



**DESERT HEALTHCARE DISTRICT
BOARD MEETING
Board of Directors
June 27, 2017
2:00 P.M. - 4:00 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 Zendle ____ Director Wortham ____ Director Matthews ____ Vice-President Hazen ____ President Rogers	
	B. PLEDGE OF ALLEGIANCE	
	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.	
4-9 10-14	1. BOARD MINUTES a. Meeting of May 23, 2017 b. Special Meeting of May 23, 2017	Action
15-28	2. DESERT REGIONAL MEDICAL CENTER a. Rules and Regulations of the Governing Board of Directors	Action



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| | F. DESERT HEALTHCARE DISTRICT CEO REPORT | Information |
| | G. DESERT REGIONAL MEDICAL CENTER CEO REPORT – Michele Finney | Information |
| | H. DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS' REPORT – President Rogers, RN and Director Les Zendle, MD | Information |
| | I. INFORMATIONAL ITEMS | Information |
| | J. COMMITTEE REPORTS | |
| | 1. PROGRAM COMMITTEE -
Chair/Vice-President Hazen
No meeting in June | |
| | 2. FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE – Chair/Director Matthews
No Meeting in June | |
| 29-49 | a. Consideration to Approve District May 2017 Financial Statements | Action |
| 50-71 | b. Consideration to Approve adopting the AIR Commercial Lease Agreement for the Las Palmas Medical Plaza | Action |
| 72-74 | 3. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE - President Carole Rogers, RN and Director Les Zendle, MD | Information |
| | 4. AD HOC COMMITTEE
Ad Hoc District Expansion - President Carole Roger, RN and Director Mark Matthews | Information |
| 75-77 | 1. Funding Source for East Valley Annexation/Expansion Discussion | Action |



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| 78-99 | K. OLD BUSINESS
1. Three (3) – Year Strategic Plan (FY17-18, FY18-19, FY19-20) –
Consideration to approve the Strategic Plan (including the Organizational Infrastructure and Staffing Plan). | Action
Action |
| 100-104 | 2. West Valley Homelessness Initiative –
Consideration to approve short-term matching fund recommendations from the up-to \$2 million collective fund. | Action |
| 105-117
118-123 | L. NEW BUSINESS
1. FY17-18 Annual Budget
2. Grant #724 Arrowhead Neuroscience Foundation – Consideration to approve a 24 month no-cost grant extension. | Action
Action |
| 124-128 | 3. Grant #875 Desert AIDS Project – Consideration to approve the third and final year budget proposal for The Dock (STD Clinic). | Action |
| | M. LEGAL COMMENTS & REPORT | Information |
| | N. DIRECTORS' COMMENTS & REPORTS | Information |
| | O. ADJOURNMENT | |

**DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
May 23, 2017**

A Meeting of the Board of Directors of the Desert Healthcare District was held in the Arthur H. "Red" Motley Boardroom, Palm Springs, CA.

Attendance

Members

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

Absent

Staff

Herb K. Schultz, CEO
Chris Christensen, COO/CFO
Donna Craig, Chief Grants Officer
Alejandro Espinoza, Director Programs/Projects
Mary Pannoni, Accounting/Admin. Support
Andrea S. Hayles, Clerk to the Board

Legal Counsel

Blaise Jackson

Guests

Michelle Finney, Interim CEO, DRMC
Rich Ramhoff, Director of Marketing, DRMC
Rosalie Murphy, Desert Sun
Maria Elena Geyer, CEO, Gilda's Desert Cities
Cheryll Dahlin, Management Analysis, CVAG

CALL TO ORDER

The meeting was called to order at 2:03 pm by President Rogers.

APPROVAL OF AGENDA

President Rogers asked for a motion to approve the agenda.

#17-39 MOTION WAS MADE by President Rogers and seconded by Director Matthews to approve the agenda.

Motion passed unanimously.

Roll Call Vote:

AYES 5 Director Zendle; Director Wortham; Director Matthews;

Vice President Hazen; President Rogers

NOES: 0
ABSTAIN:
ABSENT:
Motion Passed 5-0

PUBLIC COMMENTS

None

CONSENT AGENDA

Submitted for approval:

1. BOARD MINUTES
 - a. Meeting of April 25, 2017

#17-40 MOTION WAS MADE by Director Matthews and seconded by President Rogers to approve the Consent Agenda with a correction to the Minutes that includes 2.a. bullet point – Director Matthews “explained” that monies were moved from reserves into the former Desert Hospital employee retirement account, and e. on page 7 with a revision to the title as Hospital Governance and Oversight Committee.
Motion passed unanimously.

Roll Call Vote:

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

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

2. FINANCE & ADMINISTRATION

- a. Consideration to approve District April 2017 Financial Statements

#17-41 MOTION WAS MADE by Director Matthews and seconded by Director Zendle to approve the District April 2017 Financial Statements.
Motion passed unanimously.

Roll Call Vote:

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

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

DESERT HEALTHCARE DISTRICT CEO REPORT

- Herb K. Schultz, CEO, provided an overview of the recent Special Board Meeting and summarized recent discussions with Riverside County related to the East Valley Expansion and shared details of the May 4 Town Hall co-hosted by Assemblymember Eduardo Garcia.
- Mr. Schultz outlined various community discussions underway on homelessness, the West Valley Initiative pooled-fund, and his presentation to the Desert Regional Medical Center Governing Board on the District/Foundation's Mission, new Vision, lease compliance, and the new Hospital Governance and Oversight Committee.
- Vice-President Hazen requested an update of last month's public questions and comments. Mr. Schultz explained that legal counsel responded via a letter to Mr. Ezra Kauffman answering questions raised regarding open meetings of Desert Regional Medical Center Governing Board, capital projects, and the definition of capital projects.
- Ezra Kauffman commented that he believes the term capital project was not adequately answered in the response. President Rogers noted that the Board would consider Mr. Kauffman's comments.

DESERT REGIONAL MEDICAL CENTER INTERIM CEO REPORT

- Michele Finney, Desert Market CEO, and Interim CEO gave a summary of recent activity at Desert Regional Medical Center including status reports regarding preventive maintenance, upgrades, and the Southern California Edison transformer replacements.

DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS REPORT

- Director Zendle presented the report of the Desert Regional Medical Center Governing Board of Directors. Dr. Zendle described Mr. Schultz's presentation on East Valley Expansion at the May Governing Board of Directors Meeting, commenting that it was well received. Director Zendle also relayed that the hospital recently held its Annual Employee Recognition Program distinguishing employees from 5 to 52 years of service, and that Beverly Fick, new Chief Nursing Officer, had recently joined the Executive Leadership Team.

INFORMATIONAL ITEMS

None

COMMITTEE REPORTS

- 1. Program Committee – Chairman Vice-President Hazen**
 - Director Hazen explained that last month the Board acted on approval of Gilda's Club Desert Cities Healthy Living Program (HeLP) grant. The Program Committee approved the recommended budget line item revision for approval of the Board.
 - a. Draft Minutes of May 9, 2017, meeting
 - b. Pipeline FY June 30, 2017
 - c. Progress Reports
 1. Grant #899 Pegasus Riding Academy
 2. Grant #862 Visiting Nurse Association
 - d. Pending Requests for Consideration
 1. Grant #929 Gilda's Club Desert Cities:

HeLP – Healthy Living Program

\$142,000 with revised line-item budget and report on sustainability evaluation.

#17-42 MOTION WAS MADE by Vice-President Hazen and seconded by President to approve the Healthy Living Program (HeLP) \$142,000 revised line-item budget and report on sustainability evaluation.

Motion passed unanimously.

Roll Call Vote:

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

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

2. FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE - Director Matthews

- a. Draft minutes of May 9, 2017 meeting
- b. COO Report & Las Palmas Leasing Update
- c. FY 17-18 Draft Annual Budget
- d. Consultant Agreement to Operationalize Strategic Plan (Mary Odell)

- Director Matthews highlighted items from the most recent committee meeting, including the COO Report, Las Palmas Leasing update, and a \$9,000 Consultant Agreement to Operationalize the Strategic Plan are included in the packet. The FY 17-18 Draft Annual Budget is for informational purposes that the Committee reviewed.
- Vice-President Hazen expressed concerns about approving a consultant agreement for activity recommended in a Strategic Plan that has not yet been finalized. Herb K. Schultz, CEO, explained that there was a draft agreement implemented for review by the F&A Committee - further stating that there was a recommendation to bring forth an implementation plan on the programmatic side, and utilize the agreement based on those recommendations.
- Vice-President Hazen explained that her preference is for a process that first considers and takes action on the Strategic Plan, and then considers the scope of work for any consultants needed to implement approved elements therein.
- Vice-President Hazen recommends waiting to approve the agreement on the agenda until after the Board approves the final Strategic Plan scheduled for the June Board Meeting.

#17-43 MOTION WAS MADE by Vice-President Hazen and seconded by Director Matthews to table the consultant agreement to operationalize the Strategic Plan. Motion passed unanimously.

Roll Call Vote:

AYES 5 Director Zendle; Director Wortham; Director Matthews;

Vice-President Hazen; President Rogers

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

3. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE

- Director Zendle reported that several members of the Desert Regional Medical Center Hospital Governing Board are interested in participating in the first Hospital Governance and Oversight Committee meeting in early June.
- Herb K. Schultz, CEO, advised the Board that Staff has been directed by the Committee to prepare a document that explores the first 6 to 9 months of the committee and potential topics of discussion.

4. AD HOC COMMITTEE ON DISTRICT EXPANSION

- Herb K. Schultz, CEO, gave an overview of the Expansion timeline for the LAFCO hearing after the submission of a funding source stating that the county negotiations commenced on May 8.
- Director Wortham explained that she wants to ensure that the District is proposing several viable options as opposed to only one option.
- Director Zendle believes that the County has neglected public and indigent health care and should assist the District as one of the funding mechanisms of the expansion. Additionally, Director Zendle does not recommend a parcel tax since those in the west are already taxed from parcels.
- Vice-President Hazen suggested directing Staff and the Ad Hoc Committee to finalize the negotiations with the County, bring the options to the Ad Hoc Committee for vetting, and present final recommendations to the Board at the June meeting.

OLD BUSINESS

West Valley Homelessness Initiative

- Herb K. Schultz, CEO, thanked the Program Committee and Donna Craig, Chief Grants Officer for their work on the Initiative. Mr. Schultz outlined the draft framework for the West Valley Homelessness Initiative explaining the resources and stakeholders in Palm Springs, Desert Hot Springs, and Cathedral City.
- President Rogers explained that she discussed in detail with Director Wortham her role as a recommended Board member to represent the District on the Coachella Valley Association of Governments (CVAG) Homelessness Committee.
- Vice-President Hazen suggests moving forward to explore the potential role the District might play in development of a long-term facility, including the options for building/owning, lease, and/or retrofitting an existing facility. In addition, Vice-President Hazen suggested speaking with existing providers, and exploring the potential for leveraging private funding with the District's funding similar to a public-private partnership.
- Mr. Schultz explained that the next steps are to continue with the discussions, meet with other agencies, and provide recommendations to the Board.

- Director Matthews provided information for the city of Long Beach and Salt Lake City's role of identify housing, rental move-in assistance, and case management services.

NEW BUSINESS

None

LEGAL COUNSEL COMMENTS & REPORTS

- Blaise Jackson, Legal Counsel explained that SB-562 Single-Payer is up for a formal vote, and provided additional details on the vote.

DIRECTORS' COMMENTS & REPORTS

- Vice-President Hazen called attention to the fact that in June, Herb K. Schultz, CEO, will be due a six-month evaluation, as described in the policy updated last year.

ADJOURNMENT TO EXECUTIVE SESSION at 3:45 p.m.

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

1. REPORT INVOLVING TRADE SECRETS pursuant to Health & Safety Code 32106 – Discussion concerning proposed new services and facilities. Estimated date of public disclosure: December 2017.

- The Board took no action on the Closed Session Item.

REPORT AFTER CLOSED SESSION

ADJOURNMENT

The meeting adjourned at 5:06 p.m.

ATTEST: _____

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

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

ABSENT:
Motion Passed 5-0

NEW BUSINESS

Review of initial draft Three (3) – Year Strategic Plan (FY17-18, FY18-19, FY19-20).

- Herb K. Schultz, CEO, outlined his Staff Report and the Mission and Vision of the District/Foundation explaining the Draft Strategic Plan.
- Mr. Schultz introduced Bobbie Wunsch, Consultant, Pacific Health Consulting Group.
- Ms. Wunsch reminded the Board that the draft is based on the Board and Public comments at the Special Strategic Plan Meeting Sessions.
- Ms. Wunsch outlined the Strategic Priorities that will guide the work of the District/Foundation.
- Vice-President Hazen explained that Health Facilities, East Valley Expansion, and meeting Community Needs were the three overarching priorities.
- Director Zendle’s focus is on Health Facilities and Services. Information and Community corresponds with the priorities and Public Policy is important to the overall vision.

Public Comments

- Brad Gilbert, MD, CEO, Inland Empire Health Plan emphasized the services of the Plan.

NEW BUSINESS CONTINUED

- Rafael Gomez, Consultant, Pacific Health Consulting Group detailed the Community Health Focus Areas.
- President Rogers suggests collaborations with the existing services in the Valley.
- Director Wortham proposed that the Board explore integrating Behavioral Health with Primary Care.
- Director Zendle stated that the District has an accountability to ensure the Quality and Safety items are addressed, and recommends including facilities to services and programs.

Public Comments

- Jerome Estes, RN, San Geronio Memorial Hospital remarked that Behavioral Health and Homelessness are two separate issues.
- Gema Kim, MD, UCR School of Medicine explained that primary care is encompassed under one umbrella.
- Linda Barrack, CEO, Martha’s Village inquired about the prominent role of mental health issues. Director Zendle explained that the Board wants to ensure that the behavioral health needs of the community are met.
- Carole Dozier, San Geronio Memorial Hospital emphasized the shortage of psychiatrist and the District collaborating with the hospital since they serve 40% of the population.
- Linda Barrack, CEO, Martha’s Village suggests defining homelessness since some live-in cars and motels.
- Chantel Schuering, Community Relations Director, FIND Food Bank explained the relevance of maintaining behavioral health services as a top priority including healthy eating and active living.

- Jerome Estes, RN, San Gorgonio Memorial Hospital described the importance of collaborations. Mr. Estes also stated that housing is not included in the Plan. Vice-President Hazen explained that the Board Meeting has discussed housing as it relates to the homeless.

NEW BUSINESS CONTINUED

- Bobbie Wunsch, Consultant, Pacific Health Consulting Group explained that the five priorities and proposed strategies and outcomes may be restructured based on the comments.
- President Rogers stated that the consultants can assist with the philanthropic organizations for measuring outcomes.
- Dr. Zendle explained that the Board should be careful with the outcome measurements as it takes time to consider the results.

Public Comments

- Alexis Ortega, Manager, LGBT Center inquired about the role of the Foundation with the philanthropy. Herb K. Schultz, CEO, explained the Foundations role and the distribution of funding.
- Rafael Gomez, Consultant, Pacific Health Consulting Group explained that the District/Foundation is promoting stable high-quality services that respond to the community needs which also includes Desert Regional Medical Center facility solutions.
- Director Matthews explained the seismic issues that must be completed by 2030 and how those matters impact the expansion.
- Gary Rotto, Senior Vice-President, Borrego Health questioned strategies 1.1 and 1.2 and how the strategies overlap with one another. Mr. Schultz summarized how the two strategies are related.
- Jerome Estes, RN, San Gorgonio Memorial Hospital inquired on the hospitals involvement with strategy 2.1. Director Matthews explained how the District will collaborate with the hospital and aspects of the lease renewal.

NEW BUSINESS CONTINUED

- Bobbie Wunsch, Consultant, Pacific Health Consulting Group outlined strategies 3 and 4 - Information and Community Education and Public Policy.
- President Rogers inquired with the public on the use of cvHIP.
- Alexis Ortega, Manager, LGBT Center stated that the LGBT Center staff uses cvHIP as a resource for clients.
- President Rogers stated that the majority of the public is not aware of the District or the services the District provides.
- Vice-President Hazen explained District awareness and perception is an outcome for educating the community about the programs and services.
- Rafael Gomez, Consultant, Pacific Health Consulting Group outlined the Public Policy strategies and outcomes.
- Vice-President Hazen recommends revising the Public Policy outcome by stating “up to” 4 policy forums per year with the community.

- Ms. Wunsch provided details on the East Valley Expansion priority including the strategies and outcomes.
- Director Zendle does not consider an East Valley office as a necessity.
- Vice-President Hazen stated that the opening of the East Valley office should wait until November 2018.
- Herb K. Schultz, CEO explained that the East Valley community recommended the Districts presence in the East based on the Town Hall Forums.
- President Rogers stated that the community should be aware of the funding source when potentially opening the East Valley office.
- Mr. Schultz explained to the public the potential funding sources of the Expansion.
- Vice-President Hazen proposed changes that are stronger and committed to the language in the priority section of the East Valley Expansion.
- Blaise Jackson, Legal Counsel explained the advocacy and information for informing the public and providing a balance format for an educational process on the November 2018 ballot.

Public Comments

- Alexis Ortega, Manager, LGBT Center suggested more Spanish speaking materials for engaging the East Valley residents.
- Chantel Schuering, Community Relations Director, FIND Food Bank explained that the communities in the Coachella Valley are not siloed. The District should view the Valley in its entirety.
- Director Matthews recommends scheduling Board Meetings in the East Valley for more community engagement.

NEW BUSINESS CONTINUED

- Rafael Gomez, Consultant, Pacific Health Consulting Group outlined the Community Health Focus Areas.
- The proposed Infrastructure Plan was outlined by Mr. Schultz with changes to the existing Staff and newly recommended positions.
- Vice-President Hazen requested an explanation of the COO and Programs Officer positions. Mr. Schultz explained the current CFO/COO role and the need for a companion piece for the day-to-day operations.
- Director Zendle stated that there is no rush with a July 1 start date and inquired on the additional District funds necessary for the newly proposed positions.
- Chris Christensen, CFO/COO explained that there are no additional property tax revenue supporting the District, but to prepare for the potential growth, the District must move forward.
- Mr. Schultz explained that the Health Policy Analyst position will be a two-year grant funded position.
- Director Matthews detailed the end of the year cash balance for FY17-18.
- President Rogers recommended a discussion on the proposed Infrastructure Plan.
- Gary Rotto, Senior Vice-President, Borrego Health remarked that with the proposed organizational chart, the District can use the positions to carry out the goals of the Strategic

Plan. Mr. Schultz added that the organizational chart coincides with the District's new Vision.

NEXT STEPS

- Herb K. Schultz, CEO explained the next steps of the Board of implementing the Strategic Plan.
- Director Zendle inquired on the method of the budgeted funding for the grants programs and its relations to the priorities, strategies, and outcomes.
- Vice-President Haze explained that in the past, the Board separated the grant funding with the budget. The Board may return to innovative grant-making and grant requests that do not fit in the individual categories.

ADJOURNMENT

The meeting adjourned at 7:49 p.m.

ATTEST: _____

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

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

SCHEDULE 14.11(a)

**RULES AND REGULATIONS OF THE LOCAL GOVERNING BOARD OF
DESERT REGIONAL MEDICAL CENTER**

The Local Governing Board of **DESERT REGIONAL MEDICAL CENTER** (the Hospital) hereby adopts the following Rules and Regulations.

STRUCTURE

The Hospital is owned by **DESERT HEALTHCARE DISTRICT**, a political subdivision of the State of California (the District) and is leased to and is operated by **DESERT REGIONAL MEDICAL CENTER, INC.**, a California corporation (the Lessee), which is an affiliate of Tenet Healthcare Corporation, a Nevada corporation (Tenet).

**ARTICLE I
THE LOCAL GOVERNING BOARD
FUNCTIONS AND DUTIES**

The functions and duties of the Local Governing Board shall be as directed from time to time by the Board of Directors of the Lessee (hereinafter Board of Directors), consistent with the standards of the Joint Commission on Accreditation of Healthcare Organizations (hereinafter JCAHO), and applicable laws and regulations. Such functions shall include, but not be limited to, those stated below. The Local Governing Board shall provide for community participation, particularly by persons possessing special expertise, regarding the medical aspects of the Hospital's operations and delivery of health care to the local community.

**ARTICLE II
LOCAL GOVERNING BOARD - STRUCTURE AND PROCEDURES**

Section 1. Composition. Subject to Section 4(e)(3) below, the Local Governing Board shall be appointed by the Board of Directors and shall be composed of no more than fifteen (15) members. A majority of the Local Governing Board members shall be physician members from the community served by the District, with at least six (6) of those physicians being members of the Hospital Medical Staff and shall include the President of the Medical Staff. The remaining members of the Local Governing Board shall represent the Lessee and members of the community and shall include the Hospital CEO (as defined in Article IX below) and, provided that compliance with the Brown Act is not required as a result thereof, two (2) members shall be appointed by the Board of Directors of the Desert Healthcare District (District Members). The initial Local Governing Board shall not include more than

two (2) members who were members of the Desert Hospital Corporation Board of Directors immediately prior to its dissolution, except that this limitation shall not apply to any member of the Desert Hospital Corporation Board of Directors who was also a member of the District Board of Directors. At least one (1) other non-physician member of the Local Governing Board shall be a local community resident who is neither employed by nor does business with Lessee (or any affiliate thereof) nor is related to any officer or director of Lessee (or any affiliate thereof).

Section 2. Appointment. Subject to Section 4 below, members of the Local Governing Board, except those members whose terms will not then be expiring, shall be appointed annually by the Board of Directors or its designee. Members shall serve until their resignation, removal or other disqualification from service or until their respective successors are appointed.

Section 3. Conflict of Interest. The Local Governing Board shall implement a written Conflict of Interest Policy (attached hereto as Appendix A) that provides for full disclosure of the ownership and control of the Hospital and of any health care delivery organizations that are corporately and functionally related to the Hospital. The policy includes guidelines for resolution of any existing or apparent conflict of interest. All Local Governing Board members shall be required to disclose possible conflicts of interest prior to their appointment to the Local Governing Board and periodically throughout their term(s).

Section 4. Terms of Service. Service on the Local Governing Board shall be in accordance with the following provisions.

a. Staggered Terms. Members shall serve staggered terms so that approximately one-third of the members complete their terms as of the end of any given Local Governing Board Year (as defined below). Newly appointed or reappointed members shall serve three-year terms except when the appointment fills a vacancy as to which less than three years remain.

b. Local Governing Board Year. The Local Governing Board Year shall be the same as the fiscal year.

c. Service of Local Governing Board Year. For purposes of this Section 4, service during any part of a Local Governing Board Year shall be deemed service for a full Local Governing Board Year, whether such partial service results from being appointed to fill out an unexpired term or from any other cause.

d. Nominations, Recommendations and Appointment. Prior to the first day of the new Local Governing Board Year, the Local Governing Board shall submit to the Board of Directors, or its designee, the Local Governing Board's recommendations regarding appointment or reappointment. The Board of Directors, or its designee, shall

consider said recommendations and make appointments and reappointments prior to or as of the end of the term of the incumbents whose terms are then expiring.

e. **Maximum Consecutive Service.** The maximum number of Local Governing Board Years which may be served, after which the member shall be ineligible for appointment until at least one (1) year of nonmembership has elapsed, is as follows:

- (1) For the Hospital CEO serving ex officio: No limit.
- (2) For appointed members who also have served ex officio as President of the Medical Staff: Six (6) plus total number served ex officio.
- (3) For former members of Desert Hospital Corporation Board of Directors (other than those who were also on the District Board of Directors): One (1).
- (4) For all other members: Six (6).

