises were used during this certification period for the purpose of Lessee operating and maintaining the leased premises as an acute care community hospital on a continuous basis and for providing ancillary and other healthcare services.

Paragraph 3.2. The leased premises were used during this certification period in material compliance with all laws in force at the time of the certification in the manner described in Section 3.2 of the Lease.

Paragraph 3.4. Lessee, at its cost and expense, has maintained the leased premises during this certification period in good condition and repair (subject to ordinary wear and tear and obsolescence) and used the leased premises in accordance with all applicable laws.

Paragraph 3.5. All alterations, additions, or improvements made to the leased premises by Lessee during this certification period are consistent with the limitations on use described in Section 3.1 of the Lease. Lessee has not, during this certification period, made any alterations, additions or improvements to the leased premises, which would have a net book value of One Million Dollars (\$1,000,000.00) as adjusted for inflation upon the expiration of the Lease in which Lessee intends to include in the termination assets.

Paragraph 3.6. Lessee has not, during the certification period, disposed of any portion of the personal property outside of the ordinary course of business or which was not obsolete, worn out, or incapable of further use.

Article IV. Lessee has, at its own cost and expense, maintained at all times during this certification period, in force and in effect the insurance coverages described in Section 4.2 of the Lease and in accordance with all of the conditions set forth in Sections 4.3 and 4.5 of the Lease.

Lessee has maintained earthquake insurance coverage during the certification period, and intends to maintain earthquake insurance coverage during the forthcoming annual period. Lessee has complied with each of the conditions set forth in Section 4.2 of the Lease during the certification period.

Paragraph 6.1. There has not been any loss or damage to the leased premises in excess of \$500,000.00.

Paragraph 8.1. None of the events of default described in Section 8.1 of the Lease have occurred during the certification period.

Article XI. Lessee, during this certification period, has (i) generated, used, kept or stored any hazardous material on the leased premises in a manner which materially complies with all applicable environmental regulations; (ii) procured, maintained in effect, and materially complied with all conditions and requirements of any and all permits, licenses and other governmental and regulatory approvals or authorizations required under any environmental regulations; (iii) not discovered any material release of hazardous materials which is on or about the leased premises or adjoining property or is which is in material violation of environmental regulations; and (iv) not received any notices of violations of environmental regulations or environmental claims other than such notices previously reported to the District.

Paragraph 14.1. Lessee, during this certification period, has made all major decisions regarding the operation of the hospital, without discrimination, against the interest of the community served by the Hospital and that no core service has been established or relocated to John F. Kennedy Memorial Hospital for the purpose of, or with the direct effect of terminating or materially reducing such core service at the Desert Regional Medical Center.

Paragraph 14.2. Lessee, during this certification period, has not terminated or materially reduced any core service.

Paragraph 14.3. Lessee, during this certification period, has not assigned all or any part of the Agreement or sublet any space in the Hospital, except as otherwise permitted under Section 14.3 of the Lease.

Paragraph 14.6. Lessee has, during this certification period, used best efforts to maintain continuously any accreditation which may be necessary for Lessee to operate the leased premises as a healthcare facility.

Paragraph 14.7. Lessee has, during this certification period, used best efforts to maintain valid licenses, permits and other governmental approvals for the leased premises as a healthcare facility.

Paragraph 14.8. Lessee has, during the certification period, used commercially reasonable efforts to maintain (i) certification for participation in the Medicare program (or any successor thereof); (ii) qualification for participation in the Medical program (or any successor thereto); and (iii) qualification for participation in and payment under third party payor and other

governmental payment program in the manner described in Section 14.8 of the Lease Agreement.

Paragraph 14.9. Lessee, during this certification period, has maintained compliance with Section 32128 of the Health and Safety Code of the State of California, including the self-governance of the Hospital medical staff and the preparation and maintenance of accurate and complete medical records.

Paragraph 14.10. Lessee, during this certification period, has maintained the local Governing Board in accordance with Section 14.11 of the Agreement and that the operating guidelines have not been amended without the mutual agreement of the parties to the Lease.

Paragraph 14.11. Lessee, during this certification period, has maintained existing donor identification within the Hospital and generally supported the efforts of the District and others to generate additional donor support for the Hospital.

Paragraph 14.12. Lessee, during this certification period, has not (i) disposed or transferred the leased premises other than in the ordinary course of business or as otherwise permitted by the Agreement; (ii) made any material change in the Hospital mission statement; or (iii) made any material change in the Hospital policy regarding charity care, except as to each of the items above, as provided in compliance with the process described in Section 14.14 of the Lease.

DOCUMENTATION

In compliance with Schedule 14.12 of the Lease, the following documentation is attached as indicated:

- 1) A list of capital expenditures made during the certification period, which have a capitalized cost in excess of One Million Dollars (\$1,000,000.00).
- 2) Certificates of coverage or a summary of all policies in force during the certification period required by the Agreement.
- 3) A utilization report of all core services during the certification period.
- 4) A list of all subtenants and managers with respect to any portion of the Hospital.
- 5) A copy of the most recently issued general acute care license and any other health facility licenses.
- 6) Status report on all capital projects as of the end of this certification period.

OTHER REPORT

In accordance with Schedule 14.12 of the Lease, upon request by the District, access will

be granted to representatives of the District to review a copy of the executive summary of accreditation reports issued by JCAHO and other accrediting bodies which have surveyed the Hospital and/or services provided on the leased premises. In order to obtain access to review such reports, the District should contact the Chief Executive Officer of the Hospital at: (760) 323-6370.

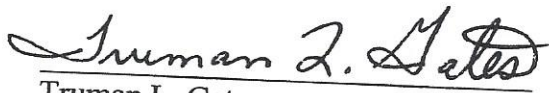
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CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Truman L. Gates, hereby certify that I am the duly appointed Chief Executive Officer of Tenet HealthSystem Desert, Inc., doing business as Desert Regional Medical Center ("Hospital").

I do hereby certify to the best of my knowledge that the annual report attached hereto is an accurate statement of compliance with that certain lease agreement ("Lease") between the hospital and the Desert Healthcare District

IN WITNESS WHEREOF, I have executed this certificate this 5th day of June, 2001.



Truman L. Gates
Chief Executive Officer
Desert Regional Medical Center

CAPITAL EXPENDITURES

Total capital expenditures of approximately \$9,923,000.

Capital expenditures in excess of \$1,000,000:

Cardiac Cath Lab*	\$2,306,000
Endovascular Surgery/Electrophysio Suite	\$1,193,000
Spiral CT	\$1,232,000

* Cath Lab is in progress and will be completed in FY02. Total project cost is \$4,155,000.

**DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE
MEETING MINUTES
October 23, 2017**

Meeting of the Hospital Governance and Oversight Committee of the Desert Healthcare District was held in the Desert Healthcare District Conference Room, 2nd Floor, Palm Springs, CA.

Attendance:

Members

Carole Rogers, RN, President
Les Zendle, MD, Chair/Director

Absent

Staff

Herb K. Schultz, CEO
Chris Christensen, COO/CFO
Donna Craig, Senior Program Officer
Alejandro Espinoza, Program Officer and Outreach Director
Mary Pannoni, Accounting/Admin Support
Andrea S. Hayles, Clerk to the Board

Legal Counsel

Jeff Scott

Guests

Mitch Blumberg, MD, Vice Chair, Governing Board, Desert Regional Medical Center
Michele Finney, CEO, Desert Regional Medical Center
Hank Goodrow, District Resident and Desert Regional Medical Center Employee
Ezra Kaufman, District Resident
Brett Klein, Clinic Marketing Specialist, Eisenhower Medical Center
Jason Lind, Executive Vice President for the Americas, CB Richard Ellis (CBRE)
Stephanie Salters, District Resident

CALL TO ORDER

The meeting was called to order at 10:01 a.m. by Director Zendle

Director Zendle invited all Guests, Staff, and Committee Members introduce themselves.

APPROVAL OF AGENDA

There were no changes to the agenda.

APPROVAL OF MINUTES

Minutes of the July 24, 2017 Meeting

October 23, 2017

PUBLIC COMMENTS

Stephanie Salters, District Resident, explained that law and regulations related to the Center for Medi-Cal and Medicaid Services (CMS) states that any plan of correction action or deficiencies documents and forms are available to the public within 90 days of the survey results as a source of information for quality of care and compliance regulations. Ms. Salters requested that the District contact Eric Creer, Public Records Coordinator, California Department of Public Health, and obtain 251 surveys for the public's review of Desert Regional Medical Center.

Ezra Kaufman, District Resident, agreed with Ms. Salters that the entirety of the 251 surveys should be made available to the public specifically for plans of correction action concerning any deficiencies. Mr. Kaufman explained his concern that the District has not updated its plan for the temporary operation of the hospital if it is unexpectedly necessary. Mr. Kaufman explained that the lessee is operating under a no prosecution agreement with the U.S. Department of Justice, and past minutes indicate the necessity of a temporary plan of hospital operations.

Director Zendle and Herb K. Schultz, CEO explained the difference of the Hospital Governance and Oversight Committee in contrast to Desert Regional Medical Center's Governing Board of Directors in response to questions from District Resident and Desert Regional Medical Center Employee, Hank Goodrow. In referencing Kenneth Sutherland, Vice President Construction and Design, Tenet Health, seismic presentation at the September 26 Board meeting, Mr. Goodrow stated that his goal is for high-quality, sustainable hospital care and inquired if the lease between Tenet and Desert Healthcare District includes seismic updates. Director Zendle explained that the lease limits Tenet's responsibility to \$12M. Herb K. Schultz, CEO described the Board's request to Tenet from an Ad Hoc Committee on New Providers, Facilities, Programs and Services outlined in the Strategic Plan. Mr. Schultz explained that the Board has moved forward with Kaufman Hall consultants to explore structural issues. This includes Staff being directed to work with the consultants to determine cost estimates. Michele Finney, CEO, Desert Regional Medical Center reassured Mr. Goodrow that the facility is currently compliant with seismic reports and filings required by the state of California and documentation has been provided to the District.

Stephanie Salters, District Resident, stated that she would like to ensure that the tower upgrades take place sooner than 2030. Herb K. Schulz, CEO explained that within the next few months the District will obtain costs estimates and will continue working with the Board's consultants Kaufman Hall on compliance.

Ezra Kaufman, District Resident, inquired on public notification of the Ad Hoc Committee on new providers, facilities, programs, and services. Herb K. Schultz, CEO explained that the most significant meetings concerning consultants Kaufman Hall were discussed at recent Board meetings, and the topic of new providers, facilities, programs, and services were discussed in open forums of the Strategic Plan.

OLD BUSINESS

None

NEW BUSINESS

1. Consideration to Approve the Proposed Draft CB Richard Ellis (CBRE) Contract – Facility Condition Assessment

Herb K. Schultz, CEO explained the formation of the standing Committee of the Hospital Governance and Oversight Committee was based on the Board's desire to expand oversight of the lessee. This includes the physical condition of the building. Mr. Schultz introduced Jason Lind, Executive Vice President for the Americas, CB Richard Ellis (CBRE).

Jason Lind, Vice President for the Americas, CBRE provided an overview of the hospital inspection that includes a team of experts, a baseline for today, and future projections for tomorrow mainly encompassing deficiency items such as structural, plumbing, roofing, interior finishing, and electrical.

Director Zendle inquired if OSHPD building permits or historical inspections would be provided to CBRE before the inspection. Mr. Lind stated yes, the team would have all permits and prior inspections before commencement. Any safety issues would be included in a public report and are not proprietary - stating that safety is the number one issue.

Hank Goodrow, District Resident, inquired about the real estate of the hospital such as more bed space for the inpatient population or expanding certain areas for new bed space. Director Zendle explained that the Ad Hoc Committee on New Providers, Facilities, Programs, and Services and consultants Kaufman Hall are considering the issue of new bed space. Mr. Goodrow further explained his concern in the decrease in hospital patients from the neonatal unit. Herb K. Schultz, CEO explained the market assessment and needs assessment that has been conducted and consultants Kaufman Hall's role with the hospital.

Stephanie Salters, District Resident inquired regarding the seismic portion of the contract. Mr. Lind explained that the seismic inspection is a small structural portion of the inspection.

Ezra Kaufman, District Resident inquired whether any significant structural, nonstructural, or seismic findings would be withheld from the public. Director Zendle explained that all structural seismic concerns require cost estimates for repair that will be part of the District's decision. Mr. Schultz explained that there may be proprietary issues after the decision has been made on any structural issues.

October 23, 2017

Mr. Kaufman inquired if the entire report in its totality will be made public including all deficiencies. Mr. Schultz explained the details of Kaufman Hall's contract versus the work of CBRE. Mr. Kaufman requested hypothetical scenarios at the next meeting explaining why the report would not be made public. Mr. Schultz stated that Staff would work with counsel to provide hypothetical scenarios. Michele Finney, CEO, Desert Regional Medical Center explained that there will be lots of work between now and the next 9 years of the lease that align and address those priorities. [Subsequent to this meeting, at the time of the October 24, Board meeting, Staff indicated that while the report would be published in its entirety, nothing is proprietary.

District Resident Hank Goodrow stated that he agrees to move forward on the contract with no delays.

Brett Klein, Marketing Specialist, Eisenhower, inquired on the timeframe of the survey and results. Mr. Lind stated that it takes one week to set up the site visit, the team is onsite for one week, it takes three weeks for the team to write up the report and findings for a total of approximately 4 weeks. Herb K. Schultz, CEO, stated that it is his hope that it would be complete by December.

President Rogers inquired if CBRE will obtain the original blueprints of the hospital. Mr. Lind explained that they will try their best to obtain the drawings from the city.

Stephanie Salters, District Resident inquired if a mold inspection will be conducted as part of the investigation. Mr. Lind explained that the team will perform its inspection and make the appropriate recommendations if mold is present.

President Rogers stated that in the past with the flooding of the basement there were issues with the metal and plumbing. Mr. Lind explained that an inspection of the basement is included in the scope.

Ezra Kaufman, District Resident, inquired if all documentation related to the hospital's accreditation such as the Joint Commission reports are available to CBRE. Mr. Lind stated that there is a request for intel before going onsite to ensure the team is inspecting the appropriate areas, and if there are facility or construction issues the appropriate requests will be made if necessary.

It was moved by Director Zendle and seconded by President Rogers to forward the contract to the Board for approval.

Motion passed unanimously.

ADJOURNED

- The Committee adjourned at 11:01 a.m.

ATTEST: _____

Les Zendle, MD, Chair/Director Hospital Governance and Oversight Committee
Desert Healthcare District Board of Directors

DRAFT

LAW OFFICES
SCOTT & JACKSON

16935 WEST BERNARDO DRIVE, SUITE 170
SAN DIEGO, CA 92127

(858) 675-9896

JEFFREY G. SCOTT
BLAISE J. JACKSON
JAMES R. DODSON

FAX (858) 675-9897

Date: November 21, 2017
To: Herb K. Schultz, CEO
Chris Christensen, CFO
From: Jeff Scott, General Counsel
Re: CBRE – Request for a Conflict Waiver

Issue:

After the Board approved the Facility Condition Assessment contract with CBRE on October 24, 2017, the staff was informed through an October 31, 2017 email from Jason Lind, Executive Vice President for CBRE, indicating that Tenet does business with CBRE and that CBRE would need a conflict waiver from the District in order to proceed with the work. Upon further probing, staff was informed that the Health Care Team at CBRE actually has contracts with Tenet to provide leasing services for Desert Regional Medical Center (DRMC). After further requests concerning the potential conflict, on November 20, 2017, we received the attached letter from Sean Treglia, Senior VP & Counsel for CBRE, disclosing the potential conflict in CBRE representing both the District and DRMC, describing CBRE's proposed conflict mitigation plan, and requesting that the District sign a waiver of the potential conflict. Mr. Treglia has indicated Tenet has signed a waiver, and he has provided the form of the waiver which is also attached.

Analysis:

In his letter disclosing the potential conflict and attached Conflicts Identification and Management Policy For Government Contracts, Mr. Treglia notes the following:

- CBRE's contractual relationships with both Tenet and the District at the same facility (DRMC) create a potential conflict of interest.

- In addition to property management and lease representation at DRMC, CBRE is also involved in property inspection and at times recommends alterations, maintenance, and reconditioning as necessary at DRMC.
- The potential conflict arises due to CBRE's role as property manager and the deliverables under the contract with the District. It is possible that some of the findings and recommendations contained in the facilities assessment could negatively impact the operations or bottom line of Tenet, and it is conceivable that CBRE will be in possession of confidential information provided by the District.

Mr. Treglia next provides a mitigation plan that includes:

- The CBRE Project Team will be strictly prohibited from engaging in any communications direct or indirect with any other personnel within CBRE on any matter that would or might compromise the confidentiality of the District relationship and/or any of its private or proprietary information and documents. This would include communications with CBRE's Tenet team.
- Representation under the Contract will be walled off physically and electronically so that the strategy, finances and other confidential or proprietary information is strictly guarded.
- Each CBRE team reports up in the organization through different lines of business and to different senior leaders and there are no financial incentives at the organizational or individual levels to favor the interest of any client but their own.
- CBRE's Health Care property management service line is a separate line of business from the facilities assessment team. While they work for the same company, the two business lines have distinct management structures with no overlap – employees or business units within CBRE operate at arms-length distance and function as separate and/or independent service providers.
- CBRE has a comprehensive menu of policies, education and communications programs which are also outlined the Conflicts Identification and Management Policy for Government Contracts and Assignments which underscore the critical nature of conflicts management, and ethics compliance in their business operations.

Conclusion:

From a legal perspective, CBRE has made the appropriate ethical disclosures relating to the potential conflict in representing both the District and Tenet. Moreover, the described mitigation plan and protections if followed, are sufficient in my opinion, to protect both

the District and Tenet interests and the waiver can be signed. However, conflicts of interest involve both actual and perceived conflicts and it is ultimately a business decision for management and the Board as to whether the District should proceed with the CBRE contract under these circumstances. Consequently, it is my recommendation that the matter be referred to the full Board for consideration at the next week's meeting.

Sean P. Treglia
Senior VP & Counsel
Government Contracts & Public Policy

CBRE, Inc.
Legal Services

Via Email

November 20, 2017

Jeffrey G. Scott
Law Offices of Scott & Jackson
16935 West Bernardo Drive, Suite 170
San Diego, CA 92127

Dear Jeff,

The purpose of this letter is to disclose a potential conflict of interest involving CBRE, to describe CBRE's proposed conflict mitigation plan, and to request a waiver of conflict.

Disclosure of Potential Conflict

CBRE has an agreement with Tenet Health the main lessee at the Desert Regional Medical Center ("Facility"), and a contract with the Desert Healthcare District to perform a Facilities Assessment of the Facility. CBRE's contractual relationships with both Tenet and the District for deliverables at the same facility create a potential conflict of interest.

CBRE's Conflicts Identification and Mitigation Policy

As the largest real estate service provider in the world, CBRE is at the forefront in dealing with potential and actual conflicts of interest. Our Company has become the global leader in commercial real estate services because each of our clients can trust that their interests are put first, always. Our best in class conflicts of interest controls system—an element of CBRE's comprehensive global ethics and compliance program—enables us to identify and mitigate potential or actual conflicts before they emerge and in that way consistently serve the best interests of each of our clients. For government or quasi-government clients, CBRE utilizes an even more stringent policy designed specifically to address concerns that might be expressed by the Inspector General or outside interest groups (policy included with this letter).

Tenet Health Contract

Tenet Health leases and operates portions of the Facility from Desert Regional Medical Center and in furtherance of its goals retains CBRE for property management and lease representation at the Facility. Much of the scope of work under the agreement includes leasing space in certain areas of the



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hospital and appurtenant medical office buildings. CBRE is also involved in property inspection and at times recommends alterations, maintenance, and reconditioning as necessary. Lastly, CBRE administers the income leases including the collection of rent income where Desert Regional Medical Center is the sub-landlord.

Desert Healthcare District Contract

The Desert Healthcare District (“District”) which has jurisdiction over the Facility recently entered into a contract with CBRE to undertake a Facilities Assessment project (“Contract”). The material deliverables under the Contract include a Facility Condition Assessment that provides a multi-year capital plan for maintenance of the Facility and proposed capital expenditures.

The Potential Conflict

A potential conflict arises due to CBRE’s role as property manager for Tenet Health at the Facility, and the deliverables under the Contract. It is possible that some of the findings and recommendations contained in the Facilities Assessment could negatively impact the operations or bottom line of Tenet. It is also conceivable that CBRE will be in possession of confidential information provided by the District, and while it is legally and ethically impermissible for CBRE to share the information with any third party, it is easy to imagine independent parties making ill-informed accusations.

Our Mitigation Plan

Confidentiality: Now that the Contract has begun, CBRE is taking a “need to know” approach to all confidential information. To that end, we have created (and will continue to maintain) a series of information barriers designed to segregate and protect confidential information and prevent its communication to people outside the Facilities Assessment project team (“Project Team”)—whether those people be inside or outside the Company. Our barriers include, but not limited to:

- The Project Team is strictly prohibited from engaging in any communications, direct or indirect, with any other personnel within CBRE on any matter that would or might compromise the confidentiality of the District relationship and/or any of its private or proprietary information and documents. This includes, but is not limited to, communications with the CBRE’s Tenet team. This policy in turn applies to CBRE’s Tenet team and the information and strategies of their client. Failure of any employee to comply with this prohibition will result in immediate termination. See CBRE’s policy on Information Barriers included with this letter.
- Overlapping personnel between the Project Team and the CBRE Tenet team (or any other team that could be adverse to the District on any other project or transaction) is strictly prohibited.
- Document production, circulation, and storage under the Contract is segregated and restricted and can be accessed only on a need-to-know basis by appropriate Project Team personnel.
- Representation under the Contract is walled off physically and electronically so that the strategy, finances and other confidential or proprietary information is

strictly guarded. Project Team and Tenet team personnel do not even work out of the same offices or location.

- Access to CBRE's computers, programs, databases and data is restricted with individual security codes. Any individual who shares their unique security code is subject to discipline up to and including termination. Additional security protocols can be adopted as appropriate.
- CBRE's internal audit team, CBRE's IT security team, and Sean Treglia, CBRE's public sector general counsel, actively monitor CBRE systems for compliance with the foregoing. Any breach or suspicious activity that could have a material impact on the District's interests will be promptly disclosed to the District.

