



**DESERT HEALTHCARE DISTRICT
BOARD MEETING
Board of Directors
July 24, 2018
6:00 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

Telephonic Location:
3030 Holiday Dr., Fort Lauderdale, FL 33316 – Treasurer Matthews

Page(s)	AGENDA	Item Type
	<i>Any item on the agenda may result in Board Action</i>	
	A. CALL TO ORDER – President Zendle, MD Roll Call ___Vice-President/Secretary Rogers, RN ___Director/Treasurer Matthews ___ Director Hazen ___Director Wortham, DrPH___President Zendle	
	B. PLEDGE OF ALLEGIANCE	
	C. APPROVAL OF AGENDA	Action
	D. PUBLIC COMMENT At this time, comments from the audience may be made on items <u>not</u> 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. <u>There will be no separate discussion of items unless a Board member so requests, in which event the item(s) will be considered following approval of the Consent Agenda.</u>	Action
4-16	1. BOARD MINUTES	
17-18	a. Board of Directors Meeting June 26, 2018 b. Special Meeting of the Board of Directors June 27, 2018	
19-42	2. FINANCE AND ADMINISTRATION a. Approval of Preliminary June 2018 Financial Statements - F&A Approved July 10, 2018	



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- | | | |
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| <p>F.</p> <p>43-47
48-51</p> | <p>DESERT HEALTHCARE DISTRICT CEO REPORT
– Chris Christensen, Interim CEO</p> <ol style="list-style-type: none"> 1. Priorities-Milestones-Progress Measures Update 2. Board/Staff Communication Update | <p>Information
Information</p> |
| <p>G.</p> | <p>DESERT REGIONAL MEDICAL CENTER CEO REPORT
– Michele Finney, CEO</p> | <p>Information</p> |
| <p>H.</p> | <p>DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS' REPORT –
President Les Zendle, MD and Vice-President/Secretary Carole Rogers, RN</p> | <p>Information</p> |
| <p>I.</p> <p>52-55
56-57
58-59

60-81
82-85</p> | <p>1. FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE – Chair/Director Mark Matthews and Director Jennifer Wortham, DrPH</p> <ol style="list-style-type: none"> a. Draft Minutes of July 10, 2018 b. CFO Report & Las Palmas Leasing Update c. LPMP Lease – Addendum #2 – Eyecare Services Partners d. LPMP Lease – Dr. Awad – Suite 3W-105 e. DHCD Retirement Plan (457b & 401a) New Service Provider | <p>Information
Information
Action

Action
Action</p> |
| <p>J.</p> <p>86-89</p> | <p>2. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE - Chair/Vice-President Carole Rogers, RN and President Les Zendle, MD</p> <ol style="list-style-type: none"> a. Draft Minutes of July 19, 2018 | <p></p> |
| <p>K.</p> | <p>3. NEW PROVIDERS, FACILITIES, PROGRAMS, AND SERVICES AD HOC COMMITTEE –
Chair/Treasurer Mark Matthews and President Les Zendle</p> | <p></p> |



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- | | | |
|----------------|---|-------------------|
| | L. RESOURCES AND PHILANTHROPY | |
| 90-91 | 1. Health Assessment and Research for Communities (HARC) – New Grant Request Update | Information |
| 92-93 | 2. Well in the Desert – Grant Request Update | Information |
| 94-96 | 3. Existing Grant Status Update | Information |
| | M. NEW BUSINESS | |
| 97-98 | 1. Zone Mapping - Estimated Costs & Process for Potential Expanded District | Discussion |
| | 2. Consideration for Interim Chief Executive Officer (CEO) Compensation | Action |
| | 3. Review Date & Time of Board of Director's meetings | Discussion/Action |
| | N. OLD BUSINESS | |
| 99-101 | 1. Policy for Director's Stipend | Action |
| 102-104 | 2. Communications and Marketing - Social Media Update | Information |
| 105 | 3. Policy Manual Update | Information |
| 106-116 | 4. CV Link – Quarterly Reports | Information |
| | O. LEGAL COMMENTS & REPORT | |
| | P. DIRECTORS' COMMENTS & REPORTS | |
| | Q. ADJOURNMENT | |



DESERT HEALTHCARE DISTRICT
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Directors Present	District Staff Present	Absent
President Zendle, MD Vice-President/Secretary Carole Rogers, RN Treasurer Mark Matthews Director Kay Hazen Director Jennifer Wortham, DrPH	Herb K. Schultz, CEO Lisa Houston, COO Chris Christensen, CFO Donna Craig, Senior Program Officer Alejandro Espinoza, Program Officer and Outreach Director Will Dean, Communications and Marketing Director Andrea S. Hayles, Clerk of the Board <u>Legal Counsel</u> Jeff Scott	

AGENDA ITEMS	DISCUSSION	ACTION
A. Call to Order Roll Call	President Zendle called the meeting to order at 6:01 p.m. The Clerk of the Board called the roll with all Directors present.	
B. Pledge of Allegiance	President Zendle asked Director Mathews to lead the Pledge of Alliance.	
C. Approval of Agenda	President Zendle asked for a motion to approve the agenda.	#18-75 MOTION WAS MADE by Director Matthews and seconded by Vice-President Rogers to approve the agenda. Motion passed unanimously. AYES – 5 Director Wortham, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0
D. Public Comment (Items not listed on the agenda)	None	
E. Public Hearing 1. PUBLIC HEARING ON PROPOSED ESTABLISHMENT OF ZONES PURSUANT TO HEALTH AND SAFETY CODE 32100.1	President Zendle explained the Public Hearing content and introduced Justin Levitt, Ph.D., Vice President, National Demographics Corporation. Dr. Levitt provided an overview of the project timeline commencing in	



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	<p>April by narrowing the maps to two – Orange 2 and Purple 2. Dr. Levitt provided an overview of the Traditional District Criteria in addition to a summary of the Orange, Orange 2, Purple, and Purple 2 maps.</p>	
<p>Public Comment</p>	<p>Barrett Newkirk, Communications Manager, Building Healthy Communities, urged the Board to adopt the Purple map that has the strongest Latino minority population and divides the West Valley into the most sensible districts. Mr. Newkirk described the contents of his letter to President Zandle outlining the organizations viewpoint for adopting the Purple map.</p> <p>Shelly Kaplan, Councilmember, Cathedral City, supports the Orange 2 map that keeps Cathedral City whole, addresses the California Voter Rights Act (CVRA), and communities of interest.</p> <p>Sergio Espericueta, Cathedral City Dream Homes Neighborhood, expressed his support for the Purple 2 map - representing his community of interest for the Hispanic population.</p> <p>Alexis Ortega, Palm Springs Resident, stated her support for the Purple 2 map as the strongest Latino voting bloc.</p> <p>Karen Borja, Director of Community Affairs, Planned Parenthood, backs the Purple 2 map. Ms. Borja explained that in Thousand Palms where Zone E and C meet there is a community of mobile homes not</p>	



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	<p>included in Thousand Palms but share the same identities with Zone C suggesting the annexation that portion of Thousand Palms into Zone C. Rancho Mirage left of Zone E should be included in Zone D due to a particularly large community. The adjustments are also based on the demographics of populations and Latino voter turnout.</p> <p>Director Wortham requested a mockup of the Purple 2 map with the suggested changes. Ms. Borja provided a visual reference on the presentation map and emphasized the areas of interest in the outlining communities.</p> <p>President Zendle closed the Public Hearing for Board review and discussion.</p>	
<p>1. Consideration and selection/approval of a map for zone-based District elections, and sequence of elections for zone-based District Elections</p>	<p>The Board discussed the populations of Desert Hot Springs and the Desert Edge community's association with the Orange 2 map area, including those that attend school in Desert Hot Springs. Inquiries about additional map changes and the time frame related to the ballot deadlines and 2018 election were considered, including the population differences in the Orange 2 and Purple 2 maps and cities that would prefer to stay together as opposed to split.</p> <p>Director Matthews moved to approve Zone A (2) and Zone D (4) for the 2018 election.</p> <p>Dr. Levitt explained the proposed election sequencing by plan based on the Orange 2 maps.</p>	<p>#18-76 MOTION WAS MADE by Director Matthews and seconded by Director Wortham to adopt the Orange 2 Map in Zones 2 and 4. Motion passed 4-1 AYES – 4 Director Wortham, Director Matthews, Vice-President Rogers, President Zendle NOES – 1 Director Hazen ABSTAIN – 0</p>



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<p>Public Comment</p>	<p>Mario Jimenez, Cathedral City, Dream Homes Neighborhood Resident, asked if any Board Members visited Cathedral City to address the residence to determine their viewpoint of the Purple 2 or Orange 2 Map similar to Vice-President Rogers conversations with the Desert Hot Springs residents.</p> <p>Juan Cartisoara expressed support of the Purple Map and stated that if residents were interested in providing their opinions for map consideration, they should be attending the Public Hearings. Mr. Cartisoara requested more time to analyze the maps for a different decision since he feels uncomfortable with the current vote.</p> <p>Evelt Perez, Cathedral City, Dream Homes Neighborhood Resident Community Health Worker, explained that Zone D should be up for election to keep the communities together. It benefits those areas with the leaders in Cathedral City.</p> <p>Alexis Ortega, Palm Springs Resident, advocated for Zone D – the Orange 2 map up for election first with support from Cathedral City government. The Orange 2 map has the strongest Latino voting bloc that can shift some of the conversations at the board level for expansion funding.</p>	
<p>2. Consideration to approve Resolution No. 18-06 Resolution of the Desert Healthcare District Board of Directors to</p>	<p>Director Hazen clarified that although she voted no for Zones 2 and 4 supporting the resolution does not change her viewpoint.</p>	<p>#18-77 MOTION WAS MADE by President Zendle and seconded by Director Matthews to approve Resolution No. 18-06 – Dividing the District into Zones 2 and 4</p>



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<p>Divide the District into Zones and Transition from At Large to Zone Based Elections Pursuant to Elections Code 10010 and Health and Safety Code 32100.1</p>		<p>Transition from At-large to Zone-Based elections. Motion passed unanimously. AYES – 5 Director Wortham, Director Hazen, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0</p>
<p>F. Consent Agenda F.1. Board Minutes a. Board of Directors Meeting May 22, 2018 b. Special Meeting of the Board of Directors June 19, 2018 F.2. a. Approval of May 2018 Financial Statements F&A Approved June 12, 2018</p>	<p>President Zendle pulled the May 8, 2018 and June 19, 2018 Minutes from the Consent Agenda.</p> <p>The Board Clerk described the modifications to the May and June Minutes included in the Packet.</p> <p>Moved by Director Hazen seconded by Director Matthews.</p>	<p>#18-78 MOTION WAS MADE by Vice-President Rogers and seconded by Directors Matthews to approve the Consent Agenda with changes to the May and June Minutes. Motion passed unanimously. AYES – 5 Director Wortham, Director Hazen, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0</p>
<p>G. Desert Healthcare District CEO Report</p>	<p>Herb K. Schultz, CEO, provided an update on personnel introducing Will Dean, Communications and Marketing Director; Meghan Kane, Community Health Research Analyst; Annalisa Wurm, Health Policy Analyst; and Felicia Mantz, Accounting Manager.</p> <p>Mr. Schultz provided an overview of Arcadia Health's application to the City of Indio to build an inpatient and outpatient psychiatric facility. The new facility would be located at 71809 Dr. Carreon Blvd. near JFK Memorial Hospital. It is a \$50M project with an anticipated annual income of over \$40M.</p>	
<p>H. Desert Regional Medical Center CEO Report</p>	<p>Michele Finney, CEO, Desert Care Network, Desert Regional Medical Center provided an update on the Family Residency Program graduates</p>	



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	<p>and the high retention rate. Mrs. Finney discussed the onboarding of twenty-nine new students in various departments throughout the hospital. An update on the new Chief of Staff, a new Chief of Staff Elect, and Executive Committee was provided in addition to an overview of accreditations.</p>	
<p>I. Desert Regional Medical Center Governing Board of Directors' Report</p>	<p>President Zendle provided an update on the California Department of Public Health (CDPH) open and closed cases, patient satisfaction score improvements, construction projects, quality report improvements, drug IV shortages, and a presentation by the compliance officer.</p>	
<p>J. District Expansion Initiative a. Update on Focus Groups and Polling b. Update on Potential Educational Activities Through July 31.</p>	<p>Herb K. Schultz, CEO, explained that the four Focus Groups on expansion were held June 11 and 12, and the field polling will commence in the next two days.</p> <p>Mr. Schultz gave an overview of the educational activities of the expansion explaining that the ballot language is currently in draft format by County Counsel.</p>	
<p>K.1. Finance, Administration, Real Estate and Legal Committee K.1.a. Draft Minutes of June 12, 2018 K.1.b. CFO Report & Las Palmas K.1.c. VMG Health Service Agreement Addendum</p>	<p>Director Matthews provided an overview of the June 12 Draft Minutes, the CFO Report, and the Las Palmas vacancies.</p> <p>Chris Christensen, CFO, explained the aspects of the VMG Health appraisal. Given the complexity in the scope of work and additional time involved, the addendum is a revision of the costs and services.</p>	<p>#18-79 MOTION WAS MADE by President Zendle and seconded by Director Matthews to approve the VMG Health Service Agreement Addendum. Motion passed unanimously.</p>



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<p>K.1.d. Blackbaud Online Grantmaking Software</p>	<p>Lisa Houston, COO, described the discontinuation of the desktop software and the benefits of the cloud-based grantmaking software. This is an upgrade of the current GIFTS software.</p>	<p>AYES – 5 Director Wortham, Director Hazen, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0</p> <p>#18-80 MOTION WAS MADE by President Zendle and seconded by Director Matthews to approve the Blackbaud Online Grantmaking Software. Motion passed unanimously. AYES – 5 Director Wortham, Director Hazen, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0</p>
<p>K.1.e. FY 18-19 Budget Review</p> <p>1. Marketing Line-Item Budget Detail</p> <p>2. Consideration of formalizing action taken at the 05/22/18 Board Meeting relating to Director Compensation and Health Benefits</p> <ul style="list-style-type: none"> • Consideration of Resolution 18-07 Relations to Meeting Compensation of Directors 	<p>Lisa Houston, COO, explained the background of more defined line-items for spending in the draft Communications and Marketing Plan that also considers the potential expansion. Director Hazen detailed the general education line-time stating that the goal is to create a unified message that may not necessarily be <i>One Coachella Valley</i>.</p> <p>Chris Christensen, CFO, provided a synopsis of the compensation discussion at the May meeting and the vote to approve up to \$10,000 in insurance premium for Directors that includes dependent coverage. A stipend of \$100 per meeting not to exceed five meetings per month was also incorporated in the Budget.</p> <p>President Zendle explained that he did not realize when the Board voted on the Budget that there was an approx. 57% increase for Directors.</p>	<p>#18-81 MOTION WAS MADE by Director Hazen and seconded by Vice President Rogers to approve Resolution 18-07 Relating to Meeting Compensation of Directors and for Staff to bring forward a policy that outlines the procedures that identifies the eligible meetings of compensation and corresponds to Government Code Section 53232.1. Motion passed 4-1.</p>



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	<p>President Zendle suggested that the Board reconsider both the stipend and the health insurance – one or the other as reconsideration.</p> <p>President Zendle moved to reconsider the healthcare benefits and the monthly stipend. There was not a second; thus, the vote established at the May meeting of the Board stands.</p> <p>Chris Christensen, CFO, explained the resolution and written policy to adopt the Directors compensation. Jeff Scott, Legal Counsel, suggested passing the resolution and adopting guidelines and a policy that constitute the official duties for eligibility of compensation.</p> <p>Director Hazen clarified that although she did not support the initial motion, she supports the resolution of implementation and made a motion for Staff to bring back a policy to delineate and implement procedures that supports and identifies the eligible meetings of compensation and matches for Government Code Section 53232.1.</p>	<p>AYES – 4 Director Wortham, Director Hazen, Director Matthews, Vice-President Rogers NOES – President Zendle ABSTAIN – 0</p>
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<ul style="list-style-type: none"> • Consideration of Director Insurance Benefits 	<p>Chris Christensen, CFO, outlined the modification to the Directors Insurance Benefits a maximum benefit under any Health Plan that shall not exceed \$10,000 in any plan year.</p> <p>Director Hazen explained that she did not support the original motion but will support the enactment that accurately reflects the motion.</p>	<p>#18-82 MOTION WAS MADE by Vice-President Rogers and seconded by Director Wortham to approve the Directors Insurance Benefits not to exceed \$10,000. Motion passed unanimously. AYES – 5 Director Wortham, Director Hazen, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0</p>
<p>3. FY 18-19 Annual Budget – Final Approval</p>	<p>Chris Christensen, CFO, described the final approval of the budget and changes to the Communications and Marketing budget, Directors stipend, and insurance benefits.</p>	<p>#18-83 MOTION WAS MADE by Vice-President Rogers and seconded by Director Matthews to approve FY 18-19 Annual Budget. Motion passed unanimously. AYES – 5 Director Wortham, Director Hazen, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0</p>
<p>K.2. Hospital Governance and Oversight Committee K.2.a. Draft Minutes of June 12, 2018</p>	<p>Vice-President Rogers explained the purpose of the Committee and transparency for the public, including the importance of public participation. Vice-President Rogers also provided an overview of the presentation on Patient Safety by Debra Karam, Patient Safety Officer.</p>	
<p>K.3. New Providers, Facilities, Programs, and Services Ad Hoc Committee K.3.a. June 12, 2018 Ad Hoc Committee Meeting</p>	<p>Chris Christensen, CFO, described the ongoing appraisal process and the seismic assessment currently in Phase 0 - a high-level assessment by consultants Simpsons, Gumpertz, Heger (SGH).</p>	



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<p>K.3.b. Consideration to approved options for Capital Grants Requests</p>	<p>Lisa Houston, COO, referenced pages 101 and 102 outlining the letters of interest for capital requests and the options if staff moves forward with an RFP process or to place the requests on hold until the conclusion of the Kaufman Hall report.</p>	<p>#18-84 MOTION WAS MADE by President Zendle and seconded by Director Wortham to approve placing the Capital Grants Request on hold until the conclusion of the Kaufman Hall report. Motion passed unanimously. AYES – 5 Director Wortham, Director Hazen, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0</p>
<p>L. Old Business L.1. \$2,500 Addendum to the National Demographics Corporation (NDC) Information for the proposed expanded District.</p>	<p>Herb K. Schultz, CEO explained the Board’s direction to have additional demographics and maps in the proposed expanded boundaries.</p>	<p>#18-85 MOTION WAS MADE by Director Matthews and seconded by Director Hazen to approve the \$2,500 Addendum to the National Demographics Corporation (NDC) Information for the proposed expanded District. Motion passed unanimously. AYES – 5 Director Wortham, Director Hazen, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0</p>
<p>M. New Business M.1. Consideration of Payment of Candidate Statements for November 6, 2018 Election.</p>	<p>Chris Christensen, CFO, referenced page 107 and explained the Candidate Statement costs for the November election for the District to pay or for the candidates to pay their own. It was noted that in the past, candidates paid their own costs.</p>	<p>#18-86 MOTION WAS MADE by Director Matthews and seconded by Vice-President Rogers for Candidates to Pay the Fee Payment of Candidate Statements for the November 6, 2018 Election. Motion passed unanimously. AYES – 5 Director Wortham, Director Hazen, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0</p>
<p>N. Legal Comments and Report</p>	<p>None</p>	
<p>O. Directors’ Comments and Reports</p>	<p>None</p>	



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P. Adjournment	President Zendle adjourned the meeting at 7:45 p.m.	<i>Audio recording available on the website at http://dhcd.org/Agenda-Board-of-Directors</i>
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ATTEST: _____
 Carole Rogers, Vice-President/Secretary
 Desert Healthcare District Board of Directors

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

DRAFT



85-350 Bagdad Avenue
Coachella, CA 92236
T (760) 972-4628
F (760) 289-7981

June 22, 2018

Dr. Les Zendle, Board President
Desert Healthcare District
1140 N. Indian Canyon Drive
Palm Springs, CA 92262

Dear Dr. Zendle and Members of the Board:

Thank you for hosting the public hearing last week where members of the Building Healthy Communities coalition and other community members had a chance to offer feedback on the Desert Healthcare District's new electoral districting plans. We were encouraged to see the Board select the Purple map (with slight modifications) as one of its final options.

