



**DESERT HEALTHCARE DISTRICT
SPECIAL MEETING OF THE BOARD
Board of Directors Meeting
December 18, 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

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 ____ Director Wortham, DrPH ____ Director PerezGil ____ Director Matthews ____ Vice-President/Secretary Rogers, RN ____ President Zendle, MD	
	B. ELECTION OF OFFICERS	Action
	C. APPOINTMENT OF COMMITTEES AND GOVERNING BOARD REPRESENTATIVES	Discussion
1-3	D. APPROVAL OF AGENDA	Action
	E. PUBLIC COMMENT At this time, comments from the audience may be made on items <i>not</i> listed on the agenda that are of public interest and within the subject-matter jurisdiction of the District. The Board has a policy of limiting speakers to no more than three minutes. The Board cannot take action on items not listed on the agenda. Public input may be offered on agenda items when they come up for discussion and/or action.	
	F. 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
4-10	1. BOARD MINUTES a. Board of Directors Meeting - November 27, 2018	
11-34	2. FINANCE AND ADMINISTRATION a. Approval of October and November 2018 Financial Statements – F&A Approved December 11, 2018	



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- | | | |
|--|--|---|
| 35-39 | G. RESOURCES AND PHILANTHROPY
1. Existing Grants Progress and Final Reports | Information |
| 40-44
45-47 | H. DESERT HEALTHCARE DISTRICT CEO REPORT
– Chris Christensen, Interim CEO
1. Priorities-Milestones-Progress Measures Update
2. Consideration of Approval of Letter of Intent to Lease for Satellite Office Expanded Area | Information
Action |
| 48-62 | I. DESERT REGIONAL MEDICAL CENTER CEO REPORT
– Michele Finney, CEO
1. Desert Regional Medical Center Governing Board Rules and Regulations | Information
Action |
| | J. DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS' REPORT –
President Les Zendle, MD and Vice-President/Secretary Carole Rogers, RN | Information |
| 63-67
68-89
90-96 | K. 1. FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE – Chair/Director Mark Matthews and Director Jennifer Wortham, DrPH
1. Minutes of the October 9, 2018 Meeting
2. No November Meeting of the F&A Committee
3. LPMP Lease Extension – Suite 1E 204 – Desert Oasis Healthcare
4. LPMP Management Contract Renewal – INPRO EMS Construction | Information
Action
Action |
| 97-102 | 2. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE – Chair/Vice-President Carole Rogers, RN and President Les Zendle, MD
1. Minutes of the October 18, 2018 Meeting
2. No November Meeting of the Hospital Governance and Oversight Committee | Information |



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- | | | |
|----------------|---|---------------|
| | 3. NEW PROVIDERS, FACILITIES, PROGRAMS, AND SERVICES AD HOC COMMITTEE – | Information |
| | Chair/Treasurer Mark Matthews and President Les Zendle | |
| | 4. BOARD AND STAFF COMMUNICATIONS AD HOC COMMITTEE – Director Wortham | |
| 103-117 | 1. Consideration to Approve Rauch Communications Consultants, Inc. Service Agreement | Action |
| | L. NEW BUSINESS | |
| 118-121 | 1. Resolution to Increase the Desert Healthcare District Board Members from Five (5) to Seven (7) | Action |
| 122-125 | 2. Appointment of Directors Process for January 15, 2019 Board Meeting | Information |
| | M. OLD BUSINESS | |
| 126 | 1. Communications and Marketing – Update | Information |
| 127 | 2. Nutrition Education Obesity Prevention (NEOP) – Update | Information |
| | N. LEGAL COMMENTS & REPORT | |
| | O. INFORMATIONAL ITEMS | |
| | P. DIRECTORS' COMMENTS, REPORTS, & STAFF DIRECTION AND GUIDANCE | |
| | Q. ADJOURNMENT | |

If you have any disability which would require accommodation to enable you to participate in this meeting, please email Andrea S. Hayles, Special Assistant to the CEO and Board Relations Officer, at ahayles@dhcd.org or call (760) 323-6110 at least 24 hours prior to the meeting.



DESERT HEALTHCARE DISTRICT
DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
November 27, 2018

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	Chris Christensen, Interim CEO, CFO Lisa Houston, COO 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 7:08 p.m. The Clerk of the Board called the roll with all Directors present.	
B. Pledge of Allegiance	During the Desert Healthcare Foundation Board of Directors meeting, President Zendle asked Lupe Ramos, Councilmember, City of Indio, to lead the pledge of allegiance.	
C. Approval of Agenda	President Zendle asked for a motion to approve the agenda.	#19-25 MOTION WAS MADE by Director Matthews and seconded by Vice-President Rogers to approve the agenda. Motion passed unanimously. AYES – 5 President Zendle, Vice-President Rogers, Director Matthews, Director Hazen, and Director Wortham NOES – 0 ABSENT – 0 ABSTAIN – 0
D. Announcements 1. Measure BB	Chris Christensen, Interim CEO, detailed the expansion initiative Measure BB and the importance of the passage by the voters detailing	



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<p>2. Directors Elections</p>	<p>the preliminary results as 79.58% to 20.42% in favor.</p> <p>Chris Christensen, Interim CEO, explained the process for the new board member appointment and the most recent election results. Mr. Christensen explained that due to rezoning, Director Hazen was not eligible for re-election detailing her 18-year of service.</p>	
<p>E. Public Comment</p>	<p>Director Matthews provided remarks related to Director Hazen’s 18 years of service with the District and Foundation. Chris Christensen, Interim CEO, presented Director Hazen with a crystal monument from the District and acknowledged installation of a plaque of recognition for Director Hazen’s service on a bench at the District-owned Wellness Park.</p> <p>Chris Christensen, Interim CEO, also recognized proclamations from those not in attendance that include Senator Jeff Stone, Assemblymember Chad Mayes; Mayor Scott Matas, Desert Hot Springs; and Mayor Moon, City of Palm Springs.</p> <p>Several public service and community members acknowledged Director Hazen’s service and presented her with proclamations. The acknowledgements and presentations were made by the following:</p> <p>Greg Rodriguez, Government Relations and Public Policy Advisor, Supervisor V. Manuel Perez</p>	



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	<p>Sabby Jonathan, Mayor, City of Palm Desert</p> <p>William Grimm, MD</p> <p>Jacqueline Lopez, District Director, Congressman Raul Ruiz</p> <p>Steve Brown, Special Assistant, Assemblymember Eduardo Garcia</p> <p>Linda Evans, Chief Strategist, Desert Care Network and Mayor, City of La Quinta</p> <p>Brande Orr, Director Strategic Initiative, Desert AIDS Project</p> <p>Rob Bernheimer, Board Member, Desert Cancer Foundation</p> <p>Tom Kirk, Executive Director, Coachella Valley Association of Governments (CVAG)</p> <p>Sheryl Benoit, husband to the late Supervisor John Benoit</p> <p>Shelley Kaplan, Councilmember, Cathedral City</p> <p>Director Hazen thanked all in attendance for their kind remarks and recognition.</p>	
<p>F. Consent Agenda F.1. Board Minutes a. Special Meeting of the Board of Directors – October 23, 2018 b. Board of Directors Meeting – October 23, 2018</p>	<p>President Zendle asked for a motion to approve the consent agenda.</p>	<p>#19-26 MOTION WAS MADE by Director Matthews and seconded by Vice-President Rogers to approve the Consent Agenda. Motion passed unanimously. AYES – 5 President Zendle, Vice-President Rogers, Director Matthews, Director Hazen, and Director Wortham</p>



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<p>F.2. Finance and Administration a. No. November Meeting of the F&A Committee</p>		<p>NOES – 0 ABSENT – 0 ABSTAIN – 0</p>
<p>G. Resources and Philanthropy</p> <p>1. Consideration to Approve Grant #979 to FIND Food Bank - \$396,345</p> <p>2. OneFuture Coachella Valley Grant #887 – Report Update – Sheila Thorton, Chief Executive Officer</p> <p>3. Coachella Valley Antibiotic Resistance Prevention Collaborative Grant #962 – Report Update – Patricia</p>	<p>Donna Craig, Senior Program Officer, described grant #979 for \$396,345 to FIND Food Bank.</p> <p>Debbie Espinosa, President & CEO, FIND Food Bank, provided a presentation on food insecurity in the Coachella Valley, partnerships, historical impact, and the health food first programs.</p> <p>Director Hazen suggested incorporating to the expectations FIND’s staff training for the rapid resolution first as an access point.</p> <p>Sheila Thorton, Executive Director, OneFuture Coachella Valley, provided an overview of the initial grant and presented a presentation outlining the student success, community impact, economic prosperity, and a bright future, including the three phases.</p> <p>Patricia Cummings, MPH, PhD, provided a presentation of the Coachella Valley Antibiotic Resistance Prevention Collaborative grant that included the background, approach, project plan for reduction of Clostridium Difficile Infection (CDI) incidences,</p>	<p>#19-27 MOTION WAS MADE by Director Hazen and seconded by Vice-President Rogers to approve Grant #979 to FIND Food Bank – \$396,345 with the additional condition that the organization serves as an access point to and agrees to train their staff on rapid resolution first.</p> <p>Motion passed unanimously.</p> <p>AYES – 5 President Zendle, Vice-President Rogers, Director Matthews, Director Hazen, and Director Wortham</p> <p>NOES – 0 ABSENT – 0 ABSTAIN – 0</p>



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<p style="text-align: center;">Cummings, MPH, PhD</p> <p>4. Existing Grants Progress and Final Reports</p>	<p>collaborative objectives, the strategic plan as it relates to the District, and the collaborative participants.</p> <p>President Zendle made a motion to table items G.4. through K.3.</p>	<p>#19-28 MOTION WAS MADE by President Zendle and seconded by Director Matthews to table items G.4. through K.3. Motion passed unanimously. AYES – 5 President Zendle, Vice-President Rogers, Director Matthews, Director Hazen, and Director Wortham NOES – 0 ABSENT – 0 ABSTAIN – 0</p>
<p>H. Desert Healthcare District CEO Report</p> <p>1. Priorities-Milestones- Progress Measure Update</p>	<p>Item was tabled to the December 18, 2018 meeting.</p>	
<p>I. Desert Regional Medical Center CEO Report</p>	<p>Item was tabled to the December 18, 2018 meeting.</p>	
<p>J. Desert Regional Medical Center Governing Board of Directors Report</p>	<p>Item was tabled to the December 18, 2018 meeting.</p>	
<p>K.1. Finance, Administration, Real Estate, and Legal Committee</p> <p>1. Minutes of October 9, 2018 Meeting</p> <p>K2. Hospital Governance and Oversight Committee</p> <p>1. Minutes of the October 18, 2018 Meeting</p> <p>K.3. New Providers, Facilities, Programs, and Services Ad Hoc Committee</p>	<p>Item was tabled to the December 18, 2018 meeting.</p> <p>Item was tabled to the December 18, 2018 meeting.</p> <p>Item was tabled to the December 18, 2018 meeting.</p>	



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<p>K.4. Board and Staff Communications Ad Hoc Committee 1. Consideration to Approved the Proposal for Rauch Communications Consultants, Inc. to Facilitate Board and Staff Roles and Responsibilities</p>	<p>Director Wortham made a motion to approve the proposal for Rauch Communication Consultant, Inc.</p>	<p>#19-29 MOTION WAS MADE by Director Wortham and seconded by Director Hazen to approve the Proposal for Rauch Communications Consultants, Inc. Motion passed unanimously. AYES – 5 President Zendle, Vice-President Rogers, Director Matthews, Director Hazen, and Director Wortham NOES – 0 ABSENT – 0 ABSTAIN – 0</p>
<p>L. New Business 1. Association of California Healthcare Districts (ACHD) Special District Certification Update 2. Consideration to Approve a Board Self-Assessment</p>	<p>President Zendle explained that the most recent developments of the Association of California Healthcare Districts (ACHD) Special District Certification is included in the report.</p> <p>Chris Christensen, Interim CEO, explained that part of the ACHD accreditation process is the board self-assessment.</p> <p>Director Hazen suggested not waiting until the new board members come on board in January and move forward for completion in December. Change the timeline and implement the self-assessment before December 3.</p>	<p>#19-30 MOTION WAS MADE by President Zendle and seconded by Director Hazen to approve a Board Self-Assessment and implementation before December 3rd. Motion passed unanimously. AYES – 5 President Zendle, Vice-President Rogers, Director Matthews, Director Hazen, and Director Wortham NOES – 0 ABSENT – 0 ABSTAIN – 0</p>
<p>M. Old Business 1. Communications and Marketing Update</p>	<p>Will Dean, Director Communications and Marketing, acknowledged the marketing update report included in the packet.</p>	
<p>N. Legal Comments & Reports 1. Chaptered Bills of Interest</p>	<p>Jeff Scott, General Counsel, explained that his information on chaptered bills of interest is in the</p>	



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	packet, also thanking Director Hazen for her 18 years of service.	
O. Informational Items	None	
P. Directors' Comments, Reports, & Staff Direction and Guidance	<p>President Zendle thanked Director Hazen for her advice early on explaining that she will be missed.</p> <p>Vice-President Rogers expressed her admiration to Director Hazen as her mentor during her first year on the board, including her service and guidance.</p>	
Q. Adjournment	President Zendle adjourned the meeting at 8:45 p.m.	<p>Audio recording available on the website at http://dhcd.org/Agenda-Board-of-Directors</p>

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

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

DESERT HEALTHCARE DISTRICT
OCTOBER & NOVEMBER 2018 FINANCIAL STATEMENTS
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DESERT HEALTHCARE DISTRICT
YEAR TO DATE VARIANCE ANALYSIS
ACTUAL VS BUDGET
FIVE MONTHS ENDED NOVEMBER 30, 2018

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

Account	YTD		Over(Under)	Explanation
	Actual	Budget	Budget	
4000 - Income	\$ 3,174,387	\$ 2,817,160	\$ 357,227	Interest income (net) from FRF investments \$371k; lower NEOPB Grant Income \$14k.
6500 - Professional Fees Expense	\$ 332,490	\$ 367,913	\$ (35,423)	Lower Communications & Marketing expense \$86k; KaufmanHall svc agreement increased professional service expense \$36k; increased legal exp of \$14.5k
6700 - Trust Expenses	\$ 52,090	\$ 105,620	\$ (53,530)	RPP actuarial valuation required lower monthly expense accrual
7000 - Grants Expense	\$ 1,240,279	\$ 1,495,835	\$ (255,556)	Budget of \$3.5 Million for fiscal year is amortized straight-line over 12-month fiscal year.