Competing Financial Incentives: Separate from these best in industry protocols to protect the confidential and proprietary interests of the District and the cordon off one team from the other, the financial incentives of the Project Team and the Tenet team are independent and wholly unrelated to each other. As a result, there is a financial disincentive for one team to favor any other client but its own. Each team reports up in the organization through different lines of business and to different senior leaders. Additionally, each individual is accountable for their own unique revenue targets and market growth. Although both teams work for the same company – their compensation is based on their individual client development and revenue production within their own lines of business. There is simply no incentive at the organizational or individual levels to favor the interests of any client but the their own.

Separate Management Structures. CBRE's Health Care property management service line is a separate line of business from the facilities assessment team. The two business lines have distinct management structures with no overlap - employees or business units within CBRE operate at arms-length distance and function as separate and/or independent service providers. This organizational structure provides virtually no opportunity or incentive for any team to advance the interests of another team's client at the expense of their own client.

Ethics Awareness and Training

CBRE has a comprehensive menu of policies, education and communications programs to underscore the critical nature of conflicts management, and ethics and compliance in our business operations. Some of these programs and communications include:

- Regular electronic publications that set an ethical "tone at the top,"
- An employee whistleblower hotline
- An aggressively enforced non-retaliation policy
- A comprehensive conflict-of-interest management system that includes client disclosure policies and procedures and risk awareness guidance to ensure that all required disclosures are made.
- An all-employee ethics and compliance training and certification process

- Monthly legal/compliance training modules developed and delivered each month by our Legal and Human Resources Departments

Request for Waiver

Considering the conflicts mitigation plan described above, CBRE requests that the Desert Healthcare District waive the potential conflict disclosed in this letter.

I am available to discuss this letter at your convenience and look forward to promptly resolving these issues.

Sincerely,

CBRE, INC.

By: _____

Sean P. Treglia
SVP and Counsel

**POLICY 6.4.3 CONFLICTS IDENTIFICATION AND MANAGEMENT
POLICY FOR GOVERNMENT CONTRACTS AND
ASSIGNMENTS; NOTICE OF CONFLICTS TO
GOVERNMENT ENTITIES**

EFFECTIVE DATE: June 1, 2009

REVISED: April 13, 2015

I. INTRODUCTION

The nature of our business often results in CBRE, Inc., (CBRE or Company) owing fiduciary obligations to clients. These duties require us to place the client's interests above our own, disclose actual or perceived conflicts, and proceed only with informed client consent. Where CBRE is retained by a government entity, our duty is to the public as well as to our contractual client. As agents of the government we must always act consistent with the highest standards of honesty and integrity and as a steward of the public interest. Public law often requires that the Company identify and disclose, to the best of our ability, not only *actual conflicts*, but also *perceived and in some cases potential* conflicts of interest. This Policy sets forth CBRE's processes and procedures for conducting due diligence conflicts reviews in these situations, and for disclosing such conflicts in sufficient detail for a government entity to evaluate CBRE's ongoing engagement on a contract, work order or assignment.

II. PROCEDURE

- A. When CBRE seeks to represent a government entity and act as a steward of public resources, it is the policy of the Company that the highest degree of due diligence and care will be used to determine the existence of any actual, perceived or potential conflict that may arise in connection with a contract, work order or assignment.
- B. When CBRE conducts a conflicts review under this Policy, the Alliance Director or lead business person on the contract, work order or assignment (Business Leader) shall conduct the review in a manner consistent with this Policy and the requirements of the relevant government entity under the terms of the work order, contractor regulations, or other procedures under the law. No employee of the Company may disclose or represent in writing or otherwise, that a conflict review has been performed, or that no such actual, perceived or potential conflicts of interest exist, unless the conflicts review conforms to the procedures described in this Policy.
- C. All conflicts reviews under this Policy shall include, at minimum:
1. A review of all databases available through the Data Integrity Group (DIG). DIG databases include information relating to virtually all assignments, work orders and contracts of CBRE and related entities within the last 5 years.
 2. A conflicts review request sent in writing via e-mail by the Business Leader or his/her designee to the relevant Local Market Leader in which any assets that are the subject of the search are located.

**POLICY 6.4.3 CONFLICTS IDENTIFICATION AND MANAGEMENT
POLICY FOR GOVERNMENT CONTRACTS AND
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- a. The written e-mail request shall include information regarding the proposed assignment (including the identifying information about the relevant assets and property).
 - b. Responses are required to disclose any current, past (within the last 3 years), or proposed future engagements involving any assets listed in the notice, or a statement that there are no such relationships.
 - c. The request should include instructions for responding, including a definitive deadline.
 - d. It is the duty of the Business Leader to confirm with the Local Market Leader whether a conflict review has been conducted.
3. Responses shall be catalogued and organized in a manner consistent with the requirements of the government entity for which the review is being conducted, and shall be forwarded for review in accord with the Notice provisions below.

III. NOTICE OF CONFLICTS

- A. Upon completion of a conflicts review under this Policy, any results shall be communicated by the Business Leader responsible for the assignment in a written statement to the government entity in a manner consistent with the requirements, as may be communicated from time-to-time, of such entity but at minimum will include:
1. A description of the work order, assignment or contract;
 2. A description of the assets reviewed; and,
 3. A description of the perceived or actual conflicts identified in sufficient detail to enable the government entity to make an assessment as to the suitability the Company's ongoing involvement in the work order, assignment or contract.
- B. The conflicts review shall be forwarded to a contracting officer or other appropriate contact identified by the government entity, in a manner consistent with the requirements of that entity.
- C. When a perceived, actual or potential conflict is identified, the government entity shall be notified within the time period required by such entity or within 10 business days of discovery of the conflict, whichever period is less.
- D. The Business Leader responsible for the assignment shall perform a follow-up

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review of the Client Databases and Local Market Leaders periodically as is reasonable during the period of the assignment. If a perceived, actual or possible conflict is discovered, the relevant government entity shall be notified in a manner consistent with this Policy.

IV. INFORMATION BARRIERS

- A. When required by a government entity pursuant to government regulations or contract, the Company will promptly establish an information barrier pursuant to the procedures enumerated below to safeguard the confidentiality of information.
- B. An Information Barrier is a set of procedures designed to segregate information and prevent the communication of that information between certain people within the Company. The procedures that comprise each Information Barrier may vary depending on the circumstances of a particular regulation, contract or assignment.
- C. When the need for an Information Barrier has been established, the following steps will be taken by the responsible manager(s):
 1. Create an exclusive team of employees that provides representation to the government entity such that the project team, and other teams within the Company, have no overlapping personnel. If necessary, remove employees from existing teams.
 2. Assess the likelihood that confidential information will be inadvertently disclosed due to the relationship between the employees, the location of their work spaces, and the other relevant factors.
 - a. Specify and implement the appropriate procedures that the Business Leader believes would, under the circumstances, effectively safeguard the confidentiality of government information and the passage of information between employees. These steps could include, but are not limited to
 - i. Physical separation of the team (and their staff) representing the government entity
 - ii. Establishment of code names in place of each project/assignment's actual name
 - iii. Informing employees in a particular office that an Information Barrier has been implemented and the consequences for breach
 - iv. In addition to the ongoing security measures implemented by this Company, electronic and otherwise, ensure privacy and confidentiality by storing files and other confidential

**POLICY 6.4.3 CONFLICTS IDENTIFICATION AND MANAGEMENT
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3. Verify (in writing if appropriate under the circumstances) that employees representing the government entity have no knowledge of confidential information regarding any other principal to the transaction, and verify that employees representing any other party to the transaction have no knowledge of confidential information regarding the government entity in relation to the transaction. If employees possess such confidential information, specifically instruct them that such information is not to be used or disclosed to any other person. Further, the manager should consider whether the subject information is of such a material and sensitive nature that the other principal should be informed of such employees' possession of the information and requested to sign an acknowledgement and waiver. The manager should also consider whether removing the employee from further involvement in the transaction is necessary.
 4. Confirm that each client to the transaction has received the disclosures and notices that are required by CBRE policy, government regulation or contract.
 5. Document in writing the procedures that have been established and retain those documents in the deal file for each client.
 6. Monitor the situation on an ongoing basis to assess the continuing effectiveness of the Information Barrier and the need to take additional or alternative steps.
- D. Regardless of the existence of specific Information Barriers, the following procedures should be observed by all employees at all times:
1. All CBRE employees must comply with the Confidentiality of Information Policy, which imposes a duty to respect the confidential nature of information received from our clients and to use that information only for the purpose for which it is provided. In addition, there is an obligation to determine whether a confidentiality agreement exists, and if so, to comply with the terms of that agreement.
 2. Take particular care never to discuss client transactions, Company business or any other confidential information in a public place such as an elevator, a restaurant or a hallway.
 3. Always log off computers before leaving the area for any length of time and at the end of the day.
 4. Use CBRE systems and information solely for authorized activities.

**POLICY 6.4.3 CONFLICTS IDENTIFICATION AND MANAGEMENT
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5. Maintain the secrecy of passwords and other system access identification.
6. Keep documents and papers containing confidential information in secured locations, and do not leave papers and documents containing confidential information exposed on desks or credenzas.
7. Report any intentional or unintentional breaches of confidentiality to the appropriate person within CBRE by contacting the Legal Department or the Whistleblower Hotline.

V. ENFORCEMENT

- A. Violation of this policy could have severe adverse consequences for our clients, the Company and the employees involved. Employees violating this policy will be subject to disciplinary action up to and including termination of employment.



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Sean P. Treglia
Senior VP & Counsel
Government Contracts & Public Policy

CBRE, Inc.
Legal Services

Via Email

November 20, 2017

Jeffrey G. Scott
Law Offices of Scott & Jackson
16935 West Bernardo Drive, Suite 170
San Diego, CA 92127

Dear Jeff,

By signature below, Desert Healthcare District confirms that on November 20, 2017 it was advised by CBRE of a potential conflict of interest due to CBRE's property management agreement with Tenet Health, and the Facilities Assessment contract with the Desert Healthcare District.

By signing below, Desert Healthcare District acknowledges disclosure and waives such potential conflict for the limited purpose of CBRE preparing a Facilities Assessment of the Desert Regional Medical Center facility.

Acknowledged and Waived:

Desert Healthcare District

By: _____

Name: _____

Title: _____

Date: _____

Sincerely,

CBRE, INC.

By:  _____

Sean P. Treglia
SVP and Counsel

**AMENDED AND RESTATED BYLAWS AND RULES
OF
DESERT HEALTHCARE DISTRICT**

ARTICLE I. DEFINITIONS

- 1.1 “Hospital” means Desert Regional Medical Center, 1140 North Indian Canyon Drive, Palm Springs, California 92262.
- 1.2 “Board” means the Board of Directors of the District.
- 1.3 “Director” means a member of the Board.
- 1.4 “District” means the Desert Healthcare District.
- 1.5 “Lease” means lease of the Hospital to Tenet HealthSystem Desert, Inc.
- 1.6 “President” means the president of the Board.
- 1.7 “Vice President/Secretary” means the vice president/secretary of the Board.
- 1.8 “Treasurer” means the treasurer of the Board.

ARTICLE II. ORGANIZATION, POWERS, AND MISSION STATEMENT

~~Updated March 28, 2017~~ Updated November 28, 2017

- 2.1 NAME. The name of the District is the “Desert Healthcare District.”
- 2.2 SEAL. The District shall have a seal which shall be circular in form and have in the perimeter thereof the following inscription:

“Desert Healthcare District
Incorporated December 14, 1948
California”

- 2.3 ORGANIZATION. The District is a political subdivision of the State of California organized under the Local Healthcare District Law, Division 23 of the California Health and Safety Code as now in effect or as amended in the future. The District operates under and has all of the rights and responsibilities set forth in The Ralph M. Brown Act, Government Code section 54950 and following as now in effect or as amended in the future.
- 2.4 PURPOSES AND POWERS. The District is organized for the purposes described in the Local Healthcare District Law and shall have and exercise such powers in the furtherance of its purposes as are now or may hereafter be set forth in the Local Healthcare District Law and any other applicable statutes, rules, or regulations of the State of California. The Hospital is operated by Tenet HealthSystem Desert, Inc., pursuant to a lease dated May 31, 1997, as amended between Tenet Healthcare, Inc., and the District. The District oversees Tenet’s compliance with said lease and ensures that the District asserts all of its rights and obligations pursuant to the terms of the lease.

2.5 MISSION STATEMENT. The mission of the Desert Healthcare District is to achieve optimal health for all stages of life for all District residents.

ARTICLE III. OFFICES

3.1 PRINCIPAL OFFICE. The principal office of the District is located at 1140 North Indian Canyon Drive, Palm Springs, California 92262.

ARTICLE IV. BOARD

4.1 GENERAL POWERS. The Board is the governing body of the District. All District powers shall be exercised by or under the direction of the Board. The Board is authorized to make appropriate delegations of its powers and authority to officers and employees of the District.

4.2 NUMBER AND QUALIFICATION. The Board shall consist of five (5) members, each of whom shall be a registered voter residing in the District.

4.3 ELECTION AND TERM OF OFFICE. An election shall be held in the District on the first Tuesday after the first Monday in November in each even-numbered year, at which time a successor shall be chosen to each Director whose term shall expire at noon on the first Friday of December following such election. The election of Board members shall be an election at large within the District and shall be consolidated with the statewide general election. The candidates receiving the highest number of votes for the offices to be filled at the election shall be elected thereto. The term of office of each elected Board member shall

be four (4) years or until the Board member's successor is elected and has qualified, except as otherwise provided by law in the event of a vacancy.

4.4 VACANCIES. The remaining Board members may fill any vacancy on the Board by appointment in accordance with Government Code section 1780, as amended, which sets forth the procedure for filling a vacancy of an elective office on a governing board of a special district.

4.5 RESIGNATION OR REMOVAL. Any Board member may resign effective upon giving written notice to the President, the Secretary, or the Board, unless the notice specified a later time for the effectiveness of such resignation. In accordance with Health & Safety Code section 32100.2, as amended, the term of any member of the Board shall expire if the member is absent from three (3) consecutive regular meetings or from three (3) of any five (5) consecutive meetings of the Board, and if the Board by resolution declares that a vacancy exists on the Board. All or any of the members may be recalled at any time by the voters following the recall procedure set forth in Division 11 of the Election Code.

4.6 COMPENSATION. The Board shall serve without compensation except that the Board, by resolution adopted by majority vote, may provide compensation for attendance at meetings in accordance with Health and Safety Code section 32103.

4.7 HEALTH BENEFITS. Pursuant to Government Code section 53200 et seq., the Board, by resolution adopted by a majority vote, may provide for health benefits to Board members, employees, retired employees, and retired Board members as allowed by law.

~~Updated March 28, 2017~~ Updated November 28, 2017

ARTICLE V. BOARD MEETINGS

- 5.1 REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held on the fourth Tuesday of each month, excepting August, at 2:00 p.m.; provided, however, that should said date fall upon a legal holiday, then the meeting shall be held at the same time on the next business day.
- 5.2 ORGANIZATION MEETING. At the first regular Board meeting in December, the Board shall organize by the election of one of its members as President, one as Vice-President/Secretary, and one as Treasurer.
- 5.3 SPECIAL MEETING. A special meeting may be called at any time by the President, or by three (3) Board members by delivering written notice to each Board member and to each local newspaper of general circulation, radio or television station requesting such notice in writing, personally or by mail. Such notice must be delivered personally or by mail at least twenty-four (24) hours before the time of such meeting as specified in the notice. The call and notice shall specify the time and place of the special meeting and the business to be transacted. No other business shall be considered at special meetings. Such written notice may be dispensed with as to any Board member who, at or prior to the time the meeting convenes, files with the Secretary a written waiver of notice. Such waiver may be given by telegram. Such written notice may also be dispensed with as to any member who is actually present at the meeting at the time it convenes.

- 5.4 QUORUM. A majority of the members of the Board shall constitute a quorum for the transaction of business. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board.
- 5.5 ADJOURNMENT. The Board may adjourn any regular, adjourned regular, special, or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the meeting was held within twenty-four (24) hours after the time of adjournment.
- 5.6 RULES AND REGULATIONS. The Board may adopt rules and regulations governing the Board, the District, its facilities and programs, which rules and regulations shall not conflict with these bylaws.
- 5.7 RULES OF ORDER. Unless otherwise provided by law, these bylaws, or Board rules, Board meeting procedures shall be in accordance with *Robert's Rules of Order Newly Revised*. However, technical failure to follow *Robert's Rules of Order* shall not invalidate any action taken. The President may make and second motions and vote in the same manner as other Board members.

ARTICLE VI. COMMITTEES

6.1 APPOINTMENT. All Board committees, whether standing or special (ad hoc), shall be appointed by the President. The chairperson of each committee shall be appointed by the President. All committees shall be advisory only to the Board unless otherwise specifically authorized to act by the Board.

6.2 STANDING COMMITTEES. Standing committees shall meet periodically to review reports from District staff, legal counsel, and consultants relating to the particular subject matter of the committee. There shall be the following standing committees:

(a) Finance, Legal and Administration. This committee shall be responsible for oversight and for making recommendations to the Board where appropriate on matters related to finance, administration, human resources, property management, legal affairs, (including legislation) real estate, and information systems (IS).

~~(b) Program Committee. This committee shall be responsible for oversight and for making recommendations to the Board where appropriate on District matters related to its grant-making and related programs.~~

(eb) Strategic Planning. This committee, represented by the full Board of Directors, shall be responsible for monitoring the District's progress in achieving the expectations outlined in its strategic plan. In addition, the

full Board of Directors is charged with reviewing the District's community relations programs.

(dc) Hospital Governance and Oversight. This committee, represented by the Directors assigned to the Desert Regional Hospital Governing Board, shall be responsible for handling complaints coming from the public to Board Members and Staff regarding Desert Regional Medical Center. In addition, this committee is charged with oversight responsibilities to ensure compliance with the terms of the current lease of Desert Regional Medical Center.

6.3 SPECIAL COMMITTEES. Special committees may be appointed by the President for special tasks as circumstances warrant, and upon completion of the task for which appointed such special committee shall stand discharged.

6.4 CONSULTANTS. A committee chairman may invite additional individuals with expertise in a pertinent area to meet with and assist the committee. Such consultants shall not vote or be counted in determining the existence of a quorum and may be excluded from any committee session. A committee chairman may exclude any or all consultants from attending a committee meeting.

6.5 MEETING AND NOTICE. Meetings of a committee may be called by the President of the Board, the chairman of the committee, or by a majority of the committee's members.

- 6.6 QUORUM. A majority of the members of a committee shall constitute a quorum for the transaction of business at any meeting of such committee. A committee member may designate an alternate Board member to attend a scheduled committee meeting in the event the committee member is unable to attend. Each committee shall keep minutes of its proceedings and shall report periodically to the Board.
- 6.7 MANNER OF ACTING. The act of a majority of the members of a committee present at a meeting which a quorum is present shall be the act of the committee. No act taken at a meeting at which less than a quorum was present shall be valid unless approved in writing by the absent members.
- 6.8 TENURE. Each member of a committee shall hold office until the organizational meeting of the Board at its first meeting in December and until a successor is appointed. Any member of a committee may be removed at any time by the President subject to the consent of the Board. A member of the Board shall cease to hold committee membership upon ceasing to be a Board member.
- 6.9 TEMPORARY APPOINTMENTS. The President may appoint a temporary committee member to serve during the absence of a regular committee member or the President may serve.

ARTICLE VII. OFFICERS

- 7.1 PRESIDENT. The Board shall elect one of its members as President at the first regular meeting in December of each year, and the President shall hold office

until a successor is elected. The President shall be the principal officer of the District and the Board and shall preside at all meetings of the Board. The President shall appoint all Board committee members and committee chairman and shall perform all duties incident to the office and such other duties as may be prescribed by the Board from time to time.

7.2 VICE PRESIDENT/SECRETARY. The Board shall elect one of its members as Vice President/Secretary at the first regular meeting in December of each year, and the Vice President shall hold office until a successor is elected. In the absence of the President, the Vice President/Secretary shall perform the duties of the President. The Vice President/Secretary shall provide for keeping of the minutes of all meetings of the Board. The Vice President/Secretary shall give or cause to be given appropriate notices in accordance with these bylaws or as required by law and shall act as custodian of District records and reports and of the District's seal.

7.3 TREASURER. The Board shall appoint a Treasurer who shall serve at the pleasure of the Board. The Treasurer shall be charged with the safekeeping and disbursement of the funds in the treasury of the District.

ARTICLE VIII. LOCAL GOVERNING BOARD

8.1 In accordance with the 1997 Lease Agreement, the District appoints two (2) District Board members to serve on the Desert Regional Medical Center governing board. Said members shall act as liaisons to the District Board and shall periodically report to the District Board on the affairs of the governing board. The President shall be responsible for appointing the two (2) District Board members to serve on the Hospital governing board in accordance with the rules and regulations of the bylaws of the governing board.

ARTICLE IX. AMENDMENT

9.1 These bylaws may be amended or repealed by vote of at least three (3) members of the Board at any Board meeting. Such amendments or repeal shall be effective immediately.

PROPOSAL TO ELIMINATE PROGRAM COMMITTEE AND CREATE TASK FORCES

- A. Eliminate Program Committee (See Attached By-Law Amendment)

- B. 4 Task Forces Created to Track the Strategic Plan's Four Community Health Focus Areas
 - Homelessness
 - Access to Primary Care and Behavioral Health Care
 - Healthy Eating, Active Living
 - Quality, Safety, accountability, and Transparency

- C. Staffing and Composition
 - Staff-Directed, Day-to-Day Authority is within the Resources and Philanthropy Program
 - Community Co-Chair (can be appointed if Board President desires) with Staff-Co-Chair
 - "Flexible Participants" – Approximately 20 Each Time
 - Wide-Range of Participants – community members, CBOs, government, providers, academics, faith-based, among others
 - Meetings as Needed, Not on a Monthly Basis, Minimum of 4 for Each Task force Per Year
 - Brown Act Rules Followed

- D. Roles
 - Recommend Short, Medium, and Long-Term Initiatives and Collective Funds
 - Bring Forward Relevant Information and Research to Guide Cutting Edge Interventions

- E. Recruitment
 - DHCD/CEO Mailing List (Community Members and Organizations)
 - Press Release (English and Spanish) through Burke Consulting
 - Board Member and Staff Outreach
 - Advertisement – Desert Sun< Potential Community Papers

- F. Eligibility
 - Current District Residents and Organizations Based in Current District
 - East Valley Organizations that Serve West Valley Residents
 - Valley-wide Policy Organizations



November 28, 2017

To: Board of Directors

Re: **RESOURCES AND PHILANTHROPY PROGRAM**

I. Community Focus Area: **HOMELESSNESS**

The Board-approved West Valley Homelessness Initiative, along with its \$2 million collective fund, continues to motivate and leverage other organizations to address the homeless crisis in the Coachella Valley with short term, mid-term, and long-term solutions.