After studying the revised versions of the Purple and Orange maps, we believe the Purple map still provides the best solution for representation that truly reflects the community. Not only does the Purple map create the strongest minority-majority electoral zone, it also divides the Western Coachella Valley in a way that creates sensible community cohesion within the zones.

We remind the Board again that federal law requires the district to ensure representation of protected minorities by taking into account the demographics, history, and political realities of the region. Within the Desert Healthcare District's boundaries, that includes the dense Latino populations in Cathedral City, Desert Hot Springs, Thousand Palms and Sky Valley.

The revisions made to the Purple and Orange maps do not significantly alter the racial makeup of each map's zones from how they existed in the previous versions. Therefore, as we expressed in our previous letter, the Purple map creates the strongest Latino minority-majority zone with Zone C and a somewhat strong Latino voting bloc in Zone A.

In regards to the zone boundaries, the Orange map creates unusual combinations within at least two zones that the Purple map avoids. In the first, the Orange map's Zone B combines unincorporated communities of Thousand Palms, Sky Valley and Desert Edge with large portions of Rancho Mirage and Palm Desert. This creates the risk that voters in those wealthy cities will overshadow voters in smaller communities. Second, the Orange map's Zone E uses undeveloped mountain land within the health care district's boundaries to make a zone with two distinct and separate sides. This results in residents of South Palm Springs voting for the same representation as those living in Indian Wells – four cities away. In fact, the Orange map's Zone E covers portions of five cities whereas the Purple map gives no zone more than three cities.

Join The Movement!

Help our region thrive and ensure healthcare access for all.

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85-350 Bagdad Avenue
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We truly appreciate the time the Board and staff have devoted to creating the Desert Healthcare District's first electoral districts and urge you to consider these facts as you make a final decision that will give voters a map that is both equitable and legally sound.

Sincerely,

Barrett Newkirk
Communications Manager, Building Healthy Communities
On behalf of Building Healthy Communities coalition members

Members of Building Healthy Communities Coachella Valley Strategic Coordinating Council are Beaman Law, Coachella Unincorporated, Lideres Campesinas, the California Institute for Rural Studies, KDI, Pueblo Unido CDC, CV Parents, Raices, and the LGBT Center of the Desert.



Join The Movement!

Help our region thrive and ensure healthcare access for all.



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

Directors Present	District Staff Present	Guests
President Zendle, MD Vice-President/Secretary Carole Rogers, RN Treasurer Mark Matthews Director Kay Hazen Director Jennifer Wortham, DrPH	<u>Legal Counsel</u> Jeff Scott	

AGENDA ITEMS	DISCUSSION	ACTION
A. Call to Order Roll Call	President Zendle called the meeting to order at 10:00 a.m. Legal Counsel called the roll with all Directors present.	
B. Pledge of Allegiance		
C. Approval of Agenda	President Zendle asked for a motion to approve the agenda.	#18-87 MOTION WAS MADE by Vice-President Rogers and seconded by Director Wortham to approve the agenda. Motion passed unanimously. AYES – 5 Director Wortham, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0
D. Convene to Closed Session of the Desert Healthcare District Board of Directors Meeting	1. PURSUANT TO GOVERNMENT CODE SECTION 54957(b) Public Employee Performance Evaluation (Existing District Staff)	
E. Convene to Open Session of the Desert Healthcare District Board of Directors Meeting		
F. Report After Closed Session	The Board in closed session voted unanimously to exercise its option in accordance with Section 11(b) of the Chief Executive Officer’s Employment	#18-88 MOTION WAS MADE by Vice-President Rogers and seconded by Director Wortham to approve the agenda. Motion passed unanimously.

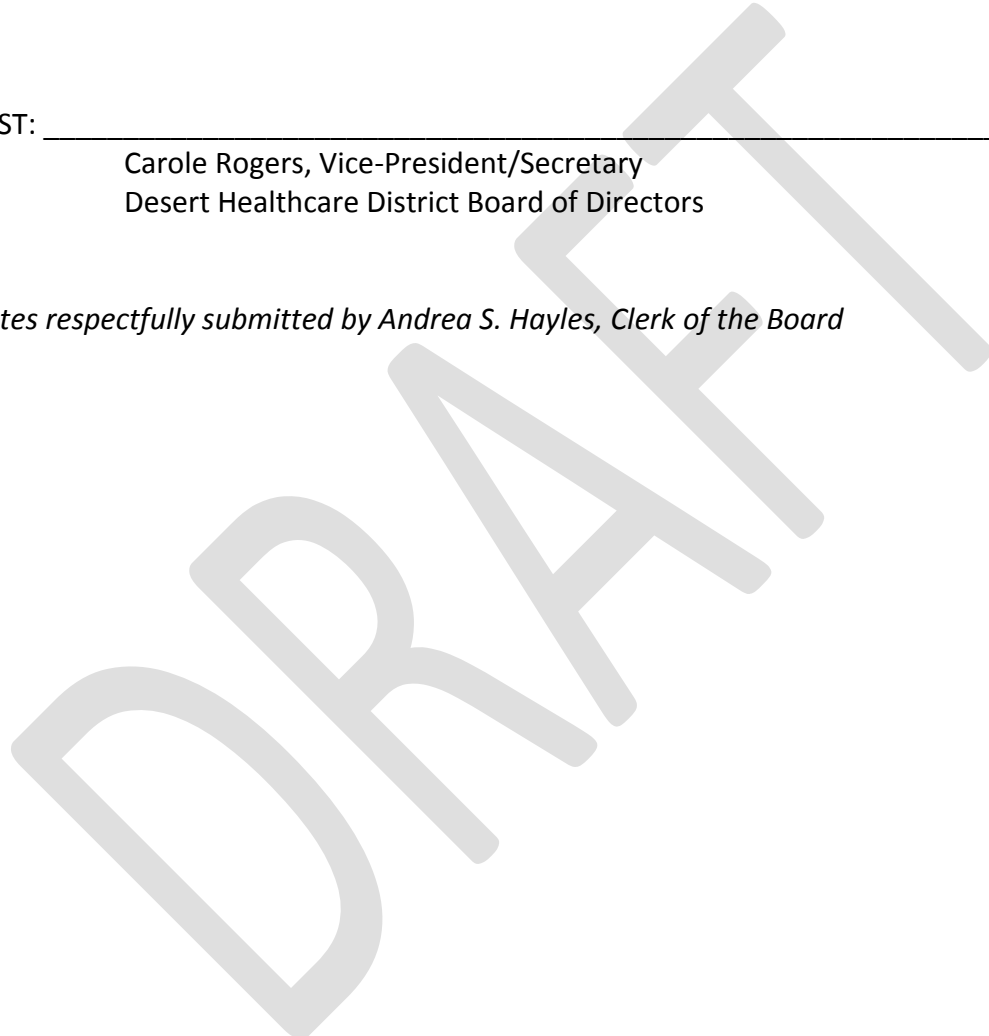


DESERT HEALTHCARE DISTRICT
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SPECIAL MEETING OF THE BOARD OF DIRECTORS
MEETING MINUTES
June 27, 2018

	Agreement. The Board President and Counsel were directed to notify Mr. Schultz.	AYES – 5 Director Wortham, Director Matthews, Vice-President Rogers, President Zendle NOES – 0 ABSTAIN – 0
G. Adjournment	President Zendle adjourned the meeting at 11:30 a.m.	

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

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



DESERT HEALTHCARE DISTRICT
JUNE 2018 FINANCIAL STATEMENTS
INDEX
Preliminary
Year to Date Variance Analysis
Cumulative Profit & Loss Budget vs Actual - Summary
Cumulative Profit & Loss Budget vs Actual - District Including LPMP
Cumulative Profit & Loss Budget vs Actual - LPMP
Balance Sheet - Condensed View
Balance Sheet - Expanded View
Accounts Receivable Aging
Deposit Detail - District
Property Tax Receipts - YTD
Deposit Detail - LPMP
Check Register - District
Credit Card Expenditures
Check Register - LPMP
Grants Schedule

DESERT HEALTHCARE DISTRICT
YEAR TO DATE VARIANCE ANALYSIS
ACTUAL VS BUDGET
TWELVE MONTHS ENDED JUNE 30, 2018

Scope: \$26,000 Variance per Statement of Operations Summary				
Account	YTD		Over(Under)	Explanation
	Actual	Budget	Budget	
4000 - Income	\$ 6,789,698	\$ 6,279,698	\$ 510,000	Higher property tax receipts \$257k, interest income (net) from FRF investments \$261K, lower NEOPB Grant Income \$8k.
4501 - Misc Income	\$ 31,180	\$ 75,000	\$ (43,810)	Southern California solar energy rebate expired after 60 months in October 2017. Budget reflected full year of receipts.
5000 - Direct Expenses	\$ 845,633	\$ 671,250	\$ 174,383	Higher wage, payroll tax, insurance premiums \$223K due primarily to not allocating as much to the Foundation as budgeted; Lower retirement plan expense of \$24K; Lower Board expenses \$21k; and other various \$1K.
6000-General & Admin Expense	498,740	448,932	\$ 49,808	Includes higher Travel, Computer (Blackbaud grants software upgrade, Investment Fees, and Supplies Expense.
6500 - Professional Fees Expense	\$ 1,100,497	\$ 476,472	\$ 624,025	Higher cost of Consultant for New Providers, Facilities, Programs and Services \$559k; Higher Legal Expense \$76k, Lower various \$11k.
7000 - Grants Expense	\$ 5,079,107	\$ 4,820,004	\$ 259,103	Budget of \$4.7MM for fiscal year is amortized straight-line over the fiscal year. \$1MM is for Pulmonary transferred to the Foundation.

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

Preliminary	MONTH			TOTAL		
	Jun 18	Budget	\$ Over Budget	Jul '17 - Jun 18	Budget	\$ Over Budget
Income						
4000 · Income	853,254	523,308	329,946	6,789,696	6,279,696	510,000
4500 · LPMP Income	99,102	103,391	(4,289)	1,113,242	1,207,924	(94,682)
4501 · Miscellaneous Income	750	6,250	(5,500)	31,190	75,000	(43,810)
Total Income	953,106	632,949	320,157	7,934,128	7,562,620	371,508
Expense						
5000 · Direct Expenses	136,490	68,641	67,849	845,633	671,250	174,383
6000 · General & Administrative Exp	55,262	37,411	17,851	498,740	448,932	49,808
6325 · CEO Discretionary Fund		417	(417)	3,026	5,004	(1,978)
6445 · LPMP Expenses	73,452	81,781	(8,329)	885,836	967,770	(81,934)
6500 · Professional Fees Expense	136,419	39,706	96,713	1,100,497	476,472	624,025
6700 · Trust Expenses	20,406	20,617	(211)	245,871	250,626	(4,755)
Total Expense	422,029	248,573	173,456	3,579,603	2,820,054	759,549
7000 · Grants Expense	1,011,445	401,667	609,778	5,079,107	4,820,004	259,103
Net Income	(480,368)	(17,291)	(463,077)	(724,585)	(77,438)	(647,147)

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

PRELIMINARY	MONTH			TOTAL		
	Jun 18	Budget	\$ Over Budget	Jul '17 - Jun 18	Budget	\$ Over Budget
Income						
4000 · Income						
4010 · Property Tax Revenues	781,133	524,141	256,992	6,546,684	6,289,692	256,992
4200 · Interest Income						
4220 · Interest Income (FRF)	145,395	112,500	32,895	1,427,037	1,350,000	77,037
9999-1 · Unrealized (gain)loss on invest	(81,469)	(125,000)	43,531	(1,315,719)	(1,500,000)	184,281
Total 4200 · Interest Income	63,926	(12,500)	76,426	111,318	(150,000)	261,318
4300 · DHC Recoveries	1,749	1,666	83	20,988	19,992	996
4400 · Grant Income	6,445	10,000	(3,555)	110,705	120,000	(9,295)
Total 4000 · Income	853,253	523,307	329,946	6,789,695	6,279,684	510,011
4500 · LPMP Income	99,102	103,391	(4,289)	1,113,241	1,207,932	(94,691)
4501 · Miscellaneous Income	750	6,250	(5,500)	31,190	75,000	(43,810)
Total Income	953,105	632,948	320,157	7,934,126	7,562,616	371,510
Expense						
5000 · Direct Expenses						
5100 · Administration Expense						
5110 · Wages Expense	99,320	89,991	9,329	737,794	962,754	(224,960)
5111 · Allocation to LPMP - Payroll	(3,658)	(3,658)		(43,896)	(43,896)	
5112 · Vacation/Sick/Holiday Expense	7,133	8,077	(944)	106,900	90,000	16,900
5114 · Allocation to Foundation	(2,023)	(51,096)	49,073	(145,446)	(613,152)	467,706
5115 · Allocation to NEOPB	(4,915)	(10,424)	5,509	(91,922)	(125,088)	33,166
5119 · Allocation to RSS/CVHIP-DHCF	(901)	(2,718)	1,817	(37,552)	(32,616)	(4,936)
5120 · Payroll Tax Expense	8,706	6,884	1,822	62,179	73,650	(11,471)
5130 · Health Insurance Expense						
5131 · Premiums Expense	19,090	11,602	7,488	111,151	134,928	(23,777)
5135 · Reimb./Co-Payments Expense	20	2,839	(2,819)	7,853	34,068	(26,215)
Total 5130 · Health Insurance Expense	19,110	14,441	4,669	119,004	168,996	(49,992)
5140 · Workers Comp. Expense	1,380	945	435	6,711	10,110	(3,399)
5145 · Retirement Plan Expense	5,775	7,623	(1,848)	55,243	78,984	(23,741)
5160 · Education Expense	924	292	632	5,218	3,504	1,714
Total 5100 · Administration Expense	130,851	60,357	70,494	774,233	573,246	200,987
5200 · Board Expenses						
5210 · Healthcare Benefits Expense						
5211 · Health Insurance Expense	3,269	4,338	(1,069)	47,667	60,648	(12,981)
5219 · Reimbursements/Co-Payments Exp				1,771		
5224 · Retired Board - Medical Expense	1,237	2,904	(1,667)	14,844	24,846	(10,002)
Total 5210 · Healthcare Benefits Expense	4,506	7,242	(2,736)	64,282	85,494	(21,212)
5230 · Meeting Expense	1,047	667	380	6,628	8,004	(1,376)
5240 · Catering Expense		333	(333)	315	3,996	(3,681)
5250 · Mileage Reimbursement Expense	85	42	43	164	504	(340)
Total 5200 · Board Expenses	5,638	8,284	(2,646)	71,389	97,998	(26,609)
Total 5000 · Direct Expenses	136,489	68,641	67,848	845,622	671,244	174,378
6000 · General & Administrative Exp						
6110 · Payroll fees Expense	60	229	(169)	3,120	2,748	372

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

PRELIMINARY	MONTH			TOTAL		
	Jun 18	Budget	\$ Over Budget	Jul '17 - Jun 18	Budget	\$ Over Budget
6120 · Bank and Investment Fees Exp	9,410	9,333	77	117,461	111,996	5,465
6125 · Depreciation Expense	1,098	1,181	(83)	13,519	14,172	(653)
6126 · Depreciation-Solar Parking lot	15,072	15,072		180,864	180,864	
6130 · Dues and Membership Expense	938	2,275	(1,337)	22,139	27,300	(5,161)
6200 · Insurance Expense	945	700	245	11,340	8,400	2,940
6300 · Minor Equipment Expense		42	(42)		504	(504)
6305 · Auto Allowance & Mileage Exp	1,408	500	908	9,377	6,000	3,377
6306 · Staff- Auto Mileage reimb	754	104	650	3,035	1,248	1,787
6309 · Personnel Expense	469	104	365	4,216	1,248	2,968
6310 · Miscellaneous Expense		42	(42)		504	(504)
6311 · Cell Phone Expense	651	540	111	7,341	6,480	861
6312 · Wellness Park Expenses		208	(208)	587	2,496	(1,909)
6315 · Security Monitoring Expense	108	38	70	2,921	456	2,465
6340 · Postage Expense		542	(542)	2,036	6,504	(4,468)
6350 · Copier Rental/Fees Expense	394	458	(64)	4,485	5,496	(1,011)
6351 · Travel Expense	(176)	500	(676)	12,275	6,000	6,275
6352 · Meals & Entertainment Exp	509	333	176	8,164	3,996	2,168
6355 · Computer Services Expense	16,497	2,376	14,121	47,285	28,512	18,773
6360 · Supplies Expense	5,344	1,333	4,011	29,194	15,996	13,198
6380 · LAFCO Assessment Expense	1,783	1,500	283	21,396	18,000	3,396
Total 6000 · General & Administrative Exp	55,264	37,410	17,854	498,755	448,920	49,835
6325 · CEO Discretionary Fund		417	(417)	3,026	5,004	(1,978)
6445 · LPMP Expenses	73,453	81,779	(8,326)	885,847	967,746	(81,899)
6500 · Professional Fees Expense						
6516 · Professional Services Expense	115,051	25,750	89,301	903,569	309,000	594,569
6520 · Annual Audit Fee Expense	1,449	1,456	(7)	17,388	17,472	(84)
6530 · PR/Communications/Website		2,500	(2,500)	19,365	30,000	(10,635)
6560 · Legal Expense	19,920	10,000	9,920	195,740	120,000	75,740
Total 6500 · Professional Fees Expense	136,420	39,706	96,714	1,100,504	476,472	624,032
6700 · Trust Expenses						
6711 · Disability Admin. Fee Expense					3,222	(3,222)
6720 · Pension Plans Expense						
6721 · Legal Expense		208	(208)	98	2,496	(2,398)
6725 · RPP Pension Expense	20,000	20,000		240,000	240,000	
6728 · Pension Audit Fee Expense	406	408	(2)	5,773	4,896	877
Total 6720 · Pension Plans Expense	20,406	20,616	(210)	245,871	247,392	(1,521)
Total 6700 · Trust Expenses	20,406	20,616	(210)	245,871	250,614	(4,743)
Total Expense Before Grants	422,032	248,569	173,463	3,579,625	2,820,000	759,625
7000 · Grants Expense						
7010 · Major Grant Awards Expense	1,005,000	391,667	613,333	4,968,402	4,700,004	268,398
7027 · Grant Exp - NEOPB	6,445	10,000	(3,555)	110,705	120,000	(9,295)
Total 7000 · Grants Expense	1,011,445	401,667	609,778	5,079,107	4,820,004	259,103
Net Income	(480,372)	(17,288)	(463,084)	(724,585)	(77,388)	(647,197)

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

PRELIMINARY	MONTH			TOTAL		
	Jun 18	Budget	\$ Over Budget	Jul '17 - Jun 18	Budget	\$ Over Budget
Income						
4500 · LPMP Income						
4505 · Rental Income	70,872	73,816	(2,944)	798,450	863,112	(64,662)
4510 · CAM Income	28,230	29,492	(1,262)	314,791	343,824	(29,033)
4513 · Misc. Income		83	(83)		996	(996)
4500 · LPMP Income	99,102	103,391	(4,289)	1,113,241	1,207,932	(94,691)
Expense						
6445 · LPMP Expenses						
6420 · Insurance Expense	1,100	1,000	100	13,200	12,000	1,200
6425 · Building - Depreciation Expense	20,212	22,923	(2,711)	264,232	275,076	(10,844)
6426 · Tenant Improvements -Dep Exp	16,322	17,120	(798)	177,640	191,838	(14,198)
6427 · HVAC Maintenance Expense	785	1,333	(568)	12,291	15,996	(3,705)
6428 · Roof Repairs Expense		208	(208)		2,496	(2,496)
6431 · Building -Interior Expense		208	(208)	5,850	2,496	3,354
6432 · Plumbing -Interior Expense		208	(208)		2,496	(2,496)
6433 · Plumbing -Exterior Expense		208	(208)		2,496	(2,496)
6434 · Allocation Internal Prop. Mgmt	3,658	3,658		43,896	43,896	
6435 · Bank Charges	1,117	1,000	117	9,813	12,000	(2,187)
6437 · Utilities -Vacant Units Expense	494	333	161	1,518	3,996	(2,478)
6439 · Deferred Maintenance Repairs Ex		1,042	(1,042)	375	12,504	(12,129)
6440 · Professional Fees Expense	10,117	10,167	(50)	121,404	122,004	(600)
6441 · Legal Expense		83	(83)		996	(996)
6458 · Elevators - R & M Expense	211	917	(706)	7,567	11,004	(3,437)
6460 · Exterminating Service Expense	180	208	(28)	2,285	2,496	(211)
6463 · Landscaping Expense	1,250	1,250		23,558	15,000	8,558
6467 · Lighting Expense		500	(500)	2,250	6,000	(3,750)
6468 · General Maintenance Expense		83	(83)		996	(996)
6470 · Maint. / Janitorial Service Exp		417	(417)		5,004	(5,004)
6471 · Marketing-Advertising		1,458	(1,458)		17,496	(17,496)
6475 · Property Taxes Expense	3,020	6,000	(2,980)	69,020	72,000	(2,980)
6476 · Signage Expense	618	250	368	1,206	3,000	(1,794)
6480 · Rubbish Removal Medical Waste E	1,390	1,400	(10)	15,606	16,800	(1,194)
6481 · Rubbish Removal Expense	4,246	2,039	2,207	25,476	24,468	1,008
6482 · Utilities/Electricity/Exterior	571	833	(262)	6,860	9,996	(3,136)
6484 · Utilities - Water (Exterior)	704	583	121	6,948	6,996	(48)
6485 · Security Expenses	7,478	6,250	1,228	74,537	75,000	(463)
6490 · Miscellaneous Expense		100	(100)	315	1,200	(885)
6445 · LPMP Expenses	73,453	81,779	(8,326)	885,847	967,746	(81,899)
Net Income	25,649	21,612	4,037	227,394	240,186	(12,792)