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

	MONTH						TOTAL		
	Oct 18	Budget	\$ Over Budget	Nov 18	Budget	\$ Over Budget	Jul - Nov 18	Budget	\$ Over Budget
Income									
4000 · Income	628,251	563,432	64,819	786,595	563,432	223,163	3,174,387	2,817,160	357,227
4500 · LPMP Income	99,473	103,403	(3,930)	99,473	103,403	(3,930)	496,633	504,071	(7,438)
4501 · Miscellaneous Income	750	950	(200)	750	950	(200)	3,750	4,750	(1,000)
Total Income	728,474	667,785	60,689	886,818	667,785	219,033	3,674,770	3,325,981	348,789
Expense									
5000 · Direct Expenses	91,781	123,362	(31,581)	119,194	126,824	(7,630)	618,175	620,272	(2,097)
6000 · General & Administrative Exp	44,560	41,085	3,475	35,865	41,085	(5,220)	188,518	205,425	(16,907)
6325 · CEO Discretionary Fund		417	(417)		417	(417)		2,085	(2,085)
6445 · LPMP Expenses	74,313	82,970	(8,657)	78,120	82,970	(4,850)	382,377	414,850	(32,473)
6500 · Professional Fees Expense	50,000	73,582	(23,582)	53,937	73,583	(19,646)	332,490	367,913	(35,423)
6700 · Trust Expenses	10,418	21,124	(10,706)	10,418	21,124	(10,706)	52,090	105,620	(53,530)
Total Expense Before Grants	271,072	342,540	(71,468)	297,534	346,003	(48,469)	1,573,650	1,716,165	(142,515)
7000 · Grants Expense	423,765	299,167	124,598	398,531	299,167	99,364	1,240,279	1,495,835	(255,556)
Net Income	33,637	26,078	7,559	190,753	22,615	168,138	860,840	113,981	746,859

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

	MONTH						TOTAL		
	Oct 18	Budget	\$ Over Budget	Nov 18	Budget	\$ Over Budget	Jul - Nov 18	Budget	\$ Over Budget
Income									
4000 · Income									
4010 · Property Tax Revenues	550,348	550,348	-	550,348	550,348	-	2,751,740	2,751,740	-
4200 · Interest Income									
4220 · Interest Income (FRF)	113,059	104,000	9,059	105,884	104,000	1,884	531,561	520,000	11,561
9999-1 · Unrealized (gain)/loss on invest	(42,882)	(100,000)	57,118	121,838	(100,000)	221,838	(140,416)	(500,000)	359,584
Total 4200 · Interest Income	70,177	4,000	66,177	227,722	4,000	223,722	391,145	20,000	371,145
4300 · DHC Recoveries	1,749	1,583	166	1,749	1,583	166	8,745	7,915	830
4400 · Grant Income	5,977	7,500	(1,523)	6,776	7,500	(724)	22,757	37,500	(14,743)
Total 4000 · Income	628,251	563,431	64,820	786,595	563,431	223,164	3,174,387	2,817,155	357,232
4500 · LPMP Income	99,474	103,402	(3,928)	99,474	103,402	(3,928)	496,636	504,068	(7,432)
4501 · Miscellaneous Income	750	950	(200)	750	950	(200)	3,750	4,750	(1,000)
Total Income	728,475	667,783	60,692	886,819	667,783	219,036	3,674,773	3,325,973	348,800
Expense									
5000 · Direct Expenses									
5100 · Administration Expense									
5110 · Wages Expense	59,683	82,047	(22,364)	76,267	82,047	(5,780)	439,473	410,235	29,238
5111 · Allocation to LPMP - Payroll	(4,420)	(4,420)	-	(4,420)	(4,420)	-	(22,100)	(22,100)	-
5112 · Vacation/Sick/Holiday Expense	3,499	6,923	(3,424)	16,071	10,385	5,686	35,624	38,077	(2,453)
5114 · Allocation to Foundation	(17,668)	(17,668)	-	(17,668)	(17,668)	-	(88,340)	(88,340)	-
5115 · Allocation to NEOPB	(4,741)	(7,797)	3,056	(5,969)	(7,797)	1,828	(19,331)	(38,985)	19,654
5119 · Allocation to RSS/CVHIP-DHCF	(592)		(592)	(1,838)		(1,838)	(8,032)	-	(8,032)
5120 · Payroll Tax Expense	4,668	6,277	(1,609)	6,875	6,277	598	29,657	31,385	(1,728)
5130 · Health Insurance Expense									
5131 · Premiums Expense	9,997	11,435	(1,438)	9,997	11,435	(1,438)	51,360	57,175	(5,815)
5135 · Reimb./Co-Payments Expense	377	2,500	(2,123)		2,500	(2,500)	377	12,500	(12,123)
Total 5130 · Health Insurance Expense	10,374	13,935	(3,561)	9,997	13,935	(3,938)	51,737	69,675	(17,938)
5140 · Workers Comp. Expense	643	861	(218)	643	861	(218)	3,908	4,305	(397)
5145 · Retirement Plan Expense	2,717	5,301	(2,584)	4,520	5,301	(781)	20,114	26,505	(6,391)
5160 · Education Expense	1,438	625	813	220	625	(405)	2,006	3,125	(1,119)
Total 5100 · Administration Expense	55,601	86,084	(30,483)	84,698	89,546	(4,848)	444,716	433,882	10,834
5210 · Healthcare Benefits Expense									
5211 · Health Insurance Expense	3,269	6,665	(3,396)	3,269	6,665	(3,396)	16,349	33,325	(16,976)
5224 · Retired Board - Medical Expense	1,301	1,237	64	1,237	1,237		6,359	6,185	174
Total 5210 · Healthcare Benefits Expense	4,570	7,902	(3,332)	4,506	7,902	(3,396)	22,708	39,510	(16,802)
5230 · Meeting Expense	1,254	667	587	935	667	268	5,367	3,335	2,032
5235 · Director Stipend Expense	1,500		1,500	700		700	2,600		2,600
5240 · Catering Expense	163	333	(170)		333	(333)	735	1,665	(930)
5250 · Mileage Reimbursement Expense	358	42	316	20	42	(22)	378	210	168
5270 · Election Fees Expense	28,333	28,333	-	28,333	28,333	-	141,665	141,665	-
Total 5200 · Board Expenses	36,178	37,277	(1,099)	34,494	37,277	(2,783)	173,453	186,385	(12,932)
Total 5000 · Direct Expenses	91,779	123,361	(31,582)	119,192	126,823	(7,631)	618,169	620,267	(2,098)
6000 · General & Administrative Exp									
6110 · Payroll fees Expense	161	292	(131)	187	292	(105)	828	1,460	(632)
6120 · Bank and Investment Fees Exp	9,458	9,833	(375)	9,425	9,833	(408)	47,262	49,165	(1,903)
6125 · Depreciation Expense	1,149	1,181	(32)	1,149	1,181	(32)	5,745	5,905	(160)
6126 · Depreciation-Solar Parking lot	15,072	15,072	-	15,072	15,072	-	75,360	75,360	-
6130 · Dues and Membership Expense	8,842	2,275	6,567	966	2,275	(1,309)	13,756	11,375	2,381

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

	MONTH						TOTAL		
	Oct 18	Budget	\$ Over Budget	Nov 18	Budget	\$ Over Budget	Jul - Nov 18	Budget	\$ Over Budget
6200 · Insurance Expense	1,462	917	545	1,412	917	495	7,110	4,585	2,525
6300 · Minor Equipment Expense		42	(42)		42	(42)	-	210	(210)
6305 · Auto Allowance & Mileage Exp	385	1,017	(632)	577	1,017	(440)	2,670	5,085	(2,415)
6306 · Staff- Auto Mileage reimb	313	313	-	731	313	418	1,968	1,565	403
6309 · Personnel Expense		104	(104)		104	(104)	53	520	(467)
6310 · Miscellaneous Expense	40	42	(2)		42	(42)	100	210	(110)
6311 · Cell Phone Expense	651	777	(126)	651	777	(126)	3,252	3,885	(633)
6312 · Wellness Park Expenses		167	(167)		167	(167)	-	835	(835)
6315 · Security Monitoring Expense		36	(36)		36	(36)	137	180	(43)
6340 · Postage Expense	535	542	(7)		542	(542)	1,820	2,710	(890)
6350 · Copier Rental/Fees Expense	394	458	(64)	394	458	(64)	1,612	2,290	(678)
6351 · Travel Expense	1,550	917	633	(263)	917	(1,180)	2,779	4,585	(1,806)
6352 · Meals & Entertainment Exp	193	417	(224)	409	417	(8)	1,666	2,085	(419)
6355 · Computer Services Expense	1,092	3,352	(2,260)	1,092	3,352	(2,260)	5,931	16,760	(10,829)
6360 · Supplies Expense	1,781	1,833	(52)	2,579	1,833	746	9,050	9,165	(115)
6380 · LAFCO Assessment Expense	1,484	1,500	(16)	1,484	1,500	(16)	7,420	7,500	(80)
Total 6000 · General & Administrative Exp	44,562	41,087	3,475	35,865	41,087	(5,222)	188,519	205,435	(16,916)
6325 · CEO Discretionary Fund		417	(417)		417	(417)		2,085	(2,085)
6445 · LPMP Expenses	74,314	82,968	(8,654)	78,121	82,968	(4,847)	382,381	414,840	(32,459)
6500 · Professional Fees Expense									
6516 · Professional Services Expense	25,768	39,167	(13,399)	34,445	39,167	(4,722)	231,850	195,835	36,015
6520 · Annual Audit Fee Expense	1,492	1,499	(7)	1,492	1,499	(7)	7,460	7,495	(35)
6530 · PR/Communications/Website	300	17,917	(17,617)		17,917	(17,917)	3,701	89,585	(85,884)
6560 · Legal Expense	22,440	15,000	7,440	18,000	15,000	3,000	89,480	75,000	14,480
Total 6500 · Professional Fees Expense	50,000	73,583	(23,583)	53,937	73,583	(19,646)	332,491	367,915	(35,424)
6700 · Trust Expenses									
6711 · Disability Admin. Fee Expense		537	(537)		537	(537)		2,685	(2,685)
6720 · Pension Plans Expense									
6721 · Legal Expense		167	(167)		167	(167)		835	(835)
6725 · RPP Pension Expense	10,000	20,000	(10,000)	10,000	20,000	(10,000)	50,000	100,000	(50,000)
6728 · Pension Audit Fee Expense	418	420	(2)	418	420	(2)	2,090	2,100	(10)
Total 6720 · Pension Plans Expense	10,418	20,587	(10,169)	10,418	20,587	(10,169)	52,090	102,935	(50,845)
Total 6700 · Trust Expenses	10,418	21,124	(10,706)	10,418	21,124	(10,706)	52,090	105,620	(53,530)
Total Expense Before Grants	271,073	342,540	(71,467)	297,533	346,002	(48,469)	1,573,650	1,716,162	(142,512)
7000 · Grants Expense									
7010 · Major Grant Awards Expense	417,788	291,667	126,121	391,755	291,667	100,088	1,217,522	1,458,335	(240,813)
7027 · Grant Exp - NEOPB	5,977	7,500	(1,523)	6,776	7,500	(724)	22,757	37,500	(14,743)
Total 7000 · Grants Expense	423,765	299,167	124,598	398,531	299,167	99,364	1,240,279	1,495,835	(255,556)
Net Income	33,637	26,076	7,561	190,755	22,614	168,141	860,840	113,981	746,859