The Board continues to provide leadership in the priority areas of facilities (potential sites for the homeless); funding (matched proposals); policy (Housing First – stable housing paired with social services); and community awareness.

Short-term: supporting rapid rehousing with wrap around services:

CVAG's West Valley Navigation Program, now called Coachella Valley Housing First, has a commitment from the District/Foundation in matching funds of \$103,000 with each of the cities of Palm Springs, Desert Hot Springs, Cathedral City, Palm Desert, and Coachella. The Agua Caliente Band of Cahuilla Indians contributed \$30,000 – this does not qualify for the District/Foundation match, however, this is the first time the tribe has committed to CVAG and a valley-wide initiative. TOTAL match to date, including the District's own contribution of \$103,000: \$618,000

A positive study session with the **City of La Quinta** between the Housing Authority and Housing Commission resulted in direction to staff to bring structure and funding strategies to the next Housing Commission meeting December 13th and the Housing Authority on December 19th. The Housing Authority could provide \$250,000 towards homeless prevention programs.

One funding strategy that met with unanimous interest was to allocate \$103,000 to CVAG/Path of Life CV Housing First program, thus taking advantage of the District's match of \$103,000; allocating \$100,000 to Martha's Village & Kitchen with the balance to go to CV Rescue Mission (with the justification that \$50,000 had already been granted to CVRM this Fiscal Year). An evaluation component was crucial – how did 92253 (LQ zip code) fare? What will be the return on the dollars?

Since the closure of **Roy's Desert Resource Center**, many area homeless resource providers have been impacted and are seeing an increase in families (33%), children and youth (16%), disabled (20%) and seniors (20%) seeking services and resources. As a result, both the **Coachella Valley Rescue Mission** and **Martha's Village & Kitchen** have both consistently reported an increase in their clientele and have been requesting assistance from Coachella Valley cities. CVRM and Martha's are also requesting assistance from the Desert Healthcare District, citing West Valley homeless clients are now seeking services and shelter at both.

Martha's Village offers family housing, food services, emergency services, case management, career, education and recovery services, medical clinic (Health to Hope) and free childcare to its clients. Homelessness prevention assistance is also offered. Over 90% of their residential clients successfully exit to safe, permanent housing and pass on their life skills to their children and family.

Martha's annual operating budget is around \$3.6 million. The program budget for housing and case management services component is \$1.3 million. The request to the District for \$186,150 will serve a daily average of 30 unduplicated West Valley clients. The average per client daily cost for full emergency housing services is \$27.00. With the proposed funding allotment from the City of La Quinta, Martha's request to the District was reduced by \$100,000, thus reducing the daily cost to \$17.00 which is a portion of the average daily per client of the budgeted expenses to provide full emergency housing services. This results in 10,950 days (30 clients x 365 days).

Coachella Valley Rescue Mission offers emergency overnight shelter, meals, showers, a medical clinic (Health to Hope) and a 9-month rehabilitation program. Last year, over 96% of their Gateway program clients attained permanent employment, built savings and transitioned to permanent housing within 30 days of graduating.

Although CVRM is slightly larger than Martha's (a few more beds), their operating budget is approximately the same - \$3.6 million. The program budget for direct costs for the Emergency Shelter Annex ("Annex") is \$1,469,492. The request to the District for \$100,000 will provide 38 unduplicated West Valley clients with 90 days of Emergency Shelter. All clients first arriving at CVRM go into the Annex for shelter and intake assessment to ascertain whether they are candidates for "Housing First Programs" or "Program First" program (a mixed model approach). The average stay in the Annex is 90 days. The average daily cost is \$29.00 per day per client. (38 clients x 90 days x \$29.00/day = \$99,100).

Both Martha's and CVRM are also working closely with Path of Life Ministries (POLM), sharing resources, client referrals and housing referral services. POLM, although initially contracted with CVAG for a West Valley Navigation Program, also assists many East Valley homeless clients with their resources and services.

Riverside County's Department of Social Services (DPSS) is gearing up for the **2018 Point-In-Time (PIT) Homeless Count** (January 23, 2018). The Count measures progress towards ending homelessness. The count and demographic survey give a snapshot of who is experiencing homelessness and where they are located. The Count collects information on the number of individuals and families who are living in shelters on the streets. The U.S. Department of Housing and Urban Development (HUD) tracks the results in each community to determine the amount of federal funds allocated to homeless programs.

Last year Coachella Valley's homeless count was 484, up 34.4% from the 2016 count. POLM, Martha's and CVRM are anticipating the count for 2018 will be even higher than 2017.

For the next 12 to 18 months, data from a myriad of resources will be available for analysis - the PIT data count, the evaluation by HARC of the CV First Housing program, data from Kaufman Hall, outcomes from our matching partnership with the City of Palm Springs, and the outcomes from our funding investments with Martha's and CVRM.

Discussions among resource providers, private and public organizations, and community-based organizations have started regarding a facility-based solution as it relates to the potential for a West Valley Shelter facility. This long-term strategy approach may alleviate the overcrowding at the East Valley facilities, complement the Housing First practices and make it easier to locate clients to provide referrals to Housing and other local services rather than trying to find them on streets or encampments in order to provide services.

2. Community Focus Area: HEALTHY EATING/ACTIVE LIVING

Healthy Eating/Active Living community focus area promotes efforts that address diabetes, obesity, and other chronic conditions, nutrition, healthy lifestyles, food insecurity and healthy communities. One outcome is to promote and increase access to physical activity and healthy foods for Coachella Valley residents.

Background: A Healthy Eating/Active Living initiative is not new to the Desert Healthcare District. In 2008 a strategic plan objective was implemented to develop and implement programs to decrease the number of overweight and obese District residents. That same year a consultant was retained to conduct a "Childhood Obesity Prevention Initiative" study of District residents. From that study, the District created the HEALNet Initiative (Healthy Eating/Active Living Network), expanding the focus from childhood obesity to include all District residents.

In 2013 HEALNet successfully morphed into a 4-year strategy that focused on increasing access to healthy produce to everyone in the Coachella Valley. "Access to Healthy Food Project – Project Produce" was a non-profit/public partnership (FIND Food Bank and Hidden Harvest) with the goal to increase the consumption of fruits and vegetables throughout the Coachella Valley via food agencies, pantries, and low income/senior farmer's markets.

Over the four years, Project Produce partners FIND Food Bank and Hidden Harvest successfully delivered over 5 million pounds of fresh fruits and vegetables to organizations serving food insecure individuals. A funding request of \$387,086 from FIND Food Bank is asking to continue with the delivery of fresh produce to the pantries, food agencies, and low income farmer's markets, thus insuring a continual healthy food connection to the food insecure.



Date: November 28, 2017

To: BOARD OF DIRECTORS

Subject: RESOURCES AND PHILANTHROPY PROGRAM
Community Health Focus Area: HOMELESSNESS

GRANT REQUEST: Grant #954 Coachella Valley Rescue Mission - Project Title:
*Emergency Food, Shelter with Wrap-Around Services for West Coachella Valley
Homeless* – \$100,000

STAFF recommendation: that an award of \$100,000 be approved to the Coachella Valley Rescue Mission to provide food, shelter, and wrap-around services for West Coachella Valley/District homeless individuals and families.

USE OF DISTRICT FUNDS:

The program budget for direct costs for the Emergency Shelter Annex (“Annex”) is \$1,469,492. The request to the District for \$100,000 will provide 38 unduplicated West Valley clients with 90 days each of Emergency Shelter. All clients first arriving at CVRM go into the Annex for shelter and intake assessment to ascertain whether they are candidates for “Housing First Programs” or “Program First” program (a mixed model approach). The average stay in the Annex is 90 days. The average daily cost is \$29.00 per day per client.

Achievement Building – Request Summary

Coachella Valley Rescue Mission, Grant #954

Tel: 760-347-3512
 47-470 Van Buren St.
 Indio, CA 92202-2564
<http://www.cvrvm.org>

Contact:

Darla Burkett
 Tel: 760-347-3512 ext. 222
dburkett@cvrm.org

Historical (approved Requests)

Grant Year	Project Title	Grant Amount	Type	Disposition Date	Fund
2009	Coachella Valley Rescue Mission Meal Program	\$5,000	Food Assistance	7/15/2009	Grant budget
2009	Convection Oven	\$1,000	CEO Discretionary	11/10/2009	CEO Discretionary
2009	Coachella Valley Rescue Mission Meal Outreach Program	\$5,000	Food Assistance	12/3/2009	Grant budget
2009	Easter Meals	\$1,000	Improving Lives	3/12/2010	Grant budget
2009	Coachella Valley Rescue Mission Meal Program	\$5,000	Food Assistance	6/1/2010	Grant budget
2010	COACHELLA VALLEY RESCUE MISSION MEAL PROGRAM	\$5,000	Food Assistance	9/21/2010	Grant budget
2010	COACHELLA VALLEY RESCUE MISSION	\$5,000	Food Assistance	3/15/2011	Grant budget

	MEAL PROGRAM				
2011	Coachella Valley Rescue Mission Meal Program	\$5,000	Food Assistance	7/15/2011	Grant budget
2011	Operation "Family Food Boxes"	\$5,000	Food Assistance	5/21/2012	Grant budget
2014	CVRM Overnight Annex - First Aid & Disaster Recovery Supplies / Equipment	\$5,000	Mini-Grant	7/25/2014	Grant budget
2015	Emergency Annex Food & Shelter Program	\$5,000	Mini-Grant	11/30/2015	Grant budget
2016	Ice maker for CVRM Annex Overnight Shelter and Clinic	\$1,802	Mini-Grant	8/8/2016	Grant budget
2016	12 Panel Drug Screen Kits	\$2,880	Mini-Grant	5/25/2017	Grant budget

About the Organization

Organization Type: Direct Service Provider\Homeless Services

Background:

CVRM was established as a soup kitchen for men in 1971. Services for women & children were added in the 1980's and emergency shelter as well as support services in 2004. In 2011, a new 43,000 square foot facility was completed to house clients and provide case management with comprehensive wrap-around services. In May 2015, a new shelter Annex was opened immediately behind the main campus to increase shelter housing square footage by 10,000 square feet. CVRM is open and staffed 24 hours/day, 365 days/year. Case management is provided Monday through Sunday from 7am-3:30pm to provide referrals. Support services such as life skills classes, recovery classes, transportation to Public Adult schools and other local agencies as well as food services (including public meals) and food boxes are also provided at our main campus. Services include but are not limited to life skills training, vocational training, continuing education, substance abuse counseling, onsite recovery meetings (CODA, NA, AA, CMA) as well as access to non-emergency medical and behavioral licensed counseling. In 2016, housing placement and employment assistance departments were added to enhance our spectrum of services.

Those who come to CVRM include those who are abused, homeless, unemployed, hungry, veterans, domestic violence victims, elderly, addicted, and uneducated. CVRM serves men, women, and children from all ethnic backgrounds, social economic groups and age groups at no charge.

During 2016, 1489 unduplicated individuals received emergency food and shelter with comprehensive wrap-around services. 8466 emergency food boxes were provided to impoverished families. Since the Riverside County DPSS 2017 Homeless Point in Time (PIT) Count Report revealed an increase of 26% of unsheltered individuals in the Coachella Valley. Also, demand for our services has increased radically due to the gap in services caused by the closure of the only other shelter in our region on 6/1/17 (Roy's Desert Resource Center). Our programs are currently running at 133% with that we are experiencing rising project costs. Over the past few months the cost to shelter, clothe, feed, and case manage with wrap-around services is \$29/day (\$63/day including Gift in Kind).

In 2016, 681 of the 1489 clients served were from the Coachella Valley (Balance from other parts of Riverside County). We expect the total served from Coachella Valley to well exceed 1000 by year end and total served including all other parts of Riverside County to exceed 1900 unduplicated men, women, and children.

31% of CVRM clients are women, 5% children. 20% elderly and 11% are youth, ages 18-24. The majority of individuals served are Age 25 - 54. The Client Track System further shows that over 99% of our Coachella clients fall into the 'Extremely Low' Income category (less than \$12,500 income for a single person) as defined by HUD.

However, homelessness is due not only to job loss, but also to personal circumstances including lack of employability due to disabilities including mental illness. 21% of CVRM 2016 emergency service clients served are disabled. (CVRM Client Track database 2/12/17)

CVRM's goal is to provide those in need with a place of rest and refuge to rebuild lives so clients may become self-sufficient and function independently in the community.

Proposal

Type of Request: Other

Strategic Plan Link:

Project Title: Emergency Food, Shelter with Wrap - Around Services for West Coachella Valley Homeless

Total Project Cost: \$3,600,000

Requested from DHCD: \$100,000

Length of Project: 12 months

Start Date: 12/1/2017

End Date: 11/30/2018

Project Description:

1. CVRM programs are designed to reduce barriers, increase opportunity while meeting basic needs of the underserved in the Coachella Valley, CA. CVRM operates 365 days per year. Each day, the CVRM Emergency Services program provides on average 90 clients of which 30 are from West Valley

(individuals with showers, clean clothing, 3 meals, toiletries, bus passes, as well as overnight shelter. (Annex capacity is 75 but the daily average increased after June 1st resulting in annex running 120% capacity. We forecast that the average will increase to 100 by 12/1/17) Emergency services clients meet with program staff who work with each individual to obtain referrals to either an in-house residential program or to Housing First Funded Programs with the option for clients to come to CVRM for wrap-around services to best fit each person's circumstances.

CVRM uses this mixed model approach combining the best practices from Housing First as well as Program First approaches to provide the right housing intervention based on client choice.

In the Program First model, higher barrier clients with challenges that may include but are not limited to mental health, substance abuse, lack of job skills, etc. may wish to enter a CVRM onsite 6-9 month residential program. This option provides the structure, intensive case management and sense of community to give individuals time to heal as they work to resolve issues that have hindered their ability to live independently.

Other clients may choose to be referred by the CVRM Housing Department to be referred for immediate housing through a Housing First program such as Rapid Rehouse (RRH), Permanent Supportive Housing (PSH), Section 8 or CALWORKS HSP. Case management services, home visits, and access to all Program First services mentioned above are offered to clients receiving Rapid Rehouse direct rental assistance from ESG funding received by CVRM.

In the mixed model approach, the CVRM shelter intake process and housing navigation service coordinate closely with the Riverside County DPSS Coordinated Entry System as well as other Government and non-profits to create a platform to link clients with housing options. CVRM is also a member of the Riverside Continuum of Care (CoC) and CVAG.

CVRM utilizes the HUD Homeless Management Information System (HMIS) to enter client data, types and number of services delivered, demographics as well as other project pertinent data to detect trends, identify frequent users, and monitor housing success and other performance measures. County DPSS and EDA as well as HUD have the ability to also pull general reports from the HMIS system so as to give visibility to Governments and agencies of pertinent statistics.

Transportation is provided to school, daycare and offsite appointments. We also work clients to help them obtain Social Security, MediCal, Food Stamps and State identification.

Clients have access to an onsite clinic which is staffed by licensed professionals from Health to Hope Clinics who provides free non-emergency medical services as well as behavioral health counseling onsite. (We team with the Riverside County Department of Mental Health to make sure clients get the behavioral health care they may need.) Support and recovery groups (CODA, AA, NA, CMA) are held onsite and are open to the public.

Those Emergency Services clients wishing to enroll in a CVRM Program First may choose a 6-9 month residential program designed to restore individuals to the community. Currently, 170 people participate in Program First residential programs. Of those, 120 clients are enrolled in the Gateway Program.

During the intake process, Gateway Program clients receive an educational assessment. Transcripts are ordered for clients without a high school diploma and for those wishing to enroll at the local community college. Upon receipt of transcripts, clients seeking to pursue completion of their high school education either may take GED prep certification classes or enroll at the Coachella Valley Adult Public School to earn the necessary credits to graduate. They may also enroll in math, English, financial management, grief recovery, computer literacy, work search and parenting classes as well as other life skills classes taught onsite by volunteer retired teachers and professionals. All students are supported by dedicated volunteer tutors who assist with homework and test preparation.

Gateway clients may also enroll at the Coachella Valley Adult Public School to receive training in computer literacy, office skills, and real estate. Our onsite library contains computer workstations where some of our clients take online classes. Clients on work search use computers to participate in online workshops available from the County of Riverside Workforce Development as well as prepare resumes and submit online job applications.

In addition, Gateway Program residents participate in onsite work skill training assignments while residing at CVRM. Clients may receive training in our Administration, Security, Landscaping, Food Preparation, Housekeeping, Retail Sales, and Transportation (Box Truck Donation Pick Ups) departments. All receive job performance reviews every 30 days and rotate assignments every 90 days in order to build practical work experience and references to include on their resumes.

Case management meets with each client at least once per week to review progress towards completing required program milestones as well as achieving personal goals

Last year, 96% of CVRM Gateway program clients attained permanent employment, built savings and transitioned to permanent housing within 30 days of graduating their program.

As mentioned earlier, qualified clients choosing to be immediately referred to a Housing First Program through CVRM (Section 8, RRH CALWORKS HSP) are welcome to come to CVRM for access to the same programs and services as well as CVRM Gateway Program First clients.

CVRM Programs seeks to improve the quality of life for our clients through comprehensive wrap-around services so as to address each client as a whole- physically, emotionally and intellectually so as to restore each to the community as self-sustaining, happy and healthy.

2) The Coachella Valley Rescue Mission (CVRM) hereby submits this request for a \$100,000 grant to provide 38 unduplicated West Valley clients with 90 days Emergency Shelter. All clients first arriving at CVRM go into Annex for shelter and intake assessment to ascertain whether they are candidates for "Housing First Programs" or "Program First" Program. The average stay in the Annex is 90 days. The attached project budget of \$1,469,492 is for Annex direct shelter costs only. Since June 1st, 442 unduplicated clients who arrived for services came from your service area. This increase in demand from West Valley homeless has resulted in the daily average of total people sheltered from 225 to nearly 300. As mentioned in a previous letter, we attribute this increase to the closure of Roy's Desert Resource Center as well as the 26% increase in Coachella Valley unsheltered homeless per the 2017 Riverside Point in Time Homeless Count.

The specific challenge and/or opportunity to be addressed:

1. The Coachella Valley Rescue Mission (CVRM) hereby submits this request for a \$100,000 grant to fund 38 unduplicated West Valley services for 90 days (average stay in Annex shelter) each. Since all clients

first arrive and are assessed at intake in the Annex Emergency Shelter, we used the Annex budget of \$1,469,492 for the Project Budget. Since June 1st, 442 unduplicated clients who arrived for services came from your service area. This increase in demand from West Valley homeless has resulted in the daily average of total people sheltered from 225 to 270. (100% capacity is 225 and we are expecting to average 300 sheltered daily by 12/1/17.) As earlier, we attribute this increase to the closure of Roy's as well as the 26% increase in Coachella Valley unsheltered homeless per the 2017 Riverside Point in Time Homeless Count.

Please note that the current cost to shelter, feed, clothe with case management and wrap-around services costs \$29 per day. (This cost is based on actuals and does not include the value of Gift in Kind articles provided to clients which brings total cost per day to \$63.) The cost to house just 88 of the 432 new clients arriving from the District since 6/1/17 using an average stay of 90 days is \$229,680. Please note that CVRM services are provided at no charge to clients.

Again, CVRM is the only 'brick and mortar' shelter with case management and wrap-around services in the entire Coachella Valley. We are at 133% capacity.

2. Any funding received as a result of this application will help offset some of the costs being incurred every day as the influx of homeless arriving from the zip codes included in the District's service area increases. Please note that on average since June 1st, 88 new unduplicated clients are arriving each month from the District.

Core know-how as it pertains to this request:

CVRM has been serving the homeless and underserved for over 46 years of uninterrupted service. Our shelter consists of 43,000 square foot main campus and a 10,000-foot Annex. We provide food (over 900 meals daily) and shelter with case management as well as wrap-around services to assist the underserved return to the community as self-sustaining. CVRM uses a mixed model approach combining the best practices from Housing First as well as Program First approaches to provide the right housing intervention based on client choice. The mixed model promotes dignity and respect to consistently implement practices to meet people where they are. CVRM provides person-centered care that focuses on personal strengths and provides support services to assist people function independently in the community.

Past Achievements as they relate to this request:

CVRM provides all services without regard to gender, national origin, ethnic background, sexual orientation, social economic group, religion or age group. Of the 1449 unduplicated individuals served in 2016, 31% are women, 7% are children, 12% youth ages 18-24, 6% elderly, 6.4% Veterans and 12% are domestic violence / human trafficking survivors.

In the past 12 months (11/1/16-11/1/17), the CVRM Housing Department housed 358 individuals. (180 of these while in CVRM programs were able to locate jobs and build savings to self-resolve with the assistance of Housing staff to locate affordable Housing.)

CVRM provides services to homeless individuals, men and women with mental illness and / or substance abuse issues, and those with non-violent / non-sexual criminal backgrounds. (CVRM is a designated safe-house.) Of those served in 2016, over 98% were classified as Extremely-Low Income in accordance with HUD guidelines. Of these 98%, many have not worked in years if ever.

In 2014, 1379 unduplicated clients were served- 37% women, 13% youth, 6% elderly and 18% domestic violence survivors.