Desert Healthcare District
Balance Sheet
As of June 30, 2018

Preliminary	Jun 30, 18
ASSETS	
Current Assets	
Checking/Savings	
1000 · CHECKING CASH ACCOUNTS	984,712
1100 · INVESTMENT ACCOUNTS	55,344,906
Total Checking/Savings	56,329,618
Accounts Receivable	(38,419)
Other Current Assets	
1270 · Prepaid Insurance -Ongoing	35,226
1279 · Pre-Paid Fees	10,501
1281 · NEOPB Receivable	16,347
1295 · Property Tax Receivable	143,581
Total Other Current Assets	205,654
Total Current Assets	56,496,854
Fixed Assets	
1300 · FIXED ASSETS	4,893,652
1335-00 · ACC DEPR	(1,596,440)
1400 · LPMP Assets	7,398,261
Total Fixed Assets	10,695,473
Other Assets	2,928,331
TOTAL ASSETS	70,120,657
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	138
2001 · LPMP Accounts Payable	2,375
2004 · Accounts Payable Foundation	1,000,000
Total Accounts Payable	1,002,513
Other Current Liabilities	
2131 · Grant Awards Payable	1,205,548
2133 · Accrued Accounts Payable	216,508
2141 · Accrued Vacation Time	39,785
2142 · Accrued Sick Time	47,780
2186 · Retired BOD Medical - Current	856
2188 · Current Portion - LTD	14,803
2190 · Investment Fees Payable	25,977
Total Other Current Liabilities	1,551,257

Desert Healthcare District
Balance Sheet
As of June 30, 2018

Preliminary	Jun 30, 18
Total Current Liabilities	2,553,769
Long Term Liabilities	
2170 · RPP - Pension Liability	3,123,995
2171 · RPP-Deferred Inflows-Resources	3,242,061
2280 · Long-Term Disability	47,412
2281 · Grants Payable - Long-term	10,455,641
2286 · Retirement BOD Medical Liabilit	87,094
2290 · LPMP Security Deposits	58,517
Total Long Term Liabilities	17,014,719
Total Liabilities	19,568,489
Equity	
3900 · *Retained Earnings	51,276,754
Net Income	(724,585)
Total Equity	50,552,169
TOTAL LIABILITIES & EQUITY	70,120,657

Desert Healthcare District
Balance Sheet
As of June 30, 2018

Preliminary	Jun 30, 18
ASSETS	
Current Assets	
Checking/Savings	
1000 · CHECKING CASH ACCOUNTS	
1010 · Union Bank - Checking	603,730
1046 · Las Palmas Medical Plaza	380,483
1047 · Petty Cash	500
Total 1000 · CHECKING CASH ACCOUNTS	984,712
1100 · INVESTMENT ACCOUNTS	
1130 · Facility Replacement Fund	
1129 · F R Fund - Restricted-Pulmonary	1,000,000
1130 · Facility Replacement Fund - Other	55,394,444
Total 1130 · Facility Replacement Fund	56,394,444
1135 · Unrealized Gain(Loss) FRF	(1,049,538)
Total 1100 · INVESTMENT ACCOUNTS	55,344,906
Total Checking/Savings	56,329,618
Accounts Receivable	
1201 · Accounts Receivable	
1204 · LPMP Accounts Receivable	(48,340)
1205 · Misc. Accounts Receivable	9,921
Total Accounts Receivable	(38,419)
Other Current Assets	
1270 · Prepaid Insurance -Ongoing	35,226
1279 · Pre-Paid Fees	10,501
1281 · NEOPB Receivable	16,347
1295 · Property Tax Receivable	143,581
Total Other Current Assets	205,654
Total Current Assets	56,496,854
Fixed Assets	
1300 · FIXED ASSETS	
1310 · Computer Equipment	80,692
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	4,893,652
1335-00 · ACC DEPR	
1335 · Accumulated Depreciation	(192,925)

Desert Healthcare District
Balance Sheet
As of June 30, 2018

Preliminary	Jun 30, 18
1336 · Acc. Software Depreciation	(67,847)
1337 · Accum Deprec- Solar Parking Lot	(1,236,075)
1338 · Accum Deprec - LPMP Parking Lot	(99,593)
Total 1335-00 · ACC DEPR	(1,596,440)
1400 · LPMP Assets	
1401 · Building	8,705,680
1402 · Land	2,165,300
1403 · Tenant Improvements -New	2,141,211
1404 · Tenant Improvements - CIP	129,550
1406 · Building Improvements	
1406.1 · LPMP-Replace Parking Lot	676,484
1406 · Building Improvements - Other	1,364,337
Total 1406 · Building Improvements	2,040,821
1407 · Building Equipment Improvements	350,663
1409 · Accumulated Depreciation	
1410 · Accum. Depreciation	(6,942,998)
1412 · T I Accumulated Dep.-New	(1,191,966)
Total 1409 · Accumulated Depreciation	(8,134,964)
Total 1400 · LPMP Assets	7,398,261
Total Fixed Assets	10,695,473
Other Assets	
1700 · OTHER ASSETS	
1731 · Wellness Park	1,693,800
1740 · RPP-Deferred Outflows-Resources	1,234,531
Total Other Assets	2,928,331
TOTAL ASSETS	70,120,657
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2000 · Accounts Payable	138
2001 · LPMP Accounts Payable	2,375
2004 · Accounts Payable Foundation	1,000,000
Total Accounts Payable	1,002,513
Other Current Liabilities	
2131 · Grant Awards Payable	1,205,548
2133 · Accrued Accounts Payable	216,508
2141 · Accrued Vacation Time	39,785

Desert Healthcare District
Balance Sheet
As of June 30, 2018

Preliminary	Jun 30, 18
2142 · Accrued Sick Time	47,780
2186 · Retired BOD Medical - Current	856
2188 · Current Portion - LTD	14,803
2190 · Investment Fees Payable	25,977
Total Other Current Liabilities	1,551,257
Total Current Liabilities	2,553,769
Long Term Liabilities	
2170 · RPP - Pension Liability	3,123,995
2171 · RPP-Deferred Inflows-Resources	3,242,061
2280 · Long-Term Disability	47,412
2281 · Grants Payable - Long-term	10,455,641
2286 · Retirement BOD Medical Liabilit	87,094
2290 · LPMP Security Deposits	58,517
Total Long Term Liabilities	17,014,719
Total Liabilities	19,568,489
Equity	
3900 · *Retained Earnings	51,276,754
Net Income	(724,585)
Total Equity	50,552,169
TOTAL LIABILITIES & EQUITY	70,120,657

Desert Healthcare District
A/R Aging Summary
As of June 30, 2018

PRELIMINARY	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	Comments
Cohen Musch Thomas Medical Group	-	-	(3,470)	-	-	(3,470)	Prepaid
Desert Oasis Healthcare Medical Group	-	(1,993)	-	-	-	(1,993)	Prepaid
Desert Regional Medical Center	-	(4,802)	-	-	-	(4,802)	Prepaid
Kay Hazen-	779	779	-	779	2,335	4,671	Director Insurance Accrual
Laboratory Corporation of America	-	(4,466)	44	44	44	(4,334)	Prepaid
Peter Jamieson, M.D.	-	2,932	-	-	-	2,932	Slow pay
Quest Diagnostics Incorporated	-	(3,772)	-	-	-	(3,772)	Prepaid
Sovereign	750	-	-	-	4,500	5,250	Slow pay
Tenet HealthSystem Desert, Inc	-	(5,429)	-	-	-	(5,429)	Prepaid
Tenet HealthSystem Desert, Inc.	-	(27,472)	-	-	-	(27,472)	Prepaid
TOTAL	1,529	(44,224)	(3,426)	823	6,879	(38,419)	

**Desert Healthcare District
Deposit Detail
June 2018**

Preliminary Type	Date	Name	Amount
Deposit	06/04/2018		1,749
		T-Mobile	(1,749)
TOTAL			(1,749)
Deposit	06/05/2018		1,279,060
		Riverside County Treasurer-	(1,279,060)
TOTAL			(1,279,060)
Deposit	06/07/2018		6,412
		Riverside County Treasurer-	(6,412)
TOTAL			(6,412)
Deposit	06/08/2018		605
		Riverside County Treasurer-	(605)
TOTAL			(605)
Deposit	06/08/2018		3,000
Payment	06/08/2018	Sovereign	(3,000)
TOTAL			(3,000)
Deposit	06/17/2018		7,250
		Riverside County Treasurer-	(7,250)
TOTAL			(7,250)
Deposit	06/20/2018		691
		Riverside County Treasurer-	(691)
TOTAL			(691)
Deposit	06/22/2018		30,384

**Desert Healthcare District
Deposit Detail
June 2018**

Type	Date	Name	Amount
		Riverside County Treasurer-	(30,384)
TOTAL			(30,384)
Deposit	06/25/2018		2,139
		Riverside County Treasurer-	(2,139)
TOTAL			(2,139)
Deposit	06/29/2018		9,555
		Riverside County Treasurer	(9,555)
TOTAL			(9,555)
Deposit	06/29/2018		350
		Herb K Schultz	(350)
TOTAL			(350)
		Total Deposits	1,341,195

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

Preliminary										
	FY 2016-2017 Projected/Actual					FY 2017-2018 Projected/Actual				
	Budget %	Budget \$	Act %	Actual Receipts	Variance	Budget %	Budget \$	Act %	Actual Receipts	Variance
July	2.5%	\$ 152,663	1.3%	\$ 79,912	\$ (72,750)	2.5%	\$ 157,242	1.7%	\$ 107,591	\$ (49,652)
Aug	1.6%	\$ 97,704	1.7%	\$ 101,498	\$ 3,794	1.6%	\$ 100,635	1.2%	\$ 76,625	\$ (24,010)
Sep	2.6%	\$ 158,769	2.4%	\$ 147,194	\$ (11,575)	2.6%	\$ 163,532	2.4%	\$ 149,702	\$ (13,830)
Oct	0.0%	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -	\$ -
Nov	0.4%	\$ 24,426	0.0%	\$ 2,455	\$ (21,971)	0.4%	\$ 25,159	0.7%	\$ 47,069	\$ 21,910
Dec	16.9%	\$ 1,031,999	17.6%	\$ 1,075,328	\$ 43,330	16.9%	\$ 1,062,958	17.8%	\$ 1,121,658	\$ 58,700
Jan	31.9%	\$ 1,947,974	33.0%	\$ 2,014,083	\$ 66,110	31.9%	\$ 2,006,413	33.3%	\$ 2,097,033	\$ 90,621
Feb	0.0%	\$ -	0.8%	\$ 50,338	\$ 50,338	0.0%	\$ -	0.8%	\$ 50,855	\$ 50,855
Mar	0.3%	\$ 18,320	0.2%	\$ 11,638	\$ (6,681)	0.3%	\$ 18,869	0.2%	\$ 14,782	\$ (4,087)
Apr	5.5%	\$ 335,858	5.8%	\$ 356,027	\$ 20,169	5.5%	\$ 345,933	5.9%	\$ 371,495	\$ 25,562
May	19.9%	\$ 1,215,194	19.9%	\$ 1,215,601	\$ 408	19.9%	\$ 1,251,649	20.0%	\$ 1,258,864	\$ 7,215
June	18.4%	\$ 1,123,596	16.8%	\$ 1,025,799	\$ (97,797)	18.4%	\$ 1,157,304	21.0%	\$ 1,319,289	\$ 161,985
Total	100%	\$ 6,106,500	99.6%	\$ 6,079,874	\$ (26,626)	100.00%	\$ 6,289,695	105.2%	\$ 6,614,963	\$ 325,268

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

Preliminary Type	Date	Name	Amount
Deposit	06/01/2018		3,772
Payment	06/01/2018	Quest Diagnostics Incorporated	(3,772)
TOTAL			(3,772)
Deposit	06/04/2018		64,518
Payment	06/01/2018	Desert Oasis Healthcare Medical Group	(1,993)
Payment	06/04/2018	EyeCare Services Partners Management LLC	(6,365)
Payment	06/04/2018	Steven Gundry, M.D.	(5,235)
Payment	06/04/2018	West Pacific Medical Laboratory	(1,906)
Payment	06/07/2018	Peter Jamieson, M.D.	(2,932)
Payment	06/07/2018	Desert Family Medical Center	(3,500)
Payment	06/07/2018	Pathway Pharmaceuticals, Inc.	(2,202)
Payment	06/08/2018	Tenet HealthSystem Desert, Inc	(5,429)
Payment	06/08/2018	Tenet HealthSystem Desert, Inc.	(27,472)
Payment	06/08/2018	Desert Regional Medical Center	(4,802)
Payment	06/11/2018	Dennis Spurgin, D.C.	(2,682)
TOTAL			(64,518)
Deposit	06/08/2018		20,579
Payment	06/08/2018	Derakhsh Fozouni, M.D.	(5,716)
Payment	06/08/2018	Palmtree Clinical Research	(6,086)
Payment	06/08/2018	Aijaz Hashmi, M.D., Inc.	(2,688)
Payment	06/08/2018	Brad A. Wolfson, M.D.	(3,311)
Payment	06/08/2018	Cure Cardiovascular Consultants	(2,778)
TOTAL			(20,579)
Deposit	06/15/2018		4,649
Payment	06/15/2018	Ramy Awad, M.D.	(2,324)
Payment	06/15/2018	Ramy Awad, M.D.	(2,324)
TOTAL			(4,649)
Deposit	06/26/2018		4,620

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

Type	Date	Name	Amount
Payment	06/26/2018	Laboratory Corporation of America	(4,620)
TOTAL			(4,620)
Deposit	06/28/2018		3,772
Payment	06/28/2018	Quest Diagnostics Incorporated	(3,772)
TOTAL			(3,772)
Deposit	06/29/2018		39,696
Payment	06/29/2018	Desert Regional Medical Center	(4,802)
Payment	06/29/2018	Tenet HealthSystem Desert, Inc.	(27,472)
Payment	06/29/2018	Tenet HealthSystem Desert, Inc	(5,429)
Payment	06/29/2018	Desert Oasis Healthcare Medical Group	(1,993)
TOTAL			(39,696)
		Total Deposits	141,606

Desert Healthcare District
Check Register
As of June 30, 2018

Type	Date	Num	Name	Amount
Preliminary				
1000 · CHECKING CASH ACCOUNTS				
1010 · Union Bank - Checking				
General Journal	06/01/2018	12-01	401a payment - 6/1/18 payroll	(1,917)
General Journal	06/01/2018	12-01	457b payment - 6/1/18 payroll	(2,897)
General Journal	06/01/2018	12-01	457b loan payment - 6/1/18 payroll	(446)
Bill Pmt -Check	06/03/2018	14947	Image Source	(1,053)
Bill Pmt -Check	06/03/2018	14948	Ready Refresh	(66)
Bill Pmt -Check	06/03/2018	14949	So.Cal Computer Shop	(640)
Bill Pmt -Check	06/03/2018	14950	Time Warner Cable	(221)
Bill Pmt -Check	06/03/2018	14951	Total Compensation Systems, Inc.	(1,170)
Bill Pmt -Check	06/03/2018	14952	Underground Service Alert of Southern Cal	(12)
Bill Pmt -Check	06/03/2018	14953	Vanessa Smith-	(255)
Bill Pmt -Check	06/03/2018	14954	Verizon Wireless	(792)
Check	06/05/2018	Auto Pay	Calif. Public Employees'Retirement System	(11,810)
Bill Pmt -Check	06/08/2018	14955	Anthem Blue Cross	(105)
Bill Pmt -Check	06/08/2018	14956	Blackbaud, Inc.	(169)
Bill Pmt -Check	06/08/2018	14957	Desert Healthcare Foundation	(2,000,000)
Bill Pmt -Check	06/08/2018	14958	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	06/08/2018	14959	HIV+Aging Research Project-Palm Springs	(5,000)
Bill Pmt -Check	06/08/2018	14960	IntelliCorp Records, Inc.	(151)
Bill Pmt -Check	06/08/2018	14961	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	06/08/2018	14962	New World Language Services	(362)
Bill Pmt -Check	06/08/2018	14963	Quest Diagnostics	(54)
Bill Pmt -Check	06/08/2018	14964	So.Cal Computer Shop	(1,441)
Bill Pmt -Check	06/08/2018	14965	Staples Credit Plan	(1,237)
Bill Pmt -Check	06/08/2018	14966	State Compensation Insurance Fund	(1,380)
Bill Pmt -Check	06/08/2018	14967	Xerox Financial Services	(394)
Liability Check	06/14/2018		QuickBooks Payroll Service	(35,677)
Bill Pmt -Check	06/15/2018	14968	First Bankcard (Union Bank)	(2,075)
Bill Pmt -Check	06/15/2018	14969	Alejandro Espinoza-	(1,361)
Bill Pmt -Check	06/15/2018	14970	CXtec	(109)
Bill Pmt -Check	06/15/2018	14971	First Bankcard (Union Bank)	(1,609)
Bill Pmt -Check	06/15/2018	14972	Greene & Roberts LLP	(1,680)
Bill Pmt -Check	06/15/2018	14973	KaufmanHall	(76,958)
Bill Pmt -Check	06/15/2018	14974	Vanessa Smith-	(269)
General Journal	06/15/2018	12-03	401a payment - 6/15/18 payroll	(1,911)
General Journal	06/15/2018	12-03	457b payment - 6/15/18 payroll	(2,893)
General Journal	06/15/2018	12-03	457b loan payment - 6/15/18 payroll	(446)

Desert Healthcare District
Check Register
As of June 30, 2018

Type	Date	Num	Name	Amount
Bill Pmt -Check	06/17/2018	14977	Andrea S. Hayles-	(159)
Bill Pmt -Check	06/17/2018	14978	CoPower Employers' Benefits Alliance	(1,892)
Bill Pmt -Check	06/21/2018	14975	Law Offices of Scott & Jackson	(19,920)
Bill Pmt -Check	06/21/2018	14976	Moss, Levy & Hartzheim LLP	(9,000)
Bill Pmt -Check	06/25/2018	14979	Chris Christensen	(104)
Bill Pmt -Check	06/25/2018	14980	Vanessa Smith-	(353)
Bill Pmt -Check	06/25/2018	14992	Chris Christensen	(60)
Bill Pmt -Check	06/25/2018	14993	Ready Refresh	(48)
Bill Pmt -Check	06/25/2018	14994	So.Cal Computer Shop - VOID	-
Bill Pmt -Check	06/25/2018	14995	Underground Service Alert of Southern Cal	(13)
Bill Pmt -Check	06/25/2018	14996	Verizon Wireless	(792)
Check	06/25/2018		Service Charge	(410)
Bill Pmt -Check	06/26/2018	14981	Principal Life Insurance Co.	(992)
Bill Pmt -Check	06/26/2018	14982	Shred-It - VOID	-
Bill Pmt -Check	06/26/2018	14983	Image Source	(982)
Bill Pmt -Check	06/26/2018	14984	Shred-It	(176)
Bill Pmt -Check	06/28/2018	14986	Donna Den Bleyker.	(161)
Bill Pmt -Check	06/28/2018	14987	Lisa Houston-	(168)
Bill Pmt -Check	06/28/2018	14988	Soroptimist House of Hope, Inc.	(5,000)
Bill Pmt -Check	06/28/2018	14989	The Ranch Recovery Centers, Inc.	(4,681)
Bill Pmt -Check	06/28/2018	14990	Christopher Cardona	(300)
Liability Check	06/28/2018		QuickBooks Payroll Service	(36,659)
General Journal	06/29/2018	12-06	401a payment - 6/29/18 payroll	(1,947)
General Journal	06/29/2018	12-06	457b payment - 6/29/18 payroll	(2,920)
General Journal	06/29/2018	12-06	457b loan payment - 6/29/18 payroll	(446)
Bill Pmt -Check	06/30/2018	14991	Locks Around The Clock	(657)
Bill Pmt -Check	06/30/2018	14997	Blackbaud, Inc. - VOID	-
Bill Pmt -Check	06/30/2018	14998	VMG Health	(35,558)
Bill Pmt -Check	06/30/2018	14999	Blackbaud, Inc.	(15,509)
Bill Pmt -Check	06/30/2018	15000	Time Warner Cable - VOID	-
Bill Pmt -Check	06/30/2018	15001	Quest Diagnostics	(25)
Bill Pmt -Check	06/30/2018	15002	Palm Springs Disposal Services Inc - VOID	-
Bill Pmt -Check	06/30/2018	15003	Meghan Kane - VOID	-
Bill Pmt -Check	06/30/2018	15004	Imperial Security - VOID	-
Bill Pmt -Check	06/30/2018	15005	County of Riverside Auditor-Controller - VOID	-
Bill Pmt -Check	06/30/2018	15006	ACHD - VOID	-
Bill Pmt -Check	06/30/2018	15007	Time Warner Cable	(221)
Bill Pmt -Check	06/30/2018	15008	Alejandro Espinoza-	(581)
Bill Pmt -Check	06/30/2018	15009	Alejandro Espinoza-	(205)