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

	MONTH						TOTAL		
	Oct 18	Budget	\$ Over Budget	Nov 18	Budget	\$ Over Budget	Jul - Nov 18	Budget	\$ Over Budget
Income									
4500 · LPMP Income									
4505 · Rental Income	71,244	73,797	(2,553)	71,244	73,797	(2,553)	355,486	359,919	(4,433)
4510 · CAM Income	28,230	29,522	(1,292)	28,230	29,522	(1,292)	141,150	143,734	(2,584)
4513 · Misc. Income		83	(83)		83	(83)		415	(415)
Total 4500 · LPMP Income	99,474	103,402	(3,928)	99,474	103,402	(3,928)	496,636	504,068	(7,432)
Expense									
6445 · LPMP Expenses									
6420 · Insurance Expense	1,283	1,083	200	1,283	1,083	200	6,415	5,415	1,000
6425 · Building - Depreciation Expense	20,834	22,019	(1,185)	20,834	22,019	(1,185)	104,170	110,095	(5,925)
6426 · Tenant Improvements -Dep Exp	17,850	14,853	2,997	17,850	14,853	2,997	89,250	74,265	14,985
6427 · HVAC Maintenance Expense	854	1,333	(479)	2,727	1,333	1,394	6,335	6,665	(330)
6428 · Roof Repairs Expense		208	(208)		208	(208)		1,040	(1,040)
6431 · Building -Interior Expense		208	(208)		208	(208)	859	1,040	(181)
6432 · Plumbing -Interior Expense	518	208	310		208	(208)	3,312	1,040	2,272
6433 · Plumbing -Exterior Expense		208	(208)		208	(208)		1,040	(1,040)
6434 · Allocation Internal Prop. Mgmt	4,420	4,420	-	4,420	4,420	-	22,100	22,100	-
6435 · Bank Charges	1,030	917	113	1,030	917	113	5,151	4,585	566
6437 · Utilities -Vacant Units Expense	181	208	(27)	174	208	(34)	780	1,040	(260)
6439 · Deferred Maintenance Repairs Ex		1,000	(1,000)		1,000	(1,000)	844	5,000	(4,156)
6440 · Professional Fees Expense	10,117	10,472	(355)	10,117	10,472	(355)	50,585	52,360	(1,775)
6441 · Legal Expense		83	(83)		83	(83)		415	(415)
6458 · Elevators - R & M Expense	213	1,000	(787)	666	1,000	(334)	4,073	5,000	(927)
6460 · Exterminating Service Expense	180	417	(237)	180	417	(237)	720	2,085	(1,365)
6463 · Landscaping Expense		2,250	(2,250)		2,250	(2,250)	1,300	11,250	(9,950)
6467 · Lighting Expense		2,917	(2,917)	2,250	2,917	(667)	2,250	14,585	(12,335)
6468 · General Maintenance Expense		83	(83)		83	(83)		415	(415)
6471 · Marketing-Advertising		1,458	(1,458)		1,458	(1,458)		7,290	(7,290)
6475 · Property Taxes Expense	6,000	6,000	-	6,000	6,000	-	30,000	30,000	-
6476 · Signage Expense		250	(250)		250	(250)		1,250	(1,250)
6480 · Rubbish Removal Medical Waste E	1,463	1,442	21	1,374	1,442	(68)	5,413	7,210	(1,797)
6481 · Rubbish Removal Expense	2,123	2,123	-	2,123	2,123	-	10,615	10,615	-
6482 · Utilities/Electricity/Exterior	486	708	(222)	443	708	(265)	2,012	3,540	(1,528)
6484 · Utilities - Water (Exterior)	805	583	222	492	583	(91)	4,597	2,915	1,682
6485 · Security Expenses	5,865	6,417	(552)	6,158	6,417	(259)	31,378	32,085	(707)
6490 · Miscellaneous Expense	92	100	(8)		100	(100)	222	500	(278)
Total 6445 · LPMP Expenses	74,314	82,968	(8,654)	78,121	82,968	(4,847)	382,381	414,840	(32,459)
Net Income	25,160	20,434	4,726	21,353	20,434	919	114,255	89,228	25,027

Desert Healthcare District
Balance Sheet
As of November 30, 2018

		Nov 30, 18
ASSETS		
Current Assets		
Checking/Savings		
1000 · CHECKING CASH ACCOUNTS		563,141
1100 · INVESTMENT ACCOUNTS		53,180,983
Total Checking/Savings		53,744,125
Accounts Receivable		89,045
Other Current Assets		
1270 · Prepaid Insurance -Ongoing		21,750
1279 · Pre-Paid Fees		25,599
1281 · NEOPB Receivable		12,753
1295 · Property Tax Receivable		2,577,031
Total Other Current Assets		2,637,133
Total Current Assets		56,470,303
Fixed Assets		
1300 · FIXED ASSETS		4,893,652
1335-00 · ACC DEPR		(1,687,041)
1400 · LPMP Assets		7,207,227
Total Fixed Assets		10,413,839
Other Assets		2,773,786
TOTAL ASSETS		69,657,927
LIABILITIES & EQUITY		
Liabilities		
Current Liabilities		
Accounts Payable		
2000 · Accounts Payable		32,160
2001 · LPMP Accounts Payable		5,013
Total Accounts Payable		37,172
Other Current Liabilities		
2002 · LPMP Property Taxes		(4,915)
2131 · Grant Awards Payable		1,501,532
2133 · Accrued Accounts Payable		341,715
2141 · Accrued Vacation Time		19,799
2152 · 457B/401A Liability		4,190
2186 · Retired BOD Medical - Current		13,697
2188 · Current Portion - LTD		8,635

Desert Healthcare District
Balance Sheet
As of November 30, 2018

		Nov 30, 18
	2190 · Investment Fees Payable	17,976
	Total Other Current Liabilities	1,902,629
	Total Current Liabilities	1,939,801
	Long Term Liabilities	
	2170 · RPP - Pension Liability	3,327,793
	2171 · RPP-Deferred Inflows-Resources	2,222,190
	2280 · Long-Term Disability	51,743
	2281 · Grants Payable - Long-term	10,147,646
	2286 · Retirement BOD Medical Liabilit	94,551
	2290 · LPMP Security Deposits	58,517
	Total Long Term Liabilities	15,902,440
	Total Liabilities	17,842,241
	Equity	
	3900 · *Retained Earnings	50,954,846
	Net Income	860,840
	Total Equity	51,815,687
	TOTAL LIABILITIES & EQUITY	69,657,927

Desert Healthcare District
Balance Sheet
As of November 30, 2018

		Nov 30, 18
ASSETS		
Current Assets		
Checking/Savings		
1000 · CHECKING CASH ACCOUNTS		
	1010 · Union Bank - Checking	286,749
	1046 · Las Palmas Medical Plaza	275,892
	1047 · Petty Cash	500
	Total 1000 · CHECKING CASH ACCOUNTS	563,141
1100 · INVESTMENT ACCOUNTS		
	1130 · Facility Replacement Fund	54,353,219
	1135 · Unrealized Gain(Loss) FRF	(1,172,235)
	Total 1100 · INVESTMENT ACCOUNTS	53,180,983
	Total Checking/Savings	53,744,125
Accounts Receivable		
	1201 · Accounts Receivable	
	1204 · LPMP Accounts Receivable	(22,082)
	1205 · Misc. Accounts Receivable	111,127
	Total Accounts Receivable	89,045
Other Current Assets		
	1270 · Prepaid Insurance -Ongoing	21,750
	1279 · Pre-Paid Fees	25,599
	1281 · NEOPB Receivable	12,753
	1295 · Property Tax Receivable	2,577,031
	Total Other Current Assets	2,637,133
	Total Current Assets	56,470,303
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	(198,097)
	1336 · Acc. Software Depreciation	(68,520)
	1337 · Accum Deprec- Solar Parking Lot	(1,311,435)

Desert Healthcare District
Balance Sheet
As of November 30, 2018

		Nov 30, 18
	1338 · Accum Deprec - LPMP Parking Lot	(108,989)
	Total 1335-00 · ACC DEPR	(1,687,041)
	1400 · LPMP Assets	
	1401 · Building	8,705,680
	1402 · Land	2,165,300
	1403 · Tenant Improvements -New	2,141,711
	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	(7,037,775)
	1412 · T I Accumulated Dep.-New	(1,288,723)
	Total 1409 · Accumulated Depreciation	(8,326,498)
	Total 1400 · LPMP Assets	7,207,227
	Total Fixed Assets	10,413,839
	Other Assets	
	1700 · OTHER ASSETS	
	1731 · Wellness Park	1,693,800
	1740 · RPP-Deferred Outflows-Resources	1,057,842
	1741 · OPEB-Deferrred Outflows-Resourc	22,144
	Total Other Assets	2,773,786
	TOTAL ASSETS	69,657,927
	LIABILITIES & EQUITY	
	Liabilities	
	Current Liabilities	
	Accounts Payable	
	2000 · Accounts Payable	32,160
	2001 · LPMP Accounts Payable	5,013
	Total Accounts Payable	37,172
	Other Current Liabilities	
	2002 · LPMP Property Taxes	(4,915)
	2131 · Grant Awards Payable	1,501,532
	2133 · Accrued Accounts Payable	341,715

Desert Healthcare District
Balance Sheet
As of November 30, 2018

				Nov 30, 18
			2141 · Accrued Vacation Time	19,799
			2152 · 457B/401A Liability	4,190
			2186 · Retired BOD Medical - Current	13,697
			2188 · Current Portion - LTD	8,635
			2190 · Investment Fees Payable	17,976
			Total Other Current Liabilities	1,902,629
			Total Current Liabilities	1,939,801
			Long Term Liabilities	
			2170 · RPP - Pension Liability	3,327,793
			2171 · RPP-Deferred Inflows-Resources	2,222,190
			2280 · Long-Term Disability	51,743
			2281 · Grants Payable - Long-term	10,147,646
			2286 · Retirement BOD Medical Liabilit	94,551
			2290 · LPMP Security Deposits	58,517
			Total Long Term Liabilities	15,902,440
			Total Liabilities	17,842,241
			Equity	
			3900 · *Retained Earnings	50,954,846
			Net Income	860,840
			Total Equity	51,815,687
			TOTAL LIABILITIES & EQUITY	69,657,927

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

	Current	1 - 30	31 - 60	61 - 90	> 90	TOTAL	
Coachella Valley Volunteers in Medicine-	4,590	-	-	-	-	4,590	Unused Grant Money
Cohen Musch Thomas Medical Group	-	(3,396)	(3,396)	73	-	(6,719)	Prepaid
Desert Family Medical Center	-	(3,500)	-	-	-	(3,500)	Prepaid
Desert Healthcare Foundation-	19,506	18,260	102	18,767	39,839	96,473	Due from Foundation
Desert Oasis Healthcare Medical Group	-	(1,993)	-	-	-	(1,993)	Prepaid
Desert Regional Medical Center	-	(4,903)	-	-	-	(4,903)	Prepaid
Kay Hazen-	779	779	-	779	6,228	8,564	Director Insurance Accrual
Laboratory Corporation of America	-	(4,774)	-	-	-	(4,774)	Prepaid
Sovereign	750	750	-	-	-	1,500	Slow Pay
Steven Gundry, M.D.	-	5,235	-	-	-	5,235	Slow Pay
Tenet HealthSystem Desert, Inc	-	(5,429)	-	-	-	(5,429)	Prepaid
TOTAL	25,624	1,030	(3,294)	19,619	46,067	89,045	

Desert Healthcare District
Deposit Detail
October through November 2018

Type	Date	Name	Amount
Deposit	10/02/2018		1,749
		T-Mobile	(1,749)
TOTAL			(1,749)
Deposit	10/03/2018		637
		Principal Financial Group	(238)
		Image Source	(399)
TOTAL			(637)
Deposit	10/10/2018		750
Payment	10/10/2018	Sovereign	(750)
TOTAL			(750)
Deposit	11/02/2018		1,749
		T-Mobile	(1,749)
TOTAL			(1,749)
Deposit	11/06/2018		5,929
		Riverside County Treasurer-August 18 NEOPB	(5,179)
Payment	11/06/2018	Sovereign	(750)
TOTAL			(5,929)
Deposit	11/27/2018		4,863
		Riverside County Treasurer-July 18 NEOPB	(4,863)
TOTAL			(4,863)
		Total Deposits	15,677