In May 2015, a new shelter Annex was opened immediately behind the main campus to increase shelter housing square footage by 10,000 square feet. CVRM is open and staffed 24 hours/day, 365 days/year. Case management is provided Monday through Sunday from 7am-3:30pm to provide referrals. Support services such as life skills classes, recovery classes, transportation to Public Adult schools and other local agencies as well as food services (including public meals) and food boxes are also provided at our main campus. Services include but are not limited to life skills training, vocational training, continuing education, substance abuse counseling, onsite recovery meetings (CODA, NA, AA, CMA) as well as access to non-emergency medical and behavioral licensed counseling. In 2016, housing placement and employment assistance departments were added to enhance our spectrum of services. In 2017, CVRM built out new onsite clinic space in the Annex shelter which is not only significantly larger than the original onsite clinic, but also now allows access to Health to Hope to expand non-emergency medical services to the general public. The site of the old clinic is now used by Health to Hope licensed mental counselors.

What other organizations have improved their capacity in this manner'

CVRM participates as a non-profit stakeholder along with local law enforcement, Department of Social Services, and other local agencies in the Community Outreach Resource Program (CORP) that is designed to reward positive change and assist participants with reintegration in society by alleviating financial burdens due to misdemeanors associated with chronic homelessness and other obstacles to future job prospects. CVRM also teams with other organizations to leverage existing community resources to maximize opportunities available to each client.

These organizations / agencies include but are not limited to the Salvation Army (provides some clients with security deposit assistance), Olive Crest (foster care services for at-risk children) , Health to Hope (CVRM onsite medical and mental health), The Narrow Door (food distribution), Catholic Charities (utility assistance), Jewish Family Services (Permanent Support Housing), Shelter from the Storm (survivors of domestic violence and human trafficking), Mama's House (CVRM provides case management & assists with housing for women and newborns), Riverside County Housing Authority (Permanent Supportive Housing) and County of Riverside Department of Mental Health (CVRM onsite mental health counseling). We also provide and receive referrals from Martha's Village and Kitchen as well as Path of Life Ministries.

Future Program Sustainability:

We hope that the provider of the West End Navigation System will be fully functional and meeting the demand for West Valley homeless by Summer 2018. It is our understanding that full implementation will include two 12 bed crisis centers and three-day centers to provide referrals to rapid re-housing. At this time, it is our belief that neither crisis centers nor scattered site exist as of yet as no addresses were provided by the provider during the November CVAG Homelessness Committee.

The success of the West End Navigation System is hoped to relieve the excess demand and thus the strains on budget that we currently experience due to the current gap in service for West Valley homeless. If for some reason, the demand for our services from West Valley clients does not decline, we will need to ask local cities, County of Riverside, CVAG and the District for assistance.

Results and Approach:

(What will the District get for its investment?)

Capacity – A description of current capacity and how this project/program will improve current capacity:
As mentioned previously in this application, our maximum capacity of 225 will exceed 300 clients by the end of the year. This puts an incredible strain on our current budget not to mention the number of clients our facility can accommodate as well as our staff to client ratio.

This project will help to defray some of the huge amount of unanticipated cost of operating at 133% due to the influx of West Valley clients having nowhere else to go.

The specific benefits and/or tangible effects to be achieved:

Based on our experience, we forecast 38 West Valley clients' 90 day stays will be funded with the proposed \$100,000. All clients first arriving at CVRM go into Annex for shelter and intake assessment to ascertain whether they are candidates for "Housing First Programs" or "Program First" Program. The average stay in the Annex is 90 days. The attached project budget of \$1,469,492 is for Annex direct shelter costs only. Of these 38, we will do our best to find all housing if they so desire within 90 days either through Government subsidized housing programs, (RRH at CVRM & clients drawn through CES by POLM, Section 8, PSH through referrals to POLM and JFS.) It is hard to determine how many will be successfully housed as we as well as other agencies have limited funds for Government subsidized programs. Of these 38, some with higher barriers (substance abuse, lack of job skills, life skills) may choose a "Program First" rather than a "Housing First" Program. 88% of those in "Program First" obtain income/jobs, savings, permanent housing (80% without Government Funding) so as to be able to self-sustain within 12 months.

The tangible effects of this project will help to narrow the gap in services for West Valley clients until the West Valley Navigation System can close the gap.

Milestones to be reached throughout program/project:

- 1) We immediately ramped up due to the increased demand for services after the closure of Roy's Desert Resource Center closed. That alone is a very significant milestone. We are sheltering 270 clients and are receiving on average 88 new West Valley clients per month. We believe the average will exceed 300 by the end of 2017.
- 2) The next milestone is the full implementation of the CVAG sponsored West Valley Navigation System to relieve the strain on our resources. We hope that HARC will evaluate the effectiveness of the Path of Life Ministries (POLM) piece of the West End Solution so as to improve POLM's efficiencies so as to relieve the strain on CVRM resources.
- 3) A broader gain would be a final milestone that would be the building of an actual West Valley "brick and mortar" shelter. A shelter would not compete with "Housing First" practices but rather make it easier to locate clients to provide referrals to Housing and other services rather than trying to find them on streets or encampments in order to provide services.

Cost Implications – if there are increased costs associated with this project/program, how they are to be covered:

CVRM has received funding from some Coachella Valley Cities and agencies. It covers some of the funds needed. We are doing our best to raise additional funding.

Organizational change required to successfully implement the project/program:

We worked for 18 months at the request of CVAG in 2015/2016 to research possible West Valley emergency shelter locations. Each viable shelter option was turned down by the city in which each was located. CVRM does not see a successful outcome to meet the challenge of increasing homelessness without a West End Shelter.

Line Item Budget - Sheet 1 Operational Costs

Approved budgets are the basis for reporting all grant expenditures. Line items may not be added or changed without grant amendment. Prior authorization is required for transferring funds (<10%) between existing line items. Describe budget narrative in cell B38. You may insert rows or create additional worksheets if more space is needed to fully describe your budget.

PROGRAM OPERATIONS		Total Program Budget	Funds from Other Sources Detail on sheet 3	Amount Requested from DHCD
Total Labor Costs	Detail on sheet 2	431,598	174,400	70,000
Equipment (itemize)				
1		-		
2		-		
3		-		
4		-		
Supplies (itemize)				
1	Office Supplies	220		
2	Food purchased	17,890		
3	Food Gift In Kind	854,323	854,323	
4		-		
Printing/Duplication		468		
Mailing/Postage/Delivery		538		
Travel		-		
Education/Training		-		
Facilities (Detail)				
	Office/Rent/Mortgage - common area costs	60,091		30,000
	Meeting Room Rental	-		
	Telephone/Fax/Internet	-		
	Utilities	41,377	6,000	
	Insurance	16,987		
	Maintenance/Janitorial	18,990		
Other Facility costs (itemize)				
1	Property Taxes	6,778		
2	Transportation to pick up food donations	9,738		
3		-		
4		-		
Other Program Costs not described above (itemize)				
1	Case Mgmt, drug tests, stipends	5,990		
2	Medical / Dental / RX / Assistance	4,294		
3		-		
4		-		
Total Program Budget		1,469,282	1,034,723	100,000

Line Item Budget - Sheet 1 Operational Costs

Budget Narrative

The average cost per client in the Overnight Shelter is \$63 per day. Thankfully we receive GIK for food clothing and supplies to cover \$34 and actually spend \$29 per day. The attached budget is based on actual costs for August 2016-July 2017. The Mission picked up over \$3 million in Gift in Kind food and supplies via refrigerated trucks running daily to markets and restaurants. Overnight and emergency food programs use approximately 30% of those donated items which is \$854,323. Purchased food of \$17,890 makes up for missed items not received through donations. Miscellaneous costs of office supplies, printing, postage came to \$1,226. The Overnight shelter is a separate building for sleeping and showers however the men, women and children come to the Mission building for 3 meals per day. The shared common area utilities, maintenance, repairs and janitorial cost \$60,091. The specific costs for the Overnight Shelter Annex building utilities were \$41,377, insurance \$16,987, maintenance / janitorial \$18,990, property taxes \$6,778. Shared transportation costs to run the refrigerated trucks for market donations was \$9,738 for Shelter. Hard costs for sobriety testing, items to assist with case management cost \$5,990. Appointments with doctors, dental and prescriptions make up to \$4,294. Total costs of running the Overnight Shelter is \$1,469,492.

Line Item Budget
Sheet 2 - Labor Costs

Staff Salaries					
Employee Position/Title		Annual Salary	% of Time Allocated to Program	Actual Program Salary	Amount of Salary Paid by DHCD Grant
1	5 FT / 10 PT	286420	100	286,420	70,000
2	Program Director	75,900	50	37,950	
3	Admin staff	357,428	30	107,228	
4					
5					
6					
7					
	<i>TOTAL</i>			431,598	
<i>Enter this amount in Section 1, Employee Salaries</i>				Total >	70,000
Budget Narrative	<p>1. Overnight Shelter staff are working 24/7 overseeing 75-90 men, women and children. They provide a safe environment where people may receive food and shelter, case management assistance as requested into programs. 2. The Overnight Shelter reports to the Program Director who works with special situations, staff, clients and attends regular homeless meetings. 3. Admin staff include a.) fundraising staff provide identification of funding sources, b.) accounting staff to complete contractual billing and reporting of client participation, c.) Executive Director who spends 30% of time working with government officials, attending meetings focused on helping homeless.</p>				
Consultants/Contractors					
Consultant/Contractor Name		Hourly Rate	Hours/Week	Monthly Fee	Amount of Salary Paid by DHCD Grant
1					
2					
3					
4					
5					
6					
7					
8					
<i>Enter this amount in Section 1, Professional Services/Consultants</i>				Total >	0
Budget Narrative	no consultants or contractors are used.				

Line Item Budget - Other Program Funds

Funding for this program received from other sources			Amount
Fees - Government Contracts			320,840
Donations - as needed			
Grants (List Organizations)			
Indio	1	CDBG	42,000
Palm Desert	2	Special Assistance	6,000
	3		
	4		
Fundraising (describe nature of fundraiser)			
Other Income, e.g., bequests, membership dues, in-kind services, investment income, fees from other agencies, etc. (Itemize)			
	1	GIK - Food and Supplies	854,323
	2		
	3		
	4		
Total funding in addition to DHCD request			1223163

Budget Narrative

Above numbers are based on actuals Aug 2016-Jul 2017. CVRM received funding for Emergency Shelter from contracts with County DPSS for \$82,500, Mharc 138 Shelter \$220,073. State ESG \$18,267. Grants received as listed above for Overnight Shelter, Gift in Kind donations of food and supplies come in daily through transportation market runs. This food is used to help with hot meals and also distributed to the community through daily fresh food boxes.

EXHIBIT B

PAYMENT SCHEDULES, REQUIREMENTS & DELIVERABLES

<u>Project Title</u>	<u>Start/End</u>
Emergency Food, Shelter with Wrap-Around Services for West Coachella Valley Homeless	12/1/2017 11/30/2018

PAYMENTS:

(2) Payments: \$45,000.00
10% Retention: \$10,000.00

Total request amount: \$100,000.00

Scheduled Date	Grant Requirements for Payment	Payment
12/01/2017	Signed Agreement.	Advance of \$45,000.00 for time period 12/01/2017 - 5/31/2018
6/01/2018	1 st six-month (12/01/2017 - 5/31/2018) progress and budget reports submitted & accepted.	Advance of \$45,000.00 for time period 6/01/2018 - 11/30/2018
12/01/2018	2 nd six-month (6/01/2018 - 11/30/2018) progress and budget reports submitted & accepted.	\$0
12/31/2018	Final report (12/01/2017 - 11/30/2018) and final budget submitted and accepted.	\$10,000.00 (10% retention)

TOTAL GRANT AMOUNT: \$100,000.00

DELIVERABLES:

We forecast 38 West Valley clients' 90 day stays will be funded with the proposed \$100,000. All clients first arriving at CVRM go into Annex for shelter and intake assessment to ascertain whether they are candidates for "Housing First Programs" or "Program First" Program. The average stay in the Annex is 90 days. The attached project budget of \$1,469,492 is for Annex direct shelter costs only. Of these 38, we will do our best to find all housing if they so desire within 90 days either through Government subsidized housing programs, (RRH at CVRM & clients drawn through CES by POLM, Section 8, PSH through referrals to POLM and JFS.) It is hard to determine how many will be successfully housed as we as well as other agencies have limited funds for Government subsidized programs. Of these 38, some with higher barriers (substance abuse, lack of job skills, life skills) may choose a "Program First" rather than a "Housing First" Program.

88% of those in "Program First" obtain income/jobs, savings, permanent housing (80% without Government Funding) so as to be able to self-sustain within 12 months.



Date: November 28, 2017

To: BOARD OF DIRECTORS

Subject: RESOURCES AND PHILANTHROPY PROGRAM
Community Health Focus Area: HOMELESSNESS

GRANT REQUEST: Grant #955 Martha's Village & Kitchen - Project Title: *Health In Housing: Emergency Housing with Wrap-Around Services* – \$186,150

STAFF recommendation: that an award of \$186,150 be approved to Martha's Village & Kitchen to provide emergency housing and wrap-around services for West Coachella Valley/District homeless individuals and families.

USE OF DISTRICT FUNDS:

Martha's annual operating budget is around \$3.6 million. The program budget for housing and case management services component is \$1.3 million. The request to the District for \$186,150 will serve a daily average of 30 unduplicated West Valley clients. The average per client daily cost for full emergency housing services is \$27.00. With the proposed funding allotment from the City of La Quinta, Martha's request to the District was reduced by \$100,000, thus reducing the daily cost to \$17.00 which is a portion of the average daily per client of the budgeted expenses to provide full emergency housing services. This results in 10,950 days (30 clients x 365 days).

Achievement Building – Request Summary

Martha's Village & Kitchen, Grant #955

Tel: (760) 347-4741
Fax: (760) 347-9551
83791 Date Ave.
Indio, CA 92201
www.marthasvillage.org

Contact:

Linda Barrack
Tel: (760) 347-4741
Fax: (760) 347-9551

Historical (approved Requests)

Grant Year	Project Title	Grant Amount	Type	Disposition Date	Fund
2003		\$25,000	Grant	12/31/2003	

About the Organization

Organization Type: Direct Service Provider\Medical

Background:

Martha's Village and Kitchen has been serving Coachella Valley's homeless and impoverished families and individuals for more than 27 years. Our mission is to help our neighbors in need break the cycle of homelessness and poverty by promoting self-sufficiency through an innovative continuum of care, multi-disciplinary programs, and partnerships that come together in the spirit of our CREED (Compassion, Respect, Empathy, Empowerment, Dignity) to teach, learn from, and challenge our neighbors and one another. We envision a community where all people have the opportunity to live to their full potential; where everyone has access to food, housing, healthcare, education and the means to maintain them.

A vital component of the region's safety net, Martha's served over 6,200 neighbors in need last year through the following programs:

- **Emergency Housing:** Our 120-bed residential facility features 95 beds for homeless families and 25 beds for homeless single adults.
- **Case Management:** Through individualized case plans, counseling, and information and referral services, we ensure that residents successfully exit Martha's with permanent housing and income. Clients meet with Case Managers on a regular basis.
- **Food Services:** We serve 3 meals per day and 2 snacks per day to our residents and lunch to community members in need. Meals provide critical nutrition to homeless and impoverished families and individuals in Coachella Valley.

- Career and Education Center: Our highly qualified staff provides employment preparation, career development, adult education, computer training and job placement assistance.
- Children’s Services: Our licensed children’s program provides free, high-quality childcare year-round, and a variety of parent resources including workshops, seminars, and a resource library.
- Recovery Services: We provide a range of group and individual services to address drug, alcohol and gambling addictions. Martha’s has a CADACII who is currently work on his Master Degree available to all clients. Four NA, AA, CODA meetings are held weekly at Martha’s with one meeting given in Spanish.
- Emergency Assistance: We offer transportation assistance, food baskets, clothing vouchers, and infant supplies to low-income community members. Also available year round on site is full free tax preparation. Cooling and warming center services.
- Integrated Health Services: Our facility features an onsite State-licensed medical clinic operated by our partner, Health to Hope. The clinic provides free and sliding-scale preventive, primary, and psychiatric care to residents and our neighbors in need. Also offered are Mental Health Services and Insurance registration services and support.

Proposal

Type of Request: Program operations\Sustaining program
Strategic Plan Link:

Project Title: Health in Housing: Emergency Housing With Wrap-Around Services

Total Project Cost: \$1,350,709
Requested from DHCD: \$186,150
Length of Project: 12 months
Start Date: 1/1/2018
End Date: 12/31/2018

Project Description:

According to the 2017 Riverside County Point-in-Time Count, approximately 2,500 homeless individuals experience homelessness in the area on any given night, which reflects an increase in homelessness from 2016 numbers. Martha's Emergency Housing Services provide homeless families and individuals with services tailored to meet their unique needs. Martha's offers 120 emergency housing beds for those in need of shelter including 95 beds for homeless families with children and 25 beds for homeless single adults. Martha's program offers residents an opportunity to return to a lifestyle of independence, economic sustainability, and positive self-care. We help individuals and families regain independence by providing a stable living environment, guidance, tailored supportive services, and referrals to appropriate resources that assist residents to achieve their self-sufficiency goals. Last year, our Housing Program improved the quality of life for over 440 homeless men, women, and children Valley wide.

Residents of Martha's Emergency Housing are offered a comprehensive range of onsite supportive services including mental health counseling, addiction services, nutritious meals, case management, adult education, children's services including day care and preschool classes, employment services, and

emergency assistance. Our facility features an on-site state-licensed medical clinic operated by our partner, Health to Hope. Residents work closely with their case managers to address the principal problems associated with homelessness: unemployment, insufficient job skills, educational deficiencies, substance abuse, mental health issues, and other health conditions. Our comprehensive services and programming help our clients resolve their barriers to independent living and realize the goal of exiting the emergency housing program to permanent housing with a source of stable income.

Martha's Housing and Wrap-around Services offer a gateway of hope through which people regain their health and pass their healthier lifestyles on to their children and families. The services we provide truly change and save lives.

The expenses outlined are critical to the successful operation of our Emergency Housing Program with our mixed length of stay options based directly on client need. For example, rent, utility costs and maintenance fees ensure that residents at Martha's have a safe and dignified living environment. Case management services are also critical, as they help residents address the underlying causes of their homelessness. Martha's residents work with case managers on a regular basis to develop individualized plans for achieving their self-sufficiency goals. Our Substance Abuse staff support clients' needs in recovery. Our Residential Specialists are also an integral part of our Housing Program, as they provide residents with living skills instruction while giving support in a secured environment 24 hours a day. Residential Specialists help clients develop solutions-focused strategies for living, so that they remain motivated to grow and successfully exit our program to permanent housing of their own.

Martha's respectfully requests a grant from Desert Healthcare District to alleviate the barriers to health due to economic hardship for thirty (30) District homeless residents daily. Martha's is being called on to meet the drastically increasing need for homeless individuals and family members monthly who resided within the District's boundaries in the Western Coachella Valley. Currently Martha's is housing over sixty (60) District homeless residents, which is almost double the historical number served per month. It has been Martha's honor to serve homeless residents from all areas in the Coachella Valley. Martha's Village and Kitchen, as one of the largest homeless services provider in the Coachella Valley, is uniquely positioned to answer the increased need for its housing and wrap-around services to continue to provide Western Coachella Valley's homeless and impoverished individuals and families with the most cost-effective and valuable services and resources available. Unlike other housing models, Martha's is able to tailor its assistance to Western Coachella Valley's homeless individuals and families with short-term and mid-term solutions that result in long-term, permanent housing solutions. Over the past three decades, Martha's has developed a housing and wrap-around service model that provides a "person-centered pathway" into independence.

The specific challenge and/or opportunity to be addressed:

As our region recovers from the economic recession, both the impoverished Coachella Valley and its numerous Hispanic individuals and families in the Coachella Valley continue to struggle with unemployment, poverty, and homelessness. Martha's remains a safety net for those most in need and is uniquely positioned to respond to an increased demand for services. Additionally, Martha's has experienced a challenge in the form of a dramatic surge in housing needs from homeless coming from within the DHCD borders. Martha's is committed to overcome this challenge and chooses to see this an opportunity to utilize its experience in stepping up to provide additional housing and wrap-around services to those most in need in the Western Coachella Valley.

As a responsive and effective provider of homeless services, Martha's Village and Kitchen takes pride in being both mission driven but nimble enough to shift resources to align with national, state and local

efforts to end homelessness. Funding from the Desert Health District will provide Martha's the necessary resources to serve those who find themselves homeless within the DHCD borders with evidence based best practices such as Housing First. We also offer homelessness prevention assistance to those able to remain in their housing or those who can access permanent housing without an emergency housing stay. To grow this important service, we are building relationships in the community with local landlords and apartment complexes to facilitate rapid transitions to permanent housing. For those who are not able to be housed and need a short emergency housing stay or longer stay, we strategically provide individualized wraparound services that ensure that our clients obtain permanent housing and income as quickly as possible. Please note that over the last ten years, Martha's has provided a placement success rate of clients exiting into safe and affordable permanent housing of 80% to 90% and we look to build upon this record of success.

Core know-how as it pertains to this request:

Martha's utilizes a best practices housing first, wrap-around approach, on-site services to reduce barriers, increase opportunity, and meet essential needs of homeless individuals and families in the Coachella Valley. All of Martha's work ensures that participants are eligible and quickly brought into housing by following the Housing First Model and regulations regardless of their income level, sobriety, criminal record, and history experiencing domestic violence. Specifically, an intake meeting is conducted with each client to determine the most effective assistance options. Martha's core work and programs are sensitive to client barriers, and will work to overcome them based on each individual's circumstance(s) and housing needs as described above in its outreach and engagement techniques.

As soon as it is reasonable within this Housing First model, Martha's assists clients in learning about their opportunities to select and receive assistance in obtaining employment, continued case management, education, stable housing, budgeting and life skills. Martha's case managers will assist clients with their goals when they select to participate. This will help promote a sense of autonomy, responsibility, and a sense of having control over and being able to take action to positively influence their lives.

Martha's Housing First Model quickly and successfully connects homeless individuals and families with short and mid-range lengths of stay based upon their needs. Martha's removes barriers to entry, such as sobriety, treatment, or service participation requirements as well as removing a barrier for those with related preconditions that might lead to the program participant's termination from other programs as regulated by the Housing First Model. Families are housed without prejudice to age or gender of minor children. Families are not separated due to gender or a minor child's age. Also, please note that two parent families are not divided or a single male parent is not separated from his family based on gender or are they denied entry into Martha's Emergency Housing.