Section 5. Resignation and Removal.

a. **Resignation.** Any member may resign by written notice to the Chairman of the Local Governing Board or the Hospital CEO effective at the time specified in the notice.

b. **Removal.** Any member of the Local Governing Board may be removed, with or without cause, at any time by the Board of Directors. Unless the Board of Directors determines in good faith that providing prior notice of removal to a member of the Local Governing Board would jeopardize the interests of the Lessee, such member shall be given not less than ten (10) day's prior written notice of such removal.

c. **Attendance at Meetings.** Each member of the Local Governing Board shall attend at least nine (9) regular Local Governing Board meetings in each Local Governing Board Year, unless excused by the Chairman for good cause. Except in emergencies, a Local Governing Board member shall notify the Chairman or his designee in advance of any meeting from which said member will be absent, to obtain an excused absence. Failure to attend three (3) or more consecutive meetings, except for excused absences, may result in the removal of the member from the Local Governing Board by the Board of Directors.

Section 6. Vacancies. All vacancies on the Local Governing Board shall be filled by the Board of Directors after considering the recommendation, if any, of the Local Governing Board, except that any vacancy on the Local Governing Board by a District Member shall be filled in accordance with the procedure described in Article II, Section 1, for appointment of District Members.

Section 7. Regular Meetings. Regular meetings of the Local Governing Board shall be held monthly at the Hospital or at such other place as may be designated by the Board of Directors or the Local Governing Board.

Section 8. Other Representation at Local Governing Board Meetings. The Local Governing Board recognizes that one or more members of the Board of Directors shall be entitled to attend each regular and special meeting of the Local Governing Board, without voting rights. The Chief Operating Officer, Chief Medical Officer, Chief Nursing Officer, Chief Financial Officer and any other Hospital representative deemed appropriate by the Chairman, in consultation with the Hospital CEO, may also attend Local Governing Board meetings, without voting rights.

Section 9. Special Meetings. Special meetings may be called by the Chairman of the Local Governing Board at his discretion or if requested for good cause by two other Local Governing Board members. Members shall be given written or oral notice of such special meetings, as time permits.

Section 10. Waiver of Notice. The transaction of any meeting of the Local Governing Board, however called and noticed or wherever held, shall be as valid as a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the members not present signs a written waiver of notice, a consent to hold such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the Local Governing Board records or made part of the minutes of the meeting.

Section 11. Quorum. A majority of the members of the Local Governing Board shall constitute a quorum for the transaction of business, and the action of a majority of the Local Governing Board members present at any meeting at which there is a quorum, when duly assembled, is valid.

Section 12. Adjournment. If a quorum is not present at any Local Governing Board meeting, the members present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. Notice of the time and place of an adjourned meeting need not be given to absent members if the time and place is fixed at the adjourned meeting, except as provided in the next sentence. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the members who were not present at the time of the adjournment.

Section 13. Action Without Meeting. Any action required or permitted to be taken by the Local Governing Board may be taken without a meeting if all members of the Local Governing Board individually or collectively consent in writing to such action. Such

written consent or consents shall have the same force and effect as a unanimous vote of the Local Governing Board and shall be filed with the minutes of the proceedings of the Local Governing Board.

Section 14. Compensation. Each member of the Local Governing Board may receive a monthly stipend as fixed from time to time by the Board of Directors in its sole discretion, except that no such stipend, gift, or compensation of any other kind shall be paid to any District Member of the Local Governing Board.

Section 15. Meetings by Telephone. Any regular or special meeting of the Local Governing Board may be held by means of telephone conference call or similar communication equipment, provided that all persons participating in the meeting can hear and communicate with each other.

ARTICLE III OFFICERS OF THE LOCAL GOVERNING BOARD

Section 1. Officers. The officers of the Local Governing Board shall be nominated by the Nominating Committee at the last meeting of each Local Governing Board Year and shall include a Chairman, a Vice Chairman and a Secretary, each of whom shall be a member of the Local Governing Board. These officers shall be elected at the first meeting of each Local Governing Board Year. The term of elected officers shall be for one (1) year, or until a successor is elected by the Local Governing Board. No more than three (3) consecutive terms in the same office may be served by the same member. The officers shall perform the duties customarily associated with their offices or as specifically assigned by the Local Governing Board.

Section 2. Resignation and Removal.

a. Resignation. Any officer may resign by written notice to the Chairman of the Local Governing Board or the Hospital CEO at the time specified in the notice.

b. Removal. The Local Governing Board or the Board of Directors may, at any time, with or without cause, remove any officer.

Section 3. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled by the Local Governing Board.

Section 4. Chairman. The Chairman shall preside at all meetings of the Local Governing Board and shall perform such other duties as may be assigned by the Local Governing Board.

Section 5. Vice Chairman. The Vice Chairman shall assist the Chairman in the conduct of the business of the Local Governing Board, shall preside at Local Governing Board meetings in the Chairman's absence, and shall perform such other duties as may be assigned by the Local Governing Board.

Section 6. Secretary. The Secretary shall keep, or cause to be kept, a book of minutes for the purpose of recording the proceedings of the Local Governing Board. The Secretary shall give, or cause to be given, notice of all special meetings of the Local Governing Board, and shall perform such other duties as may be assigned by the Local Governing Board.

ARTICLE IV ORGANIZATION OF THE MEDICAL STAFF

The Local Governing Board shall organize the physicians and other practitioners granted clinical privileges at the Hospital into a Medical Staff under Medical Staff Bylaws approved by the Local Governing Board in accordance with Article VI hereof. Each member of the Medical Staff shall have appropriate authority and responsibility for the care of his or her patients, subject to such limitations attached to his or her appointment.

ARTICLE V MEDICAL STAFF APPOINTMENTS

Section 1. Local Governing Board Authority. The Local Governing Board shall have authority and responsibility for all appointments and reappointments of Medical Staff members and assignment of clinical privileges in accordance with the Medical Staff Bylaws.

Section 2. Standards and Procedures for Consideration of Applications. The standards and procedures adopted by the Local Governing Board shall be applied by the Hospital and its Medical Staff in considering and acting upon applications for staff membership and clinical privileges.

Section 3. General Policy. The Local Governing Board shall consider the Medical Staff recommendations in the exercise of the Local Governing Board's authority to appoint members of the Medical Staff. Whenever a Local Governing Board decision is not in accordance with the last recommendation or action of the Medical Staff, the matter shall be resolved as follows:

a. In matters involving membership and/or clinical privileges of Medical Staff members, or clinical privileges of other health care professionals, the Local Governing Board shall submit the matter to a joint committee for review and recommendation. Such committee, unless otherwise required by law or the Medical Staff Bylaws, shall consist of two Medical Staff members (who are not Local Governing Board members) chosen by the Chief of the Medical Staff and three Local Governing Board members chosen by the Chairman of the Local Governing Board. The committee shall make its review and recommendation to the Local Governing Board within forty-five (45) days of submission of the matter to the committee from the Local Governing Board. Thereafter the Local Governing Board shall render its final decision in the matter and shall communicate this final decision to the Medical Staff Executive Committee and any directly affected practitioner, consistent with the Medical Staff Bylaws (including, if applicable, providing the directly affected practitioner written notice of a tentative adverse decision and the procedural rights set forth in Article 8 thereof prior to a final decision by the Local Governing Board).

b. In all other matters, the Local Governing Board may, in its sole discretion, either (i) refer the matter, on terms as it may direct, to a joint committee such as described above or to the Local Governing Board Planning Committee, if any, as specified under Article VIII Section 4 herein below, or (ii) decide the matter otherwise as it deems best. If the matter is referred to a committee, such committee shall report back within such time specified by the Local Governing Board, after which time the Local Governing Board may render its final decision.

Section 4. Hearing Procedures: Health Practice Matters; Final Decision. The Local Governing Board shall be the official body to render final decisions in Medical Staff hearing and appeal procedures at the Hospital, and in all other decisions affecting staff membership, privileges, categories of other health professionals allowed to practice in the Hospital, enforcement of these Rules and Regulations, the Medical Staff Bylaws and the policies of the Local Governing Board, and establishment of overall policies in operating the Hospital.

Section 5. Medico-Administrative Officials. From time to time, the Hospital may engage one or more physicians as medico-administrative officials under such terms and conditions as are specified in an engagement agreement. The engagement agreement shall require that any such medico-administrative official be a member of the Medical Staff.

ARTICLE VI MEDICAL STAFF BYLAWS

There shall be Bylaws for the Medical Staff which set forth its organization and government. Any proposals for new Bylaws, or any amendment, revision or repeal of existing Bylaws, shall be considered and, if approved, adopted by the Medical Staff (or its Medical Executive Committee) in accordance with any provisions in the Bylaws regarding such adoption procedures, and subject to the

approval of the Local Governing Board (which approval shall not be unreasonably withheld). The Local Governing Board may, at any time, initiate proposals for Bylaws, or amendments thereto, and the Local Governing Board shall present these proposals to the Medical Staff or its medical Executive Committee) for its consideration.

**ARTICLE VII
QUALITY OF PROFESSIONAL SERVICES
AND PATIENT CARE EVALUATION**

Section 1. General Policy. The Local Governing Board shall, in the exercise of its overall responsibility, assign to the Medical Staff reasonable authority to ensure appropriate professional care to Hospital patients. Subject to limitations of these Rules and Regulations and the Bylaws of the Medical Staff, and subject further to any limitations attached to an individual's appointment or engagement, only an individual permitted by law to provide patient care services independently and without direction or supervision, or a member of the house staff or other allied health professionals acting under the supervision of a licensed practitioner with clinical privileges, may provide direct medical care to patients. Local Governing Board ratification is required prior to the delegation to allied health professionals of the responsibility for performance of certain practices related to medicine.

Section 2. Medical Care Evaluation Reports. The Local Governing Board shall require, consider, and if necessary act upon, Medical staff reports of medical care evaluation, utilization review and other matters relating to the quality of care rendered in the Hospital. The executive committee of the Medical Staff shall, through its chairman or his designee, cause the preparation and presentation of such required reports to the Local Governing Board at each Local Governing Board meeting or otherwise. The Hospital CEO shall provide the Medical Staff with the necessary administrative assistance to facilitate such reporting, regular analysis of the clinical practice, and utilization review activities within the Hospital.

Section 3. JCAHO and Legal Requirements. The Local Governing Board shall direct that all reasonable and necessary steps be taken by the Medical Staff and Hospital administration for meeting JCAHO accreditation standards and complying with applicable laws and regulations. If requested by the Hospital CEO, Local Governing Board members shall participate in JCAHO summation conferences unless excused for good cause. The Local Governing Board shall take all reasonable steps to comply with all applicable federal, state and local laws and regulations.

**ARTICLE VIII
LOCAL GOVERNING BOARD OPERATION**

Section 1. General Functions. The Local Governing Board shall have responsibility for the business and affairs of the Hospital to the extent delegated by the Board of Directors. The Local

Governing Board shall delegate responsibility and authority for the day-to-day management of the Hospital to the Hospital CEO.

Section 2. Committees.

a. **Designation.** The Local Governing Board, at its discretion, may designate one (1) or more committees, each of which shall be composed of two (2) or more members, to serve at the pleasure of the Local Governing Board. The Local Governing Board may designate one (1) or more members as alternate members of any committee. With respect to any committees that review issues affecting the discharge of Medical Staff responsibilities, those committees must include Medical Staff members.

b. **Delegation.** The Local Governing Board may delegate to any such committee any of the Local Governing Board's powers and authority except for amending these Rules and Regulations.

c. **Proceedings.** The Local Governing Board may prescribe appropriate rules, not inconsistent with these Rules and Regulations, by which proceedings of any such committee shall be conducted. The provisions of these Rules and Regulations relating to notice of meetings of the Local Governing Board and waiver of such notice, adjournments of meetings of the Local Governing Board, written consents to Local Governing Board meetings and approval of minutes, action by the Local Governing Board by consent in writing without a meeting, the place of holding meetings, the quorum for meetings, the vote required at such meetings, and the withdrawal of members after commencement of a meeting shall apply to committees of the Local Governing Board and action by such committees. In addition, any member of the Local Governing Board acting as Chairman or as Secretary of the committee or any two (2) members of the committee may call meetings of the committee. Regular meetings of any committee may be held without notice if the time and place of such meetings are fixed by the Local Governing Board or the committee.

Section 3. Medico-Administrative Liaison. The Hospital CEO shall function as a liaison between the Local Governing Board and the Medical Staff.

Section 4. Planning Function. The Local Governing Board shall participate in and support an institutional planning process to periodically evaluate the Hospital's goals, policies and programs. At the Local Governing Board's discretion, this planning function may be performed by a committee (the Local Governing Board Planning Committee) which includes representatives of the Local Governing Board, administration, nursing, other appropriate advisers, and the Medical Staff.

Section 5. Performance Improvement (PI). The Local Governing Board shall require the Medical Staff and staffs of the Hospital departments/services to implement and report on the activities and mechanisms for monitoring and evaluating the quality of patient care, for identifying opportunities to improve patient care, and for identifying and resolving problems. The Local Governing Board, through the Hospital CEO, shall support these activities and mechanisms. The

Local Governing Board shall provide for resources and support systems for the quality assessment and improvement and risk management functions related to patient care and safety. The Local Governing Board shall consider and, if necessary, act upon the results reported from PI activities, which activities shall strive to satisfy the following objectives: (i) quality patient care provided by members of the medical and allied professional staffs, employees of the Hospital and all others who provide patient care services at this Hospital, (ii) use of planned and systematic procedures to objectively assess the quality of care provided, (iii) implementation of corrective action when problems or opportunities for improvements are identified, and (iv) the provision of one level of patient care throughout the Hospital.

Section 6. Patient Care. The Local Governing Board shall participate in and support an institutional process to periodically review, evaluate, and revise key Hospital policies and procedures to address integrated patient care.

Section 7. Orientation and Continuing Education. All members of the Local Governing Board shall participate in an initial orientation and continuing education programs as part of membership responsibilities. These programs will be provided through the Hospital CEO as needed, but no less than annually. Initial orientation shall include an explanation of the functions and responsibilities of the Local Governing Board. Relevant topics for continuing education include the Local Governing Board's responsibility for the PI program and its effectiveness, and appointment, reappointment and granting privileges to medical and allied professional staff members. If requested by the Chairman of the Local Governing Board, all or any members of the Local Governing Board from the prior year may be called upon to attend the first Local Governing Board meeting of the new Local Governing Board Year as non-voting members for the sole purpose of orienting the new Local Governing Board members to their responsibilities.

Section 8. Facility Plans and Budgets. The Local Governing Board, together with the Hospital CEO, shall develop and adapt short-term and long-term plans including annual capital and operating budgets, and a long-range master plan, to the end that the Hospital may effectively serve its community. Such plans shall be submitted to the Board of Directors or its designee for review and approval.

ARTICLE IX CHIEF EXECUTIVE OFFICER

Section 1. Appointment. The Board of Directors or its designee, with the approval of the Local Governing Board, shall appoint a chief executive officer of the Hospital (referred to herein as the Hospital CEO) in accordance with such criteria as may be adopted by the Board of Directors with approval of the Local Governing Board.

Section 2. Qualifications. The appointed Hospital CEO shall have the knowledge and skills necessary to perform the duties required of the Hospital's senior leader. Among other criteria, education and relevant experience are important qualifications.

Section 3. Responsibilities. The Hospital CEO shall represent the Hospital in all aspects of its operations. He/she shall make periodic reports to the Local Governing Board, if any, but his/her line of authority shall derive from the Board of Directors. The duties of the Hospital CEO shall include but not be limited to the following:

a. **Policies.** Implementation of policies of the Board of Directors and the Local Governing Board as approved by the Board of Directors or its designee, especially those relating to the physical and financial resources of the Hospital.

b. **Liaison.** Liaison among the Board of Directors, Local Governing Board, administrative staff and the Medical Staff and between the Hospital and the local community.

c. **Management.** Organization and management of the Hospital and its services, departments and subdivisions, delegation of duties and establishment of formal means of accountability of subordinates.

d. **Compliance with Laws and Regulations.** The Hospital CEO shall review and act promptly upon the reports of authorized planning, regulatory and inspection agencies and shall report to the Local Governing Board on the overall activities of, and developments and inspections affecting, the Hospital. The Hospital CEO shall undertake corrective action for any deficiencies reported by such agencies, and documentation of such corrective action shall be made available to the JCAHO for the Hospital's accreditation survey.

ARTICLE X PERSONNEL

Section 1. Policies. The Personnel Policies of the Hospital shall be reviewed periodically by the Hospital CEO and Local Governing Board, but no less often than once a year, and the date of the most recent review shall be indicated on the written policies. A procedure shall be established for notifying employees of personnel policies and changes thereto.

Section 2. Conflict Resolution Process. The Local Governing Board shall participate in and support a conflict resolution process for resolving conflicts between the Local Governing Board and the individuals under the Local Governing Board's leadership. The Local Governing Board shall periodically meet to review the effectiveness of this process and recommend any revisions to the Board of Directors.

ARTICLE XI VOLUNTEER ORGANIZATIONS

Section 1. Hospital Auxiliary. The Local Governing Board may authorize the formation and continuing operation of a volunteer auxiliary. The auxiliary shall develop and adopt an organizational structure and bylaws, rules and regulations. The auxiliary's bylaws, rules and regulations shall become effective when approved by the Local Governing Board. The Local Governing Board shall, within a reasonable time after the submission of the auxiliary's bylaws, rules and regulations to the Local Governing Board for approval, review such documents and either approve the same or notify the appropriate auxiliary personnel of deficiencies in such documents. The Local Governing Board or its representative shall submit to the auxiliary any required changes in such documents and may appoint a representative to assist the organization in the preparation of acceptable documents. Upon receipt of acceptable documents, the Local Governing Board shall, within a reasonable time, grant approval of the auxiliary's bylaws, rules and regulations.

Section 2. Other Volunteer Services. The Hospital CEO or his designee shall be responsible for the establishment of a mechanism for controlling the activities of individuals or organized groups who perform volunteer services in the Hospital, but who are not in the status of Hospital auxiliary personnel.

ARTICLE XII REVIEW OF DOCUMENTS

Section 1. General. At least every two (2) years, the Local Governing Board shall review these Rules and Regulations and the Bylaws of the Medical Staff of the Hospital. Necessary changes shall be made in such documents in accordance with the amendment procedures set forth therein. Such documents shall be dated to indicate the time of the last review.

Section 2. Professional Service Contracts. The Local Governing Board shall have the right to review and approve all material hospital-based physician contracts and periodically review the quality of service rendered by hospital-based physicians and other professional service contractors. The Local Governing Board shall also review and make recommendations on any contractual matter referred to it by the Board of Directors. The Board of Directors, through the Hospital CEO or other designee, shall have final authority with respect to all contracts affecting the Hospital.

Section 3. Other Documents and Services. The Local Governing Board shall have the right to review and approve all proposed operating and capital budgets for the Hospital. The Local Governing Board also shall have the right to review and provide recommendations to Lessee on coordination of services and shall act as a forum regarding community input of the delivery of health care to the community.

ARTICLE XIII CORE SERVICES

Section 1. Termination or Reduction of Core Services. The Local Governing Board shall have the right to review and provide comments to Lessee with respect to any proposed termination or material reduction of Core Services of the Hospital set forth on Schedule 14.2 of the Agreement, before Lessee makes such proposal to the Board of Directors.

**ARTICLE XIV
PATIENTSBILL OF RIGHTS**

The Local Governing Board hereby adopts the Statement on Patients Rights of the JCAHO as its own statement on the rights of patients.

**ARTICLE XV
EVALUATION OF PERFORMANCE**

The Local Governing Board shall evaluate its own performance by comparing its performance to the JCAHO standards on an annual basis.

**ARTICLE XVI
INSURANCE**

The Board shall include members of the Local Governing Board as insured persons under the appropriate general and professional and/or directors and officers' liability insurance coverage.

**ARTICLE XVII
AMENDMENTS AND ADOPTION**

Section 1. Amendments. The Local Governing Board may adopt amendments to these Rules and Regulations, subject to the approval of the Board of Directors and the Board of Directors of the District.

Section 2. Adoption. The foregoing rules and regulations were originally adopted by the Local Governing Board on July 30, 1997 and then were adopted as amended by the Local Governing Board on October 17, 2013.

Section 3. Supremacy of Hospital Lease Agreement. The District and Lessee entered into a Hospital Lease Agreement on or about May 15, 1997 (the Agreement). In the event of any conflict between the Agreement and these Rules and Regulations, the Agreement shall prevail.

The foregoing amended rules and regulations were approved by the Local Governing Board of Directors on May 18, 2017



Hetal Bhakta, MD, Chairman, Local Governing Board of Directors

APPROVALS

The foregoing amended rules and regulations were approved by the Board of Directors of Desert Regional Medical Center, Inc. on _____.

Chairman, Board of Directors of Desert Regional Medical Center, Inc.

The foregoing amended rules and regulations were approved by the Desert Healthcare District on May 23, 2017 _____

Chairman, Board of Directors of Desert Healthcare District

DESERT HEALTHCARE DISTRICT
YEAR TO DATE VARIANCE ANALYSIS
ACTUAL VS BUDGET
ELEVEN MONTHS ENDED MAY 31, 2017

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

Account	YTD		Over(Under) Budget	Explanation
	Actual	Budget		
4000 - Income	\$ 7,376,147	\$ 7,342,500	\$ 33,647	Higher interest income from FRF investments \$45K, lower NEOPB Grant Income \$12k.
4501 - Misc Income	\$ 38,176	\$ 68,750	\$ (32,574)	Lower Southern California solar energy receipts.
5000 - Direct Expenses	\$ 729,077	\$ 861,795	\$ (132,718)	Lower wage and payroll tax \$132K due primarily to CEO 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 \$18K; Lower retirement plan expense of \$14K; Higher election fees expense of \$36k, Lower various \$5K.
6500 - Professional Fees Expense	\$ 450,198	\$ 167,706	\$ 282,492	Higher Professional Fees due primarily to CEO recruiting fees of \$40k and other consulting fees for market analysis, focus groups and surveys \$123k; and AB2414 LAFCO Application \$89; and Legal Expense \$35k. Lower various other expenses of \$5K.
7000 - Grants Expense	\$ 3,420,403	\$ 4,257,000	\$ (835,597)	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	\$ 1,615,743	\$ 1,168,750	\$ 446,993	Continuing market price fluctuations for fixed income investments - Treasury's and Agency Bonds.
Las Palmas Medical Plaza - Net	\$ 262,497	\$ 152,405	\$ 110,092	Lower Rents \$23k; Lower Depreciation Expense \$65K due to delayed TI costs on DRMC suite; Lower Deferred Maintenance and Professional Fees expense \$44K; Lower Landscaping expense \$17K; Lower various other expenses \$7K.