Desert Healthcare District
Check Register
As of June 30, 2018

Type	Date	Num	Name	Amount
Bill Pmt -Check	06/30/2018	15010	Andrea S. Hayles-	(143)
Bill Pmt -Check	06/30/2018	15011	Boyd & Associates	(108)
Bill Pmt -Check	06/30/2018	15012	Alejandro Espinoza-	(23)
Bill Pmt -Check	06/30/2018	15013	IntelliCorp Records, Inc.	(43)
Bill Pmt -Check	06/30/2018	15014	Zendle, Les	(91)
General Journal	06/30/2018	12-04	June 2018 LTD Payment - Jena Marie Van Earl	(1,234)
General Journal	06/30/2018	12-09	Record Medical Reimb - June 2018	(20)
TOTAL				(2,298,689)

Desert Healthcare District
Details for credit card Expenditures
Credit card purchases - May 2018 - Paid June 2018

Number of credit cards held by District personnel -2

Credit Card Limit - \$5,000

Credit Card Holders:

Herb Schultz - Chief Executive Officer

Chris Christensen - Chief Financial Officer

Routine types of charges:

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

Year	Statement		Expense Type	Amount	Purpose	Description	Participants
	Month Charged	Total Charges					
		\$ 3,684.11					
Chris' Statement:							
2018	May	\$ 1,608.89	District				
			6380	\$ 16.85	Conference call expense		
			6380	\$ 2.16	Conference call expense		
			6380	\$ 10.78	Conference call expense		
			6380	\$ 5.28	Conference call expense		
			6380	\$ 13.15	Conference call expense		
			6380	\$ 40.99	Conference call expense		
			6309	\$ 400.70	March 2018 Advertising Indeed		
			6352	\$ 31.85	CEO/CFO lunch		
			6360	\$ 1,087.17	New AED machine for office		
				<u>\$ 1,608.89</u>			
Herb's Statement:							
2018	May	\$ 2,075.22	District				
			5230	\$ 55.58	LAFCO Hearing - BOD/Staff		
			6351	\$ 57.95	Lyft - CEO Personal (to reimburse)		
			6351	\$ 14.83	Lyft - CEO Personal (to reimburse)		
			6351	\$ 15.87	Lyft - CEO Personal (to reimburse)		
			6351	\$ 16.00	Flight wifi		
			6351	\$ 22.75	Lyft - CEO Personal (to reimburse)		
			6351	\$ 35.49	Lyft - CEO Personal (to reimburse)		
			5230	\$ 40.04	CEO/BOD meeting		
			6352	\$ 133.29	Staff lunch		
			6352	\$ 59.70	Staff lunch		
			5160	\$ 799.00	2018 GIH Annual Conference - BOD		
			5160	\$ 125.00	ACHD Wellness Summit - BOD		
			6352	\$ 164.93	Flowers - Staff Condolences		
			5230	\$ 350.00	Advertising - La Presna Hispana		
			5230	\$ 53.64	CEO/BOD meeting		
			6360	\$ 120.15	Ralphs - CEO Personal (to reimburse)		
			6360	\$ 11.40	Late fee		
				<u>\$ 2,075.22</u>			

Las Palmas Medical Plaza
Check Register
As of June 30, 2018

Preliminary Type	Date	Num	Name	Amount
1000 - CHECKING CASH ACCOUNTS				
1046 - Las Palmas Medical Plaza				
Bill Pmt -Check	06/03/2018	9841	Desert Air Conditioning Inc.	(1,078)
Bill Pmt -Check	06/03/2018	9842	Desert Water Agency	(694)
Bill Pmt -Check	06/03/2018	9843	INPRO-EMS Construction	(10,117)
Bill Pmt -Check	06/08/2018	9844	Imperial Security	(1,613)
Bill Pmt -Check	06/08/2018	9845	Palm Springs Disposal Services Inc	(2,123)
Bill Pmt -Check	06/08/2018	9846	Stericycle, Inc.	(1,390)
Bill Pmt -Check	06/15/2018	9847	Desert Air Conditioning Inc.	(513)
Bill Pmt -Check	06/15/2018	9848	Frazier Pest Control, Inc.	(180)
Bill Pmt -Check	06/15/2018	9849	Frontier Communications	(211)
Bill Pmt -Check	06/15/2018	9850	Imperial Security	(1,466)
Bill Pmt -Check	06/15/2018	9851	Southern California Edison	(1,065)
Bill Pmt -Check	06/21/2018	9852	Imperial Security	(1,466)
Bill Pmt -Check	06/21/2018	9853	Pink, Inc.	(1,250)
Bill Pmt -Check	06/25/2018	9858	Desert Air Conditioning Inc. - VOID	-
Bill Pmt -Check	06/25/2018	9859	Desert Water Agency	(704)
Bill Pmt -Check	06/26/2018	9854	Amtech Elevator Services	(1,280)
Bill Pmt -Check	06/26/2018	9855	Best Signs, Inc.	(618)
Bill Pmt -Check	06/26/2018	9856	Imperial Security	(1,466)
Bill Pmt -Check	06/26/2018	9857	INPRO-EMS Construction	(10,117)
Check	06/29/2018		Service Charge	(1,117)
TOTAL				(38,468)



MEMORANDUM

DATE: July 10, 2018

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

Active – still employed by hospital	127
Vested – no longer employed by hospital	62
Former employees receiving annuity	<u>10</u>
Total	<u>199</u>

The outstanding liability for the RPP is approximately **\$4.6M** (Actives - \$3.3M and Vested - \$1.3M). US Bank investment account balance \$5.2M. Per the June 30, 2017 Actuarial Valuation, the RPP has an Unfunded Pension Liability of approximately **\$2.9M**. A monthly accrual of \$20K is being recorded each month as an estimate for FY2018.

The payouts, excluding monthly annuity payments, made from the Plan for the Twelve (12) months ended May 31, 2018 totaled **\$425K**. Monthly annuity payments (10 participants) total **\$1.2K** per month.

DESERT HEALTHCARE DISTRICT						
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE						
As of 06/30/18						
TWELVE MONTHS ENDED JUNE 30, 2018						
Grant ID Nos.	Name	Approved Grants - Prior Yrs	Current Yr 2017-2018	6/30/2018 Bal Fwd/New	Total Paid July-June	Open BALANCE
2013-759-BOD 02/26/13	Desert Hot Springs Wellness FDN - Oversampling - HARC -3yr	\$ 30,000		\$ 15,000	\$ -	\$ 15,000
2013-782-BOD 6/25/13	CVPEP - CV/iHub Accelerator Campus 3 years	\$ 500,000		\$ 25,000	\$ 25,000	\$ -
2014-MOU-BOD-11/21/13	Memo of Understanding CVAG CV Link Support	\$ 10,000,000		\$ 10,000,000	\$ -	\$ 10,000,000
2014-852-BOD-11-19-14	Desert AIDS Project - Get Tested Coachella Valley - 3 yr	\$ 498,625		\$ 124,656	\$ 124,656	\$ -
2015-866-BOD-4-28-15	The LGBT Center of PS - Desert Low-Cost Counseling Clinic - 3 yr	\$ 140,000		\$ 68,000	\$ 36,000	\$ 32,000
2015-870-BOD-5-26-15	Mizell Senior Center - CV Senior Fall Prevention Program - 2 Yr	\$ 403,300		\$ 40,330	\$ 40,330	\$ -
2015-874-BOD-6-23-15	United Cerebral Palsy - Skill-builders Community Integration - 2 Yr	\$ 178,894		\$ 17,889	\$ 17,889	\$ -
2015-875-BOD-6-23-15	Desert AIDS Project - Sexually Transmitted Infection Clinic - 3 Yr	\$ 800,000		\$ 175,000	\$ 157,500	\$ 17,500
2015-876-BOD-6-23-15	Arrowhead Neuroscience Fndtn-NeuroInterventional & NeuroCritical Care Fellowship 2 Yr	\$ 373,540		\$ 289,494	\$ 168,093	\$ 121,401
2016-886-BOD-9-22-15	B&G Club of Cathedral City - Main Club House Capital Improvements - 1 Yr	\$ 150,000		\$ 48,750	\$ 33,750	\$ 15,000
2016-887-BOD-9-22-15	CVPEP - Mental Health College & Career Pathways Development Initiative - 2 Yr-ext 9/18	\$ 737,900		\$ 239,818	\$ 166,028	\$ 73,790
2016-889-BOD-10-27-15	HARC - 2016 Community Health Monitor - 3 Yr	\$ 499,955		\$ 199,982	\$ 149,987	\$ 49,996
2016-891-BOD-11-17-15	Jewish Family Services of the Desert - Mental Health Outpatient Treatment - 3 Yr	\$ 570,000		\$ 297,691	\$ 166,602	\$ 131,089
	Unexpended funds from Year 1 of Grant #891			\$ (75,792)		\$ (75,792)
2016-894-BOD-12-15-15	Act for MS - Enhanced health Training, Flexibility and Circulation Therapy - 2 Yr	\$ 368,228		\$ 119,674	\$ 119,674	\$ -
2016-907-BOD-05-24-16	CV Volunteers in Medicine - Access to Healthcare Post Implementation of the ACA 1 Yr	\$ 120,798		\$ 12,080	\$ 12,080	\$ -
2016-908-BOD-06-28-16	Angel View Support for the Outreach Stabilization Program - 2 Yr	\$ 144,600		\$ 79,530	\$ 65,070	\$ 14,460
2016-909-BOD-06-28-16	Desert Cancer Foundation Support for the Patient Assistance Care - 1 Yr	\$ 187,000		\$ 18,700	\$ 16,700	\$ 2,000
	Unexpended funds from Grant #909 - October 2017					\$ (15,828)
	Reverse unexpended funds Grant #909 - January 2018					\$ 15,828
	Revised unexpended funds Grant #909 - January 2018					\$ (2,000)
2016-910-BOD-06-28-16	FIND Food Bank Support for the Hunger to Health Program - 1 Yr	\$ 390,151		\$ 39,015	\$ 39,015	\$ -
2016-911-BOD-07-26-16	Well in the Desert - Support Assistance With Projects and Saving Lives - 1 Yr	\$ 44,800		\$ 4,480	\$ 2,067	\$ 2,413
	Unexpended funds from Grant #911					\$ (2,413)
2016-913-BOD-07-26-16	Neuro-Vitality Center - Core Program Operations - 1 Yr	\$ 261,340		\$ 26,134	\$ 26,134	\$ -
2016-916-BOD-09-27-16	UCRSOM - Street Medicine Clinic - 1 Yr	\$ 70,899		\$ 7,090	\$ (63,809)	\$ 70,899
	Unexpended funds from Grant #916					\$ (63,809)
	Write Off Balance of Grant #916					\$ (7,090)
2016-920-BOD-10-25-16	LifeStream Blood Bank - Support Protate Cancer Treatment Program	\$ 60,000		\$ 6,000	\$ -	\$ 6,000
2016-926-BOD-12-20-16	Ranch Recovery Center - Purchase and Installation of Emergency Generator	\$ 27,969	\$ 18,844	\$ 21,641	\$ 21,641	\$ -
2016-927-BOD-12-20-16	SafeHouse of the Desert - "What's Up" Crisis Texting Application - 3 Yr	\$ 679,357		\$ 577,453	\$ 203,807	\$ 373,646
2017-929-BOD-05-23-17	Gilda's Club Desert Cities: HeLP - Healthy Living Program - 1 Yr	\$ 142,000		\$ 78,100	\$ 63,900	\$ 14,200
2017-934-BOD-07-25-17	Well in the Desert - New Vans for Client Pickup & Deliveries		\$ 84,798	\$ 84,798	\$ 76,318	\$ 8,480
2017-936-BOD-07-25-17	Hidden Harvest - Senior Markets & Healthy Fairs		\$ 95,000	\$ 95,000	\$ 85,500	\$ 9,500
2017-938-BOD-07-25-17	Mizell Senior Center - A Matter of Balance Phase 2 - 2 Yr		\$ 400,300	\$ 400,300	\$ 180,135	\$ 220,165
2017-939-BOD-07-25-17	Loma Linda University - Dream Homes Initiative - 16 months		\$ 178,016	\$ 178,016	\$ 120,161	\$ 57,855
2017-947-BOD-09-26-17	Coachella Valley Volunteers in Medicine - Primary Healthcare & Support Services - 1 Yr		\$ 121,500	\$ 121,500	\$ 109,350	\$ 12,150
2017-948-BOD-09-26-17	Pegasus Hippo Therapy - Equine Therapy for District Residents - 1 Yr		\$ 93,829	\$ 93,829	\$ 84,446	\$ 9,383
2017-953-BOD-11-28-17	FIND Food Bank - Project Produce - 1 Yr		\$ 387,068	\$ 387,068	\$ 174,181	\$ 212,887
2017-954-BOD-11-28-17	CVRM - Emergency Food, Shelter with Wrap Around Services for West CV Homeless 1Yr		\$ 100,000	\$ 100,000	\$ 45,000	\$ 55,000
2017-955-BOD-11-28-17	Martha's Village & Kitchen - Health in Housing: Emergency Housing With Wrap Around 1Yr		\$ 186,150	\$ 186,150	\$ 83,768	\$ 102,383
2018-960-BOD-02-27-18	Desert Cancer Foundation - Patient Assistance and Suzanne Jackson Breast Cancer		\$ 200,000	\$ 200,000	\$ 90,000	\$ 110,000
2018-962-BOD-03-27-18	EMC - CV Collaborative Program-Antibiotic Resistance Prevention Partnership(3yr w/ 1st yr funding)		\$ 55,805	\$ 55,805	\$ 25,112	\$ 30,693
2018-965-BOD-04-24-18	Behavioral Health Collaboration - Funding to DHC Foundation		\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ -
2018-967-BOD-05-22-18	The City of DHS-Public Safety Emergency Response Program - Purchase AEDs		\$ 30,000	\$ 30,000	\$ -	\$ 30,000
2018-968-BOD-05-22-18	One Future Coachella Valley - Health Career Connection Summer Intern at DHCD/F		\$ 7,314	\$ 7,314	\$ -	\$ 7,314
TOTAL GRANTS		\$ 17,379,356	\$ 3,958,624	\$ 16,395,494	\$ 4,666,084	\$ 11,654,099
Amts available/remaining for Grant/Programs - FY 2017-18:						
Amount budgeted 2017-2018			\$ 4,700,000			
Amount granted through June 30, 2018:			\$ (3,958,624)		G/L Balance:	6/30/2018
Mini Grants: 932,940,942,943,944,946,952,956,958,959,963,964,966,970			\$ (78,000)		2131	\$ 1,198,458
Net adj - Grants not used: 916, 909, 911			\$ 75,312		2281	\$ 10,455,641
Transfer Avery Trust to Foundation			\$ (1,000,000)		Total	\$ 11,654,099
Balance available for Grants/Programs INCLDG \$1,000,000 for pulmonary.			\$ (261,312)		Difference - Rdg	\$ (0)



CEO Report - Priorities - Milestones - Progress Measures"

#1 Milestone: Successful Implementation of Strategic Plan"

Management continues to work with staff to establish weekly and monthly goals to meet current demands and long range strategic goal implementations as stated below in further detail.

COO and staff met with Director Kay Hazen to take a further dive into the past program and grant structures to enable the transition to meet both current and future grant demands. "Scoring structure" community survey input was discussed, and proposed improvements are being tested by grant staff now on an informal basis to finalize proposed structure – this will be presented to the Board at the September meeting for approval.

#2 Milestone: Up-to-Date Policy Manual and Timely Review"

Preliminary review of all Policies and Procedures has been performed – Staff Report in Board Package – July 24, 2018

"Priority: Operations

#3 Milestone: Successful implementation of public relations program highlighting the work of the

Staff continues to work to build a robust Database to increase our reach into the community to inform and bring further awareness of the DHCD/F. This is an ongoing process and will continue throughout the year.

Strategic Plan Brochure is completed and printed with the Spanish copy going to print within the week with a few minor edits. Staff is pleased with the product but will make one small layout change on next print cycle as we are printing small quantities to ensure no overstocking. These brochures will be used by Staff and Board members to help bring further awareness to the community about the DHCD/F and drive them to our website for further information.

Staff is working on the preliminary steps to move us forward to a more robust and user-friendly website. Through this process, management will be reaching out to District Board members for their feedback and input. A formal concept report will be presented at the September Board meeting.

Staff will present update of the Communications and Marketing plan with a focus on Social Media to the July 24,2018 BOD meeting. The remaining update and request for approval will be presented at the September Board Meeting.

"Priority: Operations

#4 Milestone: Successful implementation of Office restructuring with support for both new and continuing employees "

Our two new staff Analyst's are working aggressively to meet our grant commitments and have partnered with UCR School of Public Policy and Building Healthy Communities to identify alignment of strategic focus areas to enhance system capacity and strengthen community engagement.

Please note that part of the grant deliverables is a public launch of the said partnership and is tentatively scheduled for the last week in August or the first week in September. There will be media coverage and a brief presentation on the program and the benefits of Civic Engagement. * Board may request copies of preliminary report.

COO and Staff is working with Counsel to set up Harassment training, a requirement of both staff and Board members, to take place later this fall. We will move forward with Counsels recommendation for a service provider and present contract for approval at the September Board meeting.

Part of the Policy Review process is to also review the Staff Handbook, current District and new draft for Foundation staff. This will ensure we are currently meeting all legal requirements and continuity throughout the two organizations.

"Priority: Operations

#5 Milestone: Expanded utilization of cvHIP by both residents and professionals throughout the Coachella Valley"

Preliminary staff report presented to the Board June 24,2018. A formal report and presentation will be given at the September meeting to review and discuss the proposed Phase 2 marketing plan.

"Priority: Operations

#6 Milestone: Complete Association of California Healthcare Districts Certification"

COO is working to meet certification requirements concurrently with the implementation of; Policy Review, Grant Structure, Communications and Marketing, and Strategic Plan Implementation.

"Priority: Strategy and Programs

#7 Milestone: Implementation of Hospital Governance and Oversight Policy with increased focus on quality issues"

Under the District's Lease Compliance Policy, a Hospital Governance and Oversight standing committee was created in January 2017. Monthly meetings have included current updates from Michele Finney, CEO of DRMC, regarding status of any issues, improvements, and developments within the hospital. Additionally, hospital rating scores, such as Leapfrog, CMS and Hospital Compare, have been presented to the Committee and communicated with the Board, including action plans for improving subpar scoring. The Committee continues to bring transparency to hospital governance and oversight issues.

"Priority: Strategy and Programs

#8 Milestone: Continued focus on Homelessness Initiative with CVAG and Coachella Valley local governments (cities and county), as well as appropriate recognition of DHCD/F efforts"

COO and program and analysts staff are working with Homelessness Consultant and Board Member Carole Rogers to support the collections of Data, community knowledge and engagement of subject matter expertise and stakeholder buy in.