Homelessness poses significant barriers for historically disadvantaged individuals and families who have resided in the Coachella Valley to regain their self-sufficiency. Martha's meets the essential needs of these individuals and communities through providing food, clothing, medical, and shelter that allows for a stable environment that promotes securing of safe affordable housing, employment, health, education and recovery. The community Martha's serves as been poverty stricken for decades with the surrounding neighborhoods living well below the poverty level.

Crucial to Martha's work is its ability to mobilize diverse partnerships between nonprofits organizations, government, and regional business for a common goal of assisting our neighbors in need. Martha's has been a leader on the Riverside County Continuum of Care, which is the largest group of homeless services providers in the County. Martha's CEO Linda Barrack has served as the Vice-Chair of the Riverside County CoC and currently chairs the Standards and Evaluation CoC committee.

The targeted services provided by Martha's meet these urgent needs and address the underlying causes of homelessness to make a life-saving and life-changing impact. Unlike any other organization in the region in size and scope, we provide homeless and impoverished individuals and families with the following essential services:

- **Emergency Housing:** Our 120-bed residential facility offers 95 beds for homeless families and 25 beds for homeless single adults.
- **Career and Education Center:** Our highly qualified staff provides job preparation, adult education, career development and job placement assistance.
- **Food Services Program:** We provide three meals a day to residents of our Residential Housing facility with an eye on nutrition.
- **Case Management:** Through individualized case plans, counseling and information and referral services, we ensure that residents successfully exit Martha's with permanent housing and income.
- **Children's Services:** Our licensed children's program provides free, high-quality childcare year-round, as well as a variety of parenting resources, such as workshops, seminars and a resource library.
- **Recovery Services:** A range of group and individual services are available to address drug, alcohol and gambling addictions. On staff is a CADAC II who offers both group and one on one sessions on site, as well as four nighttime AA, NA and CODA meetings held on site weekly.
- **Emergency Assistance:** We provide low-income community members with rental assistance, transportation assistance, food baskets, clothing vouchers and infant supplies. Cooling and warming center services.
- **Integrated Health Care:** The onsite state-licensed medical clinic operated by our partner, Health to Hope, provides free and sliding scale preventive, registration for medical coverage, primary and psychiatric care to Martha's residents and our neighbors in need.

Martha's will utilize all housing resources at its disposal, capitalizing on Martha's and our partners' experience as supportive housing providers through Countywide collaborations.

Past Achievements as they relate to this request:

Over the past three years (2014, 2015 & 2016), Martha's housing and wrap-around services have successfully assisted approximately 10,000 neighbors in need with varying shelter, nutritious meals, childcare, career and education services, emergency assistance and healthcare services based on their individual degree of need and support. Over the past three years, Martha's served over 600,000 meals to homeless and impoverished individuals. Over 90% of Martha's clients reported feeling supported and secure. Over 1,000 individuals utilized resources and tools provided by Martha's trained staff in the Resource, Career & Education Services Areas. Finally, over the past three years, 100% of homeless and impoverished families with children, residing at Martha's, received positive instruction in age appropriate facilities at no cost.

What other organizations have improved their capacity in this manner'

Housing combined with wrap-around care works to link, retain, and support in care those who need assistance with getting on a path to permanent housing. The support can take a number of combinations including providing emergency housing combined with a child-care or job training or even something which may seem minor as help taking their medications regularly, getting to their appointments on time, or coping with the psychological and emotional stresses surrounding a serious medical diagnosis. It can include transportation, emergency financial assistance, therapy, substance abuse assistance, and mental health resources. The right combination of these services for each

individual can provide stability and offer a safety net so that unexpected events do not have long-lasting negative health consequences. A couple examples of other organizations that have improved their capacity in a similar manner are Catholic Charities of St. Paul and Minneapolis, Shelter Care (Eugene, OR), and Father Joe's St. Vincent de Paul Village (San Diego, CA).

Future Program Sustainability:

Martha's is fortunate to receive public and private support to help fund our comprehensive housing and wrap-around services.

Although Martha's has a wide-array of funding sources, there are three primary funding streams. One of Martha's primary funding sources is individual donations from compassionate community members that support Martha's work. Over the past 27 years, Martha's has developed a strong, ongoing fundraising and development operations that include solicitations for donations, planned giving, public and private grants, retail/thrift stores, fundraising events, corporate support, and auto auctions. For example, on Thanksgiving Day 2016, we held our 8th Annual 5K raising \$130,000.

Second, Martha's has received public funding in various years in the form of grants from cities of Indio, Coachella, Palm Desert, Rancho Mirage, Indian Wells, La Quinta; the County of Riverside; the State of California; and the Federal Government. Martha's is diligent to keep year-round relationships with key stakeholders at various government agencies. These relationships allow Martha's to draft applications that meet the needs of the government agencies as well as the community members in need. Further, Martha's staff includes a full-time grant writer that has a law degree and 20 years of grant-writing for social service organizations.

Third, Martha's receives necessary funding from private foundations. Martha's actively pursues relationships with foundations to build effective partnerships that are able to achieve results only possible with private funding.

Martha's will continue to provide homeless and impoverished individuals and families with the highest quality services and resources by maximizing every dollar donated, raised, or granted to the organization. We will leverage all existing and potential revenue streams to develop and maintain a solid base of funding to ensure our critical services remain available to the Coachella Valley's most vulnerable individuals and families. Martha's also leverages over 20,000 community volunteer hours and over \$192,000 in in-kind gifts annually.

Results and Approach:

(What will the District get for its investment?)

Capacity – A description of current capacity and how this project/program will improve current capacity:

Martha's has demonstrated over the last 27 years its abilities to meet the needs of the homeless and impoverished community through Best Practices services. Martha's has always meet or exceeded all program goals and achieved excellence in fiscal responsibility, which is reflected in many monitoring reports.

A grant of \$186,150 for core housing operating support services will assist MVK in serving 30 individuals daily from the District/West Valley areas. The Desert Healthcare District will be a valuable contract toward our efforts to sustain the core services provided to those most at risk in the District's boundaries, while providing National evidence based practices designed to best meet the needs of

underserved homeless population. This Program will improve Martha's capacity to meet the alarming increase in emergency housing requests of District residents.

This project will strengthen the capacity of its safety-net services offered to the homeless residents within the District's boundaries requiring homeless services, which are directly aligned with the Desert Healthcare District's priorities of homelessness including facilities for homeless housing, the importance of an organization's ability to leverage matching funding sources, the policy of Housing First focusing on stable housing paired with social services, and community awareness. Martha's project will dramatically strengthen its ability to provide homeless and impoverished individual and families with core support, include emergency housing, nutritious meals, case management, children's programs, mental health and recovery services, employment and education services, and emergency assistance including clothing, rental assistance, and food baskets. Significantly, Martha's project will innovate on current models of housing by providing customized housing services that allow individuals and families a place to stay 24/7 as opposed to having to find a place to be during each day, which is the case in many Emergency Housing Models. Overall, Martha's project has a goal of providing a robust selection of housing, health services, education, and support services to empower and transform their lives with dignity.

The specific benefits and/or tangible effects to be achieved:

We expect to achieve the following goals over the program year:

- Our Emergency Housing will provide safe and secure housing to 30 homeless individuals daily, from within the District's boundaries.
- 100% of program participants will have their basic needs such as food, clothing and emergency housing met in a clean, safe and stable environment that helps clients on their paths to self-sufficiency.
- 100% of Clients will complete the HMIS enrollment and assessment process.

Milestones to be reached throughout program/project:

The first significant point in development is providing community outreach to stakeholders and partners that serve the District's boundaries. Martha's has community outreach team in place that will allow Martha's to expediently identify meetings and contacts that will most effectively communicate Martha's ability to serve the Western Coachella Valley.

The second significant point in development would be to provide housing and wrap-around services utilizing Housing First and best practices to serve those most in need in the Western Coachella Valley within the District's boundaries.

The third significant point in development is having Martha's leadership collect feedback and data on the impact of what is working and what is not working. This step is critical because it allows Martha's to leverage its experience providing housing and services in Coachella Valley through its implementation of the Housing First Model and its best practices.

The fourth significant point in development would be utilizing Martha's data and surveys to analyze the success of the program. Martha's leadership would utilize this data and information to inform strategic planning and day-to-day decisions.

Cost Implications – if there are increased costs associated with this project/program, how they are to be covered:

Martha's Housing and Wrap-Around Services have developed a diverse funding portfolio over the past three decades. These funding sources include individual donations, private foundation grants, government (city, county, state, and federal) grants, enterprise revenue, Thrift Store revenues, donated auto sales and event fundraising. Martha's experience managing grants ranging in size from \$500 to over \$2,000,000 has provided us the financial tools to create plans that allow for unexpected financial costs, and the never ending plight of flat funding and changing funding. There is no denying the stress being placed on Martha's by the high extremely demand of the homeless in the Western region of the Valley seeking safety and services.

A \$186,150 grant supports Martha's in serving 30 individuals from within the DHCD Boundaries. This breaks down to a cost of \$17 per day to the District for housing and wrap-around services per person per day, which results in 10,950 days of housing and services annually.

Organizational change required to successfully implement the project/program:

Martha's program proposes to offer the homeless residents within the District's boundaries a level of service and resources that is customized to meet the needs of the region's homeless individuals and families.

Any need for staffing changes will be reviewed after the first 30 days, and will be on going to insure the highest quality of services.

Martha's is uniquely positioned to provide these services and resources utilizing its almost three decades of experience in assisting those in need.

Line Item Budget - Sheet 1 Operational Costs

Approved budgets are the basis for reporting all grant expenditures. Line items may not be added or changed without grant amendment. Prior authorization is required for transferring funds (<10%) between existing line items. Describe budget narrative in cell B38. You may insert rows or create additional worksheets if more space is needed to fully describe your budget.

PROGRAM OPERATIONS		Total Program Budget	Funds from Other Sources Detail on sheet 3	Amount Requested from DHCD
Total Labor Costs	Detail on sheet 2	753,124		
Equipment (itemize)				
1	Computer Equipment	4,600		
2	Miscellaneous Small Equipment	4,673		
3	Leased Equipment	6,500		
4	Misc Furniture (bed frames, mattresses, lamp	8,800		
Supplies (itemize)				
1	Medical Supplies	750		
2	Office Supplies	6,000		
3	Operating Supplies	8,766		
4	Dining Room Supplies	4,000		
5	Cleaning Supplies	8,296		
6	Hygiene Supplies	4,000		
7	Infant Supplies	4,000		
8	Food	86,174		
Printing/Duplication		750		
Mailing/Postage/Delivery		800		
Travel		7,320		
Education/Training		450		
Facilities (Detail)				
Office/Rent/Mortgage		120,000		
Meeting Room Rental		400		
Telephone/Fax/Internet		2,600		
Utilities		87,084		
Insurance		15,309		
Maintenance/Janitorial		42,804		
Other Facility costs (itemize)				
1	Pest Control, landscaping, trash ,contract services	14,475		
2	Licenses & Fees	150		
3	Vehicle Expenses	16,000		
4	Security Services	14,954		
Other Program Costs not described above (itemize)				
1	Employee Recruitment & Screening	3,196		
2	Administrative Costs	113,551		
3	Misc (Vouchers, Advertising, Publications,	11,183		
4	Direct West Valley Client Cost Reimbursement			186,150
Total Program Budget		1,350,709	1,164,559	186,150

Line Item Budget - Sheet 1 Operational Costs

Budget Narrative	<p>Fully describe items above in this cell (B38)</p> <p>Average per client daily cost for full emergency housing services is \$27.00. Our request to DHCH is for \$17.00 which is a portion of the average daily per client of the budgeted expenses to provide full emergency housing services. We anticipate serving 30 clients daily resulting in 10,950 (30 X 365 = 10,950) days of service for thirty homeless individuals originating from within DHCD boundaries.</p>
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**Line Item Budget
Sheet 2 - Labor Costs**

Staff Salaries			% of Time Allocated to Program	Actual Program Salary	Amount of Salary Paid by DHCD Grant
Employee Position/Title		Annual Salary			
1	Program Staff Salaries	753,124			
2				-	-
3				-	-
4				-	-
5				-	-
6				-	-
7				-	-
8				-	-
<i>Enter this amount in Section 1, Employee Salaries</i>				Total >	-
Budget Narrative	Fully describe costs listed above in this cell (B12). All salary costs are for Direct Housing Program Staff with full benefits.				
Consultants/Contractors			Hours/ Week	Monthly Fee	Amount of Salary Paid by DHCD Grant
Consultant/Contractor Name		Hourly Rate			
1					
2					
3					
4					
5					
6					
7					
8					
<i>Enter this amount in Section 1, Professional Services/Consultants</i>				Total >	0
Budget Narrative	Fully describe costs listed above in this cell (B24).				

Line Item Budget - Other Program Funds

Funding for this program received from other sources		Amount
Fees		
Donations		235,820
Grants (List Organizations)		
1	ESG State of CA	200,000
2	CACAFP State of CA	65,739
3	United Way	38,000
4	Doyle Foundation	75,000
5	City of Palm Desert	20,000
6	Wells Fargo	25,000
7	EFSP	30,000
8	US Bank	10,000
9	Indian Wells	20,000
10	Desert Classic Charities	10,000
11	S.L. Gimble	10,000
12	Riverside County Supervisor's CID	15,000
13	Lennar	10,000
14	Cty of La Quinta	100,000
Fundraising (describe nature of fundraiser)		
	Annual 5K	130,000
Other Income, e.g., bequests, membership dues, in-kind services, investment income, fees from other agencies, etc. (Itemize)		
1	Donated Auto Sales	85,000
2	Community Foundation Annual Endowment	55,000
3	Thrift Store Revenue	30,000
4		
Total funding in addition to DHCD request		1,164,559

Line Item Budget - Other Program Funds

Budget Narrative	<p>Fully describe program income listed above in this cell (B19). Note whether income is "projected" or actual.</p> <p>All numbers are actual awarded or historically awarded and fundraised amounts. Martha's historically raises between 1.0 Million to 1.2 million annually.</p> <p>Pending award - City of La Quinta - S.L. Gimble</p>
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EXHIBIT B

PAYMENT SCHEDULES, REQUIREMENTS & DELIVERABLES

<u>Project Title</u>	<u>Start/End</u>
Health In Housing: Emergency Housing with Wrap-Around Services	01/1/2018 12/31/2018

PAYMENTS:

(2) Payments: \$83,767.50
 10% Retention: \$18,615.00

Total request amount: \$186,150.00

Scheduled Date	Grant Requirements for Payment	Payment
01/01/2018	Signed Agreement.	Advance of \$83,767.50 for time period 01/01/2018 - 6/30/2018
7/01/2018	1 st six-month (01/01/2018 - 6/30/2018) progress and budget reports submitted & accepted.	Advance of \$83,767.50 for time period 7/01/2018 - 12/31/2018
01/01/2019	2 nd six-month (7/01/2018 - 12/31/2018) progress and budget reports submitted & accepted.	\$0
01/31/2019	Final report (01/01/2018 - 12/31/2018) and final budget submitted and accepted.	\$18,615.00 (10% retention)

TOTAL GRANT AMOUNT: \$186,150.00

DELIVERABLES:

- Our Emergency Housing will provide safe and secure housing to 30 homeless individuals daily, from within the District’s boundaries.
- 100% of program participants will have their basic needs such as food, clothing and emergency housing met in a clean, safe and stable environment that helps clients on their paths to self-sufficiency.
- 100% of Clients will complete the HMIS enrollment and assessment process.



Date: November 28, 2017

To: BOARD OF DIRECTORS

Subject: RESOURCES AND PHILANTHROPY PROGRAM

Community Health Focus Area: HEALTHY EATING/ACTIVE LIVING

GRANT REQUEST: Grant #953 FIND Food Bank - Project Title: *Project Produce* – \$387,060

STAFF recommendation: that an award of \$387,068 be approved to FIND Food Bank to deliver fresh produce and outreach/case management services to Coachella Valley food insecure and hungry clients.

USE OF DISTRICT FUNDS:

- Funding to procure and transport fresh produce, including an expansion of school-based farmers markets in schools with high levels of Free/Reduced-Price Meal Program eligibility and otherwise limited nutrition-assistance resources; DHCD funding will be leveraged to obtain additional supportive resources.
- Establishing a strategic, funding continuation plan with our partner agencies that is mutually beneficial to FIND and our partners (within the DHCD radius of service and beyond)
- Offering CalFresh and Medi-Cal outreach and case management, both directly and in partnership with other community-based organizations to increase CalFresh participation and the resulting economic benefit
- Program funding to share (and eventually track) the resources food-insecure residents need and access, by both traditional and non-traditional paths. Ancillary resources and important information to share with low-income households related to food insecurity and other challenges include the basics of household budgeting, meal planning, and financial literacy; this provides a foundation for greater household stability (with and without need for emergency or supplemental nutrition assistance).

Grant Request Summary

FIND Food Bank, Grant #953

Tel: (760) 775-3663
 Fax: (760) 775-0252
 P.O. Box 10080
 Indio, CA 92202
 www.findfoodbank.com

Contact:

Lisa Houston
 Tel: (760) 775-3663 ext. 110
 Fax: (760) 775-0252
 lhouston@findfoodbank.org

Historical (approved Requests)

Grant Year	Project Title	Grant Amount	Type	Disposition Date	Fund
2000	purchase a cargo van	\$25,000	Grant	10/17/2000	Grant budget
2003	Hunger's Hope for the Coachella Valley	\$40,000	Grant	11/18/2003	Grant budget
2007	Capital Fund Raising Campaign	\$1,700,000	Grant	9/25/2007	Grant budget
2007	SUMMER FOOD PROGRAM	\$2,500	Grant	6/18/2008	Grant budget
2008	Desert Kids Summer Food Program	\$5,000	Food Assistance	4/8/2009	
2009	Emergency Food Distribution	\$5,000	Food Assistance	2/9/2010	Grant budget
2009	Desert Childrens Summer Feeding Program	\$5,000	Food Assistance	6/1/2010	Grant budget
2010	Healthy Alternative Initiative in conjunction with Hunger Action Month	\$5,000	Food Assistance	11/8/2010	Grant budget

2011	Maintain distribution of healthy emergency food to underserved District residents to promote healthy eating and determine feasibility of administering a pilot food assistance program in partnership with DHCD to enhance District food grant efforts.	\$72,763	Achievement Building	7/26/2011	Grant budget
2012	Food Assistance Transition Plan	\$47,310	Food Assistance	10/23/2012	
2012	Project Produce 2013-16	\$543,288	Grant	1/11/2013	Grant budget
2012	Food-Assistance Research & Pilot Project: Considering Local Market Conversions, Mobile Farmers' Markets, and Other Models to Increase Access to Healthy, Affordable Food in Food-Insecure Areas	\$38,938	Grant	6/25/2013	Grant budget
2013		\$159,923	Foundation	10/17/2013	Grant budget
2013	Year 2 Project Produce 2013-16	\$530,000	Achievement Building	1/28/2014	Grant budget
2014	Year 3, Project Produce 2013-	\$635,775	Achievement Building	4/28/2015	Grant budget

	16				
2015	From Hunger to Health	\$390,151	Achievement Building	6/28/2016	Grant budget

About the Organization

Organization Type: Direct Service Provider\Medical

Background:

Founded in 1983 in Cathedral City, California, Food in Need of Distribution, Inc. (FIND) was established to feed hungry people in the Coachella Valley. In the 34+ years since our founding, FIND has grown in scope and resources, including a move to a 36,000-sq-ft facility that includes our warehouse operations and administrative offices. We have a staff of 28 full- and part-time employees and more than 4,500 volunteers who committed 15,551 hours of service in fiscal year 2016-17.

As Coachella Valley's regional food bank, FIND partners with more than 100 social-service and community-based agencies throughout eastern Riverside and southern San Bernardino Counties to provide emergency and supplemental food assistance, outreach programming, and case management for residents across our service area. As food-insecurity levels persist, FIND expects to distribute more than 10 million pounds of food assistance in 2017; of that total, 5+ million pounds will be in the form of fresh fruits and vegetables, as FIND and our local stakeholders reinforce our commitment to health food banking.

FIND's mission is to mobilize the resources of its community through education and awareness to relieve hunger, the causes of hunger, and the problems associated with hunger.

FIND's vision is to create a community where citizens of the Coachella Valley and adjacent rural areas are free of food-insecurity and hunger. This is accomplished by educating clients about alternative healthy food choices and informing them of various programs available to them to help alleviate our upward spiral of demand for food assistance. FIND envisions food-insecure clients obtaining nourishing food through channels that are not solely dependent on private sources, where FIND clients can work toward greater self-sufficiency while mindful of healthy choices.

One of the key roles we serve in the community that of gatherer to share with others also represents one of our most significant accomplishments in recent years: leveraging vital, limited resources for the benefit of those responding to and experiencing food insecurity. We leverage not only funds, but also food donations, outreach/case management programming, and volunteer time in support of our 100+ agency partners across the Valley, a network that serves an average 84,000 people each month.

Our signature partnership with DHCD, Project Produce, was at one time a bold risk some FIND partners were slow to embrace; it is now our healthy food-banking guidepost, representing our commitment to offering 50+% of food assistance annually as fresh produce. The commitment to fresh produce not only offered the best nutritional bang for the buck when we took that approach, it served as a tipping point, making something that seemed previously unattainable healthy food banking enticingly within reach, allowing us time to focus the necessary resources on increasing the quality and quantity of healthy fresh-rescue/retail donations and other sources of nutritious food. Currently, 75% of food assistance distributed across FIND's network is considered to be nutritious (including proteins, dairy, and grains), which is a high-water mark for our local network.

A final example of a dual role/accomplishment? that reflects FIND Food Bank's level of engagement on issues related to food security, health, and nutrition is our inclusion at the collective table of many community-focused discussions and efforts addressing such topics.