Desert Healthcare District
Cumulative Profit & Loss Budget vs. Actual
 July 2016 through May 2017

	MONTH			TOTAL		
	May 17	Budget	\$ Over Budget	Jul '16 - May 17	Budget	\$ Over Budget
Income						
4000 · Income	749,185	667,500	81,685	7,376,147	7,342,500	33,647
4500 · LPMP Income	89,161	100,695	(11,534)	1,084,518	1,107,645	(23,127)
4501 · Miscellaneous Income	8,198	6,250	1,948	36,176	68,750	(32,574)
Total Income	846,544	774,445	72,099	8,496,841	8,518,895	(22,054)
Expense						
5000 · Direct Expenses	90,874	78,345	12,529	729,077	861,795	(132,718)
6000 · General & Administrative Exp	38,749	36,546	2,203	413,368	402,006	11,362
6325 · CEO Discretionary Fund		417	(417)	931	4,587	(3,656)
6445 · LPMP Expenses	76,940	86,843	(9,903)	822,022	955,273	(133,251)
6500 · Professional Fees Expense	57,135	15,246	41,889	450,198	167,706	282,492
6700 · Trust Expenses	20,396	20,873	(477)	228,608	229,603	(995)
Total Expense Before Grants and Unrealized Los	284,094	238,270	45,824	2,644,204	2,620,970	23,234
7000 · Grants Expense	158,687	387,000	(228,313)	3,420,403	4,257,000	(836,597)
9999-1 · Unrealized (gain)loss on invest	30,135	106,250	(76,115)	1,615,743	1,168,750	446,993
Net Income	373,628	42,925	330,703	816,491	472,175	344,316

Desert Healthcare District
Cumulative Profit & Loss Budget vs. Actual
 July 2016 through May 2017

	MONTH				TOTAL			
	May 17	Budget	\$ Over Budget		Jul '16 - May 17	Budget	\$ Over Budget	
Income								
4000 • Income								
4010 • Property Tax Revenues	508,875	508,875			5,587,625	5,587,625		
4200 • Interest Income	226,874	144,958	81,916		1,639,724	1,594,538	45,186	
4300 • DHC Recoveries	1,749	1,666	83		18,908	18,326	582	
4400 • Grant Income	11,687	12,000	(313)		119,892	132,000	(12,108)	
Total 4000 • Income	749,185	667,499	81,686		7,376,149	7,342,489	33,660	
4500 • LPMP Income	88,162	100,685	(11,533)		1,084,518	1,107,645	(23,127)	
4501 • Miscellaneous Income	8,198	6,250	1,948		36,176	68,750	(32,574)	
Total Income	846,545	774,444	72,101		8,496,843	8,518,884	(22,041)	
Expense								
5000 • Direct Expenses								
5100 • Administration Expense								
5110 • Wages Expense	47,668	51,466	(3,798)		433,767	586,126	(132,359)	
5111 • Allocation to LPMP - Payroll	(3,491)	(3,491)	0		(38,401)	(38,401)	0	
5112 • Vacation/Sick/Holiday Expense	5,922	5,417	505		61,933	59,587	2,346	
5114 • Allocation to Foundation	(10,674)	(2,127)	(8,547)		(31,944)	(23,397)	(8,547)	
5115 • Allocation to NEOPB	(7,849)	(9,494)	1,645		(73,634)	(104,434)	30,800	
5116 • Allocation to Avera-Pulmonary		(519)	519			(5,709)	5,709	
5119 • Allocation to RSS/CVHIP-DHCF	(8,413)	(1,866)	(6,547)		(49,600)	(20,526)	(29,074)	
5120 • Payroll Tax Expense	3,905	3,937	(32)		42,161	43,307	(1,146)	
5130 • Health Insurance Expense								
5131 • Premiums Expense	7,182	7,635	(453)		70,453	83,985	(13,532)	
5135 • Reimb./Co-Payments Expense	52	1,500	(1,448)		11,553	16,500	(4,947)	
Total 5130 • Health Insurance Expense	7,234	9,135	(1,901)		82,006	100,485	(18,479)	
5140 • Workers Comp. Expense		540	(540)		4,241	5,940	(1,699)	
5145 • Retirement Plan Expense	1,872	4,252	(2,380)		32,770	46,772	(14,002)	
5160 • Education Expense		208	(208)		1,340	2,288	(948)	
Total 5100 • Administration Expense	36,174	57,458	(21,284)		464,639	632,038	(167,399)	
5200 • Board Expenses								
5210 • Healthcare Benefits Expense								
5211 • Health Insurance Expense	3,329	5,722	(2,393)		57,163	62,942	(5,779)	
5219 • Reimbursements/Co-Payments Exp					3,000	3,000		
5224 • Retired Board - Medical Expense	1,237	997	240		13,607	10,967	2,640	
Total 5210 • Healthcare Benefits Expense	4,566	6,719	(2,153)		73,770	73,909	(139)	
5230 • Meeting Expense	100	583	(483)		3,927	6,413	(2,486)	
5240 • Catering Expense	171	208	(37)		3,341	2,288	1,053	
5250 • Mileage Reimbursement Expense	59	42	17		273	462	(189)	
5270 • Election Fees Expense	49,804	13,333	36,471		183,134	146,663	36,471	
Total 5200 • Board Expenses	54,700	20,885	33,815		264,445	229,735	34,710	
Total 5000 • Direct Expenses	90,874	78,343	12,531		729,084	861,773	(132,689)	
6000 • General & Administrative Exp								
6110 • Payroll fees Expense	145	208	(63)		2,434	2,288	146	
6120 • Bank and Investment Fees Exp	9,514	9,667	(153)		105,908	106,337	(429)	

Desert Healthcare District
Cumulative Profit & Loss Budget vs. Actual
 July 2016 through May 2017

	MONTH			TOTAL		
	May 17	Budget	\$ Over Budget	Jul '16 - May 17	Budget	\$ Over Budget
6125 · Depreciation Expense	1,141	1,200	(59)	12,951	13,200	(249)
6126 · Depreciation-Solar Parking lot	15,072	15,092	(20)	165,792	166,012	(220)
6130 · Dues and Membership Expense	1,250	2,167	(917)	25,659	23,837	1,822
6200 · Insurance Expense	751	700	51	7,761	7,700	61
6300 · Minor Equipment Expense		42	(42)		462	(462)
6305 · Auto Allowance & Mileage Exp	462	600	(138)	3,556	6,600	(3,044)
6306 · Staff- Auto Mileage reimb	771	42	729	1,567	462	1,105
6309 · Personnel Expense		83	(83)	1,180	913	267
6310 · Miscellaneous Expense		42	(42)		462	(462)
6311 · Cell Phone Expense	1,200	542	658	5,490	5,962	(472)
6312 · Wellness Park Expenses	334	250	84	2,239	2,750	(511)
6315 · Security Monitoring Expense	55	38	(38)	460	418	42
6200 · Insurance Expense	392	542	(487)	2,138	5,962	(3,824)
6350 · Copier Rental/Fees Expense	1,361	458	(66)	4,956	5,038	(82)
6351 · Travel Expense	1,278	500	861	7,925	5,500	2,425
6352 · Meals & Entertainment Exp	1,291	83	1,195	3,414	913	2,501
6355 · Computer Services Expense	2,256	2,167	(87)	26,876	23,837	3,039
6360 · Supplies Expense	1,479	1,000	1,256	16,801	11,000	5,801
6380 · LAFCO Assessment Expense	38,752	1,125	354	16,269	12,375	3,894
Total 6000 · General & Administrative Exp		36,548	2,204	413,376	402,028	11,348
6445 · CEO Discretionary Fund	76,941	417	(417)	931	4,587	(3,656)
6500 · LPMP Expenses		86,840	(9,899)	822,021	955,240	(133,219)
6516 · Professional Fees Expense	33,902	4,625	29,277	302,254	50,875	251,379
6520 · Annual Audit Fee Expense	1,413	1,413		15,543	15,543	
6530 · PR/Communications/Website	2,000	2,958	(958)	27,871	32,538	(4,667)
6560 · Legal Expense	19,820	6,250	13,570	104,529	68,750	35,779
Total 6500 · Professional Fees Expense	57,135	15,246	41,889	450,197	167,706	282,491
6700 · Trust Expenses		269	(269)	3,222	2,959	263
6711 · Disability Admin. Fee Expense		208	(208)	1,030	2,288	(1,258)
6720 · Pension Plans Expense	20,000	20,000		220,000	220,000	
6721 · Legal Expense	396	396		4,356	4,356	
6725 · RPP Pension Expense	20,396	20,604	(208)	225,386	226,644	(1,258)
6728 · Pension Audit Fee Expense	20,396	20,873	(477)	228,608	229,603	(995)
Total 6700 · Trust Expenses	284,098	238,267	45,831	2,644,217	2,620,937	23,280
Total Expense Before Grants and Unrealized Loss						
7000 · Grants Expense	147,000	375,000	(228,000)	3,300,511	4,125,000	(824,489)
7010 · Major Grant Awards Expense	11,687	12,000	(313)	119,892	132,000	(12,108)
7027 · Grant Exp - NEOPB	158,687	387,000	(228,313)	3,420,403	4,257,000	(836,597)
Total 7000 · Grants Expense	30,135	106,250	(76,115)	1,615,743	1,168,750	446,993
9999-1 · Unrealized (gain)/loss on invest	373,628	42,925	330,703	816,491	472,175	344,316
Net Income						

Las Palmas Medical Plaza
Cumulative Profit & Loss Budget vs. Actual
 July 2016 through May 2017

	MONTH			TOTAL		
	May 17	Budget	\$ Over Budget	Jul '16 - May 17	Budget	\$ Over Budget
	Income					
4500 · LPMP Income						
4505 · Rental Income	67,599	71,821	(4,222)	788,971	790,031	(1,060)
4506 · LPMP -Rental Income DRMC/IUCR						
4510 · CAM Income	25,870	28,791	(2,921)	298,504	316,701	(18,197)
4513 · Misc. Income	(4,307)	83	(4,390)	(2,957)	913	(3,870)
4500 · LPMP Income	89,162	100,695	(11,533)	1,084,518	1,107,645	(23,127)
Expense						
6445 · LPMP Expenses						
6420 · Insurance Expense	975	1,000	(25)	10,725	11,000	(275)
6425 · Building - Depreciation Expense	22,923	23,129	(206)	252,153	254,419	(2,266)
6426 · Tenant Improvements -Dep Exp	12,922	19,790	(6,868)	155,252	217,690	(62,438)
6427 · HVAC Maintenance Expense	541	1,458	(917)	11,181	16,038	(4,857)
6428 · Roof Repairs Expense		208	(208)		2,288	(2,288)
6431 · Building -Interior Expense		208	(208)		2,288	(2,288)
6432 · Plumbing -Interior Expense	5,623	208	5,415	7,823	2,288	5,535
6433 · Plumbing -Exterior Expense		208	(208)	4,695	2,288	2,407
6434 · Allocation Internal Prop. Mgmt	3,491	3,491	0	38,401	38,401	0
6435 · Bank Charges	950	917	33	11,158	10,087	1,071
6437 · Utilities -Vacant Units Expense	137	333	(196)	1,377	3,663	(2,286)
6439 · Deferred Maintenance Repairs Ex		1,250	(1,250)		13,750	(13,750)
6440 · Professional Fees Expense	10,117	12,000	(1,883)	101,570	132,000	(30,430)
6441 · Legal Expense		83	(83)		913	(913)
6458 · Elevators - R & M Expense	209	917	(708)	7,365	10,087	(2,722)
6460 · Terminating Service Expense	180	208	(28)	1,980	2,288	(308)
6463 · Landscaping Expense	1,250	2,917	(1,667)	15,320	32,087	(16,767)
6467 · Lighting Expense		500	(500)	2,776	5,500	(2,724)
6468 · General Maintenance Expense		83	(83)	307	913	(606)
6470 · Maint. / Janitorial Service Exp		2,083	(2,083)	15,478	22,913	(7,435)
6475 · Property Taxes Expense	5,663	4,583	1,080	62,298	50,413	11,885
6476 · Signage Expense		250	(250)	1,396	2,750	(1,354)
6480 · Rubbish Removal Medical Waste E	2,652	1,333	1,319	15,369	14,663	706
6481 · Rubbish Removal Expense	2,039	2,083	(44)	22,429	22,913	(484)
6482 · Utilities/Electricity/Exterior	1,047	667	380	8,322	7,337	985
6484 · Utilities - Water (Exterior)	433	583	(150)	4,405	6,413	(2,008)
6485 · Security Expenses	5,695	6,250	(555)	66,144	68,750	(2,606)
6490 · Miscellaneous Expense	84	100	(16)	4,097	1,100	2,997
6445 · LPMP Expenses	76,941	86,840	(9,899)	822,021	955,240	(133,219)
Net Income	12,221	13,855	(1,634)	262,497	152,405	110,092

Desert Healthcare District
Balance Sheet
As of May 31, 2017

ASSETS	May 31, 17
Current Assets	
Checking/Savings	
1000 · CHECKING CASH ACCOUNTS	1,393,256
1100 · INVESTMENT ACCOUNTS	55,837,411
Total Checking/Savings	57,230,667
Accounts Receivable	81,660
Other Current Assets	
1270 · Prepaid Insurance -Ongoing	39,956
1279 · Pre-Paid Fees	13,538
1281 · NEOPB Receivable	40,631
1295 · Property Tax Receivable	753,550
Total Other Current Assets	847,674
Total Current Assets	58,160,002
Fixed Assets	
1300 · FIXED ASSETS	4,888,729
1335-00 · ACC DEPR	(1,361,393)
1400 · LPMP Assets	7,618,418
Total Fixed Assets	11,145,755
Other Assets	
1700 · OTHER ASSETS	3,341,799
TOTAL ASSETS	72,647,556
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	34,141
2001 · LPMP Accounts Payable	17,165
Total Accounts Payable	51,306
Other Current Liabilities	
2002 · LPMP Property Taxes	(5,663)
2006 · Unearned Income	(1,589)
2131 · Grant Awards Payable	3,345,525
2133 · Accrued Accounts Payable	127,509
2141 · Accrued Vacation Time	20,672
2142 · Accrued Sick Time	23,908
2155 · Grant Payable - NEOPB	8,981
2186 · Retired BOD Medical - Current	5,706

Desert Healthcare District
Balance Sheet
As of May 31, 2017

	May 31, 17
2188 · Current Portion - LTD	14,803
2190 · Investment Fees Payable	15,310
Total Other Current Liabilities	3,555,163
Total Current Liabilities	3,606,469
Long Term Liabilities	
2170 · RPP - Pension Liability	6,464,702
2171 · RPP-Deferred Inflows-Resources	717,310
2280 · Long-Term Disability	58,509
2281 · Grants Payable - Long-term	11,318,022
2286 · Retirement BOD Medical Liabilt	89,732
2290 · LPMP Security Deposits	54,039
Total Long Term Liabilities	18,702,313
Total Liabilities	22,308,783
Equity	
3900 · *Retained Earnings	49,522,282
Net Income	816,491
Total Equity	50,338,773
TOTAL LIABILITIES & EQUITY	72,647,556

Desert Healthcare District
Balance Sheet
As of May 31, 2017

ASSETS	May 31, 17
Current Assets	
Checking/Savings	
1000 · CHECKING CASH ACCOUNTS	774,299
1010 · Union Bank - Checking	618,458
1046 · Las Palmas Medical Plaza	500
1047 · Petty Cash	1,393,256
Total 1000 · CHECKING CASH ACCOUNTS	1,393,256
1100 · INVESTMENT ACCOUNTS	
1130 · Facility Replacement Fund	
1129 · F R Fund - Restricted-Pulmonary	1,000,000
1130 · Facility Replacement Fund - Other	55,982,461
Total 1130 · Facility Replacement Fund	56,982,461
1135 · Unrealized Gain(Loss) FRF	(1,145,050)
Total 1100 · INVESTMENT ACCOUNTS	55,837,411
Total Checking/Savings	57,230,667
Accounts Receivable	
1201 · Accounts Receivable	
1204 · LPMP Accounts Receivable	(8,505)
1205 · Misc. Accounts Receivable	7,500
1211 · A-R Foundation - Exp Allocation	82,665
Total Accounts Receivable	81,660
Other Current Assets	
1270 · Prepaid Insurance -Ongoing	39,956
1279 · Pre-Paid Fees	13,538
1281 · NEOPB Receivable	40,631
1295 · Property Tax Receivable	753,550
Total Other Current Assets	847,674
Total Current Assets	58,160,002
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 May 31, 2017

	May 31, 17
1335 · Accumulated Depreciation	(180,152)
1336 · Acc. Software Depreciation	(65,937)
1337 · Accum Deprec- Solar Parking Lot	(1,040,139)
1338 · Accum Deprec - LPMP Parking Lot	(75,165)
Total 1335-00 · ACC DEPR	(1,361,393)
1400 · LPMP Assets	
1401 · Building	8,705,680
1402 · Land	2,165,300
1403 · Tenant Improvements -New	1,965,325
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	(6,685,585)
1412 · T Accumulated Dep.-New	(1,053,335)
Total 1409 · Accumulated Depreciation	(7,738,920)
Total 1400 · LPMP Assets	7,618,418
Total Fixed Assets	11,145,755
Other Assets	
1700 · OTHER ASSETS	
1731 · Wellness Park	1,693,800
1740 · RPP-Deferred Outflows-Resources	1,647,999
Total 1700 · OTHER ASSETS	3,341,799
TOTAL ASSETS	72,647,556
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	34,141
2001 · LPMP Accounts Payable	17,165
Total Accounts Payable	51,306
Other Current Liabilities	
2002 · LPMP Property Taxes	(5,663)
2006 · Unearned income	(1,589)
2131 · Grant Awards Payable	3,345,525

Desert Healthcare District
Balance Sheet
As of May 31, 2017

	May 31, 17
2133 · Accrued Accounts Payable	127,509
2141 · Accrued Vacation Time	20,672
2142 · Accrued Sick Time	23,908
2155 · Grant Payable - NEOPB	8,981
2186 · Retired BOD Medical - Current	5,706
2188 · Current Portion - LTD	14,803
2190 · Investment Fees Payable	15,310
Total Other Current Liabilities	3,555,163
Total Current Liabilities	3,606,469
Long Term Liabilities	
2170 · RPP - Pension Liability	6,464,702
2171 · RPP-Deferred Inflows-Resources	717,310
2280 · Long-Term Disability	58,509
2281 · Grants Payable - Long-term	11,318,022
2286 · Retirement BOD Medical Liabilitt	89,732
2290 · LPMP Security Deposits	54,039
Total Long Term Liabilities	18,702,313
Total Liabilities	22,308,783
Equity	
3900 · *Retained Earnings	49,522,282
Net Income	816,491
Total Equity	50,338,773
TOTAL LIABILITIES & EQUITY	72,647,556

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

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	Comments
Desert Healthcare Foundation-	20,206	-	8,244	6,863	47,351	82,665	Due from Foundation
Desert Oasis Healthcare Medical Group	(1,933)	-	-	-	-	(1,933)	Prepaid
Laboratory Corporation of America	-	(4,620)	-	-	-	(4,620)	Prepaid
Quest Diagnostics Incorporated	-	(3,659)	-	-	-	(3,659)	Prepaid
Sovereign	750	-	750	750	5,250	7,500	Slow Pay
University of California, Riverside	-	-	-	-	1,708	1,708	Paid in June
TOTAL	19,023	(8,279)	8,994	7,613	54,309	81,660	

**Desert Healthcare District
Deposit Detail
May 2017**

Type	Date	Name	Amount
Deposit	05/02/2017		1,749
TOTAL		T-Mobile	(1,749)
			(1,749)
Deposit	05/03/2017		8,948
Payment	05/03/2017	Southern Cal Edison	(7,448)
		Sovereign	(1,500)
TOTAL			(8,948)
Deposit	05/04/2017		15,118
TOTAL		Riverside County Treasurer-	(15,118)
			(15,118)
Deposit	05/09/2017		65,650
TOTAL		Riverside County Treasurer-	(65,650)
			(65,650)
Deposit	05/15/2017		18,677
TOTAL		Riverside County Treasurer-	(18,677)
			(18,677)
Deposit	05/15/2017		967
TOTAL		Riverside County Treasurer-	(967)
			(967)
Deposit	05/15/2017		266
TOTAL		Riverside County Treasurer-	(266)
			(266)
Deposit	05/18/2017		1,114,924
TOTAL		Riverside County Treasurer-	(1,114,924)
			(1,114,924)
		Total Deposits	1,226,299

DESERT HEALTHCARE DISTRICT											
PROPERTY TAX RECEIPTS FY 2016 - 2017											
RECEIPTS - TWELVE MONTHS ENDED JUNE 30, 2017											
FY 2015-2016 Projected/Actual						FY 2016-2017 Projected/Actual					
	Budget %	Budget \$	Act %	Actual Receipts	Variance	Budget %	Budget \$	Act %	Actual Receipts	Variance	
July	2.5%	\$ 152,663	2.7%	\$ 163,542	\$ 10,880	2.5%	\$ 152,663	1.3%	\$ 79,912	\$ (72,750)	
Aug	1.6%	\$ 97,704	0.6%	\$ 37,174	\$ (60,530)	1.6%	\$ 97,704	1.7%	\$ 101,498	\$ 3,794	
Sep	2.6%	\$ 158,769	2.5%	\$ 151,341	\$ (7,428)	2.6%	\$ 158,769	2.4%	\$ 147,194	\$ (11,575)	
Oct	0.0%	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -	\$ -	
Nov	0.4%	\$ 24,426	0.1%	\$ 4,643	\$ (19,783)	0.4%	\$ 24,426	0.0%	\$ 2,455	\$ (21,971)	
Dec	16.9%	\$ 1,031,999	17.2%	\$ 1,051,608	\$ 19,610	16.9%	\$ 1,031,999	17.6%	\$ 1,075,328	\$ 43,330	
Jan	31.9%	\$ 1,947,974	30.8%	\$ 1,880,042	\$ (67,931)	31.9%	\$ 1,947,974	33.0%	\$ 2,014,083	\$ 66,110	
Feb	0.0%	\$ -	0.9%	\$ 54,158	\$ 54,158	0.0%	\$ -	0.8%	\$ 50,338	\$ 50,338	
Mar	0.3%	\$ 18,320	0.2%	\$ 9,745	\$ (8,575)	0.3%	\$ 18,320	0.2%	\$ 11,638	\$ (6,681)	
Apr	5.5%	\$ 335,858	5.6%	\$ 340,687	\$ 4,829	5.5%	\$ 335,858	5.8%	\$ 356,027	\$ 20,169	
May	19.9%	\$ 1,215,194	18.9%	\$ 1,153,366	\$ (61,828)	19.9%	\$ 1,215,194	19.9%	\$ 1,215,601	\$ 408	
June	18.4%	\$ 1,123,596	17.8%	\$ 1,088,129	\$ (35,467)	18.4%	\$ 1,123,596	0.0%	\$ -	\$ -	
Total	100.0%	\$ 6,106,500	97.2%	\$ 5,934,434	\$ (172,066)	100.00%	\$ 6,106,500	82.8%	\$ 5,054,075	\$ 71,171	

**Las Palmas Medical Plaza
Deposit Detail - LPMP
May 2017**

Type	Date	Name	Amount
Deposit	05/01/2017		5,652
Payment	05/01/2017	Quest Diagnostics Incorporated	(5,652)
TOTAL			(5,652)
Deposit	05/03/2017		15,734
Payment	05/03/2017	Cohen Musch Thomas Medical Group	(3,365)
Payment	05/03/2017	Desert Oasis Healthcare Medical Group	(1,933)
Payment	05/03/2017	Steven Gundry, M.D.	(5,192)
Payment	05/03/2017	West Pacific Medical Laboratory	(1,849)
Payment	05/03/2017	Desert Family Medical Center	(3,395)
TOTAL			(15,734)
Deposit	05/08/2017		14,332
Payment	05/08/2017	Aijaz Hashmi, M.D., Inc.	(2,601)
Payment	05/08/2017	Derakhsh Fozouni, M.D.	(4,215)
Payment	05/08/2017	Derakhsh Fozouni, MD -	(2,298)
Payment	05/08/2017	Ramy Awad, M.D.	(2,406)
Payment	05/08/2017	Ronald Himelman, M.D.	(2,812)
TOTAL			(14,332)
Deposit	05/10/2017		3,212
Payment	05/10/2017	Brad A. Wolfson, M.D.	(3,212)
TOTAL			(3,212)
Deposit	05/19/2017		49,917
Payment	05/19/2017	Pathway Pharmaceuticals, Inc.	(2,162)
Payment	05/19/2017	Milauskas Eye Institute Medical Group	(5,740)
Payment	05/19/2017	Desert Regional Medical Center	(4,658)
Payment	05/19/2017	Tenet HealthSystem Desert, Inc	(5,265)
Payment	05/19/2017	Tenet HealthSystem Desert, Inc.	(26,646)
Payment	05/19/2017	Peter Jamieson, M.D.	(2,844)
Payment	05/19/2017	Dennis Spurgin, D.C.	(2,601)
TOTAL			(49,917)