DESERT HEALTHCARE DISTRICT
PROPERTY TAX RECEIPTS FY 2018 - 2019
RECEIPTS - TWELVE MONTHS ENDED JUNE 30, 2019

	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%	\$ 157,242	1.3%	\$ 107,591	\$ (49,652)	2.5%	\$ 165,105	1.3%	\$ 87,106	\$ (77,998)
Aug	1.6%	\$ 100,635	1.7%	\$ 76,625	\$ (24,010)	1.6%	\$ 105,667	1.6%	\$ 104,633	\$ (1,034)
Sep	2.6%	\$ 163,532	2.4%	\$ 149,702	\$ (13,830)	2.6%	\$ 171,709	2.4%	\$ 155,626	\$ (16,083)
Oct	0.0%	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	0.0%	\$ -	\$ -
Nov	0.4%	\$ 25,159	0.0%	\$ 47,069	\$ 21,910	0.4%	\$ 26,417	0.0%	\$ -	\$ (26,417)
Dec	16.9%	\$ 1,062,958	17.6%	\$ 1,121,658	\$ 58,700	16.9%	\$ 1,116,106	0.0%		
Jan	31.9%	\$ 2,006,413	33.0%	\$ 2,097,033	\$ 90,621	31.9%	\$ 2,106,733	0.0%		
Feb	0.0%	\$ -	0.8%	\$ 50,855	\$ 50,855	0.0%	\$ -	0.0%		
Mar	0.3%	\$ 18,869	0.2%	\$ 14,782	\$ (4,087)	0.3%	\$ 19,813	0.0%		
Apr	5.5%	\$ 345,933	5.8%	\$ 371,495	\$ 25,562	5.5%	\$ 363,230	0.0%		
May	19.9%	\$ 1,251,649	19.9%	\$ 1,258,864	\$ 7,215	19.9%	\$ 1,314,232	0.0%		
June	18.4%	\$ 1,157,304	16.8%	\$ 1,319,289	\$ 161,985	18.4%	\$ 1,215,169	0.0%		
Total	100%	\$ 6,289,695	99.6%	\$ 6,614,963	\$ 325,268	100.00%	\$ 6,604,180	5.3%	\$ 347,365	\$ (121,532)

**Las Palmas Medical Plaza
Deposit Detail - LPMP
October through November 2018**

Type	Date	Name	Memo	Amount
Deposit	10/01/2018		Deposit	16,261
Payment	10/01/2018	EyeCare Services Partners Management LLC		(6,030)
Payment	10/01/2018	Desert Regional Medical Center		(4,802)
Payment	10/01/2018	Tenet HealthSystem Desert, Inc		(5,429)
TOTAL				(16,261)
Deposit	10/01/2018		Deposit	3,772
Payment	10/01/2018	Quest Diagnostics Incorporated		(3,772)
TOTAL				(3,772)
Deposit	10/04/2018		Deposit	1,947
Payment	10/04/2018	West Pacific Medical Laboratory		(1,947)
TOTAL				(1,947)
Deposit	10/05/2018		Deposit	23,038
Payment	10/05/2018	Derakhsh Fozouni, M.D.		(5,716)
Payment	10/05/2018	Palmtree Clinical Research		(6,086)
Payment	10/05/2018	Ramy Awad, M.D.		(2,324)
Payment	10/05/2018	Aijaz Hashmi, M.D., Inc.		(2,688)
Payment	10/05/2018	Brad A. Wolfson, M.D.		(3,387)
Payment	10/05/2018	Cure Cardiovascular Consultants		(2,837)
TOTAL				(23,038)
Deposit	10/08/2018		Deposit	32,672
Payment	10/08/2018	Peter Jamieson, M.D.		(2,997)
Payment	10/08/2018	Pathway Pharmaceuticals, Inc.		(2,202)
Payment	10/08/2018	Tenet HealthSystem Desert, Inc.		(27,472)
TOTAL				(32,672)
Deposit	10/12/2018		Deposit	2,738
Payment	10/12/2018	Dennis Spurgin, D.C.		(2,738)
TOTAL				(2,738)
Deposit	10/26/2018		Deposit	3,500

Las Palmas Medical Plaza
Deposit Detail - LPMP
October through November 2018

Type	Date	Name	Memo	Amount
Payment	10/26/2018	Desert Family Medical Center		(3,500)
TOTAL				(3,500)
Deposit	10/26/2018		Deposit	4,664
Payment	10/26/2018	Laboratory Corporation of America		(4,664)
TOTAL				(4,664)
Deposit	10/30/2018		Deposit	11,492
Payment	10/30/2018	Cohen Musch Thomas Medical Group		(3,470)
Payment	10/30/2018	EyeCare Services Partners Management LLC		(6,030)
Payment	10/30/2018	Desert Oasis Healthcare Medical Group		(1,993)
TOTAL				(11,492)
Deposit	11/01/2018		Deposit	3,772
Payment	11/01/2018	Quest Diagnostics Incorporated		(3,772)
TOTAL				(3,772)
Deposit	11/05/2018		Deposit	23,038
Payment	11/05/2018	Derakhsh Fozouni, M.D.		(5,716)
Payment	11/05/2018	Palmtree Clinical Research		(6,086)
Payment	11/05/2018	Ramy Awad, M.D.		(2,324)
Payment	11/05/2018	Aijaz Hashmi, M.D., Inc.		(2,688)
Payment	11/05/2018	Brad A. Wolfson, M.D.		(3,387)
Payment	11/05/2018	Cure Cardiovascular Consultants		(2,837)
TOTAL				(23,038)
Deposit	11/05/2018		Deposit	39,650
Payment	11/05/2018	West Pacific Medical Laboratory		(1,947)
Payment	11/05/2018	Desert Regional Medical Center		(4,802)
Payment	11/05/2018	Tenet HealthSystem Desert, Inc.		(27,472)
Payment	11/05/2018	Tenet HealthSystem Desert, Inc		(5,429)
TOTAL				(39,650)
Deposit	11/06/2018		Deposit	2,202

**Las Palmas Medical Plaza
Deposit Detail - LPMP
October through November 2018**

Type	Date	Name	Memo	Amount
Payment	11/06/2018	Pathway Pharmaceuticals, Inc.		(2,202)
TOTAL				(2,202)
Deposit	11/09/2018		Deposit	2,997
Payment	11/09/2018	Peter Jamieson, M.D.		(2,997)
TOTAL				(2,997)
Deposit	11/20/2018		Deposit	2,738
Payment	11/20/2018	Dennis Spurgin, D.C.		(2,738)
TOTAL				(2,738)
Deposit	11/26/2018		Deposit	5,434
Payment	11/26/2018	Laboratory Corporation of America		(5,434)
TOTAL				(5,434)
Deposit	11/27/2018		Deposit	10,331
Payment	11/27/2018	Desert Regional Medical Center		(4,903)
Payment	11/27/2018	Tenet HealthSystem Desert, Inc		(5,429)
TOTAL				(10,331)
Deposit	11/29/2018		Deposit	3,470
Payment	11/29/2018	Cohen Musch Thomas Medical Group		(3,470)
TOTAL				(3,470)
Deposit	11/29/2018		Deposit	5,492
Payment	11/29/2018	Desert Oasis Healthcare Medical Group		(1,993)
Payment	11/29/2018	Desert Family Medical Center		(3,500)
TOTAL				(5,492)
		Total Deposits		199,211

Desert Healthcare District
Check Register
October - November, 2018

Type	Date	Num	Name	Amount
1000 · CHECKING CASH ACCOUNTS				
1010 · Union Bank - Checking				
Liability Check	10/04/2018		QuickBooks Payroll Service	(30,345)
Check	10/05/2018	Auto Pay	Calif. Public Employees'Retirement System	(12,014)
General Journal	10/05/2018	04-01	401a payment - 10/05/18 payroll	(1,365)
General Journal	10/05/2018	04-01	457b payment - 10/05/18 payroll	(2,722)
Bill Pmt -Check	10/09/2018	15147	Alejandro Espinoza-	(1,042)
Bill Pmt -Check	10/09/2018	15148	Boyd & Associates	(108)
Bill Pmt -Check	10/09/2018	15149	Ernest Enterprises	(27)
Bill Pmt -Check	10/09/2018	15150	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	10/09/2018	15151	Graphtek Interactive	(300)
Bill Pmt -Check	10/09/2018	15152	Image Source	(706)
Bill Pmt -Check	10/09/2018	15153	Kay Hazen	(293)
Bill Pmt -Check	10/09/2018	15154	Law Offices of Scott & Jackson	(15,260)
Bill Pmt -Check	10/09/2018	15155	Liisa Mendoza	(175)
Bill Pmt -Check	10/09/2018	15156	Mangus Accountancy Group, A.P.C. - VOID	-
Bill Pmt -Check	10/09/2018	15157	Regents - University of California	(516)
Bill Pmt -Check	10/09/2018	15158	Rogers, Carole	(2,382)
Bill Pmt -Check	10/09/2018	15159	SDRMA	(50)
Bill Pmt -Check	10/09/2018	15160	So.Cal Computer Shop	(730)
Bill Pmt -Check	10/09/2018	15161	State Compensation Insurance Fund	(643)
Bill Pmt -Check	10/09/2018	15162	Top Shop	(90)
Bill Pmt -Check	10/09/2018	15163	Underground Service Alert of Southern Cal	(3)
Bill Pmt -Check	10/09/2018	15164	Verizon Wireless	(792)
Bill Pmt -Check	10/09/2018	15165	Zendle, Les	(2,189)
Bill Pmt -Check	10/16/2018	15166	Alejandro Espinoza-	(201)
Bill Pmt -Check	10/16/2018	15167	California Special Districts Association	(7,252)
Bill Pmt -Check	10/16/2018	15168	Find Food Bank, Inc.	(87,090)
Bill Pmt -Check	10/16/2018	15169	First Bankcard (Union Bank)	(2,092)
Bill Pmt -Check	10/16/2018	15170	Staples Credit Plan	(723)
Bill Pmt -Check	10/16/2018	15171	Vanessa Smith-	(195)
Bill Pmt -Check	10/16/2018	15172	Xerox Financial Services	(394)
General Journal	10/17/2018	04-03	Oct 2018 LTD Payment - Jena Marie Van Earl	(1,234)
Liability Check	10/18/2018		QuickBooks Payroll Service	(30,069)
Bill Pmt -Check	10/18/2018	15173	CoPower Employers' Benefits Alliance	(2,100)
General Journal	10/19/2018	04-04	401a payment - 10/19/18 payroll	(1,352)
General Journal	10/19/2018	04-04	457b payment - 10/19/18 payroll	(2,712)
Check	10/25/2018		Service Charge	(458)
Bill Pmt -Check	10/26/2018	15174	Andrea S. Hayles-	(163)

Desert Healthcare District
Check Register
October - November, 2018

Type	Date	Num	Name	Amount
Bill Pmt -Check	10/26/2018	15175	Blood Bank of San Bernardino	(6,000)
Bill Pmt -Check	10/26/2018	15176	Davis Wright Tremaine LLP	(270)
Bill Pmt -Check	10/26/2018	15177	Desert Healthcare Foundation	(136,000)
Bill Pmt -Check	10/26/2018	15178	Hanson House Foundation	(5,000)
Bill Pmt -Check	10/26/2018	15179	KaufmanHall	(154,968)
Bill Pmt -Check	10/26/2018	15180	Modern Healthcare - VOID	-
Bill Pmt -Check	10/26/2018	15181	Pitney Bowes Global Financial Services	(280)
Bill Pmt -Check	10/26/2018	15182	Pitney Bowes Purchase Power	(254)
Bill Pmt -Check	10/26/2018	15183	Shred-It	(174)
Bill Pmt -Check	10/26/2018	15184	Simpson, Gumpertz & Heger	(20,000)
General Journal	10/31/2018	04-10	Record Medical Reimb - October 2018	(441)
Liability Check	11/01/2018		QuickBooks Payroll Service	(35,015)
Bill Pmt -Check	11/01/2018	15185	Image Source	(400)
Bill Pmt -Check	11/01/2018	15186	Principal Life Insurance Co.	(1,234)
Bill Pmt -Check	11/01/2018	15187	Ready Refresh	(96)
Bill Pmt -Check	11/01/2018	15188	Rogers, Carole - VOID	-
Bill Pmt -Check	11/01/2018	15189	So.Cal Computer Shop	(730)
Bill Pmt -Check	11/01/2018	15190	Time Warner Cable	(221)
Bill Pmt -Check	11/01/2018	15191	Verizon Wireless	(792)
Bill Pmt -Check	11/01/2018	15192	Zendle, Les	(379)
General Journal	11/02/2018	05-01	401a payment - 11/02/18 payroll	(1,712)
General Journal	11/02/2018	05-01	457b payment - 11/02/18 payroll	(2,723)
Check	11/06/2018	Auto Pay	Calif. Public Employees'Retirement System	(12,014)
Bill Pmt -Check	11/09/2018	15193	Alejandro Espinoza-	(531)
Bill Pmt -Check	11/09/2018	15194	First Bankcard (Union Bank)	(1,109)
Bill Pmt -Check	11/09/2018	15195	Frazier Pest Control, Inc.	(30)
Bill Pmt -Check	11/09/2018	15196	Law Offices of Scott & Jackson	(22,180)
Bill Pmt -Check	11/09/2018	15197	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	11/09/2018	15198	Regents - University of California	(516)
Bill Pmt -Check	11/09/2018	15199	Staples Credit Plan	(1,666)
Bill Pmt -Check	11/09/2018	15200	State Compensation Insurance Fund	(643)
Bill Pmt -Check	11/09/2018	15201	Xerox Financial Services	(394)
General Journal	11/13/2018	05-02	Nov 2018 LTD Payment - Jena Marie Van Earl	(1,234)
Bill Pmt -Check	11/13/2018	15202	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	11/13/2018	15203	Modern Healthcare	(774)
Bill Pmt -Check	11/13/2018	15204	Rogers, Carole	(783)
Liability Check	11/15/2018		QuickBooks Payroll Service	(30,829)
General Journal	11/16/2018	05-03	401a payment - 11/16/18 payroll	(1,402)
General Journal	11/16/2018	05-03	457b payment - 11/16/18 payroll	(2,788)