Proposal

Type of Request: Hunger relief & food insecurity\Food assistance & distribution
Strategic Plan Link: GOAL#2: Facilitate access to and availability of health and wellness services for District Residents

Project Title: Project Produce

Total Project Cost: \$896,452
Requested from DHCD: \$387,068
Length of Project: 12 months
Start Date: 12/1/2017
End Date: 11/30/2018

Project Description:

FIND proposes to distribute more than 5 million pounds of fresh produce to food-insecure and hungry clients across the Coachella Valley in 2017-18 as part of our regional food bank programming. This work continues from previous years, strengthening not only FIND Food Bank programming, but also the household stability of residents facing food insecurity. The DHCD funding we seek will support a portion of direct program expenses for our fresh-produce distribution and our outreach/case management work in support of District residents, including growing partnerships with other like-minded community-based organizations:

- 1) Funding to procure and transport fresh produce, including an expansion of school-based farmers markets in schools with high levels of Free/Reduced-Price Meal Program eligibility and otherwise limited nutrition-assistance resources; DHCD funding will be leveraged to obtain additional supportive resources.
 - Challenge: FIND is required to make annual commitment to the CA Association of Food Banks (currently 2.5M lbs via our membership and participation in Farm to Family Program); doing so requires a major allocation of FIND resources; we are not able to pull out of these agreements easily, as 5 other regional food banks are involved in these advance, annual CAFB commitments.
 - Opportunity: Predictable, consistent access to 2.5M lbs of high-quality fresh produce (FP), which means logistics can be handled ahead of time (increases efficiency, aids in resource planning) and helps us maintain high food-safety standards; we leverage this resource against the unpredictability and quality challenges of relying on fresh-produce donations from retailers/growers/brokers; we need both CAFB and fresh-rescue donations to get to 5M+ lbs of fresh produce annually.
 - Opportunity: We leverage DHCD fresh-produce grant funding in developing, funding, and implementing the resources needed for food-bank programming, such as Kids Summer Club, school-based farmers markets, and gap-site distributions. An important benefit of this programming is the exposure and access children gain to a variety of fresh produce, some familiar, some not, all of which helps build a taste for healthy food as children take greater responsibility for and interest in their own nutrition. We are able to secure additional grant funding that helps support these programs by demonstrating DHCD's grant support, thereby extending the reach of the District's resources.

2) Establishing a strategic, funding continuation plan with our partner agencies that is mutually beneficial to FIND and our partners (within the DHCD radius of service and beyond)

- Challenge: Going back to 2012, despite their appreciation for access to so much fresh produce, FIND's agency partners have consistently expressed concern about the resource responsibility of handling so much perishable product in their respective operations, including the financial and storage/food-safety commitments (i.e. adequate refrigerated space). This is all the more true when budgets run lean; agencies don't want to give up access to fresh produce, but they can't afford to pay for it themselves. FIND has reported to DHCD extensively on discussions with partner agencies on the subject of taking on greater financial responsibility for the quantities of fresh produce they are accessing. Despite these previous discussions and extensive reporting, as recently as July 2017, FIND's partners expressed concern at our quarterly meeting that this subject was being sprung on them, that many were challenged to pay even the small delivery fees being asked of them, and in general, they were unable to pay a greater portion of the expense to offer their clients continued access to steady supply of fresh fruits and vegetables via their respective food-assistance distributions.
- Opportunity: We believe there simply has to be a way to create a mechanism for greater participation by FIND's agency partners in securing the resources needed to continue offering fresh produce as a mainstay of local food assistance; with District support, we would like to continue exploring options that can get us closer to this mutual goal. Can we work more like a co-op, building on our strength in numbers, perhaps transitioning from traditional shared maintenance? fees paid by FIND's agency partners (on non-produce items such as meat, eggs, dairy) to a per pound amount for fresh produce that nets a similar/greater total? There are several factors and approaches to consider; our goal is to create an agency advisory group that explores this opportunity given what we've learned so far and the persistent need to secure the resources for our mutual commitment to healthy food banking (first mention of such a group was shared at Oct. 2017 agency partner meeting at FIND).
- Opportunity: Identify ways to mutually support FIND and our partners to maintain continuous access to fresh produce (representing 50+% of all food assistance distributed), as part of DHCD's Community Health and Wellness strategic priority: Implement targeted initiatives that address the social determinants of health, promote nutrition and healthy lifestyles, and/or treat diabetes and obesity in our communities.

3) Offering CalFresh and Medi-Cal outreach and case management, both directly and in partnership with other community-based organizations to increase CalFresh participation and the resulting economic benefit

- Challenge: The majority of people served by FIND and our local network are: (a) seniors on fixed incomes, often facing multiple health issues; (b) children, often of (c) working-class families who may just barely qualify for social-safety net programs, but may not be aware due to their work status; working-class families living just ABOVE the line to qualify for different benefits they often struggle to make painful financial decisions each month on what to pay for and what has to wait (basically living one paycheck away from disaster)
- Opportunity: Through FIND outreach and case management, people are educated about resources they can access currently (and in the future, if needed); increases access to financial resources for individual households, as well as economic benefit to community; the result is that DHCD and other resources are leveraged in multiple directions for the greatest benefit possible.
- Opportunity: Amidst current environment of vulnerability may low-income families are experiencing, outreach information and relationship-building is all the more critical; people have become overly skeptical when we work to counter the myths and misinformation that abounds in this current environment, some even choosing to withdraw from needed safety-net programs

altogether rather than risk any trackable association coming back to them ? this makes outreach work even harder and requires more diligence and continuity than ever.

- Opportunity: DHCD grant funding is used to leverage state funding for FIND's CalFresh outreach and case management program, which is an external resource FIND couldn't otherwise access and that would not otherwise have a local economic impact
- Opportunity: Leveraging the value of CV-HIP to our team in meeting both current and future client needs, connecting them to needed resources, as referenced in Strategy 3.5 of DHCD strategic plan related to Community Health and Wellness: Resident Linkage to Services: Connect residents to health and wellness services in the community through active support of CV-HIP and other community education and engagement.

4) Program funding to share (and eventually track) the resources food-insecure residents need and access, by both traditional and non-traditional paths. Ancillary resources and important information to share with low-income households related to food insecurity and other challenges include the basics of household budgeting, meal planning, and financial literacy; this provides a foundation for greater household stability (with and without need for emergency or supplemental nutrition assistance).

- Challenge: In short, people don't know what they don't know. FIND's outreach and case management team does a great job of reaching into far corners of the Coachella Valley to educate residents and make information and resources available to people; in this process, our team often sees/hears about some of the creative trade-offs people use to make ends meet unfortunately, some of those trade-offs that seem to have a short-term gain set people up for longer-term health and financial consequences than they may be aware; we've also learned about some smart, strategic ways people find to save limited resources that can and should be shared with others facing similar circumstances.
- Opportunity: There is value in info sharing and networking with other CBOs that have identified these same challenges among the clients they serve; we can leverage DHCD resources through outreach and case management but partnering with other programs working with similar/same clients, i.e. who else can we work with in the community to build access to healthy food into the lives of those they serve; instead of FIND trying to do it all, we are looking for partners doing similar work numbers may be small in the beginning, but can be tracked/ measured to take to scale under the right circumstances.
- Challenge: Services across the community have grown post-Recession, in response to emerging needs, yet there is still no system in place to track/identify which services accessed by whom; FIND relies on self-reported numbers from agencies and our own distributions, numbers that are mutually supported by ACS/poverty, unemployment, and common-sense info, but still remains an estimate (albeit a close one).
- Opportunity: CV-HIP or similar software can help us better track across ERC service area to establish better understanding of those accessing/receiving services; w/this knowledge, we would better understand challenges community is facing, different points in time, i.e. trends, industry; w/better understanding of services needed will help us develop ways to track/measure impact
- Opportunity: FIND leadership and staff participate in all manner of community action work, groups, and initiatives, all with the goal of finding ways to connect to and/or leverage resources that help our clients navigate the tangled web of challenges they face; examples of such groups include One Coachella Valley, collective action networks related to food insecurity, and faith- and community-based organizations/groups whose services/resources are of interest/importance to people facing food insecurity and other challenges.

Number of District individuals with this issue:
41,676

Core know-how as it pertains to this request:

FIND has been serving the Coachella Valley for 34 years. In recent years, FIND's Board and leadership have been successful in supporting increasingly proactive outcomes to challenge the state of local hunger and food insecurity.

FIND is a member of the California Association of Food Banks (CAFB); our CEO currently serves on their Board of Directors. CAFB's Farm to Family program enables FIND to access a variety of fresh produce, direct from growers and brokers, for pennies on the dollar. FIND is also a member of Feeding America, which allows FIND to partner with national grocers to secure food-industry and retail donations, and requires we adhere to the highest food-safety standards. These credentials guarantee FIND's partner agencies access to nutritionally balanced foods year-round. This is critical for agencies that do not have resources to purchase and warehouse fresh food when specific product costs are lower and opportunities to procure are available.

For the last 4 fiscal years, FIND has been serving as fresh-produce central for our local food-assistance network, handling, storing, and transporting 5 - 6 million pounds of fresh produce annually on behalf of our own distributions and those of our 100+ partner agencies, serving an average 85,000 people monthly, in total. Taking on this role has allowed our local food-assistance distribution network to maintain a strong focus on offering the healthiest food possible to those seeking emergency and supplemental resources, investing in not only the immediate, but also the longer-term, health and wellness of individuals and communities alike.

Past Achievements as they relate to this request:

Looking back over the last 3 years, 2015 through 2017, FIND Food Bank has:

- Supported distribution of 10 - 11 million pounds of food assistance at annually, with more than 50% as fresh produce, to an average 85,000 people each month
- During FY2016-17, FIND Food Bank leveraged our DHCD grant commitment of \$391,000 to secure an additional \$578,000 in resources for our service area (and an additional 2.98M lbs of fresh produce on top of 2.5M lbs grant-funded by DHCD), including funds from foundations that are new to, or rarely fund in, the Coachella Valley (Weingart Foundation, S. Mark Taper Foundation, Richard Brooke Foundation, Enterprise Rent-a-Car Foundation)
- During FY1617, FIND's CalFresh Outreach and Case Management team assisted more than 3,000 individuals/families in applying for CalFresh and/or Medi-Cal benefits, resulting in \$12M in local economic impact that also benefits the community as a whole
- FIND achieved our first-ever AIB Certification recognizing our warehouse operation for maintaining the highest food-safety standards in the industry.
- FIND has been successful in securing diverse funding to develop and implement programs that complement and advance our mission, including our Kids' Summer Club, Outreach and Case Management, and Mobile Pantry Truck. We have also been pursuing and building partnerships that encourage cross-sector collaboration as we tackle the complex underpinnings of lives lived in poverty, from food insecurity and rent burden, to limited economic, affordable housing, and transportation resources.

Future Program Sustainability: The imperative to sustain resources and programming that support the procurement, processing, storage, transportation, and distribution of millions of pounds of fresh produce and other forms of emergency and supplemental food assistance to local residents facing hunger and food insecurity is indeed urgent and requires more than a single strategy. For so many residents living lives with varying levels of food insecurity, food is not only fuel, it is MEDICINE. Our

imperative, therefore, is to make sure we have enough food for all those who call our desert communities home, combining and leveraging resources as needed.

One of the things we sought to understand from our food-assistance distribution partners over the past year is whether THEY want the program to continue; the reply was a resounding YES, but the reality that fresh produce cannot continue to be made available for FREE to our local network indefinitely was received with great concern/resistance by our partner agencies, saying they simply do not have the resources in the foreseeable future. In order to bridge this sensitive, but substantial, subject, FIND has implemented a minor delivery fee (\$50 - \$200) to begin a cost-sharing arrangement for continued access to a bounty of fresh produce.

FIND's CalFresh/Medi-Cal outreach and case management program continue to be part of our local sustainability equation. Our program connects individuals and families to additional economic resources that enhance household sustainability; we also educate clients on how to make the best use of their CalFresh benefits, including purchasing healthy food and fresh produce to feed their families. The initial outcome of these outreach efforts is to keep a majority of CalFresh beneficiaries out of area food lines. In 2016, FIND's CalFresh outreach efforts resulted in more than \$12 million in local economic benefit that came from connecting 3,000+ additional households to supplemental food assistance resources (economists use calculation of \$1.79 in local economic benefit for every \$1 in CalFresh benefits received); that means job retention and creation that also sustain our local economy.

Fundraising: FIND will continue to seek grants and other resources to assist with project-specific programming (i.e. Kids Summer Club, Mobile Pantry, Senior Farmers Markets) or other elements of our work, such as securing private support for gap-based distributions. The bottom line is this: providing an abundance of fresh produce to food-insecure clients may never be a self-sustaining program, but the outreach work FIND does to connect people to resources that help alleviate food insecurity is certainly an investment in community sustainability.

Participants:

(Description of District Residents who will benefit.)

Participant Number (District Residents):	41,676
Area to be served:	All District Areas
Participant age group(s):	All Ages
Participant community:	The population FIND Food Bank will be serving with this grant funding opportunity includes people from all walks of life the thing they have in common is that they can't always make ends meet and can use help meeting their basic needs, including getting enough to eat. The majority of people served by FIND's regional food-assistance network are children and seniors (66%, combined), often sharing multi-generational households where at least one person works; the working poor (29%) and homeless/homebound individuals (5%) represent other populations we serve.

We will continue to target and serve this population, all of whom are considered to be extremely-low, very-low, and low-income individuals and families.

Does this program serve residents outside the District Boundaries? If so, approximately how many and in what Coachella Valley cities?

Yes, this grant request will serve residents in/outside DHCD boundaries, as well as those within the District; FIND anticipates serving 41,676 residents within District boundaries.

Results:

Specific benefits or tangible effects to be achieved:

FIND Food Bank proposes to distribute more than 5 million pounds of fresh produce to food-insecure and hungry clients across the Coachella Valley in 2017-18. This proactive approach to improving area residents' health and well-being enables FIND to enhance its current position as eastern Riverside County's hub for nutritious food distribution and leadership in promoting healthy-eating, active-living lifestyles.

(a) Maintaining distribution of a minimum of 2.5M pounds of fresh fruits and vegetables offered to hungry and food-insecure clients (which equals 50% or greater of food assistance offered) served by FIND's agency partners across the Coachella Valley (including within DHCD boundaries), all of whom are at increased risk for negative health outcomes due to poor diet;

(b) Connecting 1,000 DHCD families/households in need of food assistance to nutrition and health resources to better meet their needs and increase individual household sustainability through our CalFresh/Medi-Cal outreach, case management, and nutrition education work, resulting in significant local economic benefit;

(c) Leveraging DHCD grant funding to bring additional resources to bear for District residents (FIND will secure a dollar-for-dollar/100% match, at minimum, for DHCD grant funding)

(d) Participating in a strategic planning process in coordination with DHCD's Nutrition Education & Obesity Prevention Program (NEOP) that highlights ways in which FIND Food Bank can partner with existing organizations in non-traditional ways in which fresh produce (or other nutrition resources) can be part of programming. We will look for a specific opportunity to pilot such an approach with a local partner during this 12-month grant cycle.

Project Tracking:

Measurements to be used throughout project:

FIND proposes the following milestones to track our utilization of DHCD grant funding, Dec. 2017 - Nov. 2018:

? Quarterly distribution of fresh produce toward annual goal of 2.5 million pounds within District (plus another 2.5 million pounds beyond District service area = 5 million pounds fresh produce)

? By the second quarter, identify and engage a cohort of FIND's agency partners that will speak on behalf of the larger group RE: the value of fresh produce (as significant proportion of food assistance) distributed to clients they serve

? Quarterly engagement in CalFresh/Medi-Cal outreach and case management work in support of District residents, toward annual goal of assisting 1,000 District families/households in accessing needed resources

? By the third quarter, identify (and report to DHCD) potential software that could be implemented to track the programs/resources clients access across our service area (including potential costs, opportunities, and challenges)

? Each quarter, engage in relationship development and planning meetings/opportunities with non-traditional community partners serving clients who may also be experiencing food insecurity, i.e. cancer patients or those living with long-term disabilities. For example, Volunteers in Medicine and FIND will be meeting in the near future to discuss the potential to offer select clinic patients access to diet-specific food assistance, i.e. low-sugar, low-sodium for diabetes patients. And we recently began a new partnership with Borrego Health Clinics, wherein they are assisting clinic patients in applying for CalFresh benefits and discussing nutrition as a matter of health.

If there are unanticipated costs associated with this service or program, how will they be covered?

FIND Food Bank leadership has developed a multi-year budget that reflects the growth and expense anticipated in continuing Project Produce, to the best of our knowledge. We feel confident in the numbers we have prepared for this proposal and feel strongly we are well positioned to implement the project described herein, including our assessment of impending expenses based not only on our experience but also on educated decisions. We will return to DHCD for guidance regarding any significant, unforeseen expenses associated with this funding request, up to and including a formal request to change the line-item expenses of the project budget, if necessary. Any increased costs we experience would have to be significant before we would take such a step, however. FIND Food Bank will continue to seek additional funding partners for this large-scale project, including soliciting needed resources for unanticipated program expenses, if necessary.

Describe any critical changes to the organization, policy or staffing that are required to successfully implement this service or program. Will there be additional staff hired?

No organizational change is required at this time on the part of FIND Food Bank in support of this grant request. We will, however, continue to be as flexible and nimble as possible in being responsive to community needs and initiatives related to hunger and food security.

Key partners and their roles:

FIND Food Bank relies on several partners to bring our commitment to fresh produce to fruition each year, including:

? FIND Food Bank's agency partners, both within and beyond DHCD boundaries, that are on the front lines fighting hunger and responding to client needs

? Hidden Harvest is FIND's connection to excess local produce (in season, when available)

? CA Association of Food Banks' Farm to Family Program? is our primary source of consistent, quality fresh produce; FTF allows FIND unmatched access to a bounty of fresh produce from up and down the west coast

? Feeding America is FIND's connection to national retail donors and grantors specifically interested in fighting hunger and food insecurity

? VOLUNTEERS: People willing to donate thousands of hours of personal and family time to volunteer at FIND are an integral part of our local equation, inspecting, sorting, and packing fresh produce donations that go on to regional food-assistance distributions

Line Item Budget - Sheet 1 Operational Costs

Approved budgets are the basis for reporting all grant expenditures. Line items may not be added or changed without grant amendment. Prior authorization is required for transferring funds (<10%) between existing line items. Describe budget narrative in cell B38. You may insert rows or create additional worksheets if more space is needed to fully describe your budget.

PROGRAM OPERATIONS		Total Program Budget	Funds from Other Sources Detail on sheet 3	Amount Requested from DHCD
Total Labor Costs	Detail on sheet 2	\$ 317,555.55		\$ 150,665.18
Equipment (itemize)				
1		0		
2		0		
3		0		
4		0		
Supplies (itemize)				
1	Produce and Shipping	\$ 403,509.00		\$ 201,754.50
2	Supplies	\$ 20,410.00		\$ 10,205.00
3				
4		0		
Printing/Duplication		0		
Mailing/Postage/Delivery		0		
Travel		0		
Education/Training		0		
Facilities (Detail)				
	Office/Rent/Mortgage	\$ 50,781.50		
	Meeting Room Rental	\$ -		
	Telephone/Fax/Internet	\$ 4,200.00		
	Utilities	\$ 33,000.00		\$ 8,250.00
	Insurance	\$18,293.50		
	Maintenance/Janitorial / Repair	\$ 13,386.00		
Other Facility costs (itemize)				
1	CAFB - F2F Fees	\$ 11,000.00		\$ 4,950.00
2	FIND Transportation	\$ 24,009.50		\$ 7,202.85
3		0		
4		0		
Other Program Costs not described above (itemize)				
1	Office supplies / phone/ wireless	\$ 11,543.50		\$ 4,040.23
2	Mileage Reimbursement for Outreach	\$ 9,463.50		
3				
4		0		
Total Program Budget		\$ 917,152.05	\$ -	\$ 387,067.76

Line Item Budget - Sheet 1 Operational Costs

Budget Narrative	<p>All line-item expenses are pro-rated in “Amount Requested from DHCD” to reflect portion of grant funding allocated to District-specific programming; amount is based on past consumption of all fresh produce over the last 12-month cycle, which represents nearly 50% of total distributed w/in DHCD. “Supply” line item covers expense to procure 5+ million pounds of fresh produce from all sources. “Utility” line item covers the cost to operate our commercial-size, walk-in cooling and freezing units; this expense reflects fresh produce to all distribution points, minus percentage to cover office-space utilities (and pro-rated for DHCD request/area). “Transportation” line item covers the increase and continued expense of delivery to partnering agencies and on-site distributions. FIND's partnering agencies are being asked to cover a portion of our delivery costs as part of the effort to have them bear a greater portion of the expense to access such quantities of fresh produce to distribute to their clients.</p>
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**Line Item Budget
Sheet 2 - Labor Costs**

Staff Salaries			% of Time Allocated to Program	Actual Program Salary	Amount of Salary Paid by DHCD Grant
Employee Position/Title	Annual Salary				
1	Agency Capacity / Relations	\$ 33,280.00	50%	\$ 16,640.00	\$ 16,200.00
2	Transportation Lead	\$ 37,440.00	25%	\$ 9,360.00	\$ 9,360.00
3	Warehouse Manager	\$ 55,000.00	45%	\$ 24,750.00	\$ 12,375.00
4	Inventory Control	\$ 32,760.00	50%	\$ 16,380.00	\$ 8,190.00
5	Agency Rep - warehouse	\$ 28,080.00	50%	\$ 14,040.00	\$ 7,020.00
6	Warehouse Operator	\$ 29,120.00	50%	\$ 14,560.00	\$ 7,280.00
7	Mobile Pantry Driver	\$ 30,160.00	50%	\$ 15,080.00	\$ 7,540.00
8	Delivery Driver	\$ 30,160.00	50%	\$ 15,080.00	\$ 7,540.00
9	Developer of Food Resources an	\$ 47,513.00	25%	\$ 11,878.25	\$ 5,939.13
10	Dir. of Community Relations	\$ 85,000.00	35%	\$ 29,750.00	\$ 14,875.00
11	CEO	\$ 133,000.00	0%	\$ -	\$ -
12	Director of Programs	\$ 61,100.00	20%	\$ 12,220.00	\$ 6,110.00
13	Outreach Team	\$ 129,260.00	50%	\$ 64,630.00	\$ 22,620.50
14		\$ -		\$ -	
15	Benefits	\$ 146,374.60	50%	\$ 73,187.30	\$ 25,615.56
<i>Enter this amount in Section 1, Employee Salaries</i>				Total >	\$ 150,665.18