Las Palmas Medical Plaza
Deposit Detail - LPMP
 May 2017

Type	Date	Name	Amount
Deposit	05/24/2017		4,620
Payment	05/24/2017	Laboratory Corporation of America	(4,620)
TOTAL			(4,620)
Deposit	05/30/2017		3,659
Payment	05/30/2017	Quest Diagnostics Incorporated	(3,659)
TOTAL			(3,659)
Deposit	05/31/2017		5,298
Payment	05/31/2017	Cohen Musch Thomas Medical Group	(3,365)
Payment	05/31/2017	Desert Oasis Healthcare Medical Group	(1,933)
TOTAL			(5,298)
		Total Deposit	102,426

**Desert Healthcare District
Check Register
As of May 31, 2017**

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1010 - Union Bank - Checking				
Bill Pmt -Check	05/02/2017	14438	Alejandro Espinoza-	(84)
Bill Pmt -Check	05/02/2017	14439	Andrea S. Hayles-	(86)
Bill Pmt -Check	05/02/2017	14440	CBRE, Inc.	(3,914)
Bill Pmt -Check	05/02/2017	14441	Chris Christensen	(84)
Bill Pmt -Check	05/02/2017	14442	Image Source	(894)
Bill Pmt -Check	05/02/2017	14443	Probolisky Research	(12,500)
Bill Pmt -Check	05/02/2017	14444	Ready Refresh	(43)
Bill Pmt -Check	05/02/2017	14445	So.Cal Computer Shop	(680)
Bill Pmt -Check	05/02/2017	14446	Time Warner Cable	(205)
Bill Pmt -Check	05/02/2017	14447	Underground Service Alert of Southern Cal	(3)
Bill Pmt -Check	05/02/2017	14448	Verizon Wireless	(254)
Bill Pmt -Check	05/02/2017	14449	Visiting Nurse Assoc of Inland Counties	(12,500)
Bill Pmt -Check	05/02/2017	14450	Zendle, Les	(28)
Liability Check	05/04/2017		QuickBooks Payroll Service	(23,746)
Liability Check	05/04/2017		QuickBooks Payroll Service	(1,209)
Bill Pmt -Check	05/05/2017	14451	Alejandro Espinoza-	(1,752)
Bill Pmt -Check	05/05/2017	14452	Brian Wachs, CPA	(500)
Bill Pmt -Check	05/05/2017	14453	Herb K. Schultz-	(184)
Bill Pmt -Check	05/05/2017	14454	Xerox Financial Services	(392)
General Journal	05/08/2017	11-01	401a payment - 05/05/17 payroll	(936)
General Journal	05/08/2017	11-01	457b payment - 05/05/17 payroll	(2,098)
Bill Pmt -Check	05/10/2017	14455	Burke Consulting	(2,000)
Bill Pmt -Check	05/10/2017	14456	Greenscene Landscape, Inc.	(200)
Bill Pmt -Check	05/10/2017	14457	SDRMA	(50)
Bill Pmt -Check	05/17/2017	14458	Archer Norris	(460)
Bill Pmt -Check	05/17/2017	14459	CoPower Employers' Benefits Alliance	(1,684)
Bill Pmt -Check	05/17/2017	14460	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	05/17/2017	14461	RSG, Inc.	(588)
Bill Pmt -Check	05/17/2017	14462	Sodexo	(171)
Bill Pmt -Check	05/17/2017	14463	Staples Credit Plan	(1,275)
Bill Pmt -Check	05/17/2017	14464	Swatart Signs	(134)
Liability Check	05/18/2017		QuickBooks Payroll Service	(23,604)
Liability Check	05/18/2017		QuickBooks Payroll Service	(1,209)
General Journal	05/22/2017	11-04	401a payment - 05/19/17 payroll	(936)
General Journal	05/22/2017	11-04	457b payment - 05/19/17 payroll	(2,098)
Bill Pmt -Check	05/23/2017	14465	Alejandro Espinoza-	(168)
Bill Pmt -Check	05/23/2017	14466	Cash - Mary Pannoni	(254)

**Desert Healthcare District
Check Register
As of May 31, 2017**

Type	Date	Num	Name	Amount
Bill Pmt -Check	05/23/2017	14467	College of the Desert	(5,000)
Bill Pmt -Check	05/23/2017	14468	County of Riverside/Registrar of Voters	(196,467)
Bill Pmt -Check	05/23/2017	14469	Donna Craig	(247)
Bill Pmt -Check	05/23/2017	14470	First Bankcard (Union Bank)	(2,494)
Bill Pmt -Check	05/23/2017	14471	Law Offices of Scott & Jackson	(9,680)
Bill Pmt -Check	05/23/2017	14472	Maria Cristina Mendez	(100)
Bill Pmt -Check	05/23/2017	14473	Principal Life Insurance Co.	(739)
Bill Pmt -Check	05/23/2017	14474	SDRMA	(24,539)
General Journal	05/25/2017	11-10	Check stock for District & Foundation Accounts	(396)
Bill Pmt -Check	05/31/2017	14475	Image Source - VOID	-
Bill Pmt -Check	05/31/2017	14476	Premier Healthcare Solutions	(20,142)
Bill Pmt -Check	05/31/2017	14477	Probolsky Research	(12,140)
Bill Pmt -Check	05/31/2017	14478	Shred-It	(158)
Bill Pmt -Check	05/31/2017	14479	Vanessa Smith-	(328)
Bill Pmt -Check	05/31/2017	14480	Image Source	(1,183)
Bill Pmt -Check	05/31/2017	14481	Ready Refresh	(43)
Bill Pmt -Check	05/31/2017	14482	Time Warner Cable	(205)
Bill Pmt -Check	05/31/2017	14483	Zendle, Les	(63)
Check	05/31/2017		Service Charge	(514)
General Journal	05/31/2017	11-03	May 2017 LTD Payment - Jena Marie Van Earl	(1,234)
General Journal	05/31/2017	11-09	Record Medical Reimb - May 2017	(52)
General Journal	05/31/2017	11-13	Remove uncashed check#13789 M. Robert from 1/5/16	148
TOTAL				(372,528)

Desert Healthcare District
Details for credit card Expenditures
Credit card purchases - Apr 2017 - Paid May 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
	Month Charged	Total Charges			
		\$ 2,494.40			

Chris' Statement:

2017 Apr	District				
		6360	\$	21.94	Conference call expense
		6360	\$	24.16	Conference call expense
		6360	\$	9.81	Conference call expense
		6360	\$	4.09	Conference call expense
		6360	\$	7.36	Conference call expense
		6360	\$	17.16	Conference call expense
		6360	\$	11.32	Conference call expense
		6360	\$	8.64	Conference call expense
		6360	\$	11.79	Conference call expense
		6360	\$	6.89	Conference call expense
		6360	\$	12.96	Conference call expense
		6352	\$	98.47	CEO/CFO/Highmark Capital lunch meeting
		6360	\$	50.00	Gift Card - Gift for Mike Moorman assistance-strategic planning meeting
		6352	\$	99.30	Staff lunch - Admin Professionals Day
			\$	383.89	

Herb's Statement:

2017 Apr	District				
		6352	\$	19.70	CEO meeting with Dr. Carreon Foundation
		6352	\$	17.52	CEO/BOD meeting
		6352	\$	495.00	"One Night Only" ticket
		6351	\$	16.02	Lyft to hotel - ACHD
		6351	\$	36.00	Parking - ACHD
		6351	\$	652.68	BOD Hotel - ACHD
		6351	\$	293.06	CEO Hotel - ACHD
		6351	\$	23.49	CEO meal - ACHD
		6351	\$	21.90	Lyft to airport - ACHD
		6352	\$	28.38	CEO lunch meeting
		6352	\$	359.00	BOD "One Night Only" tickets
		6352	\$	21.10	CEO meeting
		6351	\$	118.54	CEO meeting
		6351	\$	10.16	Personal Lyft - CEO to reimburse
		6360	\$	33.95	Airplane w/fl
		6360	\$	30.00	Late fee
		6360	\$	34.01	Interest charges
			\$	2,110.51	

Desert Healthcare District
Check Register
As of May 31, 2017

Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1046 - Las Palmas Medical Plaza				
Bill Pmt -Check	05/02/2017	9661	County of Riverside-Assessor-Cty CirK-Rec	(59)
Bill Pmt -Check	05/02/2017	9662	Desert Water Agency	(368)
Bill Pmt -Check	05/02/2017	9663	Ernest Enterprises	(15)
Bill Pmt -Check	05/02/2017	9664	Imperial Security	(2,848)
Bill Pmt -Check	05/02/2017	9665	Palm Springs Disposal Services Inc	(2,039)
Bill Pmt -Check	05/05/2017	9666	INPRO-EMS Construction	(10,117)
Bill Pmt -Check	05/10/2017	9667	Imperial Security	(1,424)
Bill Pmt -Check	05/10/2017	9668	Southern California Edison	(1,184)
Bill Pmt -Check	05/17/2017	9669	Frazier Pest Control, Inc.	(180)
Bill Pmt -Check	05/17/2017	9670	Frontier Communications	(209)
Bill Pmt -Check	05/17/2017	9671	Imperial Security	(1,424)
Bill Pmt -Check	05/26/2017	9672	Stericycle, Inc.	(1,326)
Bill Pmt -Check	05/31/2017	9673	Desert Air Conditioning Inc.	(541)
Bill Pmt -Check	05/31/2017	9674	Imperial Security	(1,424)
Bill Pmt -Check	05/31/2017	9675	Pink, Inc.	(1,250)
Bill Pmt -Check	05/31/2017	9676	Roto-Rooter Plumbers	(1,950)
Bill Pmt -Check	05/31/2017	9677	Desert Water Agency	(433)
Bill Pmt -Check	05/31/2017	9678	Imperial Security	(1,424)
Check	05/31/2017		Service Charge	(950)
TOTAL				(29,163)

DESERT HEALTHCARE DISTRICT
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE
 As of 06/30/17
 TWELVE MONTHS ENDED JUNE 30, 2017

Grant ID No.	Name	Approved Grants - Prior Yr	Current Yr 2016-2017	6/30/2017 Bal Fwd/New	Total Paid July-June	Open BALANCE
2013-759-BOD-02/28/13	Desert Hot Springs Wellness FDN - Overnapping - HARC -3Yr	\$ 30,000	\$ 15,000	\$ 15,000	\$ -	\$ 15,000
2013-765-BOD-5/28/13	HARC - Health Evaluation Component of the @LUKE program	\$ 11,425	\$ 1,143	\$ 1,143	\$ 569	\$ 554
	Unexpended funds - Grant 765 - November 2016					\$ (554)
2013-782-BOD-6/25/13	CVEP - CVI/Hub Accelerator Campus 3 years	\$ 500,000	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
2014-MOU-BOD-5/17/13	Memo of Understanding CVAG CV Link Support	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ -	\$ 10,000,000
2014-821-BOD-4/22/14	HealthComp-24 mos support Coordinator proj - High Schools	\$ 555,988	\$ 55,597	\$ 55,597	\$ 55,597	\$ -
2015-852-BOD-11-19-14	Desert AIDS Project - Get Tested Cochecha Valley - 3 Yr	\$ 498,825	\$ 27,244	\$ 27,244	\$ 149,588	\$ 124,658
2015-852-BOD-3-24-15	Visiting Nurses Association of California - Point-of-Care McKesson Technology Upgrade	\$ 125,000	\$ 12,500	\$ 12,500	\$ 12,500	\$ -
2015-868-BOD-4-28-15	The LGBT Center of PS - Desert Low-Cost Counseling Clinic - 3 Yr	\$ 140,000	\$ 104,000	\$ 104,000	\$ 36,000	\$ 68,000
2015-870-BOD-5-28-15	Mizzell Senior Center - CV Senior Fall Prevention Program - 2 Yr	\$ 403,300	\$ 221,815	\$ 221,815	\$ 181,465	\$ 40,330
2015-874-BOD-6-23-15	United Cerebral Palsy - Staff-builders Community Integration - 2 Yr	\$ 178,894	\$ 98,392	\$ 98,392	\$ 80,502	\$ 17,889
2015-875-BOD-6-23-15	Desert AIDS Project - Sexually Transmitted Infection Clinic - 3 Yr	\$ 600,000	\$ 450,000	\$ 450,000	\$ 275,000	\$ 175,000
2015-876-BOD-6-23-15	Arrowhead Neuroscience Fdn-NeuroInterventional & NeuroCritical Care Fellowship 2 Yr	\$ 373,540	\$ 289,494	\$ 289,494	\$ -	\$ 289,494
2016-885-BOD-9-22-15	Hidden Harvest - Senior Markets & Healthy Falls - 1 Yr	\$ 102,800	\$ 10,280	\$ 10,280	\$ -	\$ -
2016-896-BOD-9-22-15	BAG Club of Cathedral City - Main Club House Capital Improvements - 1 Yr	\$ 150,000	\$ 116,250	\$ 116,250	\$ 67,500	\$ 48,750
2016-887-BOD-9-22-15	CVEP - Mental Health College & Career Pathways Development Initiative - 2 Yr	\$ 737,900	\$ 405,845	\$ 405,845	\$ 166,028	\$ 239,618
2016-888-BOD-10-27-15	HARC - 2016 Community Health Monitor - 3 Yr	\$ 499,955	\$ 349,969	\$ 349,969	\$ 74,993	\$ 274,875
2016-891-BOD-11-17-15	Jewish Family Services of the Desert - Mental Health Outpatient Treatment - 3 Yr	\$ 570,000	\$ 450,000	\$ 450,000	\$ 152,310	\$ 297,691
	Unexpended funds from Year 1 of Grant #891					\$ (75,762)
2016-893-BOD-12-15-15	The Ranch Recovery Center - Purchase Electronic Records Management	\$ 21,500	\$ 2,150	\$ 2,150	\$ 2,150	\$ -
2016-894-BOD-12-15-15	Act for MS - Enhanced health Training, Feasibility and Circulation Therapy - 2 Yr	\$ 368,228	\$ 285,377	\$ 285,377	\$ 165,703	\$ 119,674
2016-899-BOD-02-23-16	Pegasus Therapeutic Riding - Hippo Therapy Helping to Heal Program - 1 Yr	\$ 102,544	\$ 58,369	\$ 58,369	\$ 51,551	\$ 4,848
	Unexpended Funds - Grant 899 - April 2017					\$ (4,848)
2016-907-BOD-05-24-16	CV Volunteers in Medicine - Access to Healthcare Post Implementation of the ACA 1 Yr	\$ 120,798	\$ 66,439	\$ 66,439	\$ 54,359	\$ 12,080
2016-908-BOD-06-28-16	Angel View Support for the Outreach Stabilization Program - 2 Yr	\$ 144,600	\$ 144,600	\$ 144,600	\$ 65,070	\$ 79,530
2016-909-BOD-06-28-16	Desert Cancer Foundation Support for the Patient Assistance Care - 1 Yr	\$ 167,000	\$ 167,000	\$ 167,000	\$ 168,300	\$ 16,700
2016-910-BOD-06-28-16	FIND Food Bank Support for the Hunger to Health Program - 1 Yr	\$ 390,151	\$ 390,151	\$ 390,151	\$ 263,352	\$ 126,799
2016-911-BOD-07-26-16	Well in the Desert - Support Assistance With Projects and Saving Lives - 1 Yr		\$ 44,800	\$ 44,800	\$ 40,320	\$ 4,480
2016-913-BOD-07-26-16	Neuro-Vitality Center - Core Program Operations - 1 Yr		\$ 261,340	\$ 261,340	\$ 235,206	\$ 26,134
2016-916-BOD-09-27-16	UCRSOM - Street Medicine Clinic - 1 Yr		\$ 70,899	\$ 70,899	\$ 63,809	\$ 7,090
2016-918-BOD-09-27-16	Desert Healthcare Foundation-NTE Desert Highland Gateway Community Health & Wellness		\$ 110,000	\$ 110,000	\$ 110,000	\$ -
2016-920-BOD-10-25-16	LifeStream Blood Bank - Support Prostate Cancer Treatment Program		\$ 60,000	\$ 60,000	\$ 54,000	\$ 6,000
2016-926-BOD-12-20-16	Ranch Recovery Center - Purchase and Installation of Emergency Generator		\$ 27,969	\$ 27,969	\$ 25,172	\$ 2,797
2016-927-BOD-12-20-16	SaleHouse of the Desert - "What's Up?" Crisis Tasting Application - 3 Yr		\$ 679,357	\$ 679,357	\$ 101,904	\$ 577,453
2017-BOD-04-25-17	Homelessness & Behavioral Health Initiative Challenge Grant Funding		\$ 2,000,000	\$ 2,000,000	\$ -	\$ 2,000,000
2017-929-BOD-05-23-17	Gifts of Club Desert Cities: HeLP - Healthy Living Program - 1 Yr		\$ 142,000	\$ 142,000	\$ -	\$ 142,000
			\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
TOTAL GRANTS		\$ 17,012,228	\$ 3,386,365	\$ 17,408,008	\$ 2,683,268	\$ 14,663,548
Amts available/remaining for Grant/Programs - FY 2016-17:						
	Amount budgeted 2016-2017		\$ 4,500,000			\$ 9/31/2017
	Amount granted through May 31, 2017:		\$ (3,396,365)			\$ 2,131
	Net Grants: 912,914,917, 919,922,923,924,928,931		\$ (32,202)			\$ 2,281
	Net adj - Grants not used: 898, 765, 891, 869		\$ 81,388			\$ 11,318,023
	Balance available for Grants/Programs INCLDNG \$1,000,000 for pulmonary.		\$ 1,152,831			\$ 14,663,548
					Difference - Rdg	\$ 0



Date: June 27, 2017

To: Board of Directors

Subject: Adoption of new Las Palmas Medical Plaza Lease Agreement.

Staff recommendation:

- Consideration to approve adoption of the AIR Office Building Lease Agreement form for the Las Palmas Medical Plaza.

Background:

- The Finance & Administration Committee requested Staff bring forward the standard AIR Office Building Lease Agreement form to implement with future new and renewed leases.
- Included is the draft lease agreement for review and consideration for approval.

Fiscal Impact:

No fiscal impact.

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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 _____, a _____ hereinafter referred to as "Tenant", and is dated _____ 20__.

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)*: \$ _____ per year.
- b. *Base Year*: The calendar year of _____.
- c. *Broker(s)*:
 Landlord's: _____
 Tenant's: _____
 In the event that _____ 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*: _____.
- 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*: _____, unless otherwise sooner terminated in accordance with the provisions of this Lease.
- g. *Landlord's Mailing Address*: _____
Tenant's Mailing Address: _____.
- h. *Monthly Installments of Base Rent (initial)*: \$ _____ per month.
- i. *Parking*: Tenant shall be permitted, to park _____ cars on a non-exclusive basis in the area(s) designated by Landlord for parking (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.
- j. *Premises*: That portion of the Building containing approximately _____ square feet of Rentable Area, located in Building _____ and known as Suite _____.
- k. *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 and further described at Exhibit "B" The Project is known as The Las Palmas Medical Plaza.
- l. *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.
- m. *Security Deposit (Section 7)*: \$ _____.
- n. *State*: the State of California.
- o. *Tenant's First Adjustment Date (Section 5)*: The first day of the calendar month following the Commencement Date plus 12 months.

- p. *Tenant's Proportionate Share*: ____%. 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.
- q. *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.
- r. *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. Adjustments, if any, shall be based upon increases (if any) in the index. The index in publication three (3) months before the Commencement Date shall be the "Base Index." The Index in publication three (3) months before each Adjustment Date shall be the "Comparison Index." As of each Adjustment Date, the Base Rent payable during the ensuing twelve-month period shall be determined by increasing the initial Base Rent by a percentage equal to the percentage increase, if any, in the Comparison Index over the Base Index. If the Comparison Index for any Adjustment Date is equal to or less than the Comparison Index for the preceding Adjustment Date (or for the Base Index, in the case of First Adjustment Date), the Base Rent for the ensuing twelve-month period shall remain the amount of Base Rent payable during the preceding twelve-month period. When the Base Rent payable as of each Adjustment Date is determined, Landlord shall promptly give Tenant written notice of such adjusted Base Rent and the manner in which it was computed. The Base Rent as so adjusted from time to time shall be the "Base Rent" for all purposes under this lease.
- b. If at any Adjustment Date the index no longer exists in the form described in this Lease, Landlord may substitute any substantially equivalent official index published by the Bureau of Labor Statistics or its successor. Landlord shall use any appropriate conversion factors to accomplish such substitution. The substitute index shall then become the "Index" hereunder.

5.3 *Project Operating Costs*:

- a. In order that the Rent payable during the Term reflect any increase in Project Operating Costs, Tenant agrees to pay to Landlord as Rent, Tenant's Proportionate Share of all increases in costs, expenses and obligations attributable to the Project and its operation, 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, 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.
- (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.

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.

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 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.

II. CONSTRUCTION, REPAIRS AND MAINTENANCE.

- a. *Landlord's Obligations:* Landlord shall perform Landlord's Work to the Premises as described in Exhibit "C." 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 Exhibit "C, 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.
- 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 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
 - (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 within 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.
- 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.

- 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 personal injury and broad form property damage coverage for not less than One Million Dollars (\$1,000,000) combined single limit for bodily injury, death, and property damage liability.
- 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.

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 not 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.

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.

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.

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 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. *Mortgage 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.

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

Date:	_____	Date:	_____
Landlord:	_____	Tenant:	_____
By:	_____	By:	_____
Signature:	_____	Signature:	_____
Title:	<u>Owner</u>	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.

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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.

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 _____ by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and _____, as Tenant for the property commonly known as Las Palmas Medical Plaza located 555 E. Tachevah Drive, Palm Springs, California 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:

2. Expiration Date:

3. Rent Schedule:

4. Security Deposit: Upon execution of Lease, Tenant shall deposit \$ _____ amount equal to one month's rent for security deposit.

The foregoing is hereby agreed to and accepted:

Date: _____

Date: _____

Landlord: _____

Tenant: _____

By: _____

By: _____

Signature: _____

Signature: _____

Title: Landlord _____

Title: _____

**DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE
MEETING MINUTES
June 16, 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

Donna Craig, Chief Grants Officer
Alejandro Espinoza,
Director of Projects, Programs and Analytics

Staff

Herb K. Schultz, CEO
Chris Christensen, COO/CFO
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
Megan Hodge, Regional Assistant, Hospital Association of Southern California
Shelley Kaplan, Councilmember, Cathedral City
Brett Klein, Clinic Marketing Specialist, Eisenhower Medical Center
Keven Porter, Regional VP, Hospital Association of Southern California
Greg Rodriguez, Legislative Assistant, Supervisor Perez

CALL TO ORDER

The meeting was called to order at 10:03 a.m. by President Rogers

Guests, Staff, and Committee Members introduced themselves.

Herb K. Schultz, CEO, Desert Healthcare District provided an overview of the Committee.

DESIGNATION OF COMMITTEE CHAIR

President Rogers designated Director Zendle as the Committee Chair.

APPROVAL OF AGENDA

Director Zendle requested that Item V. – Review of New District Compliance Policy is presented before Item IV. – Review of District Role and Lease.