During this process, staff will continue to work with current grantees and ensuring there is an in-depth understanding of programs successes and challenges. This is being achieved through in-person meetings, grant reports and DHCD staff knowledge sharing. Staff Report included in the Foundation Meeting package July 24, 2018 for further details.

"Priority: Strategy and Programs

#9 Milestone: Development of a strategy to address behavioral health issues in the Coachella Valley with primary and expedited focus on inpatient psychiatric resources"

COO and program staff have spent a significant amount of time to understand the challenges of "5150". This has included data gathering from the 3 hospitals – meeting with both management of both the CREST and REACH team, followed by meeting directly with both REACH and CREST Team members. Onsite visits to service providers and County operations, first responders and ER Staff continues. We are currently formulating this information to be used for further discussion at the upcoming Supervisors "Blue Ribbon" Mental Health Meeting. Staff plans to gain further subject matter expert input and will come forward at the September Board Meeting to identify potential initiatives for the collective fund.

Concurrently, staff is working to identify Data, and a deeper understanding of the number of expulsions and suspensions of school age children due to "drugs". Currently this information and all BH resources are being mapped throughout the CV to create an awareness of community assets and potential shortfall in services being provided. Staff report, and example of mapped service assets are included in the Foundation Meeting package July 24, 2017.

"Priority: Strategy and Programs

#10 Milestone: Develop a strategy to address acute hospital bed resources throughout the CV with specific decisions about how to address seismic of existing facilities and other facilities issues at DRMC"

Board and Staff have been working with our consultant, Kaufman Hall, to develop guidance to the Board for decisions regarding the hospital facility, in light of the underlying seismic retrofit 2030 compliance issue. A current seismic ASCE 41 assessment is underway to provide detailed assessment of estimated costs and process to meet the compliance issue. Estimated completion of the ASCE 41 report is November 2018.

"Priority: Strategy and Programs

#11 Milestone: Develop, with Board, contingency plans for remainder of lease without an extension to Tenet Health"

Through the work and development underway with Kaufman Hall, the District will be developing a contingency plan, following the Seismic Assessment and further analysis. Estimated completion of the Contingency Plan is May 2019.

"Priority: Strategy and Programs

#12 Milestone: Providers, Facilities, Programs, and Services plans for 2018 in light of changing federal actions. Establish sustainable funding for Providers, Facilities, Programs, and Services. "

The New Providers, Facilities, Programs, and Services Committee and Staff, along with guidance from Kaufman Hall, will be developing a road map (Apr-Jun 2019) for how to proceed with the hospital with regard to seismic retrofit and to define a transaction with the hospital operator (i.e. new hospital lease) by May 2027.

"Priority: Expansion

#13 Milestone: Establish a sustainable funding mechanism to include in expansion vote with LAFCO application"

Program team are performing early stages of identifying potential funding for two Key Initiatives – Homelessness and Behavioral Health. Through this process we are mapping potential funding sources to help support efforts and programs that serve the Coachella Valley as a whole. This includes the monitoring of Salton Sea Bond money that potentially will be focused on the health and wellbeing of communities surrounding the Sea.

"Priority: Expansion

#14 Milestone: Secure successful LAFCO vote"

Staff has completed Power Point presentations for Board member use to support efforts to bring clarity to the community on expansion.

Based on board discussion and final decision July 24, 2018, Staff will work to ensure public participation is in attendance to both the September and October Board Meetings.

"Priority: Expansion

#15 Milestone: Preparation for and successful vote to expand DHCD/F in November 2018"

Special Meeting July 24, 2018 to discuss all polling results and Counsel to give guidance of all permissible actions by both Staff and Board Members.

"Priority: Expansion

#16 Milestone: Plan for expansion of DHCD/F Board if ballot initiative passes, as well as begin preparations for "district" elections."

Subject to November Ballot.



DATE: July 24, 2018

TO: Board of Directors

RE: District Board & Staff Communications Policy Update

Staff recommendation:

Discussion regarding development of policy and procedure for District Board and Staff Communications.

Background:

- Staff is in process of updating the District's Board policy manual.
- Board & Staff Communications is one of the policies under development.
- Included in the packet is a SAMPLE Board/Staff Communications policy originating from the CSDA standard policy manual.
- Staff intends to use the SAMPLE policy as the basis for development of the Desert Healthcare District's policy and will bring back to the Board at the September or October Board meeting a proposed policy for consideration of approval.



POLICY TITLE: Board/Staff Communications
POLICY NUMBER: 1020

Objectives: Effective governance of the District relies on the cooperative efforts of the agency's elected Board, who set policy and priorities, and the District's staff members, who analyze problems and issues, to make appropriate recommendations, and implement and administer Board policies. It is the responsibility of District staff to ensure Board members have access to information and to insure such information is communicated completely and with candor to those making the request. However, Board members should avoid intrusion into those areas that are the responsibility of District staff. Individual Board members must avoid intervening in staff decision-making, the development of staff recommendations, scheduling of work, and executing department priorities without the prior knowledge and approval of the Chief Executive Officer and Board as a whole. This is necessary to protect District staff from undue influence and pressure from individual Board members and to allow staff to execute priorities given by management and the Board without fear of reprisal.

Role of the Board: As the legislative body for the agency, the Board is responsible for approving the District's budget, setting policy goals and objectives and adopting strategic plans. The primary functions of the District staff members are to execute Board policy and other Board actions and to keep the Board well informed.

Individual members of the Board should not make attempts to pressure or influence staff decisions, recommendations, workloads, schedules, and department priorities, without the prior knowledge and approval of the Board as a whole. If a Board member wishes to influence the actions, decisions, recommendations, workloads, work schedule, and priorities of staff, that member must prevail upon the Board to do so as a matter of Board policy.

Board members also have a responsibility of information flow. It is critical that they make extensive use of staff and agency reports and Board meeting minutes. Board members should come to meetings prepared; having read the agenda packet materials and supporting documents, as well as any additional information or memoranda provided on agency projects or evolving issues. Additional information may be requested from staff, if necessary.

Individual Board members, as well as the Board as a whole, are permitted complete freedom of access to any information requested of staff and shall receive the full cooperation and candor of staff in being provided with any requested information. The Chief Executive Officer or Legal Counsel will pass critical information to all Board members.

There are limited restrictions when information cannot be provided. Draft documents (e.g. staff reports in progress, etc.) are under review and not available for release until complete and after review by District staff. In addition, there are legal restrictions on the agency's ability to release certain personnel information



even to members of the Board. Any concerns Board members may have regarding the release of information or the refusal of staff to release information, should be discussed with Legal Counsel for clarification.

Policies: There shall be mutual respect from both staff and Board members of their respective roles and responsibilities at all times. There is a need for access to staff by Directors and at the same time, unlimited access could result in work priority conflicts for staff.

Purpose: The purpose of the policies listed below is to facilitate Board/staff communications consistent with these principles.

1020.1 All requests for information or questions by the Board to staff outside of a Board or Committee meeting, shall be directed to the Chief Executive Officer, Legal Counsel, or the Clerk of the Board as appropriate and shall include the desired time and date for receiving the information. Staff will confirm the date they can provide the information. So that all Board members are equally informed, all written informational material requested by any Director shall be submitted by staff to all Board members with the notation indicating which Board member requested the information. If a Board member requests information from any other member of the staff, staff may either direct the matter to the Chief Executive Officer or may ask the Board member to contact the Chief Executive Officer directly.

1020.2 Individual Directors cannot directly assign work to staff members. Board initiated projects will follow organizational channels, through the Chief Executive Officer, unless there is an emergency. As no formal procedure will answer all cases, the following should be considered as a guide and used with restraint and judgment:

- a) Directors should clear all short-term requests of Staff with the Chief Executive Officer prior to contacting individual members of the staff and, in most cases, the Chief Executive Officer should direct and handle the request for the Director.
- b) For long-term, involved studies or where the matter includes confidential material, the Chief Executive Officer should be contacted and the subject matter discussed with the full Board at a Board meeting prior to staff working on the assignments.
- c) In the event that staff is a participant or representative of a Committee or Work Group of the Board, the Board may contact the staff member directly to request or provide information or confer regarding matters of the Committee or Work Group.

1020.3 At Board meetings and other public meetings, respectful communication is expected. Staff is encouraged to give their professional recommendations, and the Board should recognize that staff may make recommendations that could be viewed as unpopular with the public and with individual Board members. Board members may request clarification and ask questions of staff at public meetings, and Directors are encouraged to participate in healthy discussions amongst each other regarding items under discussion on the Agenda. However, Directors should refrain from debate with staff at Board meetings about staff recommendations or other items being discussed. Staff must recognize that the Board, as the decision maker, is free to reject or modify a



staff recommendation and that the Board's wishes will be implemented by staff even if it was contrary to a staff recommendation.

1020.4 Directors shall not attempt to coerce or influence staff, included in the making of recommendations, the awarding of contracts, the selection of consultants, the processing of any projects or applications, or the granting of permits. Directors shall not attempt to change or interfere with the operating policies and practices of any district department through interaction with staff. Individual Directors may discuss these items with the Chief Executive Officer to get clarification or raise concerns.

1020.5 Board members should not make public comments critical of the performance of a District staff member. Any concerns by a Director over the behavior or work of a district employee during a Board meeting should be directed to the Chief Executive Officer privately to ensure the concern is resolved. All complaints about employees from Directors should be submitted privately to the Chief Executive Officer or, if a complaint concerns the Chief Executive Officer, to Legal Counsel.

1020.6 Staff will respect the right of Directors to refuse to provide information or answers to staff and recognize that Directors may be bound by other rules of law or procedure that do not permit the Director to speak about the subject matter presented. If a Director violates any of the policies regarding communications as stated in this policy, any member of staff has the right to request that the Director speak directly with the Chief Executive Officer about the subject matter presented without any fear of reprisal.



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

July 10, 2018

Directors Present

District Staff Present

Absent

Chair/Treasurer Mark Matthews Director Jennifer Wortham, DrPH	Chris Christensen, Interim CEO and CFO Andrea S. Hayles, Clerk to the Board	Arthur Shorr, Community Member
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AGENDA ITEMS

DISCUSSION

ACTION

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	Chair Matthews called the meeting to order at 3:09 p.m.	
II. Approval of Agenda	Chair Matthews asked for a motion to approve the Agenda.	It was moved and seconded (Chair Matthews, Director Wortham) to approve the agenda. Motion passed unanimously.
III. Public Comment	No public comment.	
IV. Approval of Minutes	Chair Matthews asked for a motion to approve the minutes of June 12, 2018.	It was moved and seconded (Chair Matthews, Director Wortham) to approve the minutes. Motion passed unanimously.
V. CEO Report	None	
VI. Chief Financial Officer's Report 1. LPMP Leasing Update	VI.1. Chris Christensen, Interim CEO, provided an update on the Las Palmas Medical Plaza leases. Mr. Christensen also explained the upcoming	



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

July 10, 2018

	<p>financial audit the week of July 30.</p>	
<p>VII. Financial Reports</p>	<p>VII.1.-10. The Financial Reports were reviewed with Chris Christensen, Interim CEO. Director Matthews requested for the record, Staff describe the variances for the line-item expenses. The Net Loss exceeding the budget for the year of \$647,000 is mostly a result of the cost of consultants Kaufman Hall and other entities for matters such as seismic, expansion, zoning, focus groups, and the Ad Hoc Committee on New Providers, Facilities, Programs, and Services. Mr. Christensen highlighted the property tax revenue exceeding the budget by \$250,000 indicating that the expenses are preliminary for the month.</p> <p>It was noted that the credit card expenditures would decrease with the departure of the prior CEO. Some personal expenses by the preceding CEO have been reimbursed to the District. Although there are itemizations of the credit card expense receipts, the receipts are not included in the monthly packet. Director Matthews requested a detailed listing of the credit card expenditures that consists of the description and attendees, if applicable.</p> <p>Mr. Christensen explained the challenges of obtaining receipts</p>	<p>It was moved and seconded (Chair Matthews, Director Wortham) to approve the Preliminary June 2018 District Financial Reports - Items 1-10 and to forward to the Board for approval.</p> <p>Motion passed unanimously.</p>



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

July 10, 2018

	<p>from the prior CEO; therefore, a few are missing. Mr. Christensen explained that more employees are commencing retirement at Desert Regional Medical Center and there are sufficient funds in the investment account to cover the payments.</p>	
<p>VIII. Other Matters</p> <p>VIII.1. LPMP Lease Addendum #2 – Eyecare Services Partners</p> <p>VIII.2. LPMP Lease Dr. Awad – Suite 3W-105</p>	<p>VIII.1. Chris Christensen, Interim CEO, explained that Eyecare Services Partners, formerly Millauskas Eye Institute entered a new five-year lease commencing on March 1. Once a tenant enters a new lease, the District requires tenant improvements with the installation of fire sprinklers or other fire-related renovations. Given the extensive work, the tenant’s office will close for six weeks. Eyecare Services Partners requested an abatement for the rent portion only – not CAM’s and offered to extend the lease by one month at the end of the term.</p> <p>VIII.2. Chris Christensen, Interim CEO, described Dr. Awad’s current three-year lease of 1,000 sq. ft. and Dr. Awad’s request for a larger suite that is 1,500 sq. ft. The Tenant Improvements (TI) are extensive including the fire sprinklers. The TI costs are \$17.50 per sq. ft. - \$27,000. Dr. Awad will presently occupy both suites; however, Dr. Awad may choose to terminate the</p>	<p>It was moved and seconded (Chair Matthews, Director Wortham) to approve LPMP Lease Addendum #2 – Eyecare Services Partners and forward to the Board for approval. Motion passed unanimously.</p> <p>It was moved and seconded (Chair Matthews, Director Wortham) to approve LPMP Lease Dr. Awad – Suite 3W-105 and forward to the Board for approval. Motion passed unanimously.</p>



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

July 10, 2018

<p>VIII.3. DHCD Retirement Plan (457b & 401a) – New Service Provider Proposal</p>	<p>current three-year lease with a 90-day notice for termination.</p> <p>VIII.3. Chris Christensen, Interim CEO, explained the Retirement Plan for Staff that was presented at the June meeting as a result of Principle eliminating the administrative portion. BCJ Financial Group presented the recommendation of Sunwest. Based on Staff concerns and suggestions, additional research was conducted on well-known organizations such as Vanguard. The costs are slightly higher, but the firm is recognized and renowned.</p>	<p>It was moved and seconded (Chair Matthews, Director Wortham) to approve DHCD Retirement Plan (457b & 401a) – New Service Provider Proposal for Vanguard and forward to the Board for approval. Motion passed unanimously.</p>
<p>VIII.4. Volunteer Community Committee Members</p>	<p>VIII.4. Chris Christensen, Interim CEO, described the current and past community volunteer members of the F&A Committee meeting, and the necessity for more volunteers. Director Matthews recommends considering recruits once the expansion passes the ballot.</p>	<p>It was moved and seconded (Chair Matthews, Director Wortham) to table the action until after the expansion. Motion passed unanimously.</p>
<p>IV. Adjournment</p>	<p>Chair Matthews adjourned the meeting at 3:36 p.m.</p>	<p>Audio recording available on the website at http://dhcd.org/Finance-and-Administration</p>

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

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

Chief Financial Officer's Report

July 10, 2018

FY year-end audit work is underway. The auditors will be back in the office the week of June 30th.

Las Palmas Medical Plaza - Property Management:

Occupancy:

See attached unit rental status report.

92.7% currently occupied –

Total annual rent including CAM fees is \$1,189,222.

Leasing Activity:

We have been experiencing some recent interest in the vacant suites. Staff is bringing forward a draft lease agreement for Suite 3W-105.

The two additional vacant suites (1W104 & 105) are adjacent and each are approximately 1,000 sq ft. We have experienced interest in a 2,000 sq ft suite.

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

Unit	Tenant Name	Deposit	Lease Dates		Term	Unit Sq Feet	Percent of Total	Monthly Rent	Annual Rent	Rent Per Sq Foot	Monthly CAM	Total Monthly Rent Inclg CAM	Total Annual Rent Inclg CAM
			From	To									
											\$ 0.62		
1W, 104	Vacant					1,024	2.07%						
1W, 105	Vacant					1,060	2.15%						
3W, 105-106	Vacant					1,536	3.11%						
Total - Vacancies						3,620	7.33%						
Total Suites-33 - 29 Suites Occupied		\$ 58,516.90				49,356	92.7%	\$ 70,871.99	\$ 850,463.88	\$ 1.55	\$ 28,229.84	\$ 99,101.83	\$ 1,189,221.96
Summary - All Units													
	Occupied	45,736	92.7%										
	Vacant	3,620	7.3%										
	Total	49,356	100%										



Date: July 24, 2018

To: Board of Directors

Subject: Addendum #2 – EyeCare Services Partners Management LLC, 1E-101

Staff recommendation: Consideration to approve the Addendum #2 for EyeCare Services Partners Management LLC at the Las Palmas Medical Plaza.

Background:

- EyeCare Services Partners Management LLC (Milauskas Eye Institute) is a long time tenant of LPMP and renewed a 5 year lease March 1, 2018
- As part of the new lease, tenants are required to install fire sprinklers with their TI work and will require downtime for the business.
- EyeCare Services Partners Management LLC would like to request a Rent Abatement of up to 6 weeks, as a concession for the office closure during installation of fire sprinklers.
- EyeCare Services Partners Management LLC, with consideration of the rent abatement, will extend the lease term by one (1) additional month. New Lease Expiration date 03/31/2023.
- At the July 10, 2018 F&A Committee meeting, the Committee recommended forwarding to the Board for consideration of approval.
- Staff recommends approval of Addendum #2 for EyeCare Services Partners Management LLC.
- Addendum is attached for your review.

Fiscal Impact:

Rent Abatement: Up to \$6,472, if 6 weeks of lost rental income. However, the 1 month extension will assist in offsetting the overall lease income.

ADDENDUM #2

Addendum to that certain Office Building Lease dated March 1, 2018 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord, and EyeCare Services Partners Management LLC, a Delaware limited liability company as Tenant for the property commonly known as Las Palmas Medical Plaza located 555 E. Tachevah Drive, Palm Springs, CA 92262.

Page 1

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

- A. As a concession for the office closure during installation of fire sprinklers, Landlord offers a rent abatement of up to six (6) weeks.
- B. Tenant agrees to add one (1) month to the lease term. Lease Expiration 03/31/2023

All other terms and conditions remain unchanged.

The foregoing is hereby agreed to and accepted:

Date: _____

Date: _____

Landlord: Desert Healthcare District
dba: Las Palmas Medical Plaza

Tenant: _____

By: _____

By: _____

Signature: _____

Signature: _____

Title: _____

Title: _____



Date: July 24, 2018
To: Board of Directors
Subject: Lease Agreement – Ramy Awad, M.D. 3W 105

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

Background:

- Dr. Awad has been a long standing tenant of the Las Palmas Medical Plaza
- Dr. Awad is currently leasing Suite 2W-107, in year 1 of a 3-year lease, in addition to entering into a new 5-year lease with base rent of \$1.45/sf.
- Dr. Awad may, at a later date, request to terminate the lease in suite 2W-107.
- Dr. Awad has also requested a Tenant Improvement allowance of \$17.50/sf (26,880.00)
- At the July 10, 2018 F&A Committee meeting, the Committee recommended forwarding to the Board for consideration of approval.
- Staff recommends approval of the draft lease agreement subject to Dr. Awad's approval.
- Draft lease agreement is attached for your review.

Fiscal Impact:

Estimated revenue from Rent and CAMs for life of the lease - \$199,033

Estimated cost of Tenant Improvement Allowance (\$17.50/sf) - \$26,800

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OFFICE BUILDING LEASE

This Lease between Desert Healthcare District, doing business as Las Palmas Medical Plaza hereinafter referred to as "Landlord", and Dr. Ramy Awad, referred to as "Tenant", and is dated August 1, 2018.