Line Item Budget
Sheet 2 - Labor Costs

Budget Narrative	<p>All line-item expenses are pro-rated in "Amount Requested from DHCD" to reflect portion allocated to District-specific programming. Due to the nature of FIND's total programming efforts (outreach plus food distribution), we are including combined, pro-rated labor expenses for the following personnel, as they complement our longer-term strategic plans to encourage greater sustainability among our agency partners that serve clients within DHCD boundaries:</p> <p>Fresh-produce procurement, receiving, handling, and transportation for portion of food-assistance distribution that happens within established DHCD boundaries, including Transportation Lead, who oversees all fleet operations and performs all analytical work to finalize the correct balance between purchase and donated product, along with all logistical efficiencies of pick-ups / deliveries.</p> <p>Agency Capacity/Relations will be working with agency partners operating within DHCD boundaries to increase their capacity to serve healthy fresh produce and to use all information gathered to assist.</p> <p>Warehouse Manager oversees the daily operations of order receiving/pulling and delivery to agency locations. He also handles all acquisition of fresh produce through the CAFB F2F program.</p> <p>Inventory Control/Agency Rep work to both handle donation deliveries and agency one-on-one orders, as well as all online-order processing. Warehouse Operator, Mobile Pantry Driver and Delivery Driver as needed when product quantities/weights require use of pallet jacks/fork lifts and truck lift gates. (<i>Note: The scale and logistics of pick-ups/deliveries has changed/increased dramatically in the past 3 years.</i>) Developer of Food Resources will work with our local area retail donors to increase the access to higher quality products to meet the 2.5 million pounds matched produce along beside other highly nutritious products such as; dairy, protein and eggs. Director of Programs will be working with both the CalFresh outreach team and Agency Capacity/Relations staff to expand our service reach to engage other CBOs to assist with their current programs via fresh healthy food distribution and full case management and client trainings. CalFresh & Medi-Cal Outreach and Case Management Program Staff at a prorated base of total labor expense, again reflecting service provision within DHCD boundaries, based on last year's program-performance numbers for total number of CalFresh and Medi-Cal applications assisted.</p> <p>Director of Community Relations will be focus on building other community-based partner relationships and collaborative efforts to support our local network food-assistance capacity, including fresh produce, in future years.</p>
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Line Item Budget - Other Program Funds

Funding for this program received from other sources		Amount
Fees		0
Donations		
Grants (List Organizations)		
1		
2	Bank of America	\$ 25,000.00
3	United Way	\$ 30,100.00
4	CAFB	\$ 130,000.00
5	Walmart Foundation	\$ 102,000.00
6	Indio CDBG	\$ 19,000.00
7	Stater Bros.	\$ 20,000.00
8	EFSG	\$ 19,534.00
9	Father Lincoln	\$ 40,000.00
Fundraising (describe nature of fundraiser)		
	Annual Telethon - produce portion	\$ 50,000.00
	Private Funders	\$45,000.00
Other Income, e.g., bequests, membership dues, in-kind services, investment income, fees from other agencies, etc. (Itemize)		
1	Agency Shared Maintenance (specific to fresh produce)	\$ -
2	In-Kind Produce Donations- for a total of 5 Million plus	\$475,000.00
3		
4		
Total funding in addition to DHCD request		\$ 955,634.00
Budget Narrative	<p>Funds represent full CV program costs. Revenue will come from numerous sources, including annual telethon proceeds, grant funding, private donations, and in-kind product donations (not included in operational costs). These efforts are supported by FIND's Board of Directors and our 2016-20 strategic plan, which supported growth of our development team to secure additional resources for our community-based work.</p>	

EXHIBIT B – Grant #953

PAYMENT SCHEDULE, REQUIREMENTS & DELIVERABLES

<u>Project Title</u>	<u>Start/End</u>
Project Produce	12/1/2017 11/30/2018

PAYMENTS:

(4) Payments: \$87,090.30
 10% Retention: \$38,706.80

Total request amount: \$387,068.00

GRANT AND PAYMENT SCHEDULE REQUIREMENTS:

Scheduled Date	Grant Requirements for Payment	Payment
12/01/2017	Signed Agreement submitted & accepted	Advance of \$87,090.30 for time period 12/01/2017 – 02/28/2018
3/01/2018	1 st quarter (12/01/2017 – 02/28/2018) progress report, budget reports and receipts submitted & accepted	Advance of \$87,090.30 for time period 3/01/2018 – 05/31/2018
06/01/2018	2 nd quarter (03/01/2018 – 05/31/2018) progress report, budget reports and receipts submitted & accepted	Advance of \$87,090.30 for time period 06/01/2018 – 08/31/2018
09/01/2018	3 rd quarter (06/01/2018– 08/31/20178) progress report, budget reports and receipts submitted & accepted	Advance of \$87,090.30 for time period 09/01/2018 – 11/30/2018
12/01/2018	4 th quarter (09/01/2018 – 11/30/2018) progress report, budget reports and receipts submitted & accepted	\$0
12/31/201	Final report (12/01/2017 – 11/30/2018) and final budget report submitted & accepted	\$38,706.80 (10 % retention)

TOTAL GRANT AMOUNT: \$387,068.00

DELIVERABLES:

FIND Food Bank proposes to distribute more than 5 million pounds of fresh produce to food-insecure and hungry clients across the Coachella Valley in 2017-18. This proactive approach to improving area residents' health and well-being enables FIND to enhance its current position as eastern Riverside County's hub for nutritious food distribution and leadership in promoting healthy-eating, active-living lifestyles.

(a) Maintaining distribution of a minimum of 2.5M pounds of fresh fruits and vegetables offered to hungry and food-insecure clients (which equals 50% or greater of food assistance offered) served by FIND's agency partners across the Coachella Valley (including within DHCD boundaries), all of whom are at increased risk for negative health outcomes due to poor diet);

(b) Connecting 1,000 DHCD families/households in need of food assistance to nutrition and health resources to better meet their needs and increase individual household sustainability through our CalFresh/Medi-Cal outreach, case management, and nutrition education work, resulting in significant local economic benefit;

(c) Leveraging DHCD grant funding to bring additional resources to bear for District residents (FIND will secure a dollar-for-dollar/100% match, at minimum, for DHCD grant funding)

(d) Participating in a strategic planning process in coordination with DHCD's Nutrition Education & Obesity Prevention Program (NEOP) that highlights ways in which FIND Food Bank can partner with existing organizations in non-traditional ways in which fresh produce (or other nutrition resources) can be part of programming. We will look for a specific opportunity to pilot such an approach with a local partner during this 12-month grant cycle.



Date: November 28, 2016

To: BOARD OF DIRECTORS

Subject: Grant #891 Jewish Family Service of the Desert: Mental Health Outpatient Treatment Services – Year 3 Budget

Staff Recommendation: To approve the grant budget for year 3 for **\$130,000** covering the time frame of January 1, 2018 through December 31, 2018. Also included for board approval the “Payment Schedule, Requirements & Deliverables – EXHIBIT B” amended to the contract for the board approved expenditure plan/budget for year 3.

Background: The Desert Healthcare Board of Directors approved Grant #891 to Jewish Family Service of the Desert on November 11, 2015 for up to \$570,000 over a three-year grant term to provide support for hiring two full time licensed clinicians and associated costs of integrating senior care services with mental health. One LCSW would work solely in the Mental Health Department. The other will serve as the Senior Care Program Supervisor allowing a fusion of mental health and senior care management services.

The grant award was based on a plan to financially sustain JFSOD after the grant term ends on December 31, 2018 through the implementation of an innovative revenue plan and running efficient operations. District staff and JFSOD had agreed that to better track the three years of expenditures, JFSOD would, on an annual basis, present to the District board for approval, a detailed proposed expenditure plan for the following year. ***The up to amount of \$570,000 anticipates a sustainable model by the end of year 3.*** The yearly breakdown for each year had been presented as such and approved by the board:

Proposed:

Year One – 2016 -	\$240,000
Year Two – 2017 -	\$190,000
Year Three – 2018 -	<u>\$140,000</u>
Total	\$570,000

JFS’ CEO Maureen Forman will present slides discussing the factors impacting budget development in Year Three.

Line Item Budget - Sheet 1 Operational Costs

Approved budgets are the basis for reporting all grant expenditures. Line items may not be added or changed without grant amendment. Prior authorization is required for transferring funds (<10%) between existing line items. Describe budget narrative in cell B38. You may insert rows or create additional worksheets if more space is needed to fully describe your budget.

PROGRAM OPERATIONS		Total Program Budget	Funds from Other Sources Detail on sheet 3	Amount Requested from DHCD
Total Labor Costs	Detail on sheet 2	\$ 587,531	\$ 462,531	\$ 125,000
Equipment (itemize)				
	1 Leasing/maint alloc of office equipt	\$ 3,912	\$ 3,912	\$ -
	2	\$ -	\$ -	
	3	\$ -	\$ -	
	4	\$ -	\$ -	
Supplies (itemize)				
	1 Program/office supplies	\$ 2,400	\$ 2,400	
	2	\$ -	\$ -	
	3	\$ -	\$ -	
	4	\$ -	\$ -	
Printing/Duplication		\$ 3,101	\$ 3,101	
Mailing/Postage/Delivery		\$ 2,400	\$ 2,400	
Travel		\$ 1,715	\$ 1,715	
Education/Training		\$ 1,236	\$ 1,236	
Facilities (Detail)				
	Office/Rent/Mortgage	\$ 52,716	\$ 52,716	
	Meeting Room Rental	\$ -	\$ -	
	Telephone/Fax/Internet	\$ 4,424	\$ 4,424	
	Utilities	\$ -	\$ -	
	Insurance	\$ 10,063	\$ 10,063	
	Maintenance/Janitorial	\$ -	\$ -	
	Other Facility costs (itemize)			
	1	\$ -	\$ -	
	2	\$ -	\$ -	
	3	\$ -	\$ -	
	4	\$ -	\$ -	
Other Program Costs not described above (itemize)				
	1 Evaluation	\$ -	\$ -	
	2 EMR & Sr Continuum database main	\$ 10,413	\$ 5,413	\$ 5,000
	3 Client outreach	\$ 5,000	\$ 5,000	\$ -
	4			
Total Operations				
Total Labor + Operations		\$ 684,912	\$ 554,912	\$ 130,000
Indirect Costs		\$ 68,491	\$ 68,491	
Total Program Budget		\$ 753,403	\$ 623,403	\$ 130,000

Line Item Budget - Sheet 1 Operational Costs

Budget Narrative	<p>Equipment- \$3,912 is 60% program allocation of annual agency cost of \$6,520 for photocopy, postage machine leasing, and maintenance; Program supplies- \$2,400 is 60% allocation of annual cost of \$4,000 for office/program supplies, including therapeutic games & materials for children to facilitate counseling; Printing/Duplication- \$3,101 is 60% allocation of annual cost of \$5,169 for printing and photocopies; Mailing/Postage-\$2,400 is 60% allocation of annual cost of \$4,000 for postage costs; Travel-\$1,715 is 60% allocation of annual cost of \$2,859 for staff mileage reimbursement; Training/Conferences- \$1,236 is 60% allocation of annual cost of \$2,060 for staff training; Facilities: facility lease- \$52,716 is 60% allocation of annual cost of \$87,860; Telephone/Answering Service/Fax/Internet- \$4,424 is 60% allocation of annual cost of \$7,374; Insurance- \$10,063 is 60% allocation of \$16,772 annual cost for liability insurance; Evaluation- \$20,000 for professional program evaluation by HARC; EMR/Senior Care database- \$10,413 is 80% allocation of \$13,016 annual cost for client data and billing management; client outreach- \$5,000 annual cost; Indirect costs- \$70,170 is based on 10% of program budget and include costs of human resources, payroll, financial management, fundraising and general administration, among other costs.</p>
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**Line Item Budget
Sheet 2 - Labor Costs**

Staff Salaries			% of Time Allocated to Program	Actual Program Salary	Amount of Salary Paid by DHCD Grant
Employee Position/Title	Annual Salary				
1	Executive Director, LCSW	\$ 147,953	30%	\$ 44,386	
2	Clinical Director, LMFT	\$ 100,877	100%	\$ 100,877	
3	LCSW1 (employee)	\$ 79,119	100%	\$ 79,119	\$ 50,000
4	LCSW2 (employee)	\$ -	100%	\$ -	
5	Program Assistant1	\$ 45,248	65%	\$ 29,411	
6	Program Assistant2	\$ 46,122	50%	\$ 23,061	
7	Program Assistant3	\$ 45,248	25%	\$ 11,312	
8	Geriatric Case Manager1	\$ 64,502	50%	\$ 32,251	\$ 15,000
9	Geriatric Case Manager2	\$ 60,658	50%	\$ 30,329	\$ 15,000
10	Medical Billing Coordinator	\$ 45,248	100%	\$ 45,248	\$ 5,000
11	Program Assistant4	\$ 58,176	25%	\$ 14,544	
12	Contract LMFT1	\$ 29,337	85%	\$ 24,936	
13	MFT11	\$ 17,484	85%	\$ 14,861	
14	MFT12	\$ 17,447	85%	\$ 14,830	
15	MFT13	\$ -	85%	\$ -	
Enter this amount in Section 1, Employee Salaries Total				\$ 465,167	\$ 85,000

Budget Narrative	<p>Exec. Dir. (LCSW) oversight of program, provides counseling, clinical supervision (\$115,588 annual salary + 28% benefits @ 30% program allocation); Clinical Program Director (LMFT) daily program supervision, provides counseling & clinical supervision (\$78,810 annual salary + 28% benefits @ 100% program allocation); Clinician1 (LCSW1) (\$61,812 annual + 28% benefits allocated at 100%); Clinician2 (LCSW2) (\$0 due to LCSW leaving Agency, JFS requests that contracted Clinicians LCSW3 & 4 be billed to grant in lieu of recently departed staff Clinician LCSW2); Program Assistant1, program support, intake (\$35,350 annual salary + 28% benefits @ 65% program allocation); Program Assistant2, program support, intake (\$36,033 annual + 28% benefits allocated at 50%); Program Assistant3, program support, evaluation (\$35,350 annual + 28% benefits allocated @ 25%); Geriatric Case Manager1 provides senior case management (\$50,392 annual + 28% benefits allocated at 50%); Geriatric Case Manager2 provides senior case management (\$47,389 annual + 28% benefits allocated at 50%); Medical Billings Coordinator (\$35,350 annual + 28% benefits allocated at 100%) process medical billings; Program Assistant4 provides program support and evaluation (\$45,450 annual + 28% benefits allocated at 25%); Counselor (LMFT1) provides average 15 hrs/week counseling at \$38/hr; Counselor (MFT11) provides average 12 hrs/week counseling at \$25/hr, includes benefits @ 13.07%; Counselor (MFT12) provides average 12 hrs/week counseling at \$25/hr, includes benefits @ 13.07%; Counselor (MFT13) (\$0 due to separation from Agency).</p>
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Consultants/Contractors					Amount of Salary Paid by DHCD Grant
Consultant/Contractor Name	Hourly Rate	Hours/ Week	Monthly Fee		
1	Contract LCSW3	\$ 38	16	\$ 2,635	\$ 30,000
2	Contract LCSW4	\$ 38	12	\$ 1,976	\$ 10,000
3	Contract LMFT2	\$ 38	10	\$ 1,639	

Line Item Budget
Sheet 2 - Labor Costs

4	Contract LCSW5	\$ 38	8	\$ 1,311	
5	Contract LMFT3	\$ 38	8	\$ 1,318	
6	Contract LCSW6	\$ 38	8	\$ 1,318	
Enter this amount in Section 1, Professional Services/Consultants Total				\$ 10,197	\$ 40,000
Annual Consultant Fees		(monthly x 12)		\$ 122,364	
Budget Narrative	<p style="color: red;">Contract Counselor, LCSW3 provides contracted counseling (\$38/hr; average 16 hours per week); Contract Counselor, LCSW4 provides contracted counseling (\$38/hr; average 12 hours per week); JFS requests that contracted Clinicians (LCSW3 & 4) be billed to grant in lieu of recently departed staff Clinician2 (LCSW2 - employee) in light of regional shortage of LCSWs hindering staff replacement. Counselor, LMFT2 provides contracted counseling (\$38/hr; average 10 hours per week); Contract Counselor, LCSW5 provides contracted counseling (\$38/hr; average 8 hours per week); Counselor, LMFT3 provides contracted counseling (\$38/hr; average 8 hours per week); Counselor, LCSW6 provides contracted counseling (\$38/hr; average 8 hours per week).</p>				
Total Labor				\$ 587,531	

Line Item Budget - Other Program Funds

Funding for this program received from other sources		Amount
Fees/Insurance		\$ 380,439
Donations		
Grants (List Organizations)		
1	Grants	\$ 75,625
2		\$ -
3		\$ -
4		\$ -
Fundraising (describe nature of fundraiser)		
	events	\$ 25,819
Other Income, e.g., bequests, membership dues, in-kind services, investment income, fees from other agencies, etc. (Itemize)		
1	Palm Springs Unified School District Contract	\$ 115,000
2	Desert Sands Unified School District Contract	\$ 26,520
3		
4		
Total funding in addition to DHCD request		\$ 623,403
Budget Narrative	<p style="color: red;">Budgeted revenues include: Client fees/insurance reimbursement (\$380,439 - projected); grants (\$75,625 - projected) Event proceeds from 3 annual fundraisers (\$25,819 - projected); Palm Springs Unified School District (\$115,000 - projected); Desert Sands Unified School District (\$26,520 - projected).</p>	

EXHIBIT B – Grant #891

PAYMENT SCHEDULE, REQUIREMENTS & DELIVERABLES

<u>Project Title</u>	<u>Start/End</u>
Mental Health Outpatient Treatment Services for Low Income Coachella Valley Residents	01/01/2016 12/31/2018

PAYMENTS:

Year One: \$240,000

Year Two: \$216,203 DHCD board approved at 11.15.16 meeting for year 2 budget

Year Three: TBD based on DHCD board approval of proposed budget for year 3

Total request amount: UP TO \$570,000.00

GRANT AND PAYMENT SCHEDULE REQUIREMENTS:

Scheduled Date	Grant Requirements for Payment	Payment
1/01/2016	Signed Agreement submitted & accepted	Advance of \$120,000.00 For time period 1/01/2016 - 06/30/2016
07/01/2016	1 st six-month (1/01/2016- 06/30/2016) progress and budget reports submitted & accepted	Advance of \$120,000.00 For time period 07/01/2016 - 12/31/2016
<i>11/15/2016</i>	<i>YEAR 2 Budget for 1/01/2017 - 12/31/2017 submitted to District Board and approved for \$216,203</i>	
1/01/2017	2 nd six-month (07/01/2016 - 12/31/2016) progress and budget reports submitted & accepted	Advance of \$108,101.50 for time period 1/01/2017 - 06/30/2017
07/01/2017	3 rd six-month (1/01/2017 - 06/30/2017) progress and budget reports submitted & accepted	Advance of \$108,101.50 for time period 07/01/2017 - 12/31/2017
<i>11/28/2017</i>	<i>YEAR 3 Budget for 1/01/2018 - 12/31/2018 for \$130,000 Submitted to District Board for approval</i>	
1/01/2018	4 th six-month (07/01/2017 - 12/31/2017) progress and budget reports submitted & accepted	Advance of \$58,500.00 for time period 1/01/2018 - 06/30/2018
07/01/2018	5 th six-month (1/01/2018 - 06/30/2018) progress and budget reports submitted & accepted	Advance of \$58,500.00 for time period 07/01/2018 - 12/31/2018

DISTRICT _____ RECIPIENT _____

1/01/2019	6 th six-month (07/01/2018 - 12/31/2018) progress and budget reports submitted & accepted	\$0
1/31/2019	Final report (1/01/2016 - 12/31/2018) and final budget report submitted & accepted	\$13,000 10% retention

TOTAL GRANT AMOUNT: UP TO \$570,000.00

DELIVERABLES:

By December 31, 2018, JFS will achieve program self-sufficiency through the following outcomes:

- 1) Medicare, Medi-Cal and insurance billings by the two-full time LCSWs will generate income to sustain salaries and benefits of 1.5 full time LCSWs.
- 2) Increased supervision capability will enable expanded utilization of unpaid Master's in Social Work Interns instead of paid clinicians and interns to generate increased net income from PSUSD and County CARES contracts by at least 50%;

By December 31, 2018, expanded integration of mental health and senior care services will result in the following outcomes:

- 3) Clinicians will administer the Geriatric Depression Scale to a minimum of 125 unduplicated seniors in each of the three years;
- 4) Clinicians will provide in-home therapy to a minimum of 40 homebound seniors in each of three years.

Through expanded capacity, the program will serve a minimum of 1,450 economically disadvantaged men, women and children during the first 12 months of the funding period, with increases of 10% in each of the two successive years. Annual mental health program outcomes include: 1) 67% of clients who attend three or more mental health outpatient treatment sessions will demonstrate improvement in symptoms as measured by clinical assessment and/or client self reporting; 2) 67% of clients who attend three or more sessions will achieve a minimum of one treatment goal; and 3) JFS will sample a minimum of 25% of all clients on an annual basis of which a minimum of 67% will self-report improvement in quality of life.