REVIEW OF NEW DISTRICT COMPLIANCE POLICY

- Herb K. Schultz, CEO, Desert Healthcare District presented an overview of the Lease Compliance Policy summarizing the role of the Hospital Governance & Oversight Committee.
- Chair Zendle reminded all in attendance that the meeting is an open meeting and is in compliance with the Brown Act, but there are proprietary issues that cannot be discussed in public.

REVIEW OF DISTRICT ROLE AND LEASE

- Jeff Scott, Legal Counsel explained the Board's adopted Compliance Policy stating that the District will require the assistance of Desert Regional Medical Center for specific issues.
- Attorney Scott passed around the Facility and Ground Inspection of Grossmont Hospital – Grossmont Healthcare Committee as an example of the Facilities Committee's reported maintenance and inspections.
- Attorney Scott explained the Tenet Pre-Lease Agreement.
- Attorney Scott requested a current amortization schedule from Michele Finney, CEO, Desert Regional Medical Center.
- Chair Zendle recommends that Staff research the psychiatric department closure at Desert Regional Medical Center, including the Board Minutes that will provide more clarification.
- Michele Finney requested an explanation of the retirement plan since Tenet did not assume responsibility of the Plan.
- Chris Christensen, CFO/COO, explained that the Retirement Protection Plan has a separate sheltered account, a yearly actuarial study, and the Plan has paid out \$15M since its inception.

ROLES AND RESPONSIBILITIES OF THE COMMITTEE

1. Standard Agenda Items
 2. All Other
- Director Zendle explained the roles and responsibilities of the Committee as outlined in the materials.

PUBLIC INPUT ON COMMITTEE ROLES AND RESPONSIBILITIES AND PRIORITIZATION OF LEASE COMPLIANCE ACTIVITIES

- Ezra Kauffman inquired about the capital improvement projects.
- Councilmember Kaplan inquired about a capital improvement plan for replacement value and the level of patient support advocacy that is not included in the Lease.
- Attorney Scott explained that the Lease does not include a patient advocacy, but the District holds public meetings for addressing patient matters.
- President Rogers explained that the Board does have a written policy for addressing public issues, and recommends a list of ongoing capital improvements.

- Dr. Blumberg explained that Desert Regional has a Governing Board with two District Board participants.
- Director Zendle stated that the District has more responsibility to ensure that the capital improvements are addressed.

NEXT STEPS

- The Committee will meet the third Friday of every month at 10:00 a.m.

ADJOURNED

- The Committee adjourned at 11:13 a.m.

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

DRAFT

Date: June 21, 2017

To: Board of Directors

Subject: Staff Update: Funding Source(s) for East Valley Annexation/Expansion

Staff Recommendation:

- Per the request of the Board of Directors at its May 23 meeting, and the Ad Hoc Expansion Committee at its June 19 meeting, Staff is bringing forward an update to allow for a comprehensive review and discussion of the following four options for source(s) to fund the annexation/expansion of the District/Foundation to the East Valley.

Background:

- On January 5, 2017, the Desert Healthcare District Board of Directors, pursuant to the enactment of AB 2414 (by Assemblymember Eduardo Garcia), filed an application with the Riverside County Local Agency Formation Commission (LAFCO) to annex/expand to the East Coachella Valley. In subsequent interactions with LAFCO leadership, the District's Staff learned and updated the Board that: 1) the application was well-received and one of the best LAFCO's EO had seen; and 2) LAFCO could only consider the application complete and begin the review process (including a public hearing) once funding (one or more sources) was identified and provided to the Commission.
- In the many months since the filing, Ad Hoc Expansion Committee Members and Staff have spent considerable amounts of time working with other key stakeholders – elected and other government officials, Foundations, community-based organizations and leaders, residents, provider organizations, experts in many fields, and others – to review and discuss potential funding sources.

Options:

- Private Funding (Short-Term) – Funding from private sources, specifically corporate, Foundation, and individual, can be a short- or long-term option. With respect to District expansion, this option has been widely discussed as a short-term option for a specified period-of-time (i.e., five years) in which interested parties would come back to the table after a successful annexation vote and later enact a longer-term funding source.

- Tax Increment (Reallocation with County) – Laws and regulations were developed post-Proposition 13 and are in use today that established a process by which Riverside County would be required to enter-into a negotiation with a Special District (including a Healthcare District) or a City for the purposes of potentially securing a portion of property tax to fund services and programs. In other words, reallocate money from the County to the Healthcare District.

This is a different process than was used in 1948; West Valley residents that successfully voted to create the District were also able to vote on funding, directing a small portion of their already paid 1% property tax to fund the District. Today, that distribution provides \$6 million in funding.

The Board of Directors, at its May 23 Meeting, directed Staff to begin a negotiation process (allows up to 60-days) with the County CEO's Office. The County limited the specific pot of money subject to the negotiation, which was the \$21 million in property tax revenue in the County General Fund received from the residents of the potential annexation area. Further, the negotiation was limited to the "tax increment," meaning the amount of the year-over-year increase, as opposed to the entire sum. Unfortunately, the County CEO's Office was not required to share, just to negotiate fairly, and Staff has been told no extra general fund money exists for this purpose.

On Wednesday, June 7, District/Foundation Staff met with new Supervisor V. Manual Perez and his team, informed the Supervisor that the County CEO's Office turned down the District's request for funding, and asked for the Supervisor's leadership and assistance. At the meeting, the Supervisor indicated he would consider the development/introduction of a motion before the full Board of Supervisors to direct funding to the District/Foundation for East Valley expansion. Although the CEO's Office said no, the Board of Supervisors can still take up a proposal on its own.

On Friday, June 16, Director Matthews (in his role as a member of the Ad Hoc Expansion Committee) and the CEO had a follow-up meeting with Supervisor Perez, Chief-of-Staff (and Coachella Mayor Steven Hernandez, and Legislative Assistant Greg Rodriguez. Assemblymember Eduardo Garcia and his staff also participated. The meeting included updates and a detailed discussion of potential funding sources for expansion.

The District/Foundation was pleased to learn that after the June 7 meeting, the Supervisor and his team moved into action, and had begun working on the initial development of an expansion funding proposal for consideration by the Board of Supervisors. The County CEO's Office is involved. All attendees applauded the move; further, the District/Foundation reinforced its commitment to continue to be an active part of the dialogue, provide information, and answer any questions to help ensure a successful outcome.

The District/Foundation has already provided additional information that was requested on June 19 and 20.

- Hospital Lease Revenue (Existing and Future) – The Desert Healthcare District maintains a “Facilities Replacement Fund” with a significant amount of revenue contained within it. Most, but not all, comes from the West Valley tax revenue received by the District. If the expansion is approved, it would result in a Coachella-wide District and therefore revenue from the existing lease with Tenet (10 years remaining) could be used as a funding source for the expansion. The Board could also commit to use revenue from a future lease (beyond 2027 when the current lease expires) as a funding source.
- Parcel Tax – During this time, ongoing discussions have occurred regarding the potential to place a measure on the ballot that would create a parcel tax to be used as a funding source. In a baseline poll taken to inform the Board’s comprehensive strategic planning process and expansion, the pollster approximated \$66/parcel for \$6 million in funding to see what it would take to achieve the same level of funding as the West Valley from the start. This option (and the reallocation option above) had strong levels of support.

Fiscal Impact:

- Minimal ballot-filing related costs. Increased expenses for educational materials prior to November 2018. Potentially greater, but manageable increase, in other administrative and implementation expenses, to operate a voter-approved Coachella Valley-wide expansion.



Desert Healthcare District Desert Healthcare Foundation Strategic Plan Summary

Presented by: Pacific Health Consulting Group

Page 78 of 128
Desert Healthcare District/Foundation

Strategic Plan Discussion Agenda

- Recap Strategic Planning Process (PHCG)
- Briefly review major changes to Strategic Plan based on Board of Directors feedback and public comment (PHCG)
- Review proposed Outcomes for each Priority (PHCG)
- Review Organizational Infrastructure and Staffing Plan (District/Foundation Staff)
- Consideration to approve the Strategic Plan (including the Organizational Infrastructure and Staffing Plan)

Strategic Planning Process

TIMELINE	STRATEGIC PLANNING ACTIVITIES
February – March	Advanced information collection, including community leader and service provider interviews
March 23, 24	Special meeting of the Board of Directors to develop strategic plan priorities (with public comment)
April 11, May 4	Two community forums (East and West Coachella Valley)
May 15	Draft #1 strategic plan
May 23	Second Board of Directors session to provide feedback and edits to draft #1 strategic plan (with public comment)
May 24 – June 6	Draft #2 strategic plan
June 15	Board Committee and Individual feedback on Draft #2
June 21	Draft #3 strategic plan
June 27	Presentation of strategic plan to Board of Directors for review and consideration to approve (with public comment)

Summary of Planned Edits Based on Board Feedback

PRIORITIES

- Included over-arching statement to frame strategic plan
- Retained components but distilled into 3 Priorities
 - **Priority 1** – Expanded to include Providers, in addition to Facilities and Services
 - **Priority 2** – Renamed “One Coachella Valley” and articulated emphasis on improving community health of entire Valley through District Expansion
 - **Priority 3** – Elevates focus on improving community health and incorporates key District/Foundation roles (resources/philanthropy, public policy, community education, outreach and collaboration)

COMMUNITY HEALTH FOCUS AREAS

- Articulates separate “Homelessness” focus area
- Links Primary Care and Behavioral Health access in one focus area

OUTCOMES

- Incorporates Board direction to identify measurable, achievable outcomes

Priorities and Community Focus Areas

DESERT HEALTHCARE DISTRICT / DESERT HEALTHCARE FOUNDATION Three (3) - YEAR STRATEGIC PLAN: FY17-18, FY18-19, FY19-20

Our Mission

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

Our Organizational Vision

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

Strategic Plan Priorities

The strategic plan priorities will advance a One Coachella Valley perspective and approach to community health by transforming the role, reach and impact of the Desert Healthcare District and Desert Healthcare Foundation

PRIORITY 1

Providers, Facilities and Services

Provide facility, provider and service initiatives that enhance delivery system capacity and promote stable, high-quality health services that respond to community needs

PRIORITY 2

One Coachella Valley

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

PRIORITY 3

Community Health and Wellness

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

Community Health Focus Areas

Homelessness

Primary Care and Behavioral Health Access

Healthy Eating, Active Living

Quality, Safety, Accountability and Transparency

Resources and Philanthropy
Focused investments to impact community health

Public Policy
Health-related public policy impact analysis, research and convening

Community Education
Educational programming to link residents to health programs and services

Outreach and Collaboration
Collaboration with other community agencies, leaders and residents

Priorities, Strategies, Outcomes

PRIORITIES

STRATEGIES

OUTCOMES

Providers, Facilities and Services

Provide facility, provider and service initiatives that enhance delivery system capacity and promote stable, high-quality health services that respond to community needs

Strategy 1.1 Existing Hospital Facility. Reach a long-term hospital facility solution that meets the following criteria:

- Enforce standards for high quality services and facilities
- Scope of services respond to critical community needs
- Meet 2030 hospital seismic safety standards
- Generate continued stable funding for community services
- Align needs of District and hospital
- Long range facility planning

Strategy 1.2 Facility and Service Initiatives. Evaluate opportunities to support community health facility and service initiatives that address critical community needs, such as primary care access, homelessness, or inpatient/outpatient behavioral health services

- Board-directed strategy to secure a long-term facility and operating plan for hospital
- Plan to achieve seismically safe facilities
- Formal plan to guide other District/Foundation facility and service investments in community

One Coachella Valley

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

Strategy 2.1 Expansion Funding. Adopt a funding solution that provides greatly needed investments in the expanded region

Strategy 2.2 Community Engagement. Engage with community leaders and agencies, conduct outreach and public engagement to educate residents about District/Foundation expansion/role, and promote One Coachella Valley

Strategy 2.3 Governance and Representation. Ensure meaningful community representation in District/Foundation and greater effectiveness through the development and implementation of multiple strategies

Strategy 2.4 East Valley Funding Initiatives. Formally evaluate community health needs and implement a region-specific investment and philanthropy strategy to address critical needs

- LAFCO approval of annexation
- Voter approval of East Valley expansion in November 2018
- Appointment of 2 members to represent East Valley, if expansion approved, by January 2019
- 7-member Board of Directors seated
- Community health initiatives implemented

Priorities, Strategies, Outcomes

3

Community Health and Wellness

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

Resources and Philanthropy

Strategy 3.1 Philanthropy Infrastructure. Develop the District/Foundation organizational structure, approach and capability to implement focused investment and philanthropy strategies that target critical community health needs

Strategy 3.2 Targeted Community Health Initiatives. Implement funding initiatives to meaningfully impact selected Community Health Focus Areas: Behavioral Health and Homelessness; Primary Care Access and Delivery System, and; Healthy Eating, Active Living

Public Policy

Strategy 3.3 Public Policy. Provide policy monitoring and guidance to the Board. Conduct research & impact analysis to evaluate the impact of county, state and federal policies on the Coachella Valley

Strategy 3.4 Community Partners. Provide policy-related information, technical assistance and convening support to community partners on important local, regional, state and federal policy areas that impact the Coachella Valley

Community Education

Strategy 3.5 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

Strategy 3.6 District/Foundation Visibility and Transparency. Establish new forums to promote District/Foundation transparency and implement a comprehensive marketing/communications strategy to increase visibility in the Coachella Valley for the District/Foundation funded services and programs.

Outreach and Collaboration

Strategy 3.7 Program and Service Collaboration. Develop partnerships with other health and social service providers that leverage and build on existing initiatives that are underway in the community to build programs and services addressing the prioritized Community Health Focus Areas.

- Demonstrated progress on select community health indicators
- Demonstrable increase in resources and investments responding to community health needs
- District/Foundation recognized as the resource for community health information
- Increased community partnerships and collaborations around community health and wellness

Proposed Organizational Infrastructure & Staffing Plan

- History
- Transformation Begins
- Role of the CEO
- Strategic Planning
- Recommendations

Recommendations

Recommendation #1

Align Priorities with Job Responsibilities, Continuing to Mature the Current Organizational Structures of both the District and the Foundation, and Appropriately Allocating the Expenses

Recommendation #2

Hire a Chief Administrative Officer for the District Who Would Also Serve as Executive Vice President of the Foundation

Recommendations

Recommendation #3

Hire a Director of Communications & Marketing by 7/1/17

Recommendation #4

Evolve Donna Craig's Role from Chief Grants Officer to Senior Program Officer (SPO)

Recommendations

Recommendation #5

Evolve Alejandro Espinosa's Role from Director of Programs, Initiatives, and Analytics to Program Officer and Outreach Director

Recommendation #6

Hire a Program and Grants Assistant (PGA) by 1/1/18

Recommendation #7

Hire a Grant-Funded Health Policy and Research Analyst

DESERT HEALTHCARE DISTRICT / DESERT HEALTHCARE FOUNDATION

Three (3) - YEAR STRATEGIC PLAN: FY17-18, FY18-19, FY19-20

[draft for review and discussion – June 21, 2017]

Our Mission

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

Our Organizational Vision

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

Strategic Plan Priorities: FY17-18, FY18-19, FY19-20

*The Desert Healthcare District/Desert Healthcare Foundation has defined three over-arching **strategic plan priorities** for the next three years. The strategic plan priorities will advance a One Coachella Valley perspective and approach to community health by transforming the role, reach and impact of the Desert Healthcare District and Desert Healthcare Foundation.*

PRIORITY 1. Providers, Facilities and Services. Provide facility, provider and service initiatives that enhance delivery system capacity and promote stable, high-quality health services that respond to community needs

PRIORITY 2. One Coachella Valley. Strengthen community health outcomes by implementing a District expansion that enhances and broadens community funding, considers the health needs of all residents, and effectively engages residents in the entire Coachella Valley.

PRIORITY 3. Community Health and Wellness. Demonstrably improve community health in the Coachella Valley leveraging District/Foundation investments and activities.

Our Community Health Focus Areas

*To enhance our impact on community health, the Desert Healthcare District/Desert Healthcare Foundation has, in addition, identified four **Community Health Focus Areas**, which will serve as the focus for new initiatives, funding and other investments over the next three years. Each Strategic Plan Priority will incorporate these focus areas.*

- **Homelessness.** Participate in community efforts and support programs and services to address homelessness in the Coachella Valley.
- **Primary Care and Behavioral Health Access.** Support programs, services and workforce development efforts that increase access to primary care and behavioral health services for Coachella Valley residents.
- **Healthy Eating, Active Living.** Promote efforts that address diabetes, obesity, and other chronic conditions, nutrition, healthy lifestyles, food scarcity and healthy communities.
- **Quality, Safety, Accountability and Transparency.** Advance the provision of high quality health services and programs with clear accountability in District-owned facilities and in the delivery of District – sponsored services and program

DESERT HEALTHCARE DISTRICT / DESERT HEALTHCARE FOUNDATION

Three (3) - YEAR STRATEGIC PLAN: FY17-18, FY18-19, FY19-20

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The strategic plan priorities will advance a One Coachella Valley perspective and approach to community health by transforming the role, reach and impact of the Desert Healthcare District and Desert Healthcare Foundation

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Community Health and Wellness

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

Community Health Focus Areas

Homelessness

Primary Care and Behavioral Health Access

Healthy Eating, Active Living

Quality, Safety, Accountability and Transparency

Resources and Philanthropy
Focused investments to impact community health

Public Policy
Health-related public policy impact analysis, research and convening

Community Education
Education and information to link residents to health programs and services

Outreach and Collaboration
Collaboration with other community agencies, leaders and residents

**Desert Healthcare District/Desert Healthcare Foundation
Three (3) - YEAR STRATEGIC PLAN: FY17-18, FY18-19, FY19-20**

PRIORITIES

STRATEGIES

OUTCOMES

1

**Providers, Facilities
and Services**

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- Board-directed strategy to secure a long-term facility and operating plan for hospital
- Plan to achieve seismically safe facilities
- Formal plan to guide other District/Foundation facility and service investments in community

2

One Coachella Valley

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

Strategy 2.1 Expansion Funding. Adopt a funding solution that provides greatly needed investments in the expanded region

Strategy 2.2 Community Engagement. Engage with community leaders and agencies, conduct outreach and public engagement to educate residents about District/Foundation expansion/role, and promote One Coachella Valley

Strategy 2.3 Governance and Representation. Ensure meaningful community representation in District/Foundation and greater effectiveness through the development and implementation of multiple strategies

Strategy 2.4 East Valley Funding Initiatives. Formally evaluate community health needs and implement a region-specific investment and philanthropy strategy to address critical needs

- LAFCO approval of annexation
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Community Health and Wellness

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Strategy 3.1 Philanthropy Infrastructure. Develop the District/Foundation organizational structure, approach and capability to implement focused investment and philanthropy strategies that target critical community health needs

Strategy 3.2 Targeted Community Health Initiatives. Implement funding initiatives to meaningfully impact selected Community Health Focus Areas: Behavioral Health and Homelessness; Primary Care Access and Delivery System, and; Healthy Eating, Active Living

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Strategy 3.6 District/Foundation Visibility and Transparency. Establish new forums to promote District/Foundation transparency and implement a comprehensive marketing/communications strategy to increase visibility in the Coachella Valley for the District/Foundation funded services and programs.

Outreach and Collaboration

Strategy 3.7 Program and Service Collaboration. Develop partnerships with other health and social service providers that leverage and build on existing initiatives that are underway in the community to build programs and services addressing the prioritized Community Health Focus Areas.

- Demonstrated progress on select community health indicators
- Demonstrable increase in resources and investments responding to community health needs
- District/Foundation recognized as the resource for community health information
- Increased community partnerships and collaborations around community health and wellness

How will the strategic plan address the Community Health Focus Areas?

As stated, the Desert Healthcare District/Desert Healthcare Foundation identified 4 Community Health Focus Areas that it will seek to impact as part of its strategic plan activities over the next three years. The below chart highlights how the Desert Healthcare District/Desert Healthcare Foundation will address each of the Community Health Focus Areas through its Strategic Plan Priorities.

	<u>PRIORITY 1</u> Providers, Facilities and Services	<u>PRIORITY 2</u> One Coachella Valley	<u>PRIORITY 3</u> Community Health and Wellness				
			Resources and Philanthropy	Public Policy	Community Education	Outreach and Collaboration	
Community Health Focus Areas	Homelessness	Evaluate opportunities to expand homeless and/or housing facilities and services in the community	One Coachella Valley approach inclusive of East Valley needs and opportunities	Implement targeted initiatives that address homelessness	Policy analysis, data and research evaluating the impact of policies on homelessness	Educate/connect residents to programs and services, and promote awareness of homelessness issues and potential solutions	Develop partnerships and relationships with homeless and housing service providers, other social service providers and non-traditional allies
	Primary Care and Behavioral Health Access	Evaluate targeted capital funding opportunities for primary care and behavioral health facilities and services in underserved areas	One Coachella Valley approach inclusive of East Valley needs and opportunities	Implement initiatives that build primary care and behavioral health workforce and increase sustainable primary care and behavioral health services for underserved Valley residents	Policy analysis, data and research evaluating the impact of policies on primary care and behavioral health workforces and strengthen sustainability and integration of the delivery system	Educate/connect residents to programs and services, and promote awareness of primary care and behavioral health access issues and potential solutions	Cultivate relationships with service providers, educational institutions and others reinforcing the delivery system and building the workforce
	Healthy Eating, Active Living	Potential support for facilities that provide diabetes, obesity, nutrition, education, lifestyle improvement or other related services and programs	One Coachella Valley approach inclusive of East Valley needs and opportunities	Implement targeted initiatives that address the social determinants of health, promote nutrition and healthy lifestyles, and/or treat diabetes and obesity in our communities	Policy analysis, data and research evaluating the impact of policies on community environments and healthy lifestyles	Educate/connect residents to programs and services, and promote awareness of key issues and potential solutions	Maintain provider relationships and participate in community initiatives
	Quality, Safety, Accountability, Transparency	Hospital lease with defined quality measures and benchmarks	One Coachella Valley approach inclusive of East Valley needs and opportunities	Program, services and facility investments include standards and expectations related to quality, safety and accountability	Evaluate and incorporate policies to promote quality, safety, accountability and transparency	Pro-active community forums to educate residents about spending, priorities, quality performance, etc.	Maintain relationships with providers, elected officials and other community leaders and organizations. Participate in community initiatives

Proposed Organizational Infrastructure and Staffing Plan

History:

The Desert Healthcare District, as established by voters in 1948 is a local government agency comprised of five cities and surrounding unincorporated areas in the West Coachella Valley. For the first 50 years, the District built and operated its own Hospital (the-then Desert Hospital) on behalf of its residents.

In 1997, upon the lease of the-then Desert Hospital to the for-profit Tenet Healthcare Inc., the hospital's 501(c)(3) Foundation was transferred to the Healthcare District organization to ensure its assets would continue to be dedicated for public benefit as a "captive" of the District. Today, the Desert Healthcare Foundation works in consultation and collaboration with community partners to develop, fund and implement important health and wellness initiatives, programs and services designed to improve access and the overall health status of residents.

Transformation Begins:

In December 2016, the District welcomed two new Board members and a new CEO to begin working to fulfill its desire to broaden its reach and impact, increase outreach and engagement and move to an emphasis on not solely health care, but also the broader social determinants of health. Re-validating its Mission – "To Achieve Optimal Health at all Stages of Life for District Residents."

At its February 28 Meeting, the District Board – after significant external input and dialogue – adopted its new Vision. The new Vision – "Connecting Coachella Valley Residents to Health and Wellness Services and Programs through Resources and Philanthropy, Health Facilities, Information and Community Education, and Public Policy" – has been very well-received – and has provided the platform for the draft Strategic Plan and the Strategic Priorities contained within it.