Desert Healthcare District
Check Register
October - November, 2018

Type	Date	Num	Name	Amount
Bill Pmt -Check	11/19/2018	15205	Alejandro Espinoza-	(182)
Bill Pmt -Check	11/19/2018	15206	CoPower Employers' Benefits Alliance	(2,100)
Bill Pmt -Check	11/19/2018	15207	KaufmanHall	(1,013)
Check	11/26/2018		Service Charge	(425)
Bill Pmt -Check	11/27/2018	15208	Desert Cancer Foundation - VOID	-
Bill Pmt -Check	11/27/2018	15209	Ernest Enterprises	(415)
Bill Pmt -Check	11/27/2018	15210	HARC, INC.	(49,996)
Bill Pmt -Check	11/27/2018	15211	Principal Life Insurance Co.	(1,234)
Bill Pmt -Check	11/27/2018	15212	Shred-It	(88)
Bill Pmt -Check	11/27/2018	15213	Vanessa Smith-	(486)
Bill Pmt -Check	11/27/2018	15214	Desert Cancer Foundation	(90,000)
Bill Pmt -Check	11/27/2018	15215	VMG Health	(8,600)
Bill Pmt -Check	11/27/2018	15216	Cove Communities Senior Association	(50,423)
Liability Check	11/29/2018		QuickBooks Payroll Service	(30,587)
TOTAL				(887,947)

Desert Healthcare District
Details for credit card Expenditures
Credit card purchases - Oct 2018 - Paid Nov 2018

Number of credit cards held by District personnel -2

Credit Card Limit - \$5,000

Credit Card Holders:

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					
		\$ 1,109.22					
Chris' Statement:							
2018	Oct	\$ 1,109.22	District GL				
				Dollar	Descr		
			6352	\$ 165.53		Sept Staff Lunch	
			6360	\$ 23.55		Conference call expense	
			6360	\$ 8.85		Conference call expense	
			6360	\$ 43.98		Conference call expense	
			5230	\$ 65.00		WLF - Rogers	
			6360	\$ 13.27		Conference call expense	
			5230	\$ 177.00		Greater CV CoC - Hazen, Rogers, & Rogers	
			5230	\$ 118.00		State of the City - Indio; Mark & Carole Rogers	
			5230	\$ 59.00		State of the City - Indio; Hazen	
			5160	\$ 220.00		CV Econ Partnership - Chris & Lisa	
			6352	\$ 67.26		Exit Interview with former staff member	
			6360	\$ 19.01		Conference call expense	
			6352	\$ 128.77		Oct Staff Lunch	
				\$ 1,109.22			

Desert Healthcare District
Details for credit card Expenditures
Credit card purchases - Sept 2018 - Paid Oct 2018

Number of credit cards held by District personnel -2

Credit Card Limit - \$5,000

Credit Card Holders:

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					
		\$ 2,091.99					
Chris' Statement:							
2018	Sept	\$ 2,091.99	District GL				
				Dollar	Descr		
			6130	\$ (150.00)		Dropbox credit	
			5160	\$ 650.00		CSDA - Will Dean	
			5160	\$ 650.00		CSDA - Chris Christensen	
			5230	\$ 75.00		All Valley Mayor's Luncheon - Les	
			5160	\$ 75.00		All Valley Mayor's Luncheon - Chris	
			5230	\$ 63.31		Coachella State of the City - Hazen	
			5160	\$ 63.31		Coachella State of the City - Lisa	
			6360	\$ 25.46		Conference call expense	
			6360	\$ 39.91		Conference call expense	
			5230	\$ 600.00		Cancer Partners event tickets - Matthews & Rogers	
				\$ 2,091.99			

Las Palmas Medical Plaza
Check Register
October - November, 2018

Type	Date	Num	Name	Amount
1000 · CHECKING CASH ACCOUNTS				
1046 · Las Palmas Medical Plaza				
Bill Pmt -Check	10/09/2018	9909	Desert Air Conditioning Inc.	(766)
Bill Pmt -Check	10/09/2018	9910	Frazier Pest Control, Inc.	(180)
Bill Pmt -Check	10/09/2018	9911	Imperial Security	(1,466)
Bill Pmt -Check	10/09/2018	9912	KC's Plumbing	(518)
Bill Pmt -Check	10/09/2018	9913	Palm Springs Disposal Services Inc	(2,123)
Bill Pmt -Check	10/16/2018	9914	Frontier Communications	(213)
Bill Pmt -Check	10/16/2018	9915	Imperial Security	(1,466)
Bill Pmt -Check	10/16/2018	9916	Locks Around The Clock	(92)
Bill Pmt -Check	10/16/2018	9917	Southern California Edison	(667)
Bill Pmt -Check	10/16/2018	9918	Stericycle, Inc.	(1,463)
Bill Pmt -Check	10/18/2018	9919	Imperial Security	(1,466)
Bill Pmt -Check	10/26/2018	9920	Desert Air Conditioning Inc.	(88)
Bill Pmt -Check	10/26/2018	9921	Imperial Security	(1,466)
Check	10/31/2018		Service Charge	(1,030)
Bill Pmt -Check	11/01/2018	9922	Desert Water Agency	(805)
Bill Pmt -Check	11/01/2018	9923	Imperial Security	(1,466)
Bill Pmt -Check	11/01/2018	9924	INPRO-EMS Construction	(10,117)
Bill Pmt -Check	11/09/2018	9925	Frazier Pest Control, Inc.	(180)
Bill Pmt -Check	11/09/2018	9926	Imperial Security	(1,466)
Bill Pmt -Check	11/09/2018	9927	Palm Springs Disposal Services Inc	(2,123)
Bill Pmt -Check	11/09/2018	9928	Southern California Edison	(616)
Bill Pmt -Check	11/09/2018	9929	Stericycle, Inc.	(1,374)
Bill Pmt -Check	11/09/2018	9930	Amtech Elevator Services	(453)
Bill Pmt -Check	11/09/2018	9931	Desert Air Conditioning Inc. - VOID	-
Bill Pmt -Check	11/09/2018	9932	Jon Christensen Riverside Co. Treasurer	(34,915)
Bill Pmt -Check	11/09/2018	9933	Desert Air Conditioning Inc.	(329)
Bill Pmt -Check	11/19/2018	9934	Frontier Communications	(213)
Bill Pmt -Check	11/19/2018	9935	Imperial Security	(1,466)
Bill Pmt -Check	11/27/2018	9936	Imperial Security	(3,226)
Bill Pmt -Check	11/27/2018	9937	Jason Fredregill	(2,250)
Bill Pmt -Check	11/27/2018	9938	INPRO-EMS Construction	(10,117)
Check	11/30/2018		Service Charge	(1,030)
TOTAL				(85,151)



MEMORANDUM

DATE: December 11, 2018

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

Current number of participants in Plan:

Active – still employed by hospital	123
Vested – no longer employed by hospital	60
Former employees receiving annuity	<u>9</u>
Total	<u>192</u>

The outstanding liability for the RPP is approximately **\$4.5M** (Actives - \$3.2M and Vested - \$1.3M). US Bank investment account balance \$5.2M. Per the June 30, 2018 Actuarial Valuation, the RPP has an Unfunded Pension Liability of approximately **\$3.3M**. A monthly accrual of \$10K is being recorded each month as an estimate for FY2019.

The payouts, excluding monthly annuity payments, made from the Plan for the Five (5) months ended November 30, 2018 totaled **\$182K**. Monthly annuity payments (9 participants) total **\$1.1K** per month.

RESOURCES AND PHILANTHROPY

Information only - status update of new and existing grants since last Board report of November 27, 2018

Final Grant Reports:		
Grantee	Staff Report	5 things to be done differently
<p>Pegasus Therapeutic Riding #948 - <i>Equine Therapy for District Residents - All Ages, All Disabilities</i></p>	<p>Grant term: 10/1/17 - 9/30/18 Original Approved Amount: \$93,829.00 106 disabled adults and children from the District area received free physician referred equine therapy for a period of one year. This included children from the Palm Springs Unified School District - Special Education Classes. Child-adults and children from Desert ARC. Adults from Act for MS. Children and child-adults from Angel View. Home care disabled children on Thursdays and Saturdays. Children and adults from United Cerebral Palsy.</p>	<ol style="list-style-type: none"> 1. If we started over, we would double the number of therapy-trained equines and ponies in our stable. These specially trained animals are the heart and soul of our program. If one animal is ill and another ages out of our program, we are putting a burden on the remaining trained animals available for therapy. Training takes six months, so we need to add a continuous training program to our current regime. 2. Starting over we would have had a different board mix. After 36 years in the valley, we finally have a true working board but that should have been thought out in the first five years of our charity. A good working board is mandatory in achieving success. 3. Starting over we would have added a second ranch manager. A second manager would deal with ranch/maintenance problems while #1 would do nothing but the train the

		<p>horses with volunteers learning the art form.</p> <ol style="list-style-type: none"> 4. Starting over we would look ahead and see that as the valley grew, profits from fundraisers would dwindle and having more of them is not the answer. The answer is having more donors and more grantors. A look at the current 2018-2019 fundraising schedule reveals there are already 550 fundraisers on the schedule. 5. We would urge with a loud voice that our school districts try and coordinate their vacation schedules so they all matched. SPUSD, DSUSD and CVUSD all have slightly different vacation times for Thanksgiving, Christmas and Easter. These differences create havoc in our schedules.
Progress Reports		
<p>Desert Cancer Foundation #960 <i>Patient Assistance and Suzanne Jackson Breast Cancer Fund (SJBCF) Programs</i></p>	<p>Grant term: 3/1/18 - 8/31/19 Original Approved Amount: \$200,000 First six-month progress report, covering the time period from March 1, 2018 - August 31, 2018. The program is on track.</p>	<p>SJBCF: With funding provided by the District, we have provided program administration and navigation assistance to access breast health services for more than 20 District residents. With funding provided by the District, we have provided seven District residents with breast health screening and diagnostic services. Thanks in part to the strategic relationships with our local medical community, we have paid \$1,770.06 for</p>

		<p>breast cancer screening and diagnostic services valued at \$5,613.08 during the reporting period of 3/1/2018 to 8/31/2018. Furthermore, the cost of program administration and navigation for District residents cost approximately \$16,460.81 during the reporting period, of which the Desert Healthcare District grant budgeted to cover \$8,230.41 during the reporting period.</p> <p>PATIENT ASSISTANCE: Our Patient Assistance Program continues to grow in need in serving our community. During the reporting period of 3/1/2018 to 8/31/2018, the grant from the District provided 581 cancer treatment-related services for a total of 77 District residents. During the reporting period, we paid \$80,437.91 for cancer treatment services, including Medical Share-of-Cost, Prescriptions, Out-Patient care, Co-Insurance and Co-Pays, as well as Insurance Premiums. Thanks in part to the strategic relationships with our local medical community and supports like the District, we have paid \$80,437.91 for cancer treatment services valued at \$1,809,849.39 during the reporting period of 3/1/2018 to 8/31/2018. Furthermore, the cost of program administration and patient navigation for District residents cost approximately \$21,501.93 during the reporting period, of which the Desert</p>
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		Healthcare District grant covered \$10,750.97 during the reporting period.
Applications		
Applicant	Staff Comments	Status
DIGICOM - requesting \$150,000 over two years for student film project focusing on behavioral health - Community Focus Area: Access to Primary and Behavioral Health Care - Proactive Category -	Update: Staff met with DIGICOM on Friday, November 16 to review and discuss concepts – if the students’ videos are prescriptive, it doesn’t work if the goal is to have the students learn how to express themselves. DIGICOM will continue to work with PSUSD students to bring awareness and delve into ideas (not prescriptive) of precariously housed homeless students, mental resiliency or any other peer-to-peer opportunities. Staff will then circle back with DIGICOM staff to work on the next steps to finalize a project description for funding.	<i>Pending and/or On Hold and/or Further Discussion Needed:</i>
UCR SCHOOL OF MEDICINE \$536,157 (approximate) mobile medical unit through expansion of the Residents Street Medicine Program -	UCR is very much interested in developing the mobile unit concept as a strategy in collaboration with other community partners & service providers. Update: Staff is in the process of finding available dates and times to meet with DRMC and UCR with discussion around the tele-psych and psychiatric residency programs. Staff is also pursuing collaborative partnership opportunities with the Health to Hope Mobile Clinics program.	<i>Pending and/or On Hold and/or Further Discussion Needed:</i>