Mental Health Outpatient Treatment Services for Low Income Coachella Valley Residents





JFS Desert

- Established in 1982 with the mission to provide for the social service needs of the Jewish and general community throughout the greater Coachella Valley
- Promote the well-being of persons of all ages, incomes, and lifestyles
- Non-sectarian, non-profit organization



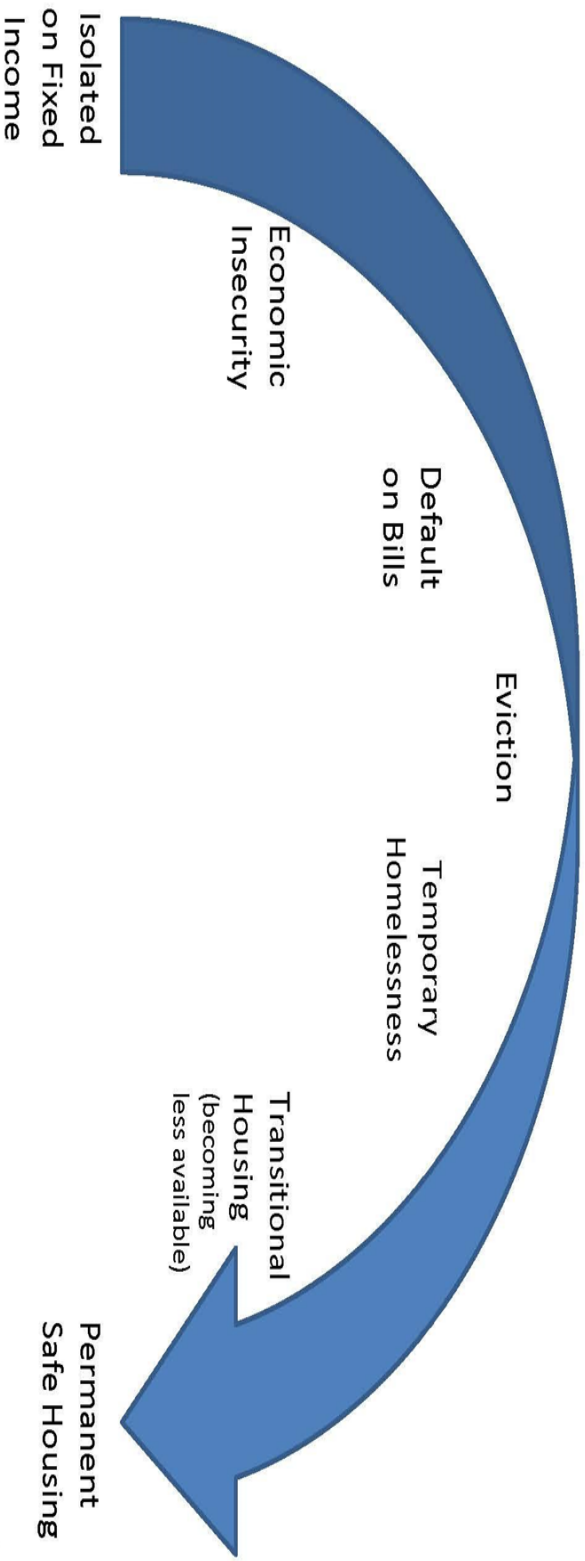
JFS Desert

- Provides direct services annually to more than 2,000 men, women, and children in-need.
- Programs/services include mental health counseling, senior care management, and socialization programming for isolated seniors, and other community programs.

2017 Program Results

- Objective: JFS will hire 2 full time Licensed Clinical Social Workers (LCSW); 1 will be Senior Care Program Supervisor.
- Results:
 - LCSW #1: Hired March 2016
 - LCSW #2: Hired August 2016; left JFS in August 2017; regional shortage of LCSW's resulted in replacement with contracted LCSWs to meet service demand.
- Objective: Senior care program supervisor will complete protocol to integrate senior care management with mental health outpatient treatment program.
- Result: Protocol has been completed.

Continuum of Seniors At-Risk for Housing Insecurity



Isolated on Fixed Income

Economic Insecurity

Default on Bills

Eviction

Temporary Homelessness

Transitional Housing (becoming less available)

Permanent Safe Housing

Agencies Addressing these Progressive Needs

<ul style="list-style-type: none"> • Senior Centers • JFS Desert • Office on Aging • Salvation Army • Senior Advocates of the Desert 	<ul style="list-style-type: none"> • Senior Centers • JFS Desert • Office on Aging • Salvation Army • Senior Advocates of the Desert 	<ul style="list-style-type: none"> • Senior Centers • JFS Desert • Office on Aging • Salvation Army • Senior Advocates of the Desert • CARE Program/APS 	<ul style="list-style-type: none"> • Senior Centers • JFS Desert • Office on Aging • Salvation Army • Senior Advocates of the Desert • CARE Program/APS 	<ul style="list-style-type: none"> • Senior Centers • CVRM • Martha's • Office on Aging • Salvation Army • Senior Advocates of the Desert • APS 	<ul style="list-style-type: none"> • Senior Centers • CVRM • Martha's • Office on Aging • Salvation Army • Senior Advocates of the Desert • APS 	<ul style="list-style-type: none"> • Senior Centers • APS? • JFS Desert case management • CVRM • Martha's
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* This is not an exhaustive list.



AT LAST!!!

Fully Integrated Senior Mental Health



ALL UNDER THE SAME ROOF!

- Let JFS help with challenges life throws your way
- Medicare and most insurances accepted for counseling
- Referrals and Initial Care Management Consults are free

CALL US TODAY AT 760-325-4088



“COUNT ON US FOR LIFE!”

● JFS triage form updated, includes satisfaction survey

CM TRIAGE FORM/SATISFACTION SURVEY

Date: ____/____/____ (mm/dd/yy) Time of call: ____ am/pm CM Staff: _____

Location: Office Walk in Office phone Email Field location:

Caller Name: First: _____ Last: _____

Relationship to Client: Self Legal Guardian Spouse Agency: _____

Phone Number: (____) ____-____-____ Referral Source: _____

Client Name: First: _____ Last: _____

Client Date of Birth: ____/____/____ (mm/dd/yy) Client Religion: Jewish Non-Jewish

Address: _____

Street address City State ZIP Code

Home Phone: (____) ____-____-____ Call: (____) ____-____-____ INTERAGENCY RELEASE? Y/N
Date: _____

Identified Need/Urgency:

Level One (outdoor)	Level Two (LDM services w/in 24 days)	Level Three (LDM/Immediate)
Bus pass/transportation	Risk for homelessness <45 days	Danger to self/others/GO
Food card	Risk for utilities being shut off	Life threatening situation
Phone	Medical/dental bills pending procedure	Unable to take action on
Medical Bill post procedure	Uthzap/Care/HSS apps	his/her own behalf.
Information	Long term homelessness	Referral (from: _____)

Follow-up to see if client needs further help. Assess problem complexity and urgency. Follow up start to finish. Immediate response. Call 911/Refer APS, enlist family.

Does the client have the ability to complete the actions needed to remedy the situation? YES/NO
 "Do you feel you are able to make these calls yourself?" "Can I help you to complete (forms, calls, visiting facilities with you, etc)?"

Client's response: _____

NOTE: FOLLOW UP WITHIN 1-2 DAYS — DID CLIENT TAKE ACTION AS PLANNED? YES/NO Date: _____
 IF NO, CASE CONSULTATION TO CONSIDER INTENSIVE CASE MANAGEMENT. NEEDED? YES/NO

Completed CM Individualized Treatment Plan with client signature. Date: _____

Initial Plan of Action: Date: _____ Note: Y/N

Follow-up Action: Date: _____ Note: Y/N

Follow-up Action: Date: _____ Note: Y/N

Final Case Disposition: Date: _____ Note: Y/N

Have we provided help in the past? Y/N If yes, type and date:

Marital Status: Single Married Divorced Widowed

Family/Support system: _____

No. of persons in household: _____ Living Situation: _____

Primary Income Source/amt: Employment \$ _____ Unemp'd \$ _____ Disability \$ _____ Soc. Security \$ _____ Other: _____

CASE CONSULTATION NOTES

SENIOR SERVICES SATISFACTION SURVEY

Now that you have been receiving services from Jewish Family Service of the Desert (JFS), we would like your feedback on how our services have improved your quality of life. We invite you to complete the short survey below to let us know how we are doing.

	AGREE	DISAGREE	NO OPINION
WORKING WITH JFS HELPED ME RESOLVE MY EMERGENCY			
WORKING WITH JFS IMPROVED MY FINANCIAL STABILITY			
WORKING WITH JFS REDUCED MY STRESS			
WORKING WITH JFS PROVIDED ME WITH GREATER ACCESS TO MEDICAL/SOCIAL SERVICE APPOINTMENTS AND/OR GREATER INFORMATION ABOUT COMMUNITY RESOURCES			
WORKING WITH JFS HAS IMPROVED MY QUALITY OF LIFE			
WOULD YOU RECOMMEND JFS SERVICES TO OTHERS?			

Your feedback is important to us and we thank you for taking the time to share your comments:

2017 Program Results

- Objective: 1,484 unduplicated clients will receive JFS mental health services from combined office counseling & “KidsFirst” school-based counseling by 12/31/17.
- Results as of 9/30/17:
 - 803 clients (70%) received mental health services through JFS office counseling.
 - 350 students (30%) received mental health services through KidsFirst counseling.
 - Total of 1,153 unduplicated clients received JFS mental health services (78% of target objective).

2017 Program Results

- Objective: 95% of mental health clients will receive an assessment and treatment plan.
- Results as of 9/30/17:
 - 100% of mental health clients have received an assessment and treatment plan.

2017 Program Results

- Objective: 70% of mental health clients will attend 3 or more sessions.
- Results as of 9/30/17: 72% of mental health clients have attended 3 or more sessions.
- Outcome: 67% of clients will show improvement of symptoms.
- Results as of 6/30/17: JFS surveyed sample of 161 office-based counseling clients (27% of 593 clients); 71% self-reported improvement in symptoms.

2017 Program Results

- Outcome : 67% of counseling clients attending 3 or more sessions will achieve at least 1 treatment goal.
- Results as of 9/30/17: 83% of these clients have achieved at least 1 treatment goal.

2017 Program Results

- Outcome: Of a sample of at least 25% of program clients, at least 67% will report improvement in quality of life.
- JFS began sampling clients receiving senior case management services by telephone regarding reduction in stress in August 2016.
- Results as of 9/30/17: 155 senior case management clients responding to survey, 58% reported reduction in stress.

2017 Program Results

- Objective: At least 40 homebound seniors will receive in-home therapy.
- Results as of 9/30/17: 14 unduplicated homebound senior clients have received 182 in-home therapy sessions. Demand for home visits was far less than anticipated and the time necessary to drive to and from (1) home session was equivalent of 3 office hours. This proved cost ineffective so we have reduced homebound services.

2017 Program Results

- Objective: 115 unduplicated seniors will receive case management services.
- Results as of 9/30/17,
 - 80 senior clients have received mental health assessments through our senior community outreach program.
 - 521 seniors have received eviction prevention assistance, emergency financial assistance, referral and information services, food cards and bus passes.
 - 48 seniors have received both mental health services and case management.

2017 Program Results

- Objective: Total 2017 participation of combined Mental Health and Case Management services funded in the “Mental Health Outpatient Treatment Services for Low Income Coachella Valley Residents” program grant will be approximately 1,599 unduplicated clients.
- Results as of 9/30/17:
1,233 clients have participated in this program (77% of objective).

2017 Program Results

- Objective: Clinicians will administer the Geriatric Depression Scale (GDS) to a minimum of 125 unduplicated seniors each year.
- Results as of 9/30/17:
 - JFS administered GDS assessments to 210 clients (160% of objective)
 - 50% of these clients were assessed with symptoms of depression.

Challenges

- Regional shortage of LCSWs.
- Sustainability issues of LCSW employees vs. contractors.
 - Contracted clinician missing one work day costs JFS \$138 (net income of 1 day's counseling revenues after subtracting hourly contractor fees).
 - Employed clinician missing 1 work day costs JFS \$700 (full pay for employee + lost revenues for the day).
 - One employed clinician went on disability for several months; reduced hours during the period resulted in dramatically reduced revenues.
 - Homebound therapy services proved cost ineffective; travel time resulted in one session taking three hours, the equivalent of three office sessions.
- Seniors contacting JFS for emergency needs are not receptive to mental health assessments; it is more productive to provide mental health assessments via senior community outreach programs.

Snapshot of Increase in Medicare/Windstone Insurance Revenues Since Receiving DHCD Grant

- 01/01/15 - 6/30/15 - 651 sessions; \$36,671 in billings (prior to DHCD grant).
- 01/01/17 - 6/30/17 - 1,072 sessions; \$74,642 in billings,
- Sessions increased by 421 sessions (65%); billings increased by \$37,971 (104%).

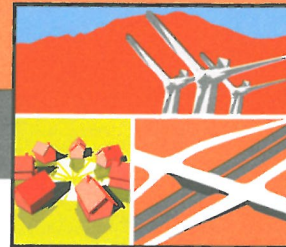
Next Steps

- Continue integration and expansion of mental health and senior care services.
- Expand implementation of Geriatric Depression Scale (GDS) assessments to seniors in all programs.
- Review survey data from integrated case management to ascertain financial and mental health stability of seniors receiving financial assistance.

Grant Budget vs. Actual 2017

<u>Grant Line Items</u>	<u>Budget</u>	Approved 2017	Projected Expenditures <u>by 12/31/17</u>
LCSW 1		\$77,343	\$75,551
LCSW 2		\$68,860	\$68,860
Clinical Director		\$10,000	\$10,000
Case Manager 1		\$25,000	\$25,000
Case Manager 2		\$25,000	\$25,000
Medical Billings		\$ 5,000	\$ 5,000
EHR Database		\$ 5,000	\$ 5,000
Total		\$216,203	\$214,411

***Expected Unexpended 2017 Funds: \$1,792**



CVAG

Date: November 1, 2017

DHCD Progress Report #2017-2 for reporting period: April 1, 2017 to June 30, 2017

Grantee: Coachella Valley Association of Governments (CVAG)

Project Title: CV Link Project

Project Manager/ Contact: LeGrand Velez, Transportation Program Manager (lvelez@cvag.org)
Erica Felci, Governmental Projects Manager (efelci@cvag.org)

1. Provide a brief summary of the organization and the objectives of the project.

The Coachella Valley Association of Governments (CVAG) is a regional Joint Powers Authority that serves the nine cities, the County of Riverside, and three Indian Tribes within the Coachella Valley. CVAG's jurisdiction stretches across eastern Riverside County, and its membership includes the City of Blythe on the California-Arizona border. Blythe is not part of this project.

CV Link is an alternative transportation corridor that runs generally along the Whitewater River that will ultimately stretch from the northwest corner of the CVAG area (Desert Hot Springs) to the southeast corner (the Salton Sea). The core project that is going through design, engineering and environmental will stretch from Palm Springs to the City of Coachella, approximately 50 miles. It will provide significant environmental, health, and economic benefits to generations of current and future residents and visitors. CV Link will connect users to employment centers, shopping, schools, and recreational opportunities. Dual paths are planned to accommodate bicycles, low-speed electric vehicles and pedestrians. This alternative transportation corridor will enable healthier lifestyles, spur economic innovation, and make the Coachella Valley a more sustainable and appealing place to live, work and play.

2. Summarize work completed during reporting period.

The CVAG Executive Committee held a special meeting on May 15 to certify the CV Link Draft Environmental Impact Report (EIR), which was completed under the California Environmental Quality Act (CEQA). The DEIR is a 668-page document supported by 17 appendices. As noted in the previous progress period, CVAG received more than 80 written comments during the DEIR public review period, including a 92-page comment letter from the City of Rancho Mirage. Each required a written response by CVAG. It was a standing-room only crowd for the special meeting,

which was held at the Palm Desert Council Chambers. Nearly 60 people spoke during the public comment portion, and the majority of speakers expressed support for the project. The CVAG Executive Committee certified the EIR and approved a project route, which is about 40 miles long and does not extend through the Cities of Rancho Mirage and Indian Wells. Because alternatives were studied through those cities, they could be included in the project later. There was no CEQA legal challenges filed after the certification.

Construction started on the CV Link demonstration leg, which is a 2.3-mile segment from Vista Chino Road in Palm Springs to Ramon Road in Cathedral City. After on-site surveying and initial groundwork by the construction crew, the first concrete was poured on June 14.

CVAG staff and consultants continue to refine the design of the rest of the route, including where the pathway will stop. The plan includes kiosks that inform CV Link users about the ways to travel through Rancho Mirage and Indian Wells on existing streets and trails.

CVAG continues to work closely with Caltrans on the Draft Environmental Assessment (DEA), which is needed to comply with the National Environmental Policy Act (NEPA). The EA studies the same options that were studied in the EIR.

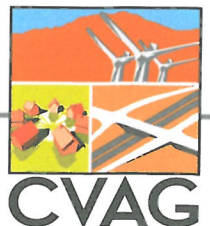
3. What challenges and opportunities have you encountered in accomplishing this portion of your Scope of Work?

CVAG and the City of Cathedral City had conducted outreach as plans were finalized for the first segment of CV Link. However, the start of construction raised new questions from adjacent neighborhoods, particularly homes within the Escena Palm Springs development that are closest to the path. CVAG and its partners have worked with the homeowners on screening and landscaping options that address their privacy concerns.

In another segment of the route, CVAG also worked with residents of the Four Seasons community that have properties adjacent to the Whitewater River stormwater channel. Several alignments were studied during the EIR process. CVAG worked extensively with residents there to come up with a design that temporarily puts the pathway into the wash instead of the bank, which has been seen as an acceptable design by homeowners.

4. Is your project on schedule?

The completion of the CEQA document was a major milestone for the project. However, as noted in the previous progress report, the NEPA compliance schedule has been revised due to unforeseen delays in getting approval for the cultural resources documents and working with our partners on DEA revisions.

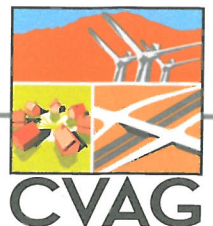


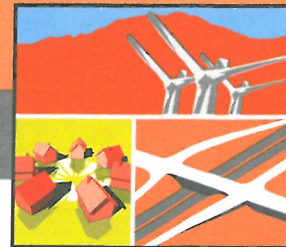
5. Provide an update on the financial report for the project.

During its June 28-29, 2017 meeting, the California Transportation Commission accepted the Final EIR for CV Link, and allocated \$2.828 million for right-of-way acquisition. The funding was granted to CVAG in 2014, during the inaugural cycle of the state's Active Transportation Program.

6. Work planned for next reporting period.

In the next reporting period, CVAG anticipates making major progress on construction of the Cathedral City segment of CV Link. Additionally, CVAG will be working on right-of-way activities, seeking additional funding and identifying additional segments of the pathway where construction could be expedited.





CVAG

Date: November 1, 2017

DHCD Progress Report #2017-3 for reporting period: July 1, 2017 to September 30, 2017

Grantee: Coachella Valley Association of Governments (CVAG)

Project Title: CV Link Project

Project Manager/ Contact: LeGrand Velez, Transportation Program Manager (lvelez@cvag.org)
Erica Felci, Governmental Projects Manager (efelci@cvag.org)

1. Provide a brief summary of the organization and the objectives of the project.

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2. Summarize work completed during reporting period.

Construction continues along the 2.3 mile stretch of CV Link between Vista Chino in Palm Springs and Ramon Road in Cathedral City. After some experimentation on how to achieve the distinctive color design, a new subcontractor was brought onto the project that has extensive experience in embedding seeded glass into concrete. CVAG is also working with the City to finalize the designs

of both the wayfinding elements and informational kiosks, which will be consistent throughout the project.

The CVAG Executive Committee on September 25, 2017 approved a cooperative agreement with the City of Palm Springs that will incorporate CV Link into the City's Tahquitz Creek Levee Reconstruction Project. Palm Springs is required by the Federal Emergency Management Agency (FEMA) to make improvements to 4,100 feet of Tahquitz Creek Levee between Demuth Park and Gene Autry Trail. When the City originally bid project, it planned to replace the existing asphalt bike path. Under the cooperative agreement, the improved path will be built to CV Link standards. CVAG will pay for the difference in cost between the original design and the CV Link design. The timeline to rebid the project will be determined by the City, but is expected to occur within the next 12 months.

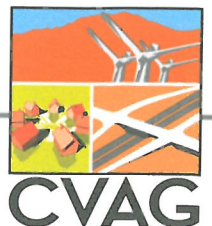
CVAG also approved an agreement for right-of-way services with the County of Riverside Economic Development Agency (EDA). The county has extensive experience with right of way acquisition. The cost of the contract is covered through the Active Transportation Grant funding that was allocated by the California Transportation Commission in June 2017.

CVAG staff and consultants are working with member jurisdictions to finalize the design of the approved project route, including meeting with local stakeholders to evaluate the regional and local access points. The 90 percent plans should be completed in early 2018.

Additional progress has been made on the environmental review documents needed to comply with the National Environmental Policy Act (NEPA). The Draft Environmental Assessment (DEA), which studies the same options that were studied in the EIR. CVAG has incorporated comments from Caltrans, and is simultaneously working on finalizing the mitigation for impacts to the survey area for the Casey's June beetle (CJB). The beetle, which was federally listed as an endangered species in 2011, is not one of the 27 species covered by the Coachella Valley Multiple Species Habitat Conservation Plan. As outlined in the certified CV Link Environmental Impact Report, a CJB Habitat Conservation Plan has been submitted to the U.S. Fish and Wildlife Service that proposes establishing conservation easements in Palm Springs.

3. What challenges and opportunities have you encountered in accomplishing this portion of your Scope of Work?

CVAG continues to engage in a robust outreach effort to address neighborhood-specific concerns. In the City of Palm Springs, there was new concerns raised by residents of the Tahquitz Creek neighborhood, primarily about how CV Link would affect existing bike-and-pedestrian access along Riverside Drive. CVAG worked with the City on modified on-street designs for that stretch and two different options for crossing Sunrise Way. The options were presented to neighboring residents in a town hall meeting that was held at a local church on September 12, 2017. The feedback from the meeting is being incorporated into the design along Riverside Drive.



4. Is your project on schedule?

CVAG is working with Caltrans to wrap up the Draft EA by early 2018, as is consistent with the revised NEPA compliance schedule. The Cathedral City segment is on schedule to finish construction in December, and a grand opening is being planned for January 2018.

5. Provide an update on the financial report for the project.

With the passage of SB 1, the state created an ATP Augmentation Cycle, where Cycle 3 applications that were not fully funded could be re-submitted. CV Link has been recommended to receive funding by both the Riverside County Transportation Commission and by the Southern California Association of Governments. The recommendation to grant another \$5.243 million to CV Link will be voted on by the California Transportation Commission at their December meeting.

The CVAG Executive Committee has also approved a recommendation to the Riverside County Transportation Commission to include CV Link in the 2018 State Transportation Improvement Program (STIP) funding cycle. The exact amount of STIP that will be allocated to the project is still being determined.

6. Work planned for next reporting period.

In the next reporting period, CVAG anticipates wrapping construction of the Cathedral City segment of CV Link. Right-of-way acquisition and design work continues. Additionally, the DEA should be published in the Federal Register as part of NEPA compliance.