1. LEASE OF PREMISES.

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

2. DEFINITIONS.

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

- a. *Base Rent (Initial)*: \$ Twenty Six Thousand Seven Hundred Twenty Six & 40/100 (26,726.40) per year.
- b. *Base Year*: The calendar year of October 1 to September 30.
- c. *Broker(s)*:
Landlord's: N/A
Tenant's: N/A
In the event that N/A represents both Landlord and Tenant, Landlord and Tenant hereby confirm that they were timely advised of the dual representation and that they consent to the same, and that they do not expect said broker to disclose to either of them the confidential information of the other party.
- d. *Commencement Date*: The earlier of Certificate of Occupancy or October 1, 2018.
- 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*: September 30, 2023, unless otherwise sooner terminated in accordance with the provisions of this Lease.
- g. *Landlord's Mailing Address*: 1140 N. Indian Cayon Dr. Palm Springs, CA 92262
Tenant's Mailing Address: 555 E. Tachevah Dr. 3W-105 Palm Springs, CA 92262
- h. *Monthly Installments of Base Rent (initial)*: \$ Two Thousand, Two Hundred Twenty Seven and 20/100 Dollars (\$2,227.20) per month.
- i. *Project Operating Costs (CAMs)*: Currently Sixty-two Cents (\$.62) per square foot per month.
- j. *Tenant Improvement Allowance (TI)*: Seventeen and 50/100 Dollars (\$17.50) per square foot or Twenty Six Thousand eight hundred eighty & 00/100 Dollars (\$26,880.00).
- k. *Parking*: Tenant shall be permitted, to park 7 cars on a non-exclusive basis in the area(s) designated by Landlord for parking (for Staff - generally in the back of the parking area, perimeter streets, and Wellness Park parking lot). Tenant shall abide by any and all parking regulations and rules established from time to time by Landlord or Landlord's parking operator.
- l. *Premises*: That portion of the Building containing approximately 1536 square feet of Rentable Area, located in Building 3W and known as Suite 105.
- m. *Project*: The building of which the Premises are a part (the "Building") and any other buildings or improvements on the real property (the "Property") located at 555 E. Tachevah Drive, Palm Springs, California 92262. The Project is known as The Las Palmas Medical Plaza.
- n. *Rentable Area*: As to both the Premises and the Project, the respective measurements of floor area as may from time to time be subject to lease by Tenant and all tenants of the Project, respectively, as determined by Landlord and applied on a consistent basis throughout the Project.

_____ District _____ Recipient

- o. *Security Deposit (Section 7)*: \$ Two Thousand, Two Hundred Twenty Seven and 20/100 Dollars (\$2,227.20) Upon execution of Lease .
- p. *State*: the State of California.
- q. *Tenant's First Adjustment Date (Section 5)*: The first day of the calendar month following the Commencement Date plus 12 months.
- r. *Tenant's Proportionate Share*: 3.11 %. Such share is a fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of six building(s) containing a total Rentable Area of 49,356 square feet.
- s. *Tenant's Use Clause (Article 8)*: General office use consistent with and use the City may allow under the City of Palm Springs zoning, subject to Landlord's reasonable approval.
- t. *Term*: The period commencing on the Commencement Date and expiring at midnight on the Expiration Date.

3. EXHIBITS AND ADDENDA.

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

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

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

4. DELIVERY OF POSSESSION.

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

5. RENT.

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

5.2 *Adjusted Base Rent*:

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

5.3 *Project Operating Costs(CAMs)*:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. INTEREST AND LATE CHARGES.

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

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7. SECURITY DEPOSIT.

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

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

8. TENANT'S USE OF THE PREMISES

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

9. SERVICES AND UTILITIES.

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

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

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

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

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

10. CONDITION OF THE PREMISES.

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

11. CONSTRUCTION, REPAIRS AND MAINTENANCE.

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

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

12. ALTERATIONS AND ADDITIONS.

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

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

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

13. LEASEHOLD IMPROVEMENTS; TENANT'S PROPERTY.

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

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

14. RULES AND REGULATIONS.

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

15. CERTAIN RIGHTS RESERVED BY LANDLORD.

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

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

16. ASSIGNMENT AND SUBLETTING.

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

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

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

17. HOLDING OVER.

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

18. SURRENDER OF PREMISES.

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

19. DESTRUCTION OR DAMAGE.

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

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

20. EMINENT DOMAIN.

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

21. INDEMNIFICATION.

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

22. TENANT'S INSURANCE.

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

23. WAIVER OF SUBROGATION.

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

24. SUBORDINATION AND ATTORNMENT.

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

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

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25. TENANT ESTOPPEL CERTIFICATE.

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

26. TRANSFER OF LANDLORD'S INTEREST.

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

27. DEFAULT.

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

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

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

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

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

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

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

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

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

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

28. BROKERAGE FEES.

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

29. NOTICES.

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

30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

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

31. RELOCATION OF PREMISES.

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

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

32. QUIET ENJOYMENT.

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

33. OBSERVANCE OF LAW.

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

34. FORCE MAJEURE.

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

35. CURING TENANT'S DEFAULTS.

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

36. SIGN CONTROL.

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

37. MISCELLANEOUS.

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

_____ District _____ Recipient

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

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

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

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

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

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

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

Date:	_____	Date:	_____
Landlord:	<u>Desert Healthcare District</u>	Tenant:	_____
	<u>dba: Las Palmas Medical Plaza</u>		
By:	<u>Herb K. Schultz</u>	By:	_____

_____ District _____ Recipient

Signature: _____

Signature: _____

Title: CEO _____

Title: _____

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

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

DRAFT

EXHIBIT "A"

RULES AND REGULATIONS

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

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

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

_____ District _____ Recipient

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

Landlord's Initials

Tenant's Initials

DRAFT

ADDENDUM

Addendum to that certain Office Building Lease dated _____ 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:** The earlier of certificate of Occupancy or October 1, 2018
- 2. **Expiration Date:** September 30, 2023
- 3. **Rent Schedule:**

10/1/2018-9/30/2019	\$2227.20	
10/1/2019-9/30/2020	\$2294.02	Grater of 3% or CPI
10/1/2020-9/30/2021	\$2362.84	Grater of 3% or CPI
10/1/2021-9/30/2022	\$2433.72	Grater of 3% or CPI
10/1/2022-9/30/2023	\$2506.73	Grater of 3% or CPI
- 4. **CAMs:** Currently \$.62 per square foot.
- 5. **Security Deposit:** Upon execution of Lease, Tenant shall deposit \$ Two Thousand, Two Hundred Twenty Seven and 20/100 Dollars (\$2,227.20) amount equal to one month's rent for security deposit.

The foregoing is hereby agreed to and accepted:

Date: _____	Date: _____
Landlord: <u>Desert Healthcare District</u>	Tenant: _____
<u>dba: Las Palmas Medical Plaza</u>	
By: <u>Chris Christensen</u>	By: <u>Ramy Awad M.D</u>
Signature: _____	Signature: _____
Title: <u>Interim CEO</u>	Title: <u>M.D.</u>



Date: July 24, 2018
To: Board of Directors
Subject: District Retirement Plan (457b & 401a) – New Third Party Administrator Proposal

Staff Recommendation:

Consideration to approve converting to a new Third Party Administrator (TPA) for the District's 457(b) and 401(a) retirement plans.

Background:

- The District offers a Defined Employee Contribution Plan 457(b) and an Employer Funded Retirement Plan 401(a) to its Staff.
- The District is represented by Mr. Clinton Brown of BCJ Capital Management.
- The current TPA for the Plans and investment services is Principal Financial Group.
- Staff recently was notified by Principal that the Administrative Document Services are being discontinued by Principal, requiring the District to engage with a separate entity to provide this service.
- Staff has reviewed options with Mr. Brown and believes the District would be better served to convert to a new TPA who will provide full services.
- At the June 12, 2018 F&A Committee meeting, Staff presented information to the Committee. Staff and the Committee presented questions regarding the various firms. The Committee directed the CFO to review the TPA options with Staff to select an agreed upon TPA.
- Staff has reviewed the options and prefers Vanguard over Sunwest due to better name recognition.
- At the July 10, 2018 F&A Committee meeting, the Committee recommended forwarding to the Board for consideration of approval.
- Staff recommends converting to Vanguard as the District's TPA.

Fiscal Impact

- Current provider (Principal) cost is \$15,867 per year (\$6,515 ER and \$9,352 EE) plus \$2,700 (New Documents & TPA Fee).

- Vanguard cost is \$12,441 per year (\$6,950 ER and \$5,491 EE) plus \$3,000 setup fee.
- Sunwest cost is \$11,409 per year (\$4,400 ER and \$7,009 EE). Setup fee of \$3,000 is waived. Although initially less expensive, Sunwest includes a Custody Fee, which over time, will become more expensive than Vanguard.
- Vanguard is a more well-known firm than Sunwest.

Desert Healthcare District: 401a and 457 Plan Analysis Summary

- **Current Landscape:** Principal dropping Plan Document Administration Services
 - Principal’s Current charge of \$1,000 per year stays constant despite change
 - Plan Document Services are required, and will need to be hired out
- **Options:**
 - **Stay with Principal:**
 - Advantages: No movement of Employee money; Business as Usual; Clinton drops fee from .75 to .50
 - Disadvantages: New fees added to the plan; Investment Lineup Limited; Fees increase over time
 - **Move from Principal:**
 - Advantages: Fees drop significantly now and over time; All-Star line-up of investment funds; Can still have an “all-in-one” feel
 - Disadvantages: Employees accounts will be on the move; Employees will need to choose new investment options; Blackout period will apply; Learning new systems

Move from Principal Recommendation: To an Open Architecture Platform –

- Fee Comparison Below; “With Growth” means 5 years from now with \$30k per year deposited and 3% growth
- Open Architecture Advantages: Can choose from investment universe; Age based funds can be Risk Defined; Tactical Management Allowed; BCJ Management Allowed

Current Principal - 401		Asset Based Fee	Flat Fee	Per Participant	Current	Who Pays?	With growth
Investment Expense		0.73%			\$ 788.37	EE	\$ 1,025.98
Revenue Sharing		0.36%			\$ 388.79	EE	\$ 505.96
Recordkeeping		1.15%			\$ 1,241.95	ER	\$ 1,616.27
CAC					\$ -		
Administration			1,000.00		\$ 1,000.00	ER	\$ 1,000.00
Fiduciary					\$ -		\$ -
Investment Advice/Advisor Fees		0.75%			\$ 809.97	EE	\$ 1,054.09
2.99%					\$ 4,229.08		\$ 5,202.29

Current Principal - 457		Asset Based Fee	Flat Fee	Per Participant	Current	Who Pays?	With growth
Investment Expense		0.73%			\$ 3,715.70	EE	\$ 5,925.41
Record Keeping from Revenue Sharing		0.36%			\$ 1,832.40	EE	\$ 2,922.12
Recordkeeping		0.25%			\$ 1,272.50	ER	\$ 2,029.25
CAC		0			\$ -		
Administration			1,000.00		\$ 1,000.00	ER	\$ 1,000.00
Fiduciary					\$ -		\$ -
Investment Advice/Advisor Fees		0.75%			\$ 3,817.50	EE	\$ 6,087.75
2.09%					\$ 11,638.10		\$ 17,964.53

OPTION 1: SUNWEST PENSIONS

Sunwest – 401	Transition cost	Asset Based Fee	Flat Fee	Per Participant	Totals	Who Pays?	With Growth
Admin				\$ 70.00	\$ 2,200.00	ER	\$ 2,200.00
RK/Custody		0.20%			\$ 500.00	EE	\$ 500.00
Investment Expense		0.29%		\$ -	\$ 313.19	EE	\$ 407.58
Revenue Sharing		0.00%			\$ -		\$ -
3(38)		0.10%			\$ 108.00	EE	\$ 140.54
Advisor		0.50%		\$ -	\$ 539.98	EE	\$ 702.72
<i>Effective New Aggregate Asset Based Fee</i>							
	\$ -	1.09%			\$ 3,661.16		\$ 3,950.85

Sunwest - 457	Transition cost	Asset Based Fee	Flat Fee	Per Participant	Totals	Who Pays?	With Growth
Admin				\$ 70.00	\$ 2,200.00*	ER	\$ 2,200.00
RK/Custody		0.20%			\$ 1,018.00	EE	\$ 1,623.40
Investment Expense		0.29%		\$ -	\$ 1,476.10	EE	\$ 2,353.93
Revenue Sharing					\$ -		\$ -
3(38)		0.10%			\$ 509.00	EE	\$ 811.70
Advisor		0.50%		\$ -	\$ 2,545.00	EE	\$ 4,058.50
<i>Effective New Aggregate Asset Based Fee</i>							
	\$ -	1.09%			\$ 7,748.10		\$ 11,047.53

OPTION 2: VANGUARD

Vanguard – Bundled - 401	Transition cost	Asset Based Fee	Flat Fee	Per Participant	Totals	Who Pays?	With Growth
Administration, Record Keeping,	1,500.00	0.00%	\$ 3,475.00		\$ 3,475.00	ER	\$ 3,475.00
Investment Expense		0.29%			\$ 313.19	EE	\$ 407.58
3(38)		0.10%			\$ 108.00	EE	\$ 140.54
Non-Fiduciary Services		0.50%			\$ 539.98	EE	\$ 702.72
<i>Effective New Aggregate Asset Based Fee</i>							
	\$ 1,500.00	1.67%			\$ 4,436.17		\$ 4,725.85

Vanguard Bundled - 457	Transition cost	Asset Based Fee	Flat Fee	Per Participant	Totals	Who Pays?	With Growth
Administration, Record Keeping, Custody	\$ 1,500.00	0.00%	\$ 3,475.00		\$ 3,475.00	ER	\$ 3,475.00
Investment Expense		0.29%			\$ 1,476.10	EE	\$ 2,353.93
3(38)		0.10%			\$ 509.00	EE	\$ 811.70
Non-Fiduciary Services		0.50%			\$ 2,545.00	EE	\$ 4,058.50
<i>Effective New Aggregate Asset Based Fee</i>							
	\$ 1,500.00	1.57%			\$ 8,005.10		\$ 10,699.13



DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE MEETING
MEETING MINUTES
July 19, 2018

Directors Present	District Staff Present	Absent
Chair, Carole Rogers, RN President, Les Zendle, MD	Chris Christensen, Interim CEO Andrea S. Hayles, Clerk of the Board	

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	The meeting was called to order at 9:30 a.m. by Chair Rogers.	
II. Introductions	Chair Rogers invited all in attendance to introduce themselves.	
III. Approval of Agenda	Chair Rogers asked for a motion to approve the agenda.	Moved and seconded by President Zendle and Chair Rogers to approve the agenda. Motion passed unanimously.
IV. Public Comment	Mary Anne Pugin, Coachella Valley Deaf Core Committee presented public comments that are attached to the Minutes. Ms. Pugin is one of three hearing-impaired persons on the committee. The other two are Phillip Rubin and Ken Mikos that were unable to attend the Hospital Governance and Oversight Committee meeting.	
V. Approval of Meeting Minutes	Chair Rogers asked for approval of the June 21, 2018 Meeting Minutes.	Moved and seconded by President Zendle and Chair Rogers to approve the agenda. Motion passed unanimously.
VI. Old Business	None	
VII. New Business VII.1. Desert Regional Medical Center Emergency Department Project 2. Desert Care Network/Desert Regional Medical Center Urgent Care Center Openings	Michele Finney, CEO, Desert Regional Medical Center provided an overview of her presentation on the Emergency Room Services - blended into one presentation with the Urgent Care Center Openings. Mrs. Finney described the Expansion, Remodel, ER Express Program, and Care Continuity Program commencing with a	



DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE MEETING
MEETING MINUTES
July 19, 2018

	<p>list of services in the wrap around brand of Desert Care Network. Tenet Healthcare's separate division will oversee the new Urgent Care Centers. An overview of the broad range of services was presented, which also includes Pediatric Care. The two facilities – one in Palm Desert and one in North Indio are scheduled to open on August 15.</p> <p>Details of the Emergency Room remodel and upgrade were presented. Phase 1 involves the transition of office space into treatment bays. California Department of Public Health (CDPH) is expected to issue the license for the beds in approx. one month. There has been significant improvement in the past five years on the walkout rate and increasing the turnaround time to a provider for evaluation and care for admitting or treating and releasing the patient.</p> <p>ER Express as described by Mrs. Finney allows patients to visit a referring provider or ER and obtain a higher level of care in a method for an outpatient care provider with a determination of need to the ER. Express saves time, expedites care, and keeps the provider in the loop.</p> <p>The Care Continuity Program coordinates care after hospitalization with nine navigators that work with patients on post care/discharge</p>	
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DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE MEETING
MEETING MINUTES
July 19, 2018

	and transition in the ER. 3,200 patients are screened per month generally for follow up appointments as illustrated in the Care Coordinator Metrics.	
Public Comment	Peter Green, District Resident, explained that as a paramedic, San Francisco has city-owned subacute care with family residence in-house 24 hours a day. Mr. Green further detailed that if the patient needs a higher level of care, the patient is at the mercy of the hospital, and discussed Skilled Nursing Facilities (SNF) for patients with hip fractures cardiology, and neurology that uses telerobots.	
VIII. Adjournment	<p>Before adjourning the meeting, Chair Rogers inquired with Michele Finney, CEO, Desert Regional Medical Center concerning future topics for the Hospital Governance and Oversight Committee. Chair Rogers suggested the SGH FCA seismic update that will conclude in approximately five months.</p> <p>Chair Rogers adjourned the meeting at 10:25 a.m.</p>	Audio recording available on the website at http://dhcd.org/Hospital-Governance-Oversight-Committee

ATTEST: _____
 Carole Rogers, Chair/Vice-President/Secretary
 Hospital Governance and Oversight and Committee

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

My name is Mary Anne Pugin. I am one of three Deaf people on the Coachella Valley Deaf Core Committee. The other two, Philip Rubin and Ken Mikos, are not able to be here today.

We are advocating for accessibility for Deaf residents and visitors of Coachella Valley within various business and service venues, including health and medical/emergency facilities. Accessibility includes cultural sensitivity training, American Sign Language (ASL) interpreting, and closed captioning, to name a few.

We had a productive meeting on June 6, 2018 with Desert Regional Medical Center key people (*all but one are not board members; they're mostly administrators/directors*) regarding accessibility at this hospital. We plan to seek further dialogue with these officials in the near future.

We are also planning to get in touch with officials of Desert Healthcare District and the Desert Healthcare Foundation at the opportune time and request dialogue as well on the subject of accessibility for Deaf people.

Thank you for providing ASL interpreting for this meeting today!

.....
*Desert Healthcare District Hospital Governance and Oversight Committee Meeting
Desert Regional Medical Center, Jerry Steraios Building, 2nd Floor
Arthur H. "Red" Molley Boardroom
1140 N. Indian Canyon Drive, Palm Springs, California 92262
July 19, 2018*



Date: July 24,2018

To: Board of Directors

Subject: Resources and Philanthropy – New Grant Request HARC 2019
Community Health Monitor - \$399,979 over two years

Staff recommendation:

Information for discussion and input from the Board on the HARC grant request.

Background:

In September of 2015 HARC was approved for the 2016 Community Health Monitor - \$499,995 over three years. Term of the grant 11/1/15 through 10/31/18.

During this approval process (September 2015), there was heavy discussion on democratization of data now being required both on a Federal and State level.

HARC representatives agreed that the Community Health Monitor should never be used to obtain data that is easily assessable to the public and would ensure that the 2016 Monitor took this into consideration.

It was also during this conversation that the Board Chair of HARC (Purdy) explained to the District's BOD the new strategic plan was based on the principal of expanding the services of HARC to include contractual work with service providers and other non-profits to create a more sustainable business model.

The conclusion of this meeting was an approval of the HARC grant with the increase of deliverables that identify priorities issues and gaps to make use of the data.

The November 17,2015 BOD meeting finalized these additional deliverables and included the agreement for joint ownership of the RAW data, as well as customized analysis to support District initiatives, strategies, and other data-drive projects.

Staff Conclusion:

Based on the history and the new 2017 District strategic plan, staff recommends the following prior to submittal of a full grant application to the Board for approval:

- A. HARC to first establish the data the 2019 survey will focus on that is not duplicative of existing publicly available data supported by stakeholder input obtained during the 2016 process.
- B. In the current grant application there is reference to the importance of comparing data from previous monitors to show trends in community health. However, staff would like to understand this concept further, as there have been changes in the questions over the last 4 monitors, and the proposed monitor will have a push for participation of the Latino population. We applaud HARC for moving in a direction to obtain more accurate data for the overall population, but we are concerned this

will skew the trendline on a look back process.

- C. Based on the process established in 2015, it is recommended the language about the joint use and access to the raw data be spelled out in the new grant application.
- D. Staff would like to move forward with conversations with HARC to alternatively consider a growing partnership with DHCD/F to support four Community Health Focus areas of the District's strategic plan and its two significant collective funds (Homelessness and Behavioral Health). This concept is believed to be in support of both organization's strategic plans.