In partnership with the Board of Directors, the CEO will lead the transformation of the District in alignment with the strategic plan to achieve the agency's mission, vision, strategic priorities, goals and objectives, and outcomes.

Strategic Planning:

On March 23 and 24, the District Board held a day-and-a-half strategic planning working session that was facilitated by consultants from the Pacific Health Consulting Group and the Staff Team. To inform the development of a comprehensive, 3-year Strategic Plan, Board Members

received three major reports from other consultants – market assessment, needs assessment, and polling information. Throughout, each Board Member discussed their priorities (for both the Board and Foundation) and strategies to meet them and the Board also received significant input provided by a wide range of residents and stakeholders.

For the next month, Staff worked with our consultants while continuing to seek input throughout the Coachella Valley (e.g., very successful Town Halls were held with Assemblymember Garcia in Indio and Cathedral City) as an initial draft was prepared. On the evening of May 23, Board Members reviewed the initial draft, providing significant input, feedback, and suggested changes at a public working session and continuing to date. The public has done the same.

Recommendations

During and since the May 23 meeting, Staff has spent considerable time focusing on the development of substantive recommendations, aligning priorities and strategies and community health focus/funding areas, to successfully transform the District and Foundation. In other words, build the organizational structure and capacity to not only meet the goals, but to achieve meaningful outcomes.

Given the priorities, strategies, community health focus/funding areas, and desired outcomes contained within this draft Strategic Plan, Staff recommends the following (see attached organizational chart):

Recommendation #1: Align Priorities with Job Responsibilities, Continuing to Mature the Current Organizational Structures of both the District and the Foundation, and Appropriately Allocating the Expenses

- The bulk of the District’s responsibilities pertain to operations, facilities, finance and administration, and human resource management. This recommendation continues this tradition, but enhances its capacity to meet the Board’s new Vision and priorities with successful outcomes.
- To effectively oversee both the District and Foundation and successfully ensure that all Board priorities are met, the CEO would spend 50% of his time on each organization.
- The CEO would continue to directly manage the CFO and Special Assistant/Board Relations Officer and add a Chief Administrative Officer (see below, 7/1/17) and a grant-funded Health Policy and Research Analyst (see below, 1/1/18) with appropriate allocations of resources.

Recommendation #2: Hire a Chief Administrative Officer for the District Who Would Also Serve as Executive Vice President of the Foundation

- A Chief Administrative Officer (CAO) would be responsible for the day-to-day management of the District including the implementation of the Board's new, comprehensive, and three-year Strategic Plan as it relates to District functions; however, it is not a full-time position given the size and scope of the District's operations. Priority 1 – "Providers, Facilities, and Services" is paramount. (.25 for District)
- In line with the new Strategic Plan, the CAO's larger role would be responsibility for expanding (as directed), implementing, and managing all aspects of grantmaking in the Foundation's major program areas, and for assisting the Foundation's Board and Staff leadership in implementing strategic priorities for its grantmaking and development. (.75 for Foundation)
- In both the District and Foundation, the CAO would manage the following staff: Director, Communications and Marketing; Senior Program Officer; Program Officer and Outreach Director; and eventually the Program and Grants Assistant.

Recommendation #3: Hire a Director of Communications & Marketing by 7/1/17

- The Director of Communications and Marketing plays an integral role in ensuring the development and implementation of a multi-faceted comprehensive marketing and communications strategy designed to maximize the District and Foundation's ability to connect those in need of health and wellness services and programs as well as build and maintain a strong public presence. (.25 for District, .75 for Foundation)

Recommendation #4: Evolve Donna Craig's Role from Chief Grants Officer to Senior Program Officer (SPO)

- Currently, Donna handles the bulk of the District's programmatic initiatives. The position includes a significant amount of grants management functions. This limits the ability for the District to be proactive in the development of various initiatives. Over time, the recommended eventual hire of a Program and Grants Assistant, the SPO position will focus almost exclusively on the philanthropic program, working internally and externally to create the conditions that allow communities and all their residents to reach their greatest health potential, especially those facing the greatest challenges.

- These initiatives, coupled with multi-sector community leadership and capacity building, can and will change community environments and norms in ways that make it easier for people to be healthier. (.25 for District; .75 for Foundation)

Recommendation #5: Evolve Alejandro Espinosa’s Role from Director of Programs, Initiatives, and Analytics to Program Officer and Outreach Director

- At current, Alejandro directly runs the current grant-funded programs (known as “Initiatives”), serving as an external ambassador as well. Even more so than Donna, he spends an even larger amount of time on administrative tasks (everything from calling parents every week to dropping materials to schools and partners, to heavy reporting). As indicated above, like with the evolution of Donna’s position, with the recommended eventual hire of a Program and Grants Assistant, will allow his position to evolve to effectively meet the Board’s new priorities through several important and critically needed activities. The need is great for the ongoing development of strong and active community partnerships (across the entire Coachella Valley with expansion on the horizon); this can only be achieved through long-term cultivation of stakeholders, other funders, experts in the field of community health, and others. (.25 for District; .75 for Foundation)

Recommendation #6: Hire a Program and Grants Assistant (PGA) by 1/1/18

- Beginning 1/1/18, this half-time position (hopefully filled by our current half-time educator Vanessa Smith (works with Alejandro) can service both programmatic and grants management/administrative activities. The goal is to have the employee in this position take over the portions of Donna and Alejandro’s current positions that impede programmatic progress. This slight increase in capacity can reap big rewards in helping to achieve the new Vision. (.5 for District; .5 for Foundation)

Recommendation #7: Hire a Grant-Funded Health Policy and Research Analyst

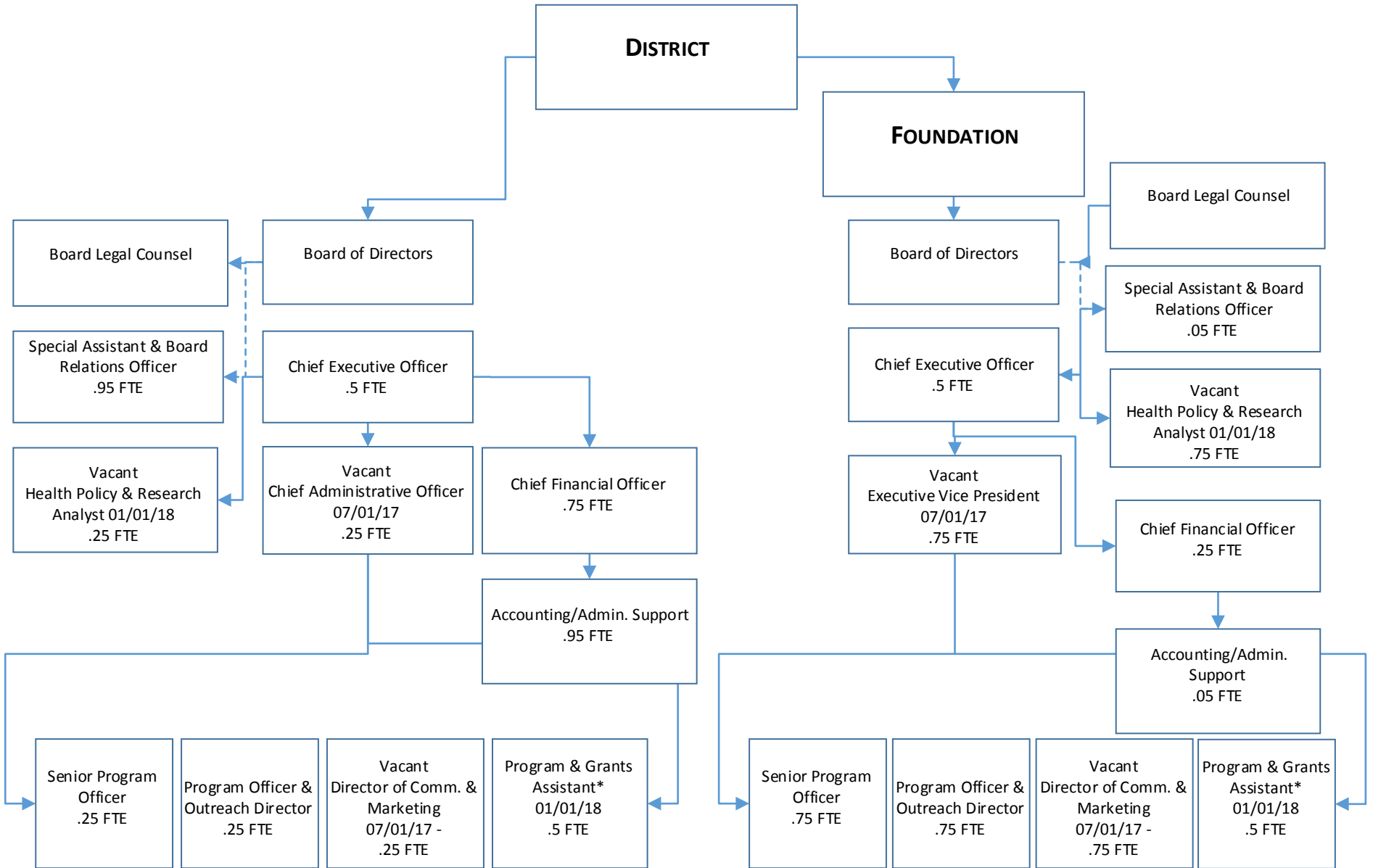
- The Health Policy and Research Analyst would conduct policy analysis and quantitative and qualitative policy research for both the District and Foundation. The data mined will assist in the provision of education and strategic advice and advocacy support to the Board, Staff Team, and greater community (including program participants) on the impact of particular local, regional, state, and federal laws, regulations, and policy proposals in the Coachella Valley. (.25 for District; .75 for Foundation)

Fiscal Impact:

- Under the District/Foundation's proposed Organizational Infrastructure and Staffing Plan, most services and programs will be under the Foundation's structure. As a result, the Staff's administrative expenses from the District will be allocated to the Foundation to facilitate the administration of services and programs. Revenues from District grants and external sources will serve to accommodate these expenses.

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Desert Healthcare District/Foundation 2017-2018 Organizational Chart



*.5 FTE NEOPB grant-funded Health Educator

*.5 FTE Program & Grants Assistant



Date: June 27, 2017

TO: BOARD OF DIRECTORS

RE: West Valley Homelessness Initiative

Staff recommendation: Consideration to approve short-term matching fund recommendations from the up-to \$2 million collective fund of the West Valley Homelessness Initiative (WVHI).

Background:

The collective fund was established on 4/25/2017 with up to \$2 million as a challenge grant by the DHCD board for a **WEST VALLEY HOMELESSNESS INITIATIVE**.

At the May 23, 2017 Desert Healthcare District Board of Directors meeting, the directors discussed priorities in their leadership role of the organization's WEST VALLEY HOMELESSNESS INITIATIVE and directed staff to continue with discussions, meet with other agencies, and provide short term recommendations to the Board.

The following documents include a narrative and outlined short-term matching fund recommendations for the Board's review, discussion, and consideration.

POTENTIAL FISCAL IMPACT: Up to \$1,036,000 depending on approval of various recommendations.

NARRATIVE

At the May 23, 2017 Desert Healthcare District Board of Directors meeting, the directors discussed priorities in their leadership role of the organization's WEST VALLEY HOMELESSNESS INITIATIVE. The board of directors will be leading innovative collaborations that will bring together elected leaders, business leaders, community leaders, and residents from across the Coachella Valley to effectively reduce the impact of homelessness in the West Valley (short term) and the entire Coachella Valley (long term).

Desert Healthcare District is committed to helping raise matching funds to support this effort and will match up to \$2 million in contributions through the development of a collective fund. Through board action the Board is now providing leadership in the priority areas of facilities, funding, policy (Housing First), and community awareness. Based on the board's direction and leadership, there are recommendations for short term activities that can precede to long term solutions.

The recommendations being proposed for consideration are in response to the increased number of homeless individuals in the Coachella Valley and the closing of a West Valley emergency homeless shelter, and has prompted dialogue and action that can result in a collective impact model for change.

By establishing a collective fund, District and Foundation leadership efforts continue a collaborative basis with partners such as the City of Palm Springs, CVAG (Coachella Valley Association of Governments), and other communities, leaders and residents. County government has by far the largest responsibility for homelessness but the issue is complex and requires strong regional collaboration, coordination and leveraging of resources to address it. It is also important for Riverside County to remain an active and engaged partner in the overall initiative.

Desert Healthcare District is leading the effort to align public and philanthropic resources to support Housing First and low-or-no barrier programs in the West Valley cities. The recommendations are based on matching contributions to programs and services that will create a more collaborative and coordinated way to address the issue of homelessness and reflect a continuum of interconnected strategies ranging from sheltering to wrap around services to housing to behavioral health (mental health & substance use disorders) services necessary to solve the problem of homelessness.

This challenge is a continuation of the Desert Healthcare District's long history of making innovative investments in the health of the communities it serves.

**DESERT HEALTHCARE DISTRICT
WEST VALLEY HOMELESSNESS INITIATIVE
\$2 MILLION COLLECTIVE FUND
MATCHING FUNDS
SHORT TERM RECOMMENDATIONS**

Outcome for one year: to reduce the Point In Time Count of Homeless Individuals in the
Western Valley Cities (253) by 50%

Outcome: 127 homeless individuals will be housed

SYSTEM COMPONENT	TIME SENSITIVITY	DHCD RECOMMENDED MATCH (S)
<p>CVAG West Valley Navigation Program: Services proposed to be operated by the Path of Life Ministries (POLM) - from one location (to be determined) in each of 3 cities - Palm Springs, Cathedral City and Desert Hot Springs 7 days a week from 7am to 9pm with a coordinated entry to be done by the County. Services to be provided: <u>Homeless Prevention and Diversion</u> (emergency rental assistance, housing navigation assistance & supportive services, e.g. security deposits, utility assistant & case management <u>Crisis Stabilization House</u> - individuals in emergency housing exit quickly into stable non-emergency housing. POLM intends to provide beds of emergency housing in DHS, Cathedral City, & PS through leasing of up to 4 rental properties in each city</p> <p><u>Fiscal impact for one year: \$864,737.</u></p> <p>This budget includes other components besides the housing component. As a regional effort, CVAG is requesting \$103,000 from each member city - this amount defined as the original amount that had been committed to Roy's Desert Resource Center.</p>	<p>ROY'S DESERT RESOURCE CENTER NOW CLOSED: All 90 clients have been relocated or have found housing.</p> <p>At 6/6/17 Homelessness Committee study session, the committee members recommended moving forward with the POLM contract and bring to the Executive Committee for approval at 6/26/17 meeting with a July 1, 2017 start date for Path of Life Ministries.</p>	<p>The primary mission of the District Board is to exercise a leadership role in identifying and meeting the healthcare needs within the District. As a member of CVAG's Homelessness Committee will, in effect, also leverage and expand the District's Board's role as a policy leader - by taking the wishes, needs, & desires of the community and transforming them into policies that govern the District (Strategic Plan Community Health Focus Area: Homelessness).</p> <p>3 RECOMMENDATIONS: The District's West Valley Homelessness Initiative is in alignment with the West Valley Navigation Program:</p> <ul style="list-style-type: none"> • Consideration to pledge \$103,000 as a nexus for support • Consideration of a 50% match to the <u>West Valley</u> cities that have each committed the \$103,000 (\$51,500 x 3 =

<p>CVAG has received a sustaining commitment from Riverside County for \$359,711 (\$500,000 less than the first commitment to Roy's) for one year.</p> <p>CITY OF PALM SPRINGS Homelessness Initiative</p> <ul style="list-style-type: none"> • The lease of a County-owned temporary emergency shelter that will be open & staffed by a nonprofit organization 24/7 <u>\$600,000 to \$1million</u> including repairs & upgrade; utilities; operating costs of the nonprofit. • Case managers and employment specialists to assist individuals in obtaining housing, employment & benefits aka WRAP <u>AROUND SERVICES \$200,000 - \$300,000</u> 	<p>Immediate - Roy's closure and impact on those who are on the verge of becoming homeless or are homeless</p> <p>Immediate - services can continue with expansion of city-funded 4-month pilot program</p>	<p>\$154,500) – those cities being Palm Desert; Palm Springs, & Rancho Mirage with Cathedral City pledging ½ the requested amount or \$52,000 (50%=\$26,000) for a total of \$180,500</p> <ul style="list-style-type: none"> • Consideration to offer a 50% (\$51,500) or 100% (\$103,000) to match each city in the West Valley (currently Desert Hot Springs) that has not yet committed <p>TOTAL RECOMMENDED AMOUNT: either \$335,000 or \$386,000 in matching funds.</p> <p>When, and if successful, the case manager and employment specialist (as mentioned in the next paragraph) would be based there and then rotate among other facilities where the homeless access services.</p> <p>1 RECOMMENDATION:</p> <ul style="list-style-type: none"> • Consideration to match up to \$100,000 with the City of Palm Springs for the continuation of the wrap-around services that can be based at the County-owned facility when it is up and running, with
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<ul style="list-style-type: none"> • Mental Health Housing Crisis Team - increase coverage from 4 to 8 personnel to cover nights & weekends in efforts to outreach, engage & refer those living on the streets\$700,000-\$800,000 	<p>Immediate - expansion of personnel will result in increasing placements and referrals in treatment for behavioral health (mental health & substance use disorders)</p>	<p>rotation among other facilities where the homeless access services such as the Well In The Desert's new facility and others.</p> <p>2 RECOMMENDATIONS</p> <ul style="list-style-type: none"> • Consideration to match up to \$350,000 with the City of Palm Springs for the expanded personnel. • Consideration to <i>offer</i> the City of Desert Hot Springs (with a match up to \$100,000) and City of Cathedral City (with a match up to \$100,000) to replicate and start up a Mental Health Housing Crisis Team in each city. <p>TOTAL: \$550,000</p>
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TOTAL MATCH FUNDING FOR CONSIDERATION OF SHORT TERM RECOMMENDATIONS: Up to\$1,036,000 depending on approval of various recommendations.

DESERT HEALTHCARE DISTRICT									
FY 2017-2018 BUDGET									
DRAFT					INDEX				
7/1/2017 - 6/30/2018									
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7	STATEMENT OF INCOME AND EXPENSE - LPMP								
8	DIRECTORS AND EMPLOYEE EXPENSES								
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12-13	BUDGET DETAIL								

DESERT HEALTHCARE DISTRICT
FY 2017-2018 BUDGET
ASSUMPTIONS - MAJOR LINE ITEMS GREATER THAN \$50,000
7/1/2017 - 6/30/2018

DRAFT		Preliminary	
G/L		Annual	
Account	Account	Projected	
Number	Description	Amount	Assumption
REVENUES			
4010	Property Tax	\$ 6,289,695	Projecting 3% increase
4220	Interest Income - FRF	\$ 1,350,000	Bob Adams, VP - Senior Portfolio Mgr provided estimate - Approximate return of 2%
4501	Other Income	\$ 75,000	Airways rental, collection agencies and SCE Solar rebate
4505	LPMP - Rental Income	\$ 863,107	Average \$72k per month
4509-11	LPMP - CAM Income	\$ 343,819	CAM charges to tenants to cover common area expenses - \$.60 per sq ft.
EXPENSES			
Desert Healthcare District			
5110	Salary and Wages	\$ 962,752	See Directors and Employees Expenses for details. Pg 8
5111	Allocation to LPMP-CC(20%)&MP(25%)+OH	\$ (43,890)	Allocation of CFO and Accounting Support & Admin to LPMP
5115	Allocation to NEOPB	\$ (125,083)	Allocation of NEOPB Director and Accounting Admin payroll and benefits to NEOPB grant
5112	Vacation and sick pay accrual	\$ 90,000	Accrual for earned vacation and sickpay
5114/5119	Alloc to Foundation - All Staff	\$ (645,767)	District staff allocation of payroll and benefits to Foundation to provides services, including Ready Set Swim & CVHip.
5131	Benefit Premiums - Staff	\$ 134,931	See Directors and Employees Expenses for details. Pg 8
5145	Retirement Plan	\$ 78,983	Staff retirement Plan - 8% employer contribution to 401(a) plan
5211	Active Directors - Health Ins	\$ 60,648	See Directors and Employees Expenses for details. Pg 8
6120	Bank & Investment Fees	\$ 112,000	Approximately the amount charged for FYE 6/30/16 - \$.002 of Avg invest balance
6125/6126	Depreciation	\$ 195,034	Office equipment, Software and Parking lot/Solar Panels depreciation
6516	Professional Fees	\$ 184,000	Utilize independent contractors to provide professional project oversight skills, hospital lease consulting, and district boundary consulting, and other professional services.
6560	Legal - General	\$ 120,000	Legal fees for operational coverage, potential litigation, and policy review
6725	RPP Contributions Accrual	\$ 240,000	Pension Expenses for Retirement Protection Plan
7010	Community investments - Grants	\$ 4,700,000	See detail grants/programs schedule - Pg 11 - Includes \$1M for the Avery Trust Pulmonary related Grants
9999-1	Unrealized loss FRF	\$ 1,500,000	Investment portfolio's unrealized gains/losses
Las Palmas Medical Plaza			
6425	Building Depreciation	\$ 252,528	40 year Depreciation period
6426	Tenant Improv - Amortization	\$ 191,838	Tenant Improvements amortized over life of each tenant's lease

DESERT HEALTHCARE DISTRICT
FY 2017-2018 BUDGET
ASSUMPTIONS - MAJOR LINE ITEMS GREATER THAN \$50,000
7/1/2017 - 6/30/2018

DRAFT		Preliminary	
G/L		Annual	
Account	Account	Projected	
Number	Description	Amount	Assumption
6440	Professional Fees Expense	\$ 122,000	Property maintenance company - includes prevailing wage
6475	Property Taxes - Las Palmas	\$ 72,000	District is billed for the property tax and incorporates the tax in the CAM based on sq. ft.of suite
6485	Security	\$ 75,000	Security coverage 18 hrs per day every day of the year
CASH FLOW			
Cash Receipts:			
	Property Taxes	\$ 6,289,695	Projecting 3% increase
	Interest	\$ 1,350,000	Bob Adams, VP - Senior Portfolio Mgr provides estimate
	LPMP	\$ 1,208,344	Rental and Common Area Maintenance
	Other Income	\$ 215,000	NEOPB revenue, Airways rental, and SCE Solar rebate
	Due from DHCF - Expense Allocation	\$ 645,767	Allocation of District staff expense to perform Foundation business
Cash Disbursements:			
	Operations	\$ 1,913,089	See Statement of Operations - Excludes non-cash items i.e. depreciation and amortization
	Existing liabilities - Proj for disbursement	\$ 100,000	Projected liabilities as of 6/30/17 excluding grants
	Program/Grant Payments - Existing	\$ 3,956,896	See Grants cash flow statement. Pg 9-11
	Program/Grant Payments - FY2017-18	\$ 4,620,000	See Grants cash flow statement. Pg 9-11
LPMP:			
	Normal recurring expenses	\$ 456,968	See Statement of Operations for details. Pg7
	Bldg & Tenant Improvements	\$ 663,504	Various - including suite renovations, equipment replacement, lease renewals and TI's for new tenants

