



**DESERT HEALTHCARE DISTRICT
SPECIAL MEETING OF THE BOARD OF DIRECTORS
Board of Directors
December 6, 2023
5:30 P.M.**

University of California Riverside
75080 Frank Sinatra Drive
Building B – Auditorium
Palm Desert, CA 92211

This meeting is handicapped-accessible

In lieu of attending the meeting in person, members of the public can participate by webinar using the following link:

<https://us02web.zoom.us/j/82400848443?pwd=NGtIU2NnTGtQRfJrTi83YkdnOERKZz09>
Webinar ID: 824 0084 8443
Passcode: 728925

Members of the public can also participate by telephone, using the following dial in information:

(669) 900-6833 or Toll Free (833) 548-0282
Webinar ID: 824 0084 8443
Passcode: 728925

You may also email ahayles@dhcd.org with your public comment no later than 4 p.m., Wednesday, 12/06

Pages

REVISED AGENDA

Item Type

Any item on the agenda may result in Board Action

A. CALL TO ORDER – President PerezGil

Roll Call
Director Barraza____Director De Lara____
Director Zendle, MD____Director Shorr____
Secretary Rogers, RN____ Vice-President Zavala, PsyD____President PerezGil

B. PLEDGE OF ALLEGIANCE

1-2 C. APPROVAL OF AGENDA

Action

D. PUBLIC COMMENT

At this time, comments from the audience may be made on items not 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 u for discussion and/or action.



E. PROGRESS REPORT ON THE TENET PROPOSAL FOR A 30-YEAR LEASE EXTENSION WITH THE OPTION TO PURCHASE

3-4

1. Background and current status of negotiations with Tenet by Steve Hollis, Consultant
2. Ad Hoc Committee report and presentation of letter for submission to Tenet relating to concerns and additional requests.
3. Public Comment
4. Board discussion and possible action

Discussion/Possible
Action

F. ADJOURNMENT

The undersigned certifies that a copy of this agenda was posted in the Front entrance to the Desert Healthcare District offices located at 1140 North Indian Canyon Drive, Palm Springs, California, and the front entrance of the Desert Healthcare District office located at the Regional Access Project Foundation, 41550 Eclectic Street, Suite G 100, Palm Desert California at least 24 hours prior to the meeting.

If you have a disability which requires an accommodation to enable you to participate in this meeting, please email Andrea S. Hayles, Special Assistant to the CEO and Board Relations Officer, at ahayles@dhcd.org or call (760) 567-0298 at least 24 hours prior to the meeting.

Andrea S. Hayles

Andrea S. Hayles, Board Relations Officer



DESERT HEALTHCARE
DISTRICT & FOUNDATION

December 7, 2023

Mr. Michael T. Maloney
Executive Vice President – Corporate Development
14201 Dallas Parkway, Dallas TX 75234

Dear Mr. Maloney:

I am writing on behalf of the Board of Directors of Desert Healthcare District. First let me say that we were pleased to receive Tenet Health's proposal at our public meeting on September 18, 2023. We are, however, disappointed at the lack of progress in our talks since that time.

In early October, 2023 we communicated to you a number of changes that the District was seeking to the proposal. Those issues included the value point to be used from the VMG appraisal, the timing of payments in the lease, the value of the purchase option, and the relevance of the termination assets language in the existing lease document. We also asked for clarification of Tenet's strategic investment plans throughout the Coachella Valley and requested specificity around the seismic investment project that state regulations require to be completed by 2030. The District, as a public agency does not see how we can consummate a lease extension with Tent without mutual agreement around what the seismic project will entail and when it will be completed. The Board will require oversight responsibilities to ensure compliance on these matters, given that the project will be financed with public funds.

Over two months have passed since the concerns were communicated and we have yet to receive a formal reply from you. We do note though, that Tenet has been promoting its proposal to at least one community forum, without mentioning that we are seeking changes to the offer. Unfortunately, attendees seem to be concluding that the District has in fact accepted your proposal as-is. We would request that in any further communications within our community on the proposal, you make it clear to the audience that the proposal remains under negotiation.

Several months prior to receiving your proposal, we had verbally requested that Tenet provide the District with sufficient data to permit us to seek proposals from other hospital operators. Tenet declined to provide this data, citing confidentiality and liability issues. The District reluctantly accepted that position, deciding that it was important to push forward with negotiations to ensure that we resolve the uncertainty around the hospital's future and permit the seismic upgrades to proceed. Tenet itself made a compelling case that it was desirous of making significant capital investments in our communities to enhance access to care.

However, given the lack of progress in our talks, we believe that we have a duty on behalf of the communities that we serve to explore alternatives to a lease extension with Tenet.

To that end, we respectfully again request access to the data that we require to allow third parties to do due diligence and/or for the District itself to begin to prepare to assume operating responsibility for the hospital. At the same time, we look forward to engaging with you on your own proposal.

We note that the existing lease provides that Tenet will make this data available to us 12 months preceding the termination of the lease in May 2026 (see Section 15.4). Given the complexity of this transition, including the necessity for a public vote, the twelve month window will not be enough to ensure an orderly process and certainly will not allow the hospital to be brought into seismic compliance by 2030.

Tenet has been a responsible corporate citizen throughout the term of the lease. We are confident that you will appreciate that this request is made in the best interests of maintaining the healthcare delivery system in the communities we serve.

Sincerely,

Evett PerezGil, President
Board of Directors