Letters of Inquiry		
Agency	Staff Notes	Status
Ronald McDonald House Inland Empire	Requesting \$200,000 to support programs and services specific to Coachella Valley families (approximately 20%) that are referred by JFK Hospital, DRMC and Eisenhower Health for intensive and specialized medical treatments at the Children's Hospital.	Staff will be setting up a site visit after the holidays.
Health to Hope Clinics	Requesting \$288,000 over a three-year period so that the organization's mobile medical units can serve more of the homeless individuals within the District's current service area and/or throughout eastern CV (the passage of Measure BB).	Staff is currently researching the collaborative opportunities with UCR SOM Street Medicine project and Path of Life Ministries Behavioral Health mobile unit concept.
Cancer Partners (formerly known as Gilda's Club)	Requesting \$130,000 for expansion of a pilot program now at Desert Sands School District - Youth Grief & Loss Support Program. In conversations with PSUSD Mental Health and Student Support Services staff, it was suggested that the Cancer Partners program could fill the gap left by Mourning Star's closing a few years ago.	Staff recommended Cancer Partners contact representatives at Palm Springs Unified School District to present their program with the goal of attaining an MOU to develop the specifics on the potential number of students that could be served by this program. Cancer Partners are still in the process of coordination.



December 18, 2018

CEO Report - Priorities - Milestones - Progress Measures

#1 Milestone: Successful Implementation of Strategic Plan

Staff is currently focused on the following work in support of the strategic plan and Board priorities:

1. Homelessness Initiative
2. Behavioral Health Initiative
3. Implementation of the grant structure and new grant software platform – Grant software is now in full operation and staff has completed all preliminary and intermediary training. Staff will continue to obtain all advance training to enable full utilization of the grant software options. This includes setting up both current and past grants with specialized filters/flags to ensure accuracy of searches and data. Current website is in the process of being updated to reflect the new Grant software and application for full integration.
4. Policy update and operational process and procedures – In progress. Further updates resulting from the workshop in early 2019 regarding Board governance, and roles and responsibilities.
5. Accreditation requirements – In progress. Estimated completion April 2019.
6. Implementation of Communications and Marketing Plan – Staff is on task to move forward on Branding and Website redesign followed by all other components of the plan.
7. CVHIP – staff continues to work with IEHP to finalize the potential of a partnership on Health portal.

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

Staff will make recommendations on policies to be considered as a priority as it relates to accreditation requirements.

Priority: Operations

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

Communications staff continues the community engagement of facilitating spot lights on CBO's who have received funding from the District to support programs that are reflective of our strategic plan. Concurrently, staff is working to identify contracts for the development and design of a potential new brand and website that will embrace the new district boundaries.

Priority: Operations

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

COO continues to work through the process of policy review and the implementation of a proposed timeline to obtain trainings for both staff and the Board of Directors to achieve the “Certified Healthcare District” from The Association of California Healthcare Districts (ACHD) and “District of Distinction” from Special District Leadership Foundation (SDLF) a division of California Special District Association (CSDA) – timeline will be presented at the November Board meeting. – this will also be supported by the Board to consider full ethics and harassment training to take place in February with the full new board seated.

Staff has looked into potential sites for Satellite location in the East for Short term representation in the new District Boundary’s. It has been a challenge as many of the current vacancies require a 3-year minimum lease. Staff report is included in the Board Package for consideration of an alternative location for Satellite office. Though not as far East as originally desired, the lease requires only a 1-year term with the option to renew for 2 additional years.

"Priority: Operations

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

Staff has met with IEHP and is currently working on establishing a proposed MOU that will enable the formalization of a partnership between the District and IEHP. The proposed timeframe is for a draft copy to be presented at the January 2019 Finance & Administration committee meeting.

"Priority: Operations

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

A timeline for Accreditation was presented at the November 27th Board of Directors meeting.

"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 (HGOC) 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 will develop a hospital inspection plan to perform quarterly inspections of the hospital facilities. 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"

A full report completed by Barbara Poppe and Associates and developed by staff and several community stakeholders was presented to the Board at the November 27, 2018 Desert Healthcare Foundation Board meeting. Barbara Poppe provided a presentation of the outcomes and recommendations. The recommendations were presented at the November 27, 2018 Desert Healthcare Foundation Meeting. The Board approved the first recommendation to create a Coachella Valley Collaborative to End Homelessness and accepting the framework as the direction to begin developing the strategies to shape proposals to bring to the Collaborative for consideration and to continue with funding for the Housing First through the existing collective fund.

"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"

Staff continues to work with Subject Matter Specialist and Green Ribbon Committee to help identify strategies and concepts for both programs, funding and legislation.

Workforce development: After several months of staff's participation in the Behavioral Health OneFuture "ATeam" meetings, a draft plan for engaging future workforce and attracting Behavioral Health professionals in the immediate term has been created. Staff is working to bring forward a grant proposal in support of this work for the February 2019 Board meeting.

CEO and COO are working with UCR School of medicine to set up a strategic planning meeting to further discuss the concept of the mobile medical unit alongside the development of telepsych services.

The Foundation's analysts staff has been participating in Riverside County RUHS "Riverside Resilience Roadmap" meetings and trainings. This is a cross-sector collaboration to reduce adverse childhood experiences and build community resilience. Our focus has been on the "Activate" Workgroup as it is focused on policy/practices, building capacity, and organizational change.

Although work continues on the Behavioral Health Initiative, it is staff's intent to finalize the work with BPA on homelessness, work as a team to identify strengths and weaknesses from the process, and create a "lessons learned" information piece to help guide the upcoming Behavioral Health Initiative work. Timeline proposed is February 2019.

"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. Phase 0 (high level assessment) is complete and was presented at the September 25, 2018 Board of Directors meeting. Estimated completion of the ASCE 41 – Phase 1 report - is January 2019.

"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 considering 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 plan (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 work continues to identify potential funding for two Key Initiatives – Homelessness and Behavioral Health. Through this process, staff is mapping potential funding sources to support efforts and programs that serve the Coachella Valley as a whole.

Concurrently, Staff is focused on Salton Sea Bond and the allocation of 10 million to Health, Prop 63 funds. Staff is participating in Salton Sea authority meetings and furthering our relationship with Desert Parks and Recreational District.

"Priority: Expansion

#14 Milestone: Secure successful LAFCO vote"

Complete. Measure BB passed at the November 6, 2018 election with an overwhelming 80.60% of approximately 55,000 voters voting in favor of the Measure. The successful passage was as a result of the diligent and timeless effort of the District's Board & Staff, Government Officials, and community members.

"Priority: Expansion

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

Complete. Staff is now working to obtain further information on potential satellite office locations. This will be presented to the Full Board at the December 18 meeting.

"Priority: Expansion

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

With successful passage of Measure BB, staff will begin processes of appointing 2 new Directors from the expanded area, rezoning the District into 7 zones, and working to develop funding to support the expansion.



Date: December 18, 2018
To: Board of Directors
Subject: Proposed East Valley Satellite Office

Staff recommendation: Consideration to approve the Letter of Intent to lease office space at the RAP Foundation located at 41550 Eclectic Street, Palm Desert.

Background:

- Board approved budget line items for fiscal year 2018-19 for potential satellite office space (\$99,000) pending the expansion of District boundaries.
- Staff worked with real-estate professionals to identify potential locations in LaQuinta, Indio and Coachella.
- Locations reviewed included office space for two desks minimum and board room/meeting room access.
- Although staff desires a one-year lease, a three-year minimum lease is the required commitment for landlords to entertain a lease contract.
- Staff has identified an alternative location at the RAP Foundation Building located in Palm Desert (Cook and Hovely) where all current tenants are nonprofit organizations who serve throughout the Coachella Valley:
 - Building offers 233 square feet of office space
 - \$550 per month.
 - Lease rate includes common area space: meeting rooms, restrooms, break room, and additional features of electricity and Internet access at no additional cost.
 - One-year lease term January 1, 2019 - December 31, 2019, with the option to renew for two one-year terms at the same lease rate.

Fiscal Impact: Based on one year:

First-year commitment:	\$6,600
Security deposit:	\$1,100
Capital expense:	\$2,900
Office supplies:	\$3,000*
Janitorial:	\$2,200
Misc. cost associated with move:	\$1,200

Total estimated costs: \$17,000

*This would come under the existing approved budget for office supplies.

December 11, 2018

Ms. Leticia De Lara
RAP FOUNDATION
41550 Eclectic Street
Palm Desert, CA 92211

LETTER OF INTENT TO LEASE

The following Letter of Intent to Lease summarizes the basic terms and conditions under which the proposed Lessee will enter into an agreement for the lease of the subject property.

Lessee

Desert Healthcare District

Subject Property

41-550 Eclectic Street, office space 233sf. designated as D204, Palm Desert, CA 92260.

Includes use of common area spaces: meeting rooms, by reservation, restrooms and break room, at no additional cost. Also included is electricity and internet access.

Lease Rate

The Lease base rent shall be set as follows:

Months 1-12	\$550 per month Gross
Months 13-24	\$550 per month Gross
Months 25-36	\$550 per month Gross

The following expenses are NOT included in the base rent and are at the lessee's sole cost:

- Janitorial (lessee may opt to pay for separate service, or share in cost of single provider which may result in lower rates)
- No reserved parking (first-come, first-served)

Tenant Improvements

Lessor, at Lessor's sole cost, shall ensure the HVAC system, and electrical, plumbing, and data line infrastructure are all in good working order. Furthermore, Lessor shall complete the following work:

1. A general cleaning of the suite.

Term and Commencement

The term of the lease shall commence January 1, 2019, and end on December 31, 2019. Lessee shall have early possession upon authorization of the lease agreement, payment of the initial deposit/rent, and proof of insurance naming the Lessor as an additional insured. Ability to renew lease for additional one year term effective January 1, 2020 to December 31, 2020 and subsequent on year period as of January 1, 2021 to December 31, 2021.

RAP FOUNDATION
December 10, 2018
Page Two

Additional Terms of the Lease

Upon acceptance and lease authorization, the Lessee shall provide a cashier's check payable to "RAP FOUNDATION" for \$550. This amount represents \$550 for the first month's rent paid in advance, and a \$1,100 security deposit. There are no reserved parking spaces.

Lessor shall provide copies of CC & R's, signage program and related documents pertaining to the occupancy of the subject property, if applicable.

Lessee's Use

Administrative offices for a nonprofit organization.

This letter represents a proposal only, and neither the Lessee nor the Lessor shall have any rights or obligations as a result of this Letter of Intent to Lease. Only a fully executed lease agreement shall be binding on either party. Proposal expires one calendar week after submittal if there is no response.

Sincerely,

Name: Chris Christensen
Title: Interim CEO & CFO
Company: Desert Healthcare District



Date: December 18, 2018

To: Board of Directors

Subject: Desert Regional Medical Center (DRMC) Local Governing Board
Rules & Regulations - Revised

Staff Recommendation: Consideration to approve the Revised DRMC Local Governing Board Rules & Regulations

Background:

- Two District Board Members serve on the Governing Board of DRMC.
- The Rules and Regulations of the Governing Board must be executed between the District Board and DRMC.
- Included in the packet is a “redlined” Rules & Regulations with the requested Revisions.

Fiscal Impact:

None

SCHEDULE 14.11(a)

RULES AND REGULATIONS OF THE LOCAL GOVERNING BOARD OF

DESERT REGIONAL MEDICAL CENTER

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

STRUCTURE

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

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

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

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

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

Emeritus. The initial Local Governing Board shall not include more than two (2) members who were members of the Desert Hospital Corporation Board of Directors immediately prior to its dissolution, except that this limitation shall not apply to any member of the Desert Hospital Corporation Board of Directors who was also a member of the District Board of Directors. At least one (1) other non-physician member of the Local Governing Board shall be a local community resident who is neither employed by nor does business with Lessee (or any affiliate thereof) nor is related to any officer or director of Lessee (or any affiliate thereof). The Chief Operating Officer, Chief Nursing Officer, Chief Medical Officer, Chief Financial Officer and any other representatives deemed appropriate may also attend the Local Governing Board meetings.