DESERT HEALTHCARE DISTRICT						
CASH FLOW PROJECTION						
FY 2017-2018 BUDGET						
7/1/2017 - 6/30/2018						
DRAFT						
	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total	
Beginning Cash/Investment Balance:	\$ 57,915,890	\$ 55,074,840	\$ 53,778,869	\$ 54,283,574	\$ 57,915,890	
Cash Receipts:						
Property Taxes	421,410	1,088,117	2,025,282	2,754,886	6,289,695	
Interest	337,500	337,500	337,500	337,500	1,350,000	
LPMP	293,792	293,792	310,172	310,172	1,207,926	
Due from Desert Healthcare Foundation-Exp Allocation	161,442	161,442	161,442	161,442	645,767	
Other Income - NEOPB grant, SCE Solar rebate Etc	53,750	53,750	53,750	53,750	215,000	
Total Receipts	1,267,893	1,934,601	2,888,145	3,617,750	9,708,389	
Cash Disbursements:						
Ops-net of Deprec/amort/grants	438,120	483,034	476,360	515,575	1,913,089	
Existing Liabilities Exclg Grants	100,000	-	-	-	100,000	
Existing Grant/Prog Payments	1,865,706	1,377,420	536,962	176,808	3,956,896	
Programs and Grants payments	1,380,000	1,080,000	1,080,000	1,080,000	4,620,000	
Capital Equipment Reqmnts:						
Computer/Office Furn/Other	15,000	5,000	5,000	5,000	30,000	
Computer/Office Furn/Other-East Valley Office	30,000	5,000	5,000	5,000	45,000	
LPMP:						
Normal recurring-Operations	114,242	114,242	114,242	114,242	456,968	
Tenant/building Improvements - normal recurring	165,876	165,876	165,876	165,876	663,504	
Total Cash Disbursements	\$ 4,108,943	\$ 3,230,572	\$ 2,383,440	\$ 2,062,501	\$ 11,785,457	
Cash/Investment Balance at 6/30/2016	\$ 55,074,840	\$ 53,778,869	\$ 54,283,574	\$ 55,838,823	\$ 55,838,823	

DESERT HEALTHCARE DISTRICT										
FY 2017-2018 BUDGET										
STATEMENT OF INCOME AND EXPENSE INCLUDING LPMP										
7/1/2017 - 6/30/2018										
DRAFT	Budget	Projected	Budget					Budget		Inc(Dec)
	Fiscal Yr	6/30/17	VS					Fiscal Yr		Budget
	FYE 6/30/17	Balance	Proj	Qtr 1	Qtr 2	Qtr 3	Qtr 4	2017-2018		Vs Proj
								Total		Prior Yr
INCOME										
4010 - Property Tax Revenues	6,106,500	6,106,500	-	1,572,424	1,572,424	1,572,424	1,572,424	6,289,695	6,289,695	183,195
4220 - Unrestricted Interest Income - FRF	1,739,500	1,735,962	(3,538)	337,500	337,500	337,500	337,500	1,350,000	1,350,000	(385,962)
4330 - Collection Agency Recoveries	1,000	-	(1,000)	250	250	250	250	1,000	1,000	1,000
4350 - Rental - Airways	19,000	20,547	1,547	4,750	4,750	4,750	4,750	19,000	19,000	(1,547)
4405 - Grant Income - NEOPB	144,000	128,416	(15,584)	30,000	30,000	30,000	30,000	120,000	120,000	(8,416)
4505-4513 - LPMP - Rental Income	1,208,344	1,189,753	(18,591)	293,792	293,792	310,172	310,172	1,207,926	1,207,926	18,174
4501 - Other Income	75,000	55,028	(19,972)	18,750	18,750	18,750	18,750	75,000	75,000	19,972
Total Income	9,293,344	9,236,206	(57,138)	2,257,465	2,257,465	2,273,845	2,273,845	9,062,621		(173,584)
EXPENSES										
5110 - Salaries and Wages	617,590	507,356	(110,234)	212,943	248,433	231,404	269,972	962,752	OK	455,397
5111-Alloc to LPMP-CC(20%)&MP(25%)+OH	(41,895)	(41,892)	3	(10,973)	(10,973)	(10,973)	(10,973)	(43,890)	43,890	(1,998)
5115 - Alloc to NEOPB-Alejandro & Mary	(113,932)	(78,640)	35,292	(31,271)	(31,271)	(31,271)	(31,271)	(125,083)	(125,083)	(46,443)
5119 - Alloc to FND-RSS.CVHIP.DHG-Alejandro	(22,388)	(46,762)	(24,375)	(8,153)	(8,153)	(8,153)	(8,153)	(32,612)	(32,612)	14,151
5112 - Accrued vacation/sick -	65,000	70,418	5,418	20,769	24,231	20,769	24,231	90,000	90,000	19,582
5114 - Alloc Foundation -PR & Benefits	(25,523)	(25,524)	(1)	(153,289)	(153,289)	(153,289)	(153,289)	(613,156)	(613,156)	(587,632)
5120 - Payroll Tax Expense	47,246	45,835	(1,411)	16,290	19,005	17,702	20,653	73,651	OK	27,816
5131 - Benefit Premiums	91,622	104,783	13,161	32,659	32,659	34,806	34,806	134,931	OK	30,148
5135 - Reimbursements/Co-Payments	18,000	15,302	(2,698)	8,518	8,518	8,518	8,518	34,071	OK	18,769
5140 - Workers Comp	6,485	5,654	(831)	2,236	2,609	2,430	2,835	10,109	OK	4,455
5145 - Retirement Plan Expense	51,025	33,373	(17,652)	17,248	20,123	18,744	22,868	78,983	OK	45,610
5160 - Education/Conferences - Staff	2,500	1,787	(713)	875	875	875	875	3,500	3,500	1,713
5211 - Health Insurance-BOD	68,666	76,386	7,720	12,165	12,165	23,306	13,013	60,648	OK	(15,738)
5219 - Reimbursements/Co-Pays - BOD	-	4,000	4,000	-	-	-	-	-	OK	(4,000)
5224- Retired BOD - Medical Expense	11,964	14,844	-	3,711	3,711	8,711	8,711	24,844	OK	10,000
5230 - BOD Meeting/Conference Expense	7,000	5,637	(1,363)	2,000	2,000	2,000	2,000	8,000	8,000	2,363
5240 - BOD Catering Expense	2,500	4,144	1,644	1,000	1,000	1,000	1,000	4,000	4,000	(144)
5250 - BOD Mileage Reimbursment	500	151	(349)	125	125	125	125	500	500	349
5270 - BOD Election Fees	160,000	159,996	(4)	-	-	-	-	-	-	(159,996)
6110 - Payroll fees expense	2,500	2,855	355	688	688	688	688	2,750	2,750	(105)
6120 - Bank and Investment Fees	116,000	115,753	(247)	28,000	28,000	28,000	28,000	112,000	112,000	(3,753)
6125 - Depreciation Expense	14,400	14,170	(230)	3,543	3,543	3,543	3,543	14,170	14,170	(0)
6126 . Depreciation - Solar panels - Parking	181,100	180,864	(236)	45,216	45,216	45,216	45,216	180,864	180,864	-
6130 - Dues and Memberships	26,000	26,774	774	6,825	6,825	6,825	6,825	27,300	27,300	526
6220 - Ongoing InsuranceCoverage	8,400	8,410	10	2,100	2,100	2,100	2,100	8,400	8,400	(10)
6300 - Minor Equipment	500	-	(500)	125	125	125	125	500	500	500
6305 - CEO Auto Allowance	7,200	6,208	(992)	1,500	1,500	1,500	1,500	6,000	6,000	(208)
6306-Staff Auto Mileage Reimbursement	500	1,420	920	313	313	313	313	1,250	1,250	(170)
6309 - Personnel Expense	1,000	1,558	558	313	313	313	313	1,250	1,250	(308)
6310 - Miscellaneous Expense	500	-	(500)	125	125	125	125	500	500	500
6311 - Cell phone expense	6,500	5,240	(1,260)	1,621	1,621	1,621	1,621	6,483	6,483	1,242
6312 - Wellness Park Expense	3,000	2,540	(460)	625	625	625	625	2,500	2,500	(40)
6315 - Security Monitoring Expense	450	469	19	113	113	113	113	450	450	(19)
6325 - CEO Discretionary Fund	5,000	3,741	(1,259)	1,250	1,250	1,250	1,250	5,000	5,000	1,259
6343 - Postage Expense	6,500	6,315	(185)	1,625	1,625	1,625	1,625	6,500	6,500	185

DESERT HEALTHCARE DISTRICT										
FY 2017-2018 BUDGET										
STATEMENT OF INCOME AND EXPENSE INCLUDING LPMP										
7/1/2017 - 6/30/2018										
DRAFT									Budget	Inc(Dec)
		Budget	Projected	Budget					Fiscal Yr	Budget
		Fiscal Yr	6/30/17	VS					2017-2018	Vs Proj
		FYE 6/30/17	Balance	Proj	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total	
6350 - Copier Rental/Fees	5,500	5,563	63	1,375	1,375	1,375	1,375	5,500	5,500	(63)
6351 - Travel Expense	6,000	5,893	(107)	1,500	1,500	1,500	1,500	6,000	6,000	107
6352 - Meals & Entertainment	1,000	4,252	3,252	1,000	1,000	1,000	1,000	4,000	4,000	(252)
6355 - Computer Services	26,000	27,031	1,031	7,129	7,129	7,129	7,129	28,515	28,515	1,484
6360 - Supplies	12,000	14,363	2,363	4,000	4,000	4,000	4,000	16,000	16,000	1,637
6380 - LAFCO Assessment	13,500	17,744	4,244	4,500	4,500	4,500	4,500	18,000	18,000	256
6445 - Las Palmas Medical Plaza - Total	1,042,119	908,237	(133,883)	238,543	238,543	245,344	245,344	967,773	1,013,410	59,537
6516 - Professional Services	55,500	287,053	231,553	46,000	46,000	46,000	46,000	184,000	184,000	(103,053)
6520 - Annual Audit Fee	16,957	16,957	(0)	4,366	4,366	4,366	4,366	17,466	17,466	509
6530 - PR/Communications/Website	35,500	34,871	(629)	7,500	7,500	7,500	7,500	30,000	30,000	(4,871)
6560 - Legal Expense	75,000	125,229	50,229	30,000	30,000	30,000	30,000	120,000	120,000	(5,229)
6711 - Disability Administration Fees	3,222	3,222	-	1,611	1,611	-	-	3,222	-	-
6721 - Legal Expenses - Pension Plan	2,500	1,530	(971)	625	625	625	625	2,500	2,500	971
6725 - RPP Contributions Accrual	240,000	240,000	-	60,000	60,000	60,000	60,000	240,000	240,000	-
6728 - Pension Audit Fee	4,755	4,755	-	1,224	1,224	1,224	1,224	4,898	4,898	143
7010 - Programs/grants	4,500,000	3,408,359	(1,091,641)	1,175,000	1,175,000	1,175,000	1,175,000	4,700,000	4,700,000	1,291,641
7027 - Grant Expense - NEOPB	144,000	128,416	(15,584)	30,000	30,000	30,000	30,000	120,000	120,000	(8,416)
9999-1 - Unrealized (Gain) or Loss FRF	1,275,000	1,830,316	555,316	375,000	375,000	375,000	375,000	1,500,000	1,500,000	(330,316)
Total Expenses	8,784,463	8,296,956	(490,387)	2,210,206	2,255,121	2,255,248	2,294,463	9,015,038	7,765,245	718,082
Net Income(Loss)	508,881	939,250	433,249	47,259	2,345	18,597	(20,618)	47,583		(891,666)
EBITA	1,219,406							709,533		
Cash Flow - Add back:										
LPMP - Depreciation	515,024	445,493	(69,532)	113,328	113,328	120,129	120,129	466,915		21,423
6725 - RPP Contributions Accrual	240,000	240,000		60,000	60,000	60,000	60,000	240,000		-
Grants - Separate line item	4,500,000	3,408,359	(1,091,641)	1,175,000	1,175,000	1,175,000	1,175,000	4,700,000		1,291,641
District - Depreciation/Amort	195,500	14,170	(181,330)	48,759	48,759	48,759	48,759	195,034		180,864
9999-1 - Unrealized (Gain) or Loss FRF	1,275,000	1,830,316	555,316	375,000	375,000	375,000	375,000	1,500,000		(330,316)
Payroll Alloc - LPMP-Add back	(41,895)	(41,892)	3	(10,973)	(10,973)	(10,973)	(10,973)	(43,890)		(1,998)
Total	6,683,629	5,896,445	(787,184)	1,761,114	1,761,114	1,767,915	1,767,915	7,058,059		-
District Inclg LPMP Net Cash Flow	7,192,511	2,400,511	(4,792,000)	438,120	483,034	476,360	515,575	1,956,979	7,765,245	(443,532)

LAS PALMAS MEDICAL PLAZA									
FY 2017-2018 BUDGET									
STATEMENT OF INCOME AND EXPENSE									
7/1/2017 - 6/30/2018									
DRAFT								Budget	Inc(Dec)
	Budget	Proj	Budget					Fiscal Yr	Budget
	FYE 6/30/17	06/30/17	VS	Qtr 1	Qtr 2	Qtr 3	Qtr 4	2017-2018	Vs Proj
	Balance	Proj					Total	Prior Yr	
INCOME									
4505 · LPMP - Rental Income	861,852	862,689	837	210,107	210,107	221,447	221,447	863,107	418
4510 · LPMP - CAM Income-Billed	345,492	325,713	(19,779)	83,435	83,435	88,475	88,475	343,819	18,106
4513 · LPMP - Misc Income	1,000	1,350	350	250	250	250	250	1,000	(350)
Total Income	1,208,344	1,189,753	(18,591)	293,792	293,792	310,172	310,172	1,207,926	18,174
EXPENSES									
6420 · Insurance	12,000	11,700	(300)	3,000	3,000	3,000	3,000	12,000	300
6424 · Parking lot replacement - Deprec	22,549	22,549	-	5,637	5,637	5,637	5,637	22,549	-
6425 · Building - Depreciation Expense	255,000	252,525	(2,475)	63,132	63,132	63,132	63,132	252,528	3
6426 · Tenant Improv - Depreciation	237,475	170,418	(67,057)	44,559	44,559	51,360	51,360	191,838	21,420
6427 · HVAC Maintenance	17,500	14,187	(3,313)	4,000	4,000	4,000	4,000	16,000	1,813
6428 · Roof Repairs	2,500	-	-	625	625	625	625	2,500	2,500
6431 · Building - Interior	2,500	-	(2,500)	625	625	625	625	2,500	2,500
6432 · Plumbing - Interior	2,500	2,700	200	625	625	625	625	2,500	(200)
6433 · Plumbing - Exterior	2,500	4,900	2,400	625	625	625	625	2,500	(2,400)
6434 · Alloc-Internal Property Managmnt	41,895	41,895	-	10,973	10,973	10,973	10,973	43,890	1,995
6435 · Bank Charges	11,000	12,414	1,414	3,000	3,000	3,000	3,000	12,000	(414)
6437 · Utilities - Vacant Units	4,000	1,475	(2,525)	1,000	1,000	1,000	1,000	4,000	2,525
6439 · Deferred Maintenance Repairs	15,000	2,500	(12,500)	3,125	3,125	3,125	3,125	12,500	10,000
6440 · Professional Fees Expense	144,000	111,687	(32,313)	30,500	30,500	30,500	30,500	122,000	10,313
6441 · Legal	1,000	-	(1,000)	250	250	250	250	1,000	1,000
6458 · Elevators - Contract	11,000	10,999	(1)	2,750	2,750	2,750	2,750	11,000	1
6460 · Exterminating Services	2,500	2,160	(340)	625	625	625	625	2,500	340
6463 · Landscaping	35,000	28,480	(6,520)	3,750	3,750	3,750	3,750	15,000	(13,480)
6467 · Lighting	6,000	3,776	(2,224)	1,500	1,500	1,500	1,500	6,000	2,224
6468 · Maint. General	1,000	307	(693)	250	250	250	250	1,000	693
6470 · Maint. / Janitorial Service	25,000	17,477	(7,523)	1,250	1,250	1,250	1,250	5,000	(12,477)
0000 · Marketing	0	-	-	4,375	4,375	4,375	4,375	17,500	17,500
6475 · Property Taxes	55,000	67,956	12,956	18,000	18,000	18,000	18,000	72,000	4,044
6476 · Signage Expense	3,000	1,861	(1,139)	750	750	750	750	3,000	1,139
6480 · Rubbish Removal Medical Waste	16,000	15,438	(562)	4,200	4,200	4,200	4,200	16,800	1,362
6481 · Rubbish Removal	25,000	24,468	(532)	6,117	6,117	6,117	6,117	24,468	-
6482 · Utilities/Electricity/Exterior	8,000	9,531	1,531	2,500	2,500	2,500	2,500	10,000	469
6484 · Utilities - Water (Exterior)	7,000	4,807	(2,193)	1,750	1,750	1,750	1,750	7,000	2,193
6485 · Security	75,000	71,908	(3,092)	18,750	18,750	18,750	18,750	75,000	3,092
6490 · Miscellaneous	1,200	119	(1,081)	300	300	300	300	1,200	1,081
Total Expenses	1,042,119	908,237	(133,883)	238,543	238,543	245,344	245,344	967,773	59,537
Net Income	166,225	281,516	115,291	55,249	55,249	64,828	64,828	240,153	
Non-Cash and other items:									
Depreciation	515,024	445,493	(69,532)	113,328	113,328	120,129	120,129	466,915	
Total Depreciation/Payroll alloc	556,919	487,388	(69,532)	124,301	124,301	131,102	131,102	510,805	
Net Cash Flow for expenses	485,200	420,849	(64,351)	114,242	114,242	114,242	114,242	456,968	
Total cash provided	723,144	768,903	45,759					750,958	

DESERT HEALTHCARE DISTRICT										
DIRECTORS AND EMPLOYEE EXPENSES - BUDGET 2017-2018										
HEALTH AND OTHER HEALTH RELATED INCLUDING INSURANCE EXPENSES										
7/1/2017 - 6/30/2018										
DRAFT										
Employee Name	Job Title	FT PT	Date of Hire	Annual Wage		QTR 1	QTR 2	QTR 3	QTR 4	Total Wages
# of Payrolls						6	7	6	7	26
Herb K. Schultz	Chief Executive Officer	FT	11/16/16	\$ 200,000		\$ 46,154	\$ 53,846	\$ 46,154	\$ 53,846	\$ 200,000
Chris Christensen	Chief Financial Officer	FT	10/07/14	\$ 135,000		\$ 31,154	\$ 36,346	\$ 31,154	\$ 36,346	\$ 135,000
Craig, Donna	Senior Program Officer	FT	06/21/04	\$ 106,866	*	\$ 24,661	\$ 28,772	\$ 24,661	\$ 28,772	\$ 106,866
Andrea Hayles	Special Assist to the CEO/Board Relations	FT	02/27/17	\$ 62,000	*	\$ 14,308	\$ 16,692	\$ 14,308	\$ 16,692	\$ 62,000
Alejandro Espinoza	Program Officer & Outreach Director	FT	12/01/14	\$ 92,374	*	\$ 21,317	\$ 24,870	\$ 21,317	\$ 24,870	\$ 92,374
Mary Pannoni	Accounting/Admin Support	FT	02/29/16	\$ 48,048	*	\$ 11,088	\$ 12,936	\$ 11,088	\$ 12,936	\$ 48,048
Vanessa Smith	Health Educator - NEOPB - .5 FTE	PT	03/27/17	\$ 18,000		\$ 4,154	\$ 4,846	\$ 4,154	\$ 4,846	\$ 18,000
TBD	Chief Administrative Officer-Foundation EVP	FT	07/01/17	\$ 135,000		\$ 31,154	\$ 36,346	\$ 31,154	\$ 36,346	\$ 135,000
TBD	Director - Communications & Marketing	FT	07/01/17	\$ 110,000		\$ 25,385	\$ 29,615	\$ 25,385	\$ 29,615	\$ 110,000
TBD	Health Policy Analyst	FT	01/01/18	\$ 60,000		\$ -	\$ -	\$ 13,846	\$ 16,154	\$ 30,000
TBD	Program & Grants Assistant - .5 FTE	PT	01/01/18	\$ 20,000		\$ -	\$ -	\$ 4,615	\$ 5,385	\$ 10,000
*Pool - Merit Increase	\$ 15,464		5.0 % Pool			\$ 3,569	\$ 4,163	\$ 3,569	\$ 4,163	\$ 15,464
Total						\$ 212,943	\$ 248,433	\$ 231,404	\$ 269,972	\$ 962,752
									Net District - Salaries	\$ 385,423
									Net District - Net of Taxes & Benefits	\$ 523,646
EMPLOYER										
FICA						13,202	15,403	14,347	16,738	\$ 59,691
MEDICARE						3,088	3,602	3,355	3,915	\$ 13,960
Total						\$ 16,290	\$ 19,005	\$ 17,702	\$ 20,653	\$ 73,651
BENEFITS - Excludes deductibles										
Health						25,710	25,710	27,510	27,510	\$ 106,439
ST/LT Disability/Life						3,735	3,735	3,922	3,922	\$ 15,314
Co-Power						3,214	3,214	3,375	3,375	\$ 13,178
Total						\$ 32,659	\$ 32,659	\$ 34,806	\$ 34,806	\$ 134,931
Copays/Deductibles - Employees						8,518	8,518	8,518	8,518	\$ 34,071
Workers Comp						2,236	2,609	2,430	2,835	\$ 10,109
401A Plan						17,248	20,123	18,744	22,868	\$ 78,983
DIRECTORS										
Active Directors										
Health - Calpers/Medicare						12,002	12,002	23,136	12,843	\$ 59,983
Co-power						2,454	2,454	2,577	2,577	\$ 10,062
Less: Hazen reimbursement						(2,292)	(2,292)	(2,407)	(2,407)	\$ (9,397)
Total						12,165	12,165	23,306	13,013	\$ 60,648
Copays/Deductibles						-	-	-	-	\$ -
Retired Directors										
Health - GASB 45 Accrual - Future Benefits accrued						3,711	3,711	8,711	8,711	\$ 24,844

DESERT HEALTHCARE DISTRICT
CASH FLOW - PROGRAM DEPARTMENT - BY QUARTER
FY 2017-2018 BUDGET
7/1/2017 - 6/30/2018

DRAFT

	Total Open	2017 -2018					2018 -2019					
		Amount	Qtr1	Qtr2	Qtr3	Qtr4	Total	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Existing Grants for PHI:												
Existing Approved - Grants	\$ 14,412,537	\$ 1,865,706	\$ 1,377,420	\$ 536,962	\$ 176,808	\$ 3,956,896	\$ 119,904	\$ 63,995	\$ -	\$ 101,904	\$ 285,803	
Community Investments - Grants & Programs by FY 2017-2018 Current Strategic Plan Goals:												
Providers, Facilities and Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
One Coachella Valley	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Community Health and Wellness	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
District/Foundation resources to help achieve its goals and objectives - Foundation	\$ 500,000	\$ 300,000	\$ -	\$ 200,000	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	
\$1M Avery Pulmonary related diseases	\$ 1,000,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	
Grant Budget - Unallocated	\$ 3,200,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 3,200,000	\$ -	\$ -	\$ -	\$ -	\$ -	
Total New Grants/Programs/capital project	\$ 4,700,000	\$ 1,350,000	\$ 1,050,000	\$ 1,250,000	\$ 1,050,000	\$ 4,700,000	\$ -	\$ -	\$ -	\$ -	\$ -	
Grand Total all Grants/Programs	\$ 19,112,537	\$ 3,215,706	\$ 2,427,420	\$ 1,786,962	\$ 1,226,808	\$ 8,656,896	\$ 119,904	\$ 63,995	\$ -	\$ 101,904	\$ 285,803	