Fiscal Information Only:

New 2019 Community Health Monitor grant request is for two of the three years this program takes. The request - \$399,979 represents 57% of the two-year budget of \$699,606. For comparison purposes only, the requested amount of the total three-year budget is 53.5% (Budget of 747,509 for 3years - 3rd year funding by HARC)

Total Request of \$399,979 represents 11% of the District's grant budget for fiscal year 2018-19



Date: July 24, 2018

To: BOARD OF DIRECTORS

Subject: Grant #934 Well in The Desert – request to amend for an increase in funds to support Cooling Site operations

Staff recommendation: Staff has determined that the costs associated with running the cooling site have no correlation to the existing grant and would recommend:

- A) Do not amend the current grant for costs incurred by the cooling center;
- B) allow the current grant to close as approved (September 30, 2018); and
- C) Determine if the City of Palm Springs would like to amend the existing MOU to divert the District's matching funds to another strategy of the City's Homelessness Initiative

Background: On June 1, 2018, PS City Councilman Geoff Kors reached out to CEO Herb Schultz to request financial support for the cooling site at the Well as the anticipated costs for utilities, supplies and general operation are anticipated to increase due to the expansion of hours for the summer months.

This was prompted by a \$24,000 request of Well in The Desert Executive Director Arlene Rosenthal to the City of Palm Springs to pay for the increased costs. It is Staff's understanding that this request is in addition to the original \$50,000 the City approved giving to the Well last fiscal year 17-18.

At the July 18, 2018 City Council meeting, the Well in The Desert's request for \$78,500 (\$3,500 in-kind and \$75,000 cash) was approved for fiscal year 18-19. At the meeting, it is worth noting that Councilman Kors reiterated his suggestion that the Desert Healthcare District contribute ½ of the amount requested, stating that the City and the District/Foundation are partners in homelessness issues. Executive Director Rosenthal suggested that the City honor the entire requested amount as the Well accommodated the City's request that the Well extend its hours in the summer to offer a cooling center at their current location.

Formally, the Well has requested from the Desert Healthcare District additional funds, with the consideration be given to increase the current grant award (Grant #934 – the

vans) to pay for the increased costs (encouraged by PS City Council). Staff has determined that the costs associated with running the summer cooling center site have no correlation to the existing grant; hence the recommendation above to *not* amend the existing award for increased costs incurred.

History: At the July 25, 2017 Board of Directors meeting, the Directors approved a grant for \$84,798.15 to the Well in The Desert to purchase two vans with extended warranties, gasoline and insurance for one year. The term of the grant is from August 1, 2017 through September 30, 2018.

The vans have been purchased and are in use. When the Well in The Desert submits their final report, a 10% retention of \$8,479.80 will be released, contingent on acceptance of the final receipts.

In correlation, the City of Palm Springs has a Homelessness Initiative, allocating \$1.3 million for services to the homeless. The Desert Healthcare District, in an MOU with the City of Palm Springs, gave matching funds to two programs within the City's Homelessness Initiative: Wrap Around Services case management and the expansion of the Mental Health Housing Crisis Team. District staff will be reaching out to the City to ask if the City would like to amend the existing MOU scope of work to perhaps redirect the matched funds to an additional strategy of their initiative – such as supporting the cooling center at the Well.



Date: July 24,2018
To: Board of Directors
Subject: Resources and Philanthropy – Grant Update

Staff recommendation:

Information only of status update of new and existing grants.

Background:

New Grant Status update:

March 27 and April 2 Staff presented to the Board, Draft Grant program structure enhancement plan - Phased in approach that took into consideration the removal of the Program Committee and the focus on the District's Strategic Plan – Priority #3 Community Health Focus areas – supported by the 4 Identified grant funding Categories; Proactive – Prescriptive – Leveraged - Reactive. Staff will bring forward a finalized enhanced grant structure for full Board review September 25,2018

To date we have received the following LOI's and Grant Applications that staff is working in a proactive manner to perform all due diligence and align requests with Strategic Priorities and Phased in Grant structure.

HARC – Grant Application – Staff review, and meeting is step up to discuss DHCD Strategy and staff recommendations - Under the Quality, Safety, Accountability and Transparency Health Focus Area – Proactive Category – See staff report for conversation

DIGICOM – Grant Application sent – have not received actual application for staff review -LOI: \$150,000 over 2 years for student film project focusing on behavioral health – Community Focus Area: Access to Primary and Behavioral Health Care – Proactive Category – staff suggests a coordinated effort of inclusion with the Mindfully Resilient project in Desert Hot Springs High School

UCR SCHOOL OF MEDICINE – Grant Application – \$536,157 mobile medical unit through expansion of the Residents Street Program - staff review with Director Hazen and President Zendle – continue with meetings to fully flesh out as a possible “pilot” program and collaboration with other suggested partners – Community Focus Area(s): Homelessness & Behavioral Health Care Initiatives – Leverage Category

LETTERS OF INTEREST:

ALLIANCE FOR A HEALTHIER GENERATION - \$459,105 over 3 years for “Healthy Out of School Time Implementation Plan” and Healthy Schools Program Sustainability Model Implementation Plan” – Community Focus Area: Healthy Eating/ Active Living – Staff suggests when the expansion is approved for use on all 3 school districts – Leverage

Category

EL SOL NEIGHBORHOOD EDUCATION CENTERS - \$400,000 over 3 years for Diabetes Education using the Promotoras model – Community Focus Area: Healthy Eating/Active Living – Leverage Category

CANCER PARTNERS (formerly known as Gilda’s Club) - \$130,000 for development of a “Youth Grief & Loss Support Program” – Community Focus Area: Access to Primary Care and Behavioral Health – Staff suggests when Health Career Connection Intern Kayla Bentley completes the map of Mental Health/Behavioral Health School Support Services in all schools within the 3 school districts, determine if Cancer Partners program is duplicative or fills a gap – Prescriptive Category

JOSLYN CENTER - \$103,000 for Wellness Center healthy lifestyle programs – Community Focus Area: Healthy Eating/Active Living – Proactive Category

DESERT AIDS PROJECT – \$5 million over 5 years (\$1 million/year) – renovation and combination of existing building & acquisition of Riverside County Family Care Center; construction of transitional housing complex – Community Focus Area: Access to Primary and Behavioral Health Care - Leverage Category – CAPITAL GRANT requests are on pause until Kaufman Hall road map received, reviewed and accepted by Board for new facilities, providers, services & programs

LIFESTREAM BLOOD BANK - \$301,676.92 for the purchase of a Mobile Blood Collection Trailer and Truck to pull it – Community Focus Area: Access to Primary and Behavioral Health Care – Leverage Category – CAPITAL GRANT requests are on pause until Kaufman Hall road map received, reviewed and accepted by Board for new facilities, providers, services & programs

RANCH RECOVERY CENTERS - \$58,000 office expansion buildout – Community Focus Area: Access to Primary and Behavioral Health Care – Leverage Category - CAPITAL GRANT requests are on pause until Kaufman Hall road map received, reviewed and accepted by Board for new facilities, providers, services & programs

EXISTING GRANTS STATUS UPDATE – Progress reports received

Grant # 939: LOMA LINDA UNIVERSITY: *Cathedral City Dream Homes Initiative* – conducting Community Health Needs Assessment- is meeting and/or exceeding the deliverables set forth by the grant. The five Community Health Workers (CHW’s) have successfully completed their coursework and training at the Loma Linda University-Promotora Academy. They are utilizing their newly acquired skills to organize several community-based activities, such as a health resource fair, where 30 organizations provided health and wellness resources to 200 community residents who attended the event. The CHW’s also organized a community clean-up day in partnership with the Cathedral City-Public Works Department, who provided large trash bins to residents to dispose of trash and rubbish around their home. Lastly, the CHW’s have collected a total of 141 needs assessment surveys from the Dream Homes community and will continue to reach residents who have not completed a survey.

Grant #908 ANGEL VIEW: *AV Outreach Family Stabilization Program*: a two-year grant to help stabilize 50 District children with disabilities and their families with comprehensive case management and wrap around services – grant on-track and ended June 30, 2018 – final report is due July 31st.

Grant #953 FIND FOOD BANK – *Project Produce*: to distribute more than 5 million pounds of fresh produce to food insecure and hungry clients across the Coachella Valley. The grant is on track in meeting their proposed quarterly grant projections of produce distribution, outreach work, engagement with non-traditional partners, and researching client-resource tracing software.

Grant #891 JEWISH FAMILY SERVICE OF THE DESERT – *Mental Health Outpatient Treatment Services for Low Income Coachella Valley Residents*: to provide counseling services to individuals, couples, and families on a sliding fee scale out of the Palm Springs office. Provides school-based counseling at no charge to students or families at 10 Palm Springs Unified School District elementary schools. The grant is on track in meeting their proposed six-month grant projections of mental health counseling and case management to individuals, families, students and seniors.

Grant #866 THE LGBT COMMUNITY CENTER – *Low Cost Counseling Clinic*: Mental health counseling services for the LGBT community including Bereavement Therapy, LTS Group (HIV and Aging), Self-Esteem Groups and a Clinical Intern Training program. The grant is on track in meeting their six-month grant projections of building Clinic sustainability and capacity.

Grant #927 SAFEHOUSE OF THE DESERT – *“What’s Up” Safehouse a 24 hours Crisis Text App*: to provide support, crisis intervention, and counseling by text to District youth over the three year period grant; youth will receive referrals for services; and outreach will be provided to youth through school and community presentations, social media, brochures, and print advertising. The grant is on track in meeting their six-month grant projections.



Date: July 24, 2018

To: Board of Directors

Subject: National Demographics Corporation (NDC) – Estimated Costs and Process for Re-zoning in a Potential Expanded District

Staff Recommendation:

Board review and discussion of estimated costs and process of re-zoning in a potential expanded District.

Background:

The District engaged in an expedited process that modified the at-large election for Directors to the creation of a zone-based election process. The process commenced with Public Hearings in April, May, and June to engage public participation in the development of the maps that defined the zone boundaries of the current district.

NDC created the maps and demographics that identified the population of each zone. Given the upcoming November election and the potential for District expansion, the Board approved an NDC addendum of \$2,500 to provide the demographic profile of the expanded area.

Estimated Costs of Expanded Area Annexation Demographic Profile:

Once voters approve the District expansion, state laws are not as stringent with process and timing as the 2018 move to zone-based elections. While the Board may choose to have additional Public Hearings, the requirements after District expansion involve one Public Hearing followed by the adoption of the resolution implementing the new zones.

The Census Bureau will release a new American Community Survey data (demographic database) in December 2018 and January 2019. The updated database will be simplistic, which lowers the costs of the project. Considering the updated database, one Public Hearing with an NDC representative, one additional Board meeting with an NDC representative present, and the implementation of the adopted lines with the County Registrar, the estimated cost would be \$17,500.

Each additional Board meeting that the District requests an NDC representative present (beyond the first two noted above) would be an added cost of \$2,000. Other supplemental expenses include the public participation kit, the online districting tool, and if the District desires, NDC will launch and maintain a project website.

Fiscal Impact:

\$17,500 Base Cost

\$2,000 Each additional Board meeting

\$4,500 Public Participation Kits

\$3,500 Online Districting Tool

\$14,500 Hosting a Project Website



DATE: July 24, 2018

TO: Board of Directors

RE: Consideration of approval for Policy for Director's Compensation

Staff recommendation:

Consideration of approval for the Policy for Director's Compensation

Background:

At the May 22, 2018 the Board took action in accordance with Health & Safety Code section 53232.1 to authorize the payment to Board members of \$100 per meeting not to exceed five (5) meetings per month.

At the June 26, 2018 Board of Director's meeting, the Board approved Resolution #18-07 to adopt Director Meeting Compensation Guidelines. Staff was directed to bring forward a policy to outline the procedures for eligible compensation.

Attached is the recommended policy for Meeting Compensation Guidelines

POLICY TITLE: MEETING COMPENSATION GUIDELINES

POLICY NUMBER: BOD -21

COMMITTEE UPDATE: N/A

**BOARD APPROVAL DATE:
Resolution #18-07**

Section 32103 of The Local Healthcare District Law authorizes the payment to Board members of \$100 per meeting, not to exceed five (5) meetings per month. In accordance with Government Code section 53232.1, the following guidelines and criteria will be followed in determining when a meeting qualifies for compensation:

A) Compensable meetings shall include the following:

1. Board meetings.
2. Board committee meetings or advisory body meetings, not to exceed three (3) per month of any committee. Except in unusual circumstances, committee meetings should be held at the District office.
3. Attendance at meetings of organizations which are pre-designated by the Board of Directors as occasions that constitute the performance of official duties and include the following:
 - a) Meetings of organizations in which the District is a member (e.g., Association of California Healthcare Districts, California Special Districts Association).
 - b) Attendance at educational conference workshops which include curricula concerning district hospitals, special districts, or board administration.
 - c) Attendance at symposia and conventions, the primary purpose of which is to discuss or demonstrate health care issues or matters relating to special districts.
 - d) ~~Meetings of non-political community groups that extend a specific invitation to attend and at which the Board member actively participates in the program.~~
4. ~~Attendance at training including ethics training (on-line training included, as pre-authorized by the Chief Executive Officer).~~
5. ~~Attendance at meetings which the Board of Directors approves as noticed action items at a regular meeting of the Board, and which the Board determines as occasions that constitute the performance of official duties.~~

~~B) Board Members may receive a stipend for attendance at multiple meetings in the same day, up to a limit of three meetings per day, provided the meetings have a healthcare nexus, specifically:~~

1. ~~District Board and Board committee meetings.~~
2. ~~Attendance at ethics training.~~

- ~~3. Conferences and seminars held by organizations in which the District is a member, and for which the conference/seminar has a clear health care or District nexus.~~
- ~~4. Community meetings and events within the District, for which the meeting/event has a clear health care nexus, specifically:
 - ~~a) Board, policy committee and formal business meetings of organizations in which the District is a member.~~
 - ~~b) Meetings with other government agencies or officials in which the subject involves health care or District business (e.g., State and local legislative officials, County Health & Human Services).~~
 - ~~c) Meetings or visits with organizations that receive direct District financial support.~~~~

C)B) Non-compensable meetings shall include the following:

- a) Informal meetings with other Board members or with District staff members, regardless of the topic(s) addressed.
- b) Meetings of a political nature, whether partisan or non-partisan, regardless of the topic(s) addressed.
- c) Meetings for which payment of a stipend or honorarium is provided by the host organization.
- d) Committee meetings attended as a non-member.
- e) Meetings of other public bodies, unless invited as a participant by the host body or sent as a delegate by the District Board.
- f) Meetings of organizations in which the member holds an individual membership or the primary purpose of which is to receive continuing professional educational credits.
- g) Charity fund raising events.

In addition, each member of the Board shall be allowed his or her actual necessary traveling and incidental expenses in the performance of official business of the District in accordance with Government Code section 53232.2.

Board members shall have an opportunity to report on meetings attended at District expense at the next regularly scheduled Board meeting following the meeting for which the reimbursement is received.

Any questions regarding interpretations of these guidelines should be addressed to the District's General Counsel.



Date: July 24, 2018

To: Board of Directors

Subject: Draft Communications and Marketing Plan — Social Media Focus

Staff Recommendation:

Proactively support implementation of the District/Foundation’s social media accounts (Facebook, Twitter and Instagram)

Background:

Excellent communication is essential to fulfilling the mission and vision of the Desert Healthcare District/Foundation. To that end, a comprehensive Communications and Marketing Plan, as referenced in a Strategic Plan that was adopted in June 2017, will be instrumental in increasing the visibility of the District/Foundation and building communication among its residents and stakeholders. One of the most effective and accessible tools in the Communications and Marketing Plan is social media, which would support and advance the District/Foundation’s ongoing efforts to:

- Engage with District residents to connect them to health and wellness services and programs offered by District grantees and partners.
- Share the District/Foundation’s story, ranging from its future goals to its history.
- Collaborate with stakeholder and partner organizations in advancing common interests and District/Foundation objectives (See Nonprofit of the Week on page 2 of this report.).
- Establish District/Foundation’s reputation as a consistent, reliable and expert source of health-related information and advocacy in the Coachella Valley.
- Help shape public opinion. Posting informal survey questions would provide opportunities for social media users to give feedback and insight into their needs and interests around health care and well-being.
- Enhance media interest in covering the District/Foundation, as social media has increasingly become a resource for news media in gauging what residents are talking about and thereby what matters to communities.

Who is the District/Foundation’s target social media audience?

- District residents in the entire service area
- Grantees
- Government officials
- Nonprofit groups
- Community organizations
- Educational organizations
- Hospitals & Clinics
- Funders
- Media

To create and build upon the District/Foundation’s digital conversation with its community partners and social media users, the plan is to relaunch of its existing Facebook page and the launch of new Twitter and Instagram

accounts on August 6, 2018. This is separate from, but ultimately will work in conjunction with, a reimagining and extensive overhaul of the District's website, www.dhcd.org. The website relaunch is tentatively scheduled to be completed in 2019; a final Communications and Marketing Plan will be presented at the September 2018 Board of Directors meeting.

The Look and Feel of Social Media:

- Create a vibrant, cohesive and distinctive look, feel and voice for the Desert Healthcare District social media accounts with banners and profile images designed by a graphic artist to reflect the diversity of District residents and stakeholders.
- Contract with a professional to photograph significant District events/meetings and the signature events of District grantees and community partners, as needed. As social media platforms are primarily visual, consistent and quality photographs are integral to presenting an engaging and strong visual presence. (We also foresee photographs as an integral part of the redesigned District website.)
- Consistently post District news and that of grantees. This is primarily done through announcing the achievement of key goals of the District, grantees and community partners, as well as chronicling their key events through posting photos, tagging appropriate stakeholders, and sharing on various group pages.
- Promote CVHIP as a community resource and online destination for District residents and visitors seeking information on healthcare services and programs. In addition to giving the CVHIP logo and link prominent placement on the District's website homepage, the objective is to frequently and consistently tag #cvhip and link cvhip.com in social media posts, as a majority of posts reference a service, program or organization that's listed on CVHIP.
- Produce a new feature that regularly spotlights District grantees. The **Nonprofit of the Week** feature presents through information collected during District staff interviews with a grantee's leadership and outstanding volunteer/client. Each nonprofit interview consists of written and video segments which will be prominently featured over a week on the District's social media accounts and website. The feature also is designed to raise awareness about the District Healthcare District's role in supporting community health services and programs. This is done through an interview question/answer, but mainly through working in tandem with featured nonprofit organizations to tag the District as they share posts among their followers.

Nonprofit of the Week Schedule (featured text interspersed with video):

Monday — Introduce the grantee/nonprofit being spotlighted with "5 Things to Know About (grantee's name goes here)." It's in a fun, non-narrative list format but still informative. The verbiage includes how the grantee benefitted from DHCD/F, primarily how grant funds were/are used. Includes a submitted or assigned photo.

Tuesday — Organization leader/staff reveals personal mantra or inspiration. Includes headshot.

Wednesday — Spotlight on notable volunteer with grantee/organization. With quote about service and accompanying photo

Thursday — Featured nonprofit reveals a goal to be accomplished in the next year.

Evaluation and Measurement of Social Media Results:

An early indicator of social media's potential to reach residents and stakeholders occurred in July 2018. The District/Foundation's number of Facebook followers grew by 20 percent to 727 followers, as of July 16, 2018. During the month of June 2018, Facebook posts reached an average of 177 people. The District/Foundation's Facebook page 605 followers with an average reach of 30 people per post, according to a staff report dated March 19, 2018.

Immediate future goals:

- Present final Communications and Marketing Plan at Board's September 25, 2018 meeting
- 1,000 Facebook followers by January 1, 2019

- 500 Twitter followers by Jan. 1, 2019
- 500 Instagram followers by Jan. 1, 2019

Fiscal Impact:

The budget presented and approved at the June 26, 2018 Board of Directors meeting included the Communications and Marketing Plan allocation of expenses.

Plan of Action is with-in approved budget categories.



Date: July 24, 2018
To: Board of Directors
Subject: "All" Policy Manual Review

Staff recommendation:

Discussion and Input on the procedures and priorities for the updating process of all Policies and District / Foundation Bylaws. After careful review and cross-referencing policies, manuals, and general cultural operations, the staff concludes there are no significant findings however there are areas of disconnect that will need to be addressed over the next five months. This takes into consideration areas that could require additional changes if the expansion is approved in November 2018. IE. Move from 5 to 7 Board members. Staff recommends it moves forward with the creation of a timeline that corresponds to Strategic Plan implementation guidelines and pivotal factor dates and a proposed Study session to be held in November to review all changes and proposed new policies and amended Bylaws.