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

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

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

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

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

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

d. Nominations, Recommendations and Appointment. Prior to the first day of the new Local Governing Board Year, the Local Governing Board shall submit to the Board of Directors, or its designee, the Local Governing Board's recommendations regarding appointment or reappointment. The Board of Directors, or its designee, shall consider said recommendations and make appointments and reappointments prior to or as of the end of the term of the incumbents whose terms are then expiring.

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

(1) For the Hospital CEO serving ex officio: No limit.

(2) For appointed members who also have served ex officio as President of the Medical Staff: Six (6) plus total number served ex officio.

(3) For former members of Desert Hospital Corporation Board of Directors (other than those who were also on the District Board of Directors): One (1).

(4) For all other members: Six (6) unless otherwise approved by the President of the Lessee.

(5) For the Chairman Emeritus: One (1) immediately following the term served as Chairman.

Section 5. Resignation and Removal.

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

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

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

absences, may result in the removal of the member from the Local Governing Board by the Board of Directors.

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

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

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

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

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

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

Section 12. Adjournment. If a quorum is not present at any Local Governing Board meeting, the members present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. Notice of the time and place of an adjourned meeting need not be given to absent members if the time and place

is fixed at the adjourned meeting, except as provided in the next sentence. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the members who were not present at the time of the adjournment.

Section 13. Action Without Meeting. Any action required or permitted to be taken by the Local Governing Board may be taken without a meeting if all members of the Local Governing Board individually or collectively consent in writing to such action. Such written consent or consents shall have the same force and effect as a unanimous vote of the Local Governing Board and shall be filed with the minutes of the proceedings of the Local Governing Board.

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

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

ARTICLE III OFFICERS OF THE LOCAL GOVERNING BOARD

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

Section 2. Resignation and Removal.

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

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

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

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

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

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

ARTICLE IV ORGANIZATION OF THE MEDICAL STAFF

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

ARTICLE V MEDICAL STAFF APPOINTMENTS

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

Section 2. Standards and Procedures for Consideration of Applications. The standards and procedures adopted by the Local Governing Board shall be applied by the

Hospital and its Medical Staff in considering and acting upon applications for staff membership and clinical privileges.

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

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

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

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

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

**ARTICLE VI
MEDICAL STAFF BYLAWS**

There shall be Bylaws for the Medical Staff which set forth its organization and government. Any proposals for new Bylaws, or any amendment, revision or repeal of existing Bylaws, shall be considered and, if approved, adopted by the Medical Staff (or its Medical Executive Committee) in accordance with any provisions in the Bylaws regarding such adoption procedures, and subject to the approval of the Local Governing Board (which approval shall not be unreasonably withheld). The Local Governing Board may, at any time, initiate proposals for Bylaws, or amendments thereto, and the Local Governing Board shall present these proposals to the Medical Staff or its medical Executive Committee) for its consideration.

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

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

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

Section 3. JCAHO and Legal Requirements. The Local Governing Board shall direct that all reasonable and necessary steps be taken by the Medical Staff and Hospital administration for meeting JCAHO accreditation standards and complying with applicable laws and regulations. If requested by the Hospital CEO, Local Governing Board members shall participate in JCAHO

summation conferences unless excused for good cause. The Local Governing Board shall take all reasonable steps to comply with all applicable federal, state and local laws and regulations.

**ARTICLE VIII
LOCAL GOVERNING BOARD OPERATION**

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

Section 2. Committees.

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

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

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

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

Section 4. Planning Function. The Local Governing Board shall participate in and support an institutional planning process to periodically evaluate the Hospital’s goals, policies and

programs. At the Local Governing Board's discretion, this planning function may be performed by a committee (the Local Governing Board Planning Committee) which includes representatives of the Local Governing Board, administration, nursing, other appropriate advisers, and the Medical Staff.

Section 5. Performance Improvement (PI). The Local Governing Board shall require the Medical Staff and staffs of the Hospital departments/services to implement and report on the activities and mechanisms for monitoring and evaluating the quality of patient care, for identifying opportunities to improve patient care, and for identifying and resolving problems. The Local Governing Board, through the Hospital CEO, shall support these activities and mechanisms. The Local Governing Board shall provide for resources and support systems for the quality assessment and improvement and risk management functions related to patient care and safety. The Local Governing Board shall consider and, if necessary, act upon the results reported from PI activities, which activities shall strive to satisfy the following objectives: (i) quality patient care provided by members of the medical and allied professional staffs, employees of the Hospital and all others who provide patient care services at this Hospital, (ii) use of planned and systematic procedures to objectively assess the quality of care provided, (iii) implementation of corrective action when problems or opportunities for improvements are identified, and (iv) the provision of one level of patient care throughout the Hospital.

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

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

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

**ARTICLE IX
CHIEF EXECUTIVE OFFICER**

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

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

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

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

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

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

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

ARTICLE X PERSONNEL

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

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

ARTICLE XI VOLUNTEER ORGANIZATIONS

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

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

ARTICLE XII REVIEW OF DOCUMENTS

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

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

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

**ARTICLE XIII
CORE SERVICES**

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

**ARTICLE XIV
PATIENTSBILL OF RIGHTS**

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

**ARTICLE XV
EVALUATION OF PERFORMANCE**

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

**ARTICLE XVI
INSURANCE**

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

**ARTICLE XVII
AMENDMENTS AND ADOPTION**

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

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

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

The foregoing amended rules and regulations were approved by the Local Governing Board of Directors on ~~November 29, 2017~~ May 18, 2018.

~~_____~~
Mitch Blumberg ~~Hetal Bhakta, MD,~~ Chairman, Local Governing Board
of Directors

APPROVALS

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

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

The foregoing amended rules and regulations were approved by the Desert Healthcare District on ~~June 27, 2017~~ _____.

~~_____~~
President ~~Chairman,~~ Board of Directors of Desert Healthcare District
Carole S. Rogers

Commented [TSB1]: Need to update accordingly.



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

October 9, 2018

Directors Present

District Staff Present

Absent

Chair/Treasurer Mark Matthews Director Jennifer Wortham, DrPH - <i>Telephonic</i> Arthur Shorr, Community Member	Chris Christensen, Interim CEO, CFO Lisa Houston, COO Stephen Huyck, Accounting Manager Andrea S. Hayles, Clerk to the Board	
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AGENDA ITEMS

DISCUSSION

ACTION

I. Call to Order	Chair Matthews called the meeting to order at 3:07 p.m.	
II. Approval of Agenda	Chair Matthews asked for a motion to approve the Agenda.	It was moved and seconded (Community Member Shorr, Chair Matthews) to approve the agenda. Motion passed unanimously.
III. Public Comment		
IV. Approval of Minutes	Chair Matthews asked for a motion to approve the minutes of September 11, 2018.	It was moved and seconded (Director Wortham, Community Member Shorr) 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, thanked the team of Moss Levy & Hartzheim for the extensive audit work. Mr. Christensen explained that he	



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

October 9, 2018

	<p>will be out of the office the week of the November 13 F&A Committee, requesting to postpone the meeting until December unless there are important aspects of the November meeting that should be addressed.</p>	
<p>VII. Financial Reports 1. District and LPMP Financial Statements 2. Accounts Receivable Aging Summary 3. District – Deposits 4. District – Property Tax Receipts 5. LPMP Deposits 6. District – Check Register 7. Credit Card – Detail of Expenditures 8. LPMP – Check Register 9. Retirement Protection Plan Update 10. Grant Payment Schedule</p>	<p>VII.1.-10. The Financial Reports were reviewed with Chris Christensen, Interim CEO. Mr. Christensen provided an overview of Dr. Awad’s lease – requesting to transition to a larger space with the lease addendums outlined in the Staff Report also describing the year to date variance analysis.</p>	<p>It was moved and seconded (Director Wortham, Community Member Shorr) to approve the September 2018 District Financial Reports - Items 1-10 and to forward to the Board for approval. Motion passed unanimously.</p>
<p>Public Comment</p>		
<p>VIII. Other Matters 1. Craig Hartzheim – Moss Levy & Hartzheim – FY 2018 Audit Reports – District & RPP a. Management Letter, Communication Letter, Internal Controls Report b. District Audit Report c. RPP Audit Report</p>	<p>VIII.1. a.-c. Craig A. Hartzheim, CPA, Moss Levy & Hartzheim, commenced with the details of the management letter explaining that the District is a small staff that could potentially cause an issue with a segregation of duties that overlap; however, it is not a finding considering how the board mitigates the risk by the reviewing all payments and other principals of the financials. Mr. Hartzheim detailed the Statement of Net Position for the District and the Foundation. The disclosure of the lease agreement with Tenet Health outlining the potential liability was described,</p>	<p>It was moved and seconded (Chair Matthews, Director Wortham) to approve FY 2018 Audit Reports – District & RPP with modified language to the Management Discussion and Analysis Report clarifying the language for seismic and the termination of assets.</p>



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

October 9, 2018

<p>2. LPMP Lease Extension – Suite 2W 203 – Desert Family Medical</p> <p>3. LPMP Lease Addendums – Dr. Awad</p> <p> a. Suite 2W-107 – Request for early termination of 3-year lease</p>	<p>including a summary of significant accounting policies.</p> <p>Chair Matthews and Director Wortham expressed concern about future funding, (seismic, termination assets of the district, and the expansion) including expenditures of the grant program. The Management Discussion and Analysis report will be revised and modified to identify and distinguish the impact of the lease and other contingencies as requested by Chair Matthews and Director Wortham.</p> <p>The Post-Employment Benefits of retired Directors was described considering the retirement age, and the aspects of the net pension liability were detailed by Mr. Christensen.</p> <p>VIII.2. Chris Christensen, Interim CEO, explained the details of the 5-year lease with a base rent of \$1.74 per sq. ft., and the tenant improvement allowance of \$15 per sq. ft.</p> <p>VIII.3. Chris Christensen, Interim CEO, explained the lease prior approval of the 1,500 sq. ft. space and the transfer of the tenant from Suite 2W-107 to the larger suite. The tenant improvement and commencement date are currently underway. November</p>	<p>It was moved and seconded (Community Member Shorr, Director Wortham) to approve the LPMP Lease Extension – Suite 2W 203 – Desert Family Medical and forward to the Board for approval. Motion passed unanimously.</p> <p>It was moved and seconded (Community Member Shorr, Director Wortham) to approve LPMP Lease Addendums – Dr. Awad – Suite 2W 107 request for early termination of 3-year lease and forward to the Board for approval. Motion passed unanimously.</p>
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DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

MEETING MINUTES

October 9, 2018

<p>4. Proposed Vacation Cash Out Policy</p>	<p>1 was the initial start date, but the tenant is requesting a December 31 expiration date of the lease with a January 1 commencement date for the new lease.</p> <p>Chair Matthews requested that the tenant have 3 months flexibility for construction purposes and to allow Mr. Christensen flexibility with the commencement date.</p> <p>VIII.4. Chris Christensen explained the aspects of the long-term employee with the maximum vacation hours of 160. Management has encouraged the employee to plan scheduled vacations that do not exceed the maximum hours going forward.</p> <p>Director Wortham explained that employees should be able to cash out their pay at the end of the year and not lose any vacation hours – a payout option for all employees.</p> <p>Community Member Shorr explained that vacation is an important aspect of employment and respectfully disagrees.</p>	<p>It was moved and seconded (Chair Matthews, Community Member Shorr) to approve the Proposed Vacation Cash Out Policy and to forward to the Board for approval. Motion passed unanimously.</p>
<p>5. Proposed DHCD Hours of Operation</p>	<p>VIII.5. Chris Christensen, Interim CEO, described the proposed District hours of operation that were presented at the September board meeting. Staff was directed to bring back a policy; however, a</p>	<p>It was moved and seconded (Community Member Shorr, Director Wortham) to approve the Alternative Workweek Schedule Policy for the Secret Ballot Vote and forward the results and the</p>