DESERT HEALTHCARE DISTRICT CASH FLOW - PROGRAM DEPARTMENT FY 2017-2018 BUDGET 7/1/2017 - 6/30/2018								
							Projected	
							6/30/2017	
							Balance	
							FY 2017-2018	
							Total	Projected
							6/30/2018	Balance
Existing Grants:	Name	Bal - Fwd	Qtr1	Qtr2	Qtr3	Qtr4	Total	6/30/2018
Grants:								
2013-759-BOD 02/26/13	Desert Hot Springs Wellness FDN - Oversampling - HARC -3yr	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ 15,000	\$ -
2013-782-BOD 6/25/13	CVEP - CV/iHub Accelerator Campus 3 years	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2014-MOU-BOD-11/21/13	Memo of Understanding CVAG CV Link Support	\$ 10,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000,000
2014-852-BOD-11-19-14	Desert AIDS Project - Get Tested Coachella Valley - 3 yr	\$ 124,656	\$ 74,794	\$ -	\$ 49,863	\$ -	\$ 124,656	\$ (0)
2015-866-BOD-4-28-15	The LGBT Center of PS - Desert Low-Cost Counseling Clinic - 3 yr	\$ 68,000	\$ 18,000	\$ -	\$ 18,000	\$ -	\$ 36,000	\$ 32,000
2015-870-BOD-5-26-15	Mizell Senior Center - CV Senior Fall Prevention Program - 2 Yr	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2015-874-BOD-6-23-15	United Cerebral Palsy - Skill-builders Community Integration - 2 Yr	\$ 17,889	\$ 17,889	\$ -	\$ -	\$ -	\$ 17,889	\$ (0)
2015-875-BOD-6-23-15	Desert AIDS Project - Sexually Transmitted Infection Clinic - 3 Yr	\$ 175,000	\$ 137,500	\$ 37,500	\$ -	\$ -	\$ 175,000	\$ -
2015-876-BOD-6-23-15	Arrowhead Neuroscience Fndtn-NeuroInterventional & NeuroCritical Care Fellowship 2 Yr	\$ 289,494	\$ 84,047	\$ 84,047	\$ 84,047	\$ 37,355	\$ 289,494	\$ -
2016-886-BOD-9-22-15	B&G Club of Cathedral City - Main Club House Capital Improvements - 1 Yr	\$ 48,750	\$ 48,750	\$ -	\$ -	\$ -	\$ 48,750	\$ -
2016-887-BOD-9-22-15	CVEP - Mental Health College & Career Pathways Development Initiative - 2 Yr	\$ 73,791	\$ -	\$ 73,791	\$ -	\$ -	\$ 73,791	\$ -
2016-889-BOD-10-27-15	HARC - 2016 Community Health Monitor - 3 Yr	\$ 199,982	\$ -	\$ 74,993	\$ -	\$ 74,993	\$ 149,987	\$ 49,995
2016-891-BOD-11-17-15	Jewish Family Services of the Desert - Mental Health Outpatient Treatment - 3 Yr	\$ 221,899	\$ 108,107	\$ -	\$ 113,792	\$ -	\$ 221,899	\$ -
2016-894-BOD-12-15-15	Act for MS - Enhanced health Training, Flexibility and Circulation Therapy - 2 Yr	\$ 119,674	\$ 82,851	\$ -	\$ 36,823	\$ -	\$ 119,674	\$ (0)
2016-899-BOD-02-23-16	Pegasus Therapeutic Riding - Hippo Therapy Helping to Heal Program - 1 Yr	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016-907-BOD-05-24-16	CV Volunteers in Medicine - Access to Healthcare Post Implementation of the ACA 1 Yr	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
2016-908-BOD-06-28-16	Angel View Support for the Outreach Stabilization Program - 2 Yr	\$ 79,530	\$ 32,535	\$ -	\$ 32,535	\$ 14,460	\$ 79,530	\$ -
2016-909-BOD-06-28-16	Desert Cancer Foundation Support for the Patient Assistance Care - 1 Yr	\$ 18,700	\$ 18,700	\$ -	\$ -	\$ -	\$ 18,700	\$ -
2016-910-BOD-06-28-16	FIND Food Bank Support for the Hunger to Health Program - 1 Yr	\$ 39,015	\$ 39,015	\$ -	\$ -	\$ -	\$ 39,015	\$ -
2016-911-BOD-07-26-16	Well in the Desert - Support Assistance With Projects and Saving Lives - 1 Yr	\$ 4,480	\$ 4,480	\$ -	\$ -	\$ -	\$ 4,480	\$ -
2016-913-BOD-07-26-16	Neuro-Vitality Center - Core Program Operations - 1 Yr	\$ 26,134	\$ 26,134	\$ -	\$ -	\$ -	\$ 26,134	\$ -
2016-916-BOD-07-26-17	UCRSOM - Street Medicine Clinic - 1 Yr	\$ 7,090	\$ -	\$ 7,090	\$ -	\$ -	\$ 7,090	\$ 0
2016-920-BOD-10-25-16	LifeStream Blood Bank - Support Protate Cancer Treatment Program	\$ 6,000	\$ 6,000	\$ -	\$ -	\$ -	\$ 6,000	\$ -
2016-926-BOD-12-20-16	Ranch Recovery Center - Purchase and Installation of Emergency Generator	\$ 0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0
2016-927-BOD-12-20-16	SafeHouse of the Desert - "What's Up" Crisis Texting Application - 3 Yr	\$ 577,453	\$ 101,904	\$ -	\$ 101,904	\$ -	\$ 203,807	\$ 373,646
2017-BOD-04-25-17	Homelessness & Behavioral Health Initiative Challenge Grant Funding	\$ 2,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -	\$ 2,000,000	\$ -
	New Grants	\$ 300,000	\$ 50,000	\$ 100,000	\$ 100,000	\$ 50,000	\$ 300,000	\$ -
		\$ -						
Grand Total - Existing grants		\$ 14,412,537	\$ 1,865,706	\$ 1,377,420	\$ 536,962	\$ 176,808	\$ 3,956,896	\$ 10,455,641
Community Investments - Grants & Programs by FY 2017-2018 Current Strategic Plan Goals:								
		Total Amount						
	Providers, Facilities and Services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	One Coachella Valley	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Community Health and Wellness	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	District/Foundation resources to help achieve its goals and objectives - Foundation	\$ 500,000	\$ 300,000	\$ -	\$ 200,000	\$ -	\$ 500,000	
	\$1M Avery Pulmonary related diseases	\$ 1,000,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,000,000	
	Grant Budget - Unallocated	\$ 3,200,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 3,200,000	
Total New Programs/Grants		\$ 4,700,000	\$ 1,350,000	\$ 1,050,000	\$ 1,250,000	\$ 1,050,000	\$ 4,700,000	
Grand Total - Programs/Grants		\$ 19,112,537	\$ 3,215,706	\$ 2,427,420	\$ 1,786,962	\$ 1,226,808	\$ 8,656,896	\$ 10,455,641

DESERT HEALTHCARE DISTRICT						
PROJECTED FY2017-18 GRANTS APPROVED BY BOARD OF DIRECTORS						
GRANTS BY QUARTER AND MONTHS						
7/1/2017 - 6/30/2018						
DRAFT						
	Total Amount	2017-2018				Total
		Qtr1	Qtr2	Qtr3	Qtr4	
Community Investments - Grants & Programs by FY 2017-2018 Current Strategic Plan Goals:						
Program Area #1: Providers, Facilities and Services						
Grant Budget Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Objectives:						
Provide facility, provider and service initiatives that enhance delivery system capacity and promote stable, high-quality health services that respond to community needs.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program Area #2: One Coachella Valley						
Grant Budget Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Objectives:						
Strengthen community health outcomes by implementing a District expansion that enhances and broadens community funding, considers the health needs of all residents, and effectively engages residents in the entire Coachella Valley.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program Area #3: Community Health and Wellness						
Grant Budget Allocation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Objectives:						
Demonstrably improve community health in the Coachella Valley leveraging District/Foundation investments and activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Program Area #4: East Valley Expansion and One Coachella Valley						
Grant Budget Allocation - to Desert Healthcare Foundation to match external collaboration funds	\$ 500,000	\$ 300,000	\$ -	\$ 200,000	\$ -	\$ 500,000
Actively partner with public, private, and foundation entities which support the improvement of health outcomes of Coachella Valle residents.						
	\$ 500,000	\$ 300,000	\$ -	\$ 200,000	\$ -	\$ 500,000
\$1M Avery Pulmonary related diseases	\$ 1,000,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,000,000
Grant Budget - Unallocated	\$ 3,200,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 3,200,000
TOTAL	\$ 4,700,000	\$ 1,350,000	\$ 1,050,000	\$ 1,250,000	\$ 1,050,000	\$ 4,700,000

Desert Healthcare District		
2017-2018 Budget Detail		
DRAFT		
4010 - Property Tax Revenues - 3% increase from FY17		
	\$ 6,289,695	
4220 - Unrestricted Interest Income - FRF		
	Lower coupon rate (approx 2.5%)at purchase produces less interest income	
9999-1 Unrealized (Gain) Loss FRF		
	Fazing out higher coupon rate investments with larger unrealized loss	
4405 - NEOPB Grant Income & 7027 Expense		
	\$ 120,000	
5160 - Education/Conference - Staff		
	\$ 3,500	Educational seminars/Legislative Days, etc.
	\$ 3,500	
5230 - BOD meeting/conference expense		
	\$ 6,500	BOD conference fees
	\$ 1,500	Meeting expense
	\$ 8,000	
6130 - Dues & Subscriptions		
	\$ 6,000	CSDA annual membership
	\$ 15,000	ACHD annual membership
	\$ 1,300	CPA license & associations
	\$ 5,000	Other
	\$ 27,300	
6311 - Cell Phone Expense		
	\$ 2,448	Current Bill
	\$ 3,535	Installments 7 phones (\$27.08+\$15)
	\$ 500	Misc
	\$ 6,483	
6351 - Travel Expense		
	\$ 6,000	Travel for staff and BOD to conferences

Desert Healthcare District		
2017-2018 Budget Detail		
DRAFT		
6352 - Meals & Entertainment Expense		
	\$ 4,000	Conferences/CEO lunch engagements
6355 - Computer		
	\$ 11,000	Gifts
	\$ 8,000	IT support
	\$ 2,460	TWC
	\$ 960	Ipads
	\$ 1,095	Installments 3 iPads @ \$30.41
	\$ 5,000	Other
	\$ 28,515	
6516 - Professional Fee		
	\$ 9,000	Strategic plan implementation - Mary Odell
	\$ 10,000	Additional Strategic Planning
	\$ 35,000	Boundary Expansion
	\$ 125,000	Hospital Lease
	\$ 5,000	Miscellaneous
	\$ 184,000	
6530 - Communications/ Marketing/Website		
	\$ 15,000	New Vision/Website update
	\$ 5,000	Website (\$1,250 per quarter)
	\$ 5,000	External Relations
	\$ 5,000	Other
	\$ 30,000	
Cash Flow - Tenant/building Improvements		
	\$ 129,500	DRMC 3E-101 \$50/ft
	\$ 117,000	DRMC 2W-201 \$50/ft
	\$ 140,000	1E 201-203 - \$50/ft Estimate
	\$ 143,500	Fire Sprinklers at LPMP
	\$ 133,500	Est. Other TIs and Improvements
	\$ 663,500	



Date: June 27, 2017

To: BOARD OF DIRECTORS

Subject: Grant #876 – Arrowhead Neuroscience Foundation – no cost grant extension for twenty-four (24) months

The Desert Healthcare District awarded a \$373,540 grant to Arrowhead Neuroscience Foundation in June 2015 to support the Neuro Critical Care and Neuro Interventional Fellowship Program. The term of the grant was from July 1, 2015 through June 30, 2017 (the end of this month). Funding was approved for salary and benefits support for two (2) 2-year neuro interventional and/or neuro critical care fellowship positions at Desert Regional Medical Center (DRMC).

Dr. Javed Siddiqi, President of Arrowhead Neuroscience Foundation, is requesting the 24-month no-cost extension, explaining that there is currently one fellow, Dr. Jerry Noel, who started in October 2016. A second fellow, Dr. Emilio Tayag, is currently credentialing at DRMC. District grant funds have not been utilized for a second fellow due to various issues outside of their control. Dr. Tayag is expected to be credentialed by July 1, 2017 and funds will then be requested from the grant for his position.

To date only \$84,046.50 has been disbursed (out of the total approved grant amount of \$373,540.00). From that initial disbursement, \$71,361.24 has been expended, which is covering Dr. Noel's wage, tax and other reimbursements for the period of October 1, 2016 through June 30, 2017.

PROGRAM STAFF recommendation: The Board of Directors approve a twenty-four (24) month no-cost grant extension, extending the grant agreement through June 30, 2019.

19th June 2017

Desert Health Care District
Attn: Donna Craig
1140 N. Indian Canyon Drive
Palm Springs, CA 92262

Dear Ms. Craig:

Re: Request for No-Cost Extension of Grant #876

Please accept this letter as a formal request for a no-cost extension of Grant #876, which funds Arrowhead Neuroscience Foundation for two neuro critical care and/or neurointerventional fellowship positions at Desert Regional Medical Center. We currently have one fellow (Dr. Jerry Noel) who started in October 2016; a second fellow (Dr. Emilio Tayag) is currently credentialing at DRMC. We have not hitherto used the funding for a second fellow due to various issues outside our control, including loss of one outstanding applicant (after selection) due to visa issues related to the USA travel ban. As soon as Dr. Tayag gets credentialed, which we expect to be for July 2017, we will let you know and request funding for his position. Thank you in advance.

Best,



Javed Siddiqi, MD, DPhil (Oxon), FRCSC, FACS, FAANS
President
Arrowhead Neuroscience Foundation
PO Box 685
Colton, CA 92324-0685

EXHIBIT B *REVISED FOR 24 MONTH NO-COST GRANT EXTENSION*

PAYMENT SCHEDULES, REQUIREMENTS & DELIVERABLES

<u>Project Title</u>	<u>Start/End</u>
Neuro Critical Care and NeuroInterventional Fellowship Program	07/1/2015 06/30/2017 06/30/2019

PAYMENTS:

(4) Payments: \$84,046.50
10% Retention: \$37,354.00

Total request amount: \$373,540.00

Scheduled Date	Grant Requirements for Payment	Scheduled Payments	Actual
07/01/2015	Signed Agreement.	Advance of \$84,046.50 for time period 07/01/2015 - 12/31/2015	Paid \$84,046.50
01/01/2016	1 st six-month (07/01/2015 - 12/31/2015) progress and budget reports submitted & accepted.	Advance of \$84,046.50 for time period 01/01/2016 - 06/30/2016	\$0
07/01/2016	2 nd six-month (01/01/2016 - 06/30/2016) progress and budget reports submitted & accepted.	Advance of \$84,046.50 for time period 07/01/2016 - 12/31/2016	\$0
01/01/2017	3 rd six-month (07/01/2016 - 12/31/2016) progress and budget reports submitted & accepted.	Advance of \$84,046.50 for time period 01/01/2017 - 06/30/2017	\$0
07/01/2017	4 th six-month (01/01/2017 - 06/30/2017) progress and budget reports submitted & accepted.	\$0	
<i>24 MONTH NO COST EXTENSION BEGINS</i>			
07/01/2017	Signed no-cost grant extension agreement received	Advance of \$84,046.50 For time period 07/01/2017 - 12/31/2017	

DISTRICT _____ RECIPIENT _____

01/01/2018	Six-month (07/01/2017 – 12/31/2017) progress & budget reports submitted & accepted	Advance of \$84,046.50 For time period 01/01/2018 – 06/30/2018	
07/01/2018	Six-month (01/01/2018 – 06/30/2018) progress & budget reports submitted & accepted	Advance of \$84,046.50 For time period 07/01/2018- 12/31/2018	
01/01/2019	Six-month (07/01/2018- 12/31/2018) progress & budget reports submitted & accepted	\$0	
07/01/2019	Six-month (01/01/2019 – 06/30/2019) progress & budget reports submitted & accepted	\$0	
07/31/2019	Final report (07/01/2015 – 06/30/2019) and final budget submitted and accepted	\$37,354.00 (10% retention)	

TOTAL GRANT AMOUNT: \$373,540.00

DELIVERABLES:

New capacity:

- 1) Establishment of TIA clinic;
- 2) Development of nationally-accredited Comprehensive Stroke Center certification;
- 3) Recruitment of new neurology and neurosurgery residents into our fellow program after completion of their training.

DISTRICT _____ RECIPIENT _____

DESERT HEALTHCARE DISTRICT GRANT EXTENSION AGREEMENT

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

1. **Grant Extension**

Purpose and Use of Extension: Arrowhead Neuroscience Foundation Inc is hereby granted a 24-month extension to the original grant agreement approved on June 23, 2015 for NeuroInterventional & NeuroCritical Care Fellowship Program

No additional funds will be disbursed. RECIPIENT shall use remaining dollars, if any, from original grant amount of \$373,540 during extension period.

2. **Term of Agreement**

The amended end of term of this agreement shall be June 30, 2019.

3. **Agreement Requirements**

RECIPIENT shall submit a final report with tracking documents to DISTRICT within thirty (30) days from the expiration of this agreement. All other requirements and conditions not specified in this extension agreement remain the same as in the original grant agreement.

4. **Signatories**

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

RECIPIENT:

Arrowhead Neuroscience Foundation Inc
PO Box 685
Colton, CA 92324-0685

Name: President/Chair of RECIPIENT
Governing Body

Name: Executive Director

PLEASE PRINT

PLEASE PRINT

SIGNATURE

SIGNATURE

DATE

DATE

Authorized Signatory for Desert Healthcare District:

Name: Herb K. Schultz
Title: Chief Executive Officer

SIGNATURE

DATE

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



Date: June 27, 2017

To: BOARD OF DIRECTORS

Subject: Grant #875 Desert AIDS Project – STD Clinic/The Dock – Year 3 Budget

Staff Recommendation: To approve the grant budget for year 3 for \$175,000, covering the time frame of July 1, 2017 through June 30, 2018 including 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 #875 to Desert AIDS Project in June 2015 for up to \$800,000 over a three-year grant term to fund The Dock, A *Sexually Transmitted Infection Clinic*.

The grant award was based on a plan to financially sustain the STI Clinic after the grant term ends on June 30, 2018 through the implementation of an innovative revenue plan and running efficient operations. District staff and D.A.P. had agreed that to better track the three years of expenditures, D.A.P. 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 \$800,000 anticipates a sustainable model by the end of year 3.*

For this board meeting:

1. D.A.P.’s CEO David Brinkman will provide a brief profile of the Dock’s history and current operations.
2. Mr. Brinkman will then present a number of slides highlighting regional and local STI indicators including comparisons between Riverside County and the Coachella Valley.
3. The presentation continues with a comprehensive demographic profile of Dock patients, and a comparison of DOCK utilization July through December 2016, and the first three months of 2017. These indicators clearly show the growth in utilization at the DOCK in recent months, including successful integration of PrEP counseling. Year two highlights are presented.

4. Results of an ongoing Patient Satisfaction Survey will be presented including sample patient comments.
5. Several marketing pieces will be presented including an STI ad and one for Hepatitis C.
6. Mr. Brinkman will conclude the presentation with slides focusing on the budget versus actual results for Year two (July 2016-June 2017), and a discussion and budget looking forward to Year three.

	Y3 Updated Budget	<i>How DHCD Y3 Funds Will Be Used</i>
Patient Care Revenues	\$ 793,372	
Expenses		
A. Personnel Expenses		
Salaries/Wages	\$ 336,456	\$ 70,000
Fringe Benefits	87,479	\$ 18,200
Personnel Total	\$ 423,935	\$ 88,200
B. Operating Expenses		
Evaluation & Assessment	\$ 10,300	
Clinical Supplies	265,522	\$ 27,500
Rapid Testing Supplies	21,818	
Office Supplies	4,326	
Equipment Maintenance	-	
Utilities	9,276	
Repairs/Maintenance	12,157	\$ 4,544
Rent/Mortgage	-	
Facility Depreciation	29,991	
Lab fees	18,133	
Medical Billing Fees	16,605	\$ 5,000
Information Systems Support	15,071	\$ 3,600
Communications	4,428	
	-	
Bad Debt	-	
Equipment Depreciation	17,720	
Promotion & Marketing	51,500	\$ 23,330
Staff Training	5,562	
Operating Expense Total	\$ 482,410	\$ 152,174
C. Indirect Expenses		
Indirect Costs	\$ 135,952	\$ 22,826
Expense Grand Total	\$ 1,042,296	\$ 175,000
GAP btwn Pt. Revenue & Expe	\$ 248,924	
DHCD award to fill GAP	\$ 175,000	
DHCD award as % of Expenses	17%	

EXHIBIT B – amended to reflect Year 3

PAYMENT SCHEDULE, REQUIREMENTS & DELIVERABLES

<u>Project Title</u>	<u>Start/End</u>
Sexually Transmitted Infection Clinic	7/1/2015 6/30/2018

PAYMENTS:

(4) Payments:
 Year One: \$350,000 completed
 Year Two: \$275,000 completed

Year Three: TBD based on DHCD board approval of proposed budget for year 3: **\$175,000**

(2) payments: \$78,750
 10% retention: \$17,500

Total request amount for 3 years: NTE \$800,000.00

GRANT AND PAYMENT SCHEDULE REQUIREMENTS:

Scheduled Date	Grant Requirements for Payment	Payment
07/01/2015	Signed Agreement submitted & accepted	Advance of \$175,000 for time period 07/01/2015 – 12/31/2015
01/01/2016	1 st six-month (07/01/2015 – 12/31/2015) progress and budget reports submitted & accepted	Advance of \$175,000 for time period 01/01/2016 – 06/30/2016
04/30/2016	Budget for 07/01/2016 – 06/30/2017 submitted to District Board for approval	
07/01/2016	2 nd six-month (01/01/2016 – 06/30/2016) progress and budget reports submitted and accepted	Advance of \$137,500 for time period 07/01/2016 – 12/31/2016
01/01/2017	3 rd six-month (07/01/2016 – 12/31/2016) progress and budget reports submitted & accepted	Advance of \$137,500 for time period 01/01/2017 – 06/30/2017
04/30/2017 06/27/2017	<i>Budget for 07/01/2017 – 06/30/2018 submitted to District Board for approval</i>	
07/01/2017	4 th six-month (01/01/2017 – 06/30/2017) progress & budget reports submitted & accepted	Anticipated funding TBD Advance of \$78,750 for time period 07/01/2017 – 12/31/2017

01/01/2018	5 th six-month (07/01/2017 - 12/31/2017) progress & budget reports submitted & accepted	Anticipated funding TBD Advance of \$78,750 for time period 01/01/2018 - 06/30/2018
07/01/2018	6 th six-month (01/01/2018 - 06/30/2018) progress & budget reports submitted & accepted	\$0
07/31/2018	Final report (07/01/2015 - 06/30/2018) and final budget progress report submitted & accepted	\$17,500 10% retention

TOTAL GRANT AMOUNT: NTE \$800,000.00

DELIVERABLES:

Outcomes:

- During the measurement period, 90% of patients diagnosed with syphilis, chlamydia and/or gonorrhea reachable for treatment will have been prescribed medications in compliance with clinical standards of care.
- During the measurement period, 100% of patients diagnosed with a STI who were lost to follow up were reported to the County Department of Public Health.
- During the measurement period, 90% of patients who presented for any STI testing and/or counseling were offered screening for chlamydia, gonorrhea, syphilis, Hepatitis and HIV.
- During the measurement period, throat, rectum and urine specimens were collected for 75% of patients screened for chlamydia and/or gonorrhea.
- During the measurement period, 75% of HIV-negative patients who are offered rapid HIV testing agree to HIV testing.
- During the measurement period, 75% of patients who are offered rapid Hepatitis C testing agree to Hepatitis C testing.
- During the measurement period, 90% of HIV-negative patients were offered assessment for pre-exposure prophylaxis.