Background:

The staff was guided as one of the top priorities for implementation of Strategic Plan and the new position of Chief Operating Officer was a fully comprehensive review of Board Policy manual. This process has also encompassed the priority of the board to meet the ACHD certified "Best Practices in Governance" Standard and CSDA Special District Leadership High-Performance Accreditation.

The staff has reviewed the Board Policy Manual, the Employee Manual- both existing District and newly proposed manual for Foundation staff, along with the Districts and Foundations Bylaws, Program committee Orientation Manuals and New Board Orientation Manuals and work performed by the prior consultant (2015). After a full comparison of District policies to accredited recommendation policies and procedures, the staff has determined it is inevitable for the creation of new or enhanced policies to enhance District and Foundation Governance, also taking into the consideration of the proposed AB-2019 legislation and accreditation guidelines. These policy amendments will be reflective of the guidance given by the 360 review and bring further clarification of operational policies and procedures to improve daily operations and allow staff and board to move forward in a concise direction and the ability to implement strategic plan initiatives in a formalized fashion. This will also enable us to move forward with the accreditation process through ACHD and CSDA.

Fiscal Impact:

Human Resources will be estimated with the construction of a formal timeline upon Board approval.



Date: January 10, 2018

DHCD Progress Report #2017-4 for reporting period: October 1, 2017 to December 31, 2017

Grantee: Coachella Valley Association of Governments (CVAG)

Project Title: CV Link Project

Project Manager/ Contact: Martin Magaña, Director of Transportation (mmagana@cvag.org)

1. Provide a brief summary of the organization and the objectives of the project.

The Coachella Valley Association of Governments (CVAG) is a regional Joint Powers Authority that serves the nine cities, the County of Riverside, and three Indian Tribes within the Coachella Valley. CVAG's jurisdiction stretches across eastern Riverside County, and its membership includes the City of Blythe on the California-Arizona border. Blythe is not part of this project.

CV Link is an alternative transportation corridor that runs generally along the levee of the Whitewater River that will ultimately stretch from the northwest corner of the CVAG area (Desert Hot Springs) to the southeast corner (the Salton Sea). The core project that is going through design, engineering and environmental will stretch from the City of Palm Springs to the City of Coachella. The project approved under the Final Environmental Impact Report is approximately 40 miles but, does not extend through the Cities of Rancho Mirage or Indian Wells. It will provide significant environmental, health, and economic benefits to generations of current and future residents and visitors. CV Link will connect users to employment centers, shopping centers, schools, and recreational opportunities. Dual paths are planned to accommodate bicycles, low-speed electric vehicles and pedestrians. This alternative transportation corridor will enable healthier lifestyles, spur economic innovation, and make the Coachella Valley a more sustainable and appealing place to live, work and play.

2. Summarize work completed during reporting period.

Construction continues along the 2.3 mile stretch of CV Link between Vista Chino in Palm Springs and Ramon Road in Cathedral City. After some experimentation on how to achieve the distinctive color design, a new subcontractor was brought onto the project that has extensive experience in embedding seeded glass into concrete. CVAG has finalized the designs of both the wayfinding elements and informational kiosks, which will be consistent throughout the project.



CVAG continues to work with the City of Palm Springs on the Tahquitz Creek Levee Reconstruction Project. Palm Springs is required by the Federal Emergency Management Agency (FEMA) to make improvements to 4,100 feet of Tahquitz Creek Levee between Demuth Park and

Gene Autry Trail. When the City originally bid the project, it planned to replace the existing asphalt bike path. Under the cooperative agreement the City of Palm Springs has with CVAG, the improved path will be built to CV Link standards. CVAG will pay for the difference in cost between the original design and the CV Link design. The timeline to rebid the project will be determined by the City but is expected to occur within the next 12 months.

CVAG also approved an agreement for right-of-way services with the County of Riverside Economic Development Agency (EDA). The county has extensive experience with right of way acquisition. The cost of the contract is covered through the Active Transportation Grant funding that was allocated by the California Transportation Commission in June 2017. CVAG continues to work with the EDA on right-of-way activities. Specific tasks include obtaining preliminary title reports and plotted easements, managing appraisals, and preparing offer packages.

CVAG staff and consultants continue to work with member jurisdictions to finalize the design of the approved project route, including meeting with local stakeholders to evaluate the regional and local access points. The ninety (90) percent plans are anticipated to be completed by Fall 2018.

Additional progress has been made on the environmental review documents needed to comply with the National Environmental Policy Act (NEPA). The Draft Environmental Assessment (DEA), which studies the same options that were studied in the EIR. CVAG has incorporated comments from Caltrans and is simultaneously working on finalizing the mitigation for impacts to the survey area for Casey's June Beetle (CJB). The beetle, which was federally listed as an endangered species in 2011, is not one of the 27 species covered by the Coachella Valley Multiple Species Habitat Conservation Plan. As outlined in the certified CV Link Environmental Impact Report, a draft CJB Habitat Conservation Plan has been submitted to the U.S. Fish and Wildlife Service that proposes establishing restoration and conservation easements in the City of Palm Springs. USFWS is currently reviewing the Habitat Conservation Plan and CVAG is awaiting any comments that need to be addressed before finalizing the document.

3. What challenges and opportunities have you encountered in accomplishing this portion of your Scope of Work?

In the last quarterly report, there were some challenges in addressing neighborhood-specific concerns raised by residents of the Tahquitz Creek neighborhood in the City of Palm Springs about how CV Link would affect existing bike-and-pedestrian access along Riverside Drive. Since then CVAG has worked with the neighborhood has incorporated news design to address concerns raised along Riverside Drive. This presented an opportunity to finalize designs of this segment of the project as we approach the task of working on the 90% plans.



CVAG continues to work with Caltrans and USFWS to complete the Habitat Conservation Plan related to Casey's June Beetle. Again, CVAG is awaiting comments from USFWS that need to be addressed before finalizing the document.

4. Is your project on schedule?

CVAG is working with Caltrans to complete the Draft EA (DEA) by July 2018. The Cathedral City segment was on schedule to be completed by December 2017 but there were delays due to the holidays. The project is now anticipated to be completed by January 2018 with a grand opening is being planned for February 2018.

5. Provide an update on the financial report for the project

With the passage of SB 1, the state created an ATP Augmentation Cycle, where Cycle 3 applications that were not fully funded could be re-submitted. CV Link has been recommended to receive funding by both the Riverside County Transportation Commission and by the Southern California Association of Governments. The recommendation to grant another \$5.243 million to CV Link was voted on and approved by the California Transportation Commission at their December meeting.

The CVAG Executive Committee has also approved a recommendation to the Riverside County Transportation Commission to include CV Link in the 2018 State Transportation Improvement Program (STIP) funding cycle. The exact amount of STIP that will be allocated to the project is still being determined.

6. Work planned for next reporting period.

In the next reporting period, CVAG anticipates completing construction of the Cathedral City segment of CV Link. Right-of-way acquisition and design work will continue. Additionally, the DEA is anticipated to be completed early 2018.



Date: April 10, 2018

DHCD Progress Report #2018-1 for reporting period: January 1, 2018 to March 31, 2018

Grantee: Coachella Valley Association of Governments (CVAG)

Project Title: CV Link Project

Project Manager/ Contact: Martin Magaña, Director of Transportation (mmagana@cvag.org)

1. Provide a brief summary of the organization and the objectives of the project.

The Coachella Valley Association of Governments (CVAG) is a regional Joint Powers Authority that serves the nine cities, the County of Riverside, and three Indian Tribes within the Coachella Valley. CVAG's jurisdiction stretches across eastern Riverside County, and its membership includes the City of Blythe on the California-Arizona border. Blythe is not part of this project.

CV Link is an alternative transportation corridor that runs generally along the levee of the Whitewater River that will ultimately stretch from the northwest corner of the CVAG area (Desert Hot Springs) to the southeast corner (the Salton Sea). The core project that is going through design, engineering and environmental will stretch from the City of Palm Springs to the City of Coachella. The project approved under the Final Environmental Impact Report is approximately 40 miles but, does not extend through the Cities of Rancho Mirage or Indian Wells. It will provide significant environmental, health, and economic benefits to generations of current and future residents and visitors. CV Link will connect users to employment centers, shopping centers, schools, and recreational opportunities. Dual paths are planned to accommodate bicycles, low-speed electric vehicles and pedestrians. This alternative transportation corridor will enable healthier lifestyles, spur economic innovation, and make the Coachella Valley a more sustainable and appealing place to live, work and play.

2. Summarize work completed during reporting period.

Construction is ninety-five percent complete on the 2.3 mile stretch of CV Link between Vista Chino in Palm Springs and Ramon Road in Cathedral City. All furnishings (shade structures, benches, trash cans, water fountains and landscaping) have been installed. CVAG is working with Cathedral City staff to complete a punch list of items on the path.



CVAG continues to work with the City of Palm Springs on the Tahquitz Creek Levee Reconstruction Project. Palm Springs is required by the Federal Emergency Management Agency (FEMA) to make improvements to 4,100 feet of Tahquitz Creek Levee between Demuth Park and Gene Autry Trail. When the City originally bid the project, it planned to replace the existing asphalt bike path. Under the cooperative agreement the City of Palm Springs has with CVAG, the improved path will be built to CV Link standards. CVAG will pay for the difference in cost between the original design and the CV Link design. The timeline to rebid the project will be determined by the City but is expected to occur before June 2018. The City is currently in the process of validating cost estimates to formally advertise for bids. It is anticipated that construction will start by Summer of 2018.

CVAG continues to work with the County of Riverside Economic Development Agency (EDA) on right-of-way services. EDA has obtained appraisals on fourteen parcels and is working with CVAG's legal counsel to draft offer packages to property owners.

CVAG staff and consultants continue to work with member jurisdictions to finalize the design of the approved project route, including meeting with local stakeholders to evaluate the regional and local access points. The ninety (90) percent plans are anticipated to be completed by Fall 2018.

Additional progress has been made on the environmental review documents needed to comply with the National Environmental Policy Act (NEPA). The Draft Environmental Assessment (DEA), which studies the same options that were studied in the EIR. CVAG has incorporated comments from Caltrans and is simultaneously working on finalizing the mitigation for impacts to the survey area for Casey's June Beetle (CJB). The beetle, which was federally listed as an endangered species in 2011, is not one of the 27 species covered by the Coachella Valley Multiple Species Habitat Conservation Plan. As outlined in the certified CV Link Environmental Impact Report, a draft CJB Habitat Conservation Plan was submitted to the U.S. Fish and Wildlife Service (USFWS) for review that proposes establishing restoration and conservation easements in the City of Palm Springs. USFWS has provided comments on the document and CVAG is making revisions to address USFWS concerns. Once the document is finalized it is anticipated the USFWS will issue a favorable Biological Opinion related to the CJB.

CVAG is working with the Coachella Valley Water District (CVWD) and Riverside County Flood Control & Water Conservation District (RCFC&WCD) to address maintenance of the path after construction. Much of the right-of-way for CV Link is associated with property owned or controlled by CVWD or RCFC&WCD. Both agencies have worked closely with CVAG in the planning of CV Link and have pledged to help ensure related right-of-way and maintenance issues are properly addressed. CVAG is drafting maintenance agreements for review by CVWD or RCFC&WCD to prepare ahead of future CV Link construction.



3. What challenges and opportunities have you encountered in accomplishing this portion of your Scope of Work?

The acquisition of right-of-way has presented some challenges as it relates to the timely use of allocated funds. In June 2017, the California Transportation Commission allocated CVAG approximately \$2.8 million for early acquisition of right-of-way with a deadline to use the funds by June 2019. CVAG can request from CTC a one-time extension of these funds to February 2021, which will give CVAG additional time to acquire the right-of-way needed for CV Link. CV Link is not a typical transportation project such as a grade separation or interchange where all of the right-of-way is acquired prior to the start of construction. CV Link is envisioned to be constructed in multiple phases depending on the amount of right-of-way acquired. Not all of the required right-of-way may be acquired in the conventional manner, such as in-fee. Instead, much of the right-of-way may involve easements or License Agreements. CVAG is working with Caltrans to undertake this approach.

CVAG is close to finalizing the Habitat Conservation Plan related to Casey's June Beetle. It is anticipated that the CJB Habitat Conservation Plan will be completed by June 2018.

4. Is your project on schedule?

In the last quarterly update, it was mentioned that the Cathedral City segment was on schedule to be completed by December 2017 but there were delays due to the holidays. It was anticipated that this segment would be completed by January 2018 with a grand opening is being planned for February 2018. This was accomplished. The Cathedral City segment was completed in January 2018 and a grand opening was held in February 2018. The grand opening was well attended by many dignitaries, various media outlets and supporters of CV Link. It is currently being used daily and is a testament to the project's vision of providing a multi-modal transportation project for use by bicyclists, pedestrians and electric vehicles.

CVAG continues to work with Caltrans to finalize the EA by July 2018, as scheduled. Once the EA is finalized, CVAG will move forward with final design of CV Link and then complete construction and specifications documents for bidding late this year.

5. Provide an update on the financial report for the project

At their December 2017 meeting, the California Transportation Commission approved a grant funding request for CV Link through the ATP Augmentation in the amount of \$5.243 million.

The CVAG Executive Committee has also approved a recommendation to the Riverside County Transportation Commission to include CV Link in the 2018 State Transportation Improvement



Program (STIP) funding cycle. The exact amount of STIP that will be allocated to the project is still being determined.

6. Work planned for next reporting period.

In the next reporting period, CVAG anticipates the start of construction of a 4,100 lineal foot segment of CV Link in the City of Palm Springs along the top of the Tahquitz Creek Levee between Demuth Park and Gene Autry Trail. It is anticipated that construction will start by July 2018.

CVAG will continue to work with Cathedral City on completing the punch list of outstanding items on the 2.3-mile CV Link segment in the cities of Cathedral City and Palm Springs.

CVAG will continue to work with USFWS on the Habitat Conservation Plan for the Casey June Beetle Habitat Conservation Plan to obtain favorable Biological Opinion on the endangered species. CVAG will also continue to work with Caltrans to complete the EA for CV Link so that final design, construction documents and specifications can be prepared for bidding.



Date: July 10, 2018

DHCD Progress Report #2018-2 for reporting period: April 1, 2018 to June 30, 2018

Grantee: Coachella Valley Association of Governments (CVAG)

Project Title: CV Link Project

Project Manager/ Contact: Martin Magaña, Director of Transportation (mmagana@cvag.org)

1. Provide a brief summary of the organization and the objectives of the project.

The Coachella Valley Association of Governments (CVAG) is a regional Joint Powers Authority that serves the nine cities, the County of Riverside, and three Indian Tribes within the Coachella Valley. CVAG's jurisdiction stretches across eastern Riverside County, and its membership includes the City of Blythe on the California-Arizona border. Blythe is not part of this project.

CV Link is an alternative transportation corridor that runs generally along the levee of the Whitewater River that will ultimately stretch from the northwest corner of the CVAG area (Desert Hot Springs) to the southeast corner (the Salton Sea). The core project that is going through design, engineering and environmental will stretch from the City of Palm Springs to the City of Coachella. The project approved under the Final Environmental Impact Report is approximately 40 miles but, does not extend through the Cities of Rancho Mirage or Indian Wells. It will provide significant environmental, health, and economic benefits to generations of current and future residents and visitors. CV Link will connect users to employment centers, shopping centers, schools, and recreational opportunities. Dual paths are planned to accommodate bicycles, low-speed electric vehicles and pedestrians. This alternative transportation corridor will enable healthier lifestyles, spur economic innovation, and make the Coachella Valley a more sustainable and appealing place to live, work and play.

2. Summarize work completed during reporting period.

Construction is ninety-five percent complete on the 2.3 mile stretch of CV Link between Vista Chino in Palm Springs and Ramon Road in Cathedral City. All furnishings (shade structures, benches, trash cans, water fountains and landscaping) have been installed.



CVAG is working with Cathedral City staff to complete a punch list of items on the path. One of the items to be addressed in the construction of fencing around a well site adjacent to the CV Link path near Ramon Road in Cathedral City. The material is scheduled to be delivered in August and installed in September 2018.

In the last quarterly report, it was mentioned that the City of Palm Springs was going to rebid the Tahquitz Creek Levee Reconstruction Project to change the path from its original design to meet CV Link standards. CVAG will pay for the difference in cost between the original design and the CV Link design. The City rebid the project and the City Council awarded a construction contract to Spiess Construction in May 2018. The City held a pre-construction meeting in June 2018 and it is anticipated that construction will start by the end of July 2018.

CVAG continues to work with the County of Riverside Economic Development Agency (EDA) on right-of-way services. EDA has obtained two additional appraisals on thirty-five parcels and is working with CVAG's legal counsel to draft offer packages to property owners. It is anticipated that the CVAG Executive Committee will approve these appraisals in the Fall 2018, and then EDA can make formal offers to property owners for right-of-way acquisition.

CVAG staff and consultants continue to work with member jurisdictions, especially Palm Desert and Palm Springs, to finalize the design of the approved project route, including meeting with local stakeholders to evaluate the regional and local access points. The 90 percent plans are anticipated to be completed in 2018.

Additional progress has been made on the environmental review documents needed to comply with the National Environmental Policy Act (NEPA). The Draft Environmental Assessment (DEA), which studies the same options that were studied in the EIR. CVAG has incorporated comments from Caltrans and is simultaneously working on finalizing the mitigation for impacts to the survey area for Casey's June Beetle (CJB). The beetle, which was federally listed as an endangered species in 2011, is not one of the 27 species covered by the Coachella Valley Multiple Species Habitat Conservation Plan. As outlined in the certified CV Link Environmental Impact Report, a CJB Habitat Conservation Plan has been submitted to the U.S. Fish and Wildlife Service that proposes establishing restoration and conservation easements in the City of Palm Springs. USFWS has reviewed the Habitat Conservation Plan and provided comments to CVAG. CVAG has addressed USFWS's concerns. The USFWS has issued a favorable Biological Opinion related to Casey's June Beetle on CV Link.



3. What challenges and opportunities have you encountered in accomplishing this portion of your Scope of Work?

The acquisition of right-of-way continues to be challenging but CVAG and EDA continue to work on appraisals and in preparing offer packages in the event that the CVAG Executive Committee approves the appraisals and authorizes the release of formal offers to property owners for the acquisition of right-of-way for CV Link. CVAG anticipates requesting an extension on the right-of-way funds from the California Transportation Committee in late 2018 or early 2019, which will give CVAG additional time to acquire the right-of-way needed for CV Link.

CVAG continues to work with Caltrans to complete the Environmental Assessment (EA) for CV Link now that the USFWS has issued a favorable Biological Opinion related to Casey's June Beetle. Once the EA is finalized, CVAG can move forward with finalizing design for CV Link and then complete construction documents and specifications for bidding later this year.

4. Is your project on schedule?

As mentioned above, CVAG continues to work with Caltrans to finalize the EA by July 2018, as scheduled. Once the EA is finalized, CVAG will move forward with final design of CV Link and then complete construction and specifications documents for bidding late this year.

Right-of-way activities continue, as scheduled, as additional appraisals are prepared. Once appraisals are approved by the CVAG Executive Committee offer packages can be released to property owners to acquire the right-of-way for CV Link construction.

5. Provide an update on the financial report for the project

Back in December 2017, the California Transportation Commission approved a grant funding request for CV Link through the ATP Augmentation in the amount of \$5.243 million.

The CVAG Executive Committee has also approved a recommendation to the Riverside County Transportation Commission (RCTC) to include CV Link in the 2018 State Transportation Improvement Program (STIP) funding cycle. RCTC made a recommendation to the CTC to allocate \$16.655 million in STIP funds for CV Link construction. To date, CVAG has received a little over \$100 million in finding for CV Link.

6. Work planned for next reporting period.

In the next reporting period, CVAG anticipates near completion of the 4,100 lineal foot segment of CV Link in the City of Palm Springs along the top of the Tahquitz Creek Levee between Demuth



Park and Gene Autry Trail.

CVAG will continue to work with Cathedral City on completing the punch list of outstanding items on the 2.3-mile CV Link segment in the cities of Cathedral City and Palm Springs in September 2018.

CVAG will work with Caltrans on completion of the EA for CV Link and complete final design, construction documents and specifications for bidding in late 2018.