DESERT HEALTHCARE DISTRICT

DESERT HEALTHCARE DISTRICT

FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE

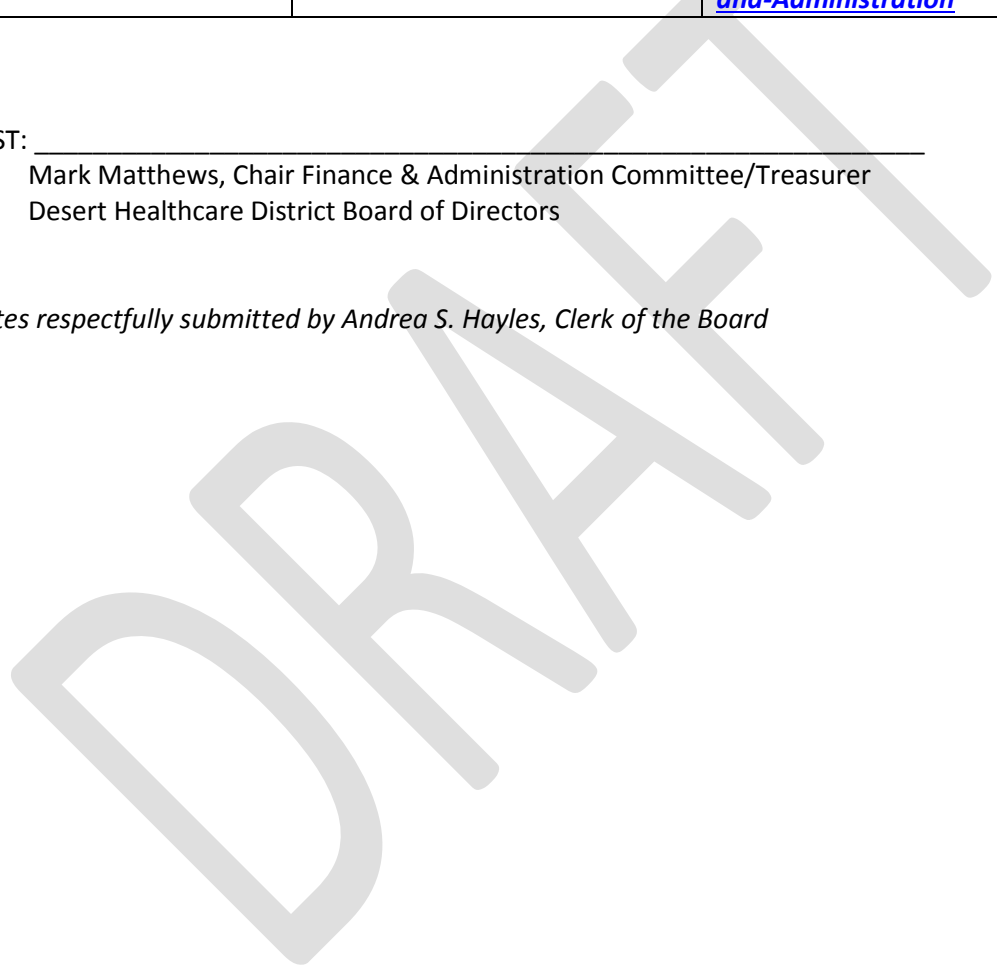
MEETING MINUTES

October 9, 2018

	more formalized policy is necessary to move forward. In the interim, Management has presented Staff with a secret ballot to determine the two-thirds majority for the 4/10 or 9/80 workweek schedule.	Formalized Policy to the Board for approval. Motion passed unanimously.
IV. Adjournment	Chair Matthews adjourned the meeting at 4:02 p.m.	Audio recording available on the website at http://dhcd.org/Finance-and-Administration

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





Date: December 18, 2018

To: Board of Directors

Subject: Lease Agreement – Desert Oasis Healthcare Medical Group 1E
204

Staff recommendation: Consideration to approve the draft lease agreement for Desert Oasis Healthcare Medical Group at the Las Palmas Medical Plaza.

Background:

- Desert Oasis Healthcare Medical Group has been a long-standing tenant of the Las Palmas Medical Plaza
- Desert Oasis' current lease expires February 28, 2019
- Dr. Congress, the tenant occupying suite 1E 204, plans to retire soon
- Desert Oasis is requesting a lease renewal of one year, with a base rent of \$1.80/square foot and a Tenant Improvement Allowance of \$6/square foot
- An additional request of two, 1-year renewal options, with the greater of 3% or CPI increase year over year
- At the December 11, 2018 F&A Committee meeting, the Committee recommended forwarding to the Board for approval.
- Staff recommends approval of the draft lease agreement
- Draft lease agreement is attached for review

Fiscal Impact:

Estimated revenue from Rent and CAMs for life of the lease - \$25,555

Estimated cost of Tenant Improvement Allowance (\$6.00/sf) - \$5,280

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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 Desert Medical Group, Inc. dba Desert Oasis Healthcare Medical Group, referred to as "Tenant", and is dated March 1, 2019.

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): \$ Nineteen-Thousand Eight & 00/100 (\$19,008.00) per year.
- b. Base Year: The calendar year of March 1 to February 29.
- 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: March 1, 2019.
- 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: February 29, 2020, unless otherwise sooner terminated in accordance with the provisions of this Lease.
- g. Landlord's Mailing Address: 1140 N. Indian Canyon Dr. Palm Springs, CA 92262
 Tenant's Mailing Address: 555 E. Tachevah Dr. 1E-204 Palm Springs, CA 92262
- h. Monthly Installments of Base Rent (initial): \$ One-Thousand, Five-Hundred Eighty-Four and 00/100 Dollars (\$1,584.00) per month.
- i. Project Operating Costs (CAMs): Currently Sixty-two Cents (\$.62) per square foot per month.
- j. Tenant Improvement Allowance (TI): Six and 00/100 Dollars (\$6.00) per square foot reimbursable to the Tenant.
- k. Parking: Tenant shall be permitted, to park 5 cars on a non-exclusive basis in the area(s) designated by Landlord for parking (for Staff - generally in the back of the parking area, perimeter streets, and Wellness Park parking lot). Tenant shall abide by any and all parking regulations and rules established from time to time by Landlord or Landlord's parking operator.
- l. Premises: That portion of the Building containing approximately 880 square feet of Rentable Area, located in Building 1E and known as Suite 204.
- 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)*: \$ Tenant will carry over from previous lease in the amount of One-Thousand Three-Hundred Sixty-Four and 00/100 (\$1,364.00).
- 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*: 1.78 %. Such share is a fraction, the numerator of which is the Rentable Area of the Premises and the denominator of which is the Rentable Area of the Project, as determined by Landlord from time to time. The Project consists of six building(s) containing a total Rentable Area of 49,356 square feet.
- s. *Tenant's Use Clause (Article 8)*: General office use consistent with and use the City may allow under the City of Palm Springs zoning, subject to Landlord's reasonable approval.
- t. *Term*: The period commencing on the Commencement Date and expiring at midnight on the Expiration Date.

3. EXHIBITS AND ADDENDA.

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

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

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

4. DELIVERY OF POSSESSION.

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

5. RENT.

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

5.2 *Adjusted Base Rent*:

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

5.3 *Project Operating Costs(CAMs)*:

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

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

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

_____ District _____ Recipient

under any other leases of space in the Building or Project, or (2) and license fee, excise or franchise tax, assessment, levy or charge measured by or based, in whole or in part, upon such rent, or (3) any transfer, transactions, or similar tax, assessment, levy or charge based directly or indirectly upon the transaction represented by this Lease or such other leases, or (4) any occupancy, use, per capita or other tax, assessment, levy or charge based directly or indirectly upon the use or occupancy of the Premises or other premises within the Building or Project, then any such taxes, assessments, levies and charges shall be deemed to be included in the term Project Operation Costs. If at any time during the Term the assessed valuation of, or taxes on, the Project are not based on a completed Project having at least eighty-five percent (85%) of the Rentable Area occupied, then the "taxes" component of Project Operating Costs shall be adjusted by Landlord to reasonably approximate the taxes, which would have been payable if the Project were completed and at least eighty-five percent (85%) occupied.

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

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

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

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

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

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

_____ District _____ Recipient

- (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, (fire sprinklers to be installed by Landlord), 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.

_____ District _____ Recipient

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,

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

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

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

10. CONDITION OF THE PREMISES.

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

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 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;

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(4.) No assignee or sub lessee shall have a further right to assign or sublet except on the terms herein contained; and

(5.) Any sums or other economic consideration received by Tenant as a result of such assignment or subletting, however denominated under the assignment or sublease, which exceed, in the aggregate, (i) the total sums which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to any portion of the Premises subleased), plus (ii) any real estate brokerage commissions or fees payable in connection with such assignment or subletting, shall be paid to Landlord as additional rent under this Lease without affecting or reducing any other obligations of Tenant hereunder.

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

17. HOLDING OVER.

If after expiration of the Term, Tenant remains in possession of the Premises with Landlord's permission (express or implied), Tenant shall become a tenant from month to month only, upon all the provisions of this Lease (except as to term and Base Rent), but the "Monthly Installments of Base Rent" payable by Tenant shall be increased to one hundred fifty percent (100%) of the Monthly Installments of Base Rent payable by Tenant at the expiration of the Term. Such monthly rent shall be payable in advance on or before the first day of each month. If either party desires to terminate such month-to-month tenancy, it shall give the other party not less than thirty (30) days advance written notice of the date of termination.

18. SURRENDER OF PREMISES.

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

19. DESTRUCTION OR DAMAGE.

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

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days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.

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

20. EMINENT DOMAIN.

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

21. INDEMNIFICATION.

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

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22. TENANT'S INSURANCE.

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

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

25. TENANT ESTOPPEL CERTIFICATE.

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

26. TRANSFER OF LANDLORD'S INTEREST.

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

27. DEFAULT.

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

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

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

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

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- c. Re-enter the Premises under the provisions of subparagraph b and thereafter elect to terminate this Lease and Tenant's right to possession of the Premises.

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

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

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

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

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

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

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28. BROKERAGE FEES.

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

29. NOTICES.

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

30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

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

31. RELOCATION OF PREMISES.

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

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

32. QUIET ENJOYMENT.

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

33. OBSERVANCE OF LAW.

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

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34. FORCE MAJEURE.

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

35. CURING TENANT'S DEFAULTS.

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

36. SIGN CONTROL.

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

37. MISCELLANEOUS.

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

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Tenant in the Premises or any other premises within the Building or Project. Execution of this Lease by Tenant and its return to Landlord shall not be binding on Landlord notwithstanding any time interval, until Landlord has in fact signed and delivered this Lease to Tenant.

- k. *Furnishing of Financial Statements; Tenant's Representations:* In order to induce Landlord to enter into this Lease, Tenant agrees that it shall promptly furnish Landlord, from time to time, upon Landlord's written request, with financial statements reflecting Tenant's current financial condition. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects.
- l. *Further Assurances:* The parties agree to promptly sign all documents reasonably requested to give effect to the provisions of this Lease.
- m. *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>		

_____ District _____ Recipient

By: D. Chris Christensen

By: _____

Signature: _____

Signature: _____

Title: Interim 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.

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EXHIBIT "A"

RULES AND REGULATIONS

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

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

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

_____ 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 March 1, 2019 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and Desert Medical Group, Inc. dba Desert Oasis Healthcare Medical Group, 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: March 1, 2019
- 2. Expiration Date: February 29, 2020
- 3. Rent Schedule: 3/1/2019-2/29/2020 \$1,584
- 4. CAMs: Currently \$.62 per square foot.
- 5. Security Deposit: Carryover from previous lease in the amount of One-Thousand Three-Hundred Sixty-Four Dollars and 00/100 (\$1,364.00)
- 6. Renewal Options: Tenant requests 2 optional 1-year extensions Greater of 3% or CPI

The foregoing is hereby agreed to and accepted:

Date: _____

Date: _____

Landlord: Desert Healthcare District

Tenant: _____

dba: Las Palmas Medical Plaza

By: D. Chris Christensen

By: _____

Signature: _____

Signature: _____

Title: Interim CEO

Title: _____



Date: December 18, 2018
To: Board of Directors
Subject: INPRO Property Managers Contract Renewal

Staff recommendation: Consideration to approve the draft contract with INPRO property managers for Las Palmas Medical Plaza.

Background:

- INPRO-EMS Construction has been the onsite property manager for the Las Palmas Medical Plaza since 2016.
- Staff and Tenants continue to be pleased with performance.
- At the December 11, 2018 F&A Committee meeting, the Committee recommended forwarding to the Board for approval.
- Staff recommends approval of the draft management/maintenance agreement for the period January 1, 2019 – December 31, 2019.
- Draft management/maintenance agreement is attached for your review.

Fiscal Impact:

Monthly billing remains unchanged at \$10,117.00 and is included in the FY18-19 annual budget.

**LAS PALMAS MEDICAL PLAZA
PROPERTY MANAGEMENT/MAINTENANCE
AGREEMENT**

This Property Management/Maintenance Agreement (“Agreement”) is entered into by and between the Desert Healthcare District (“District”), a public agency organized and operating pursuant to California Health & Safety Code sections 32000 et seq., and INPRO (“Manager”), as follows:

RECITALS

- A.** District is the owner of the Las Palmas Medical Plaza, located at 555 Tachevah, Palm Springs, California (“Las Palmas”).
- B.** Manager is in the business of providing professional property management and maintenance services for a variety of clients in the Palm Springs, California, area.
- C.** District would like to retain Manager to provide property management and maintenance services for Las Palmas in accordance with the Exhibit “A” Scope of Services and pursuant to the terms and conditions of this Agreement.

COVENANTS

1. Term of Agreement

This Agreement shall be for a period of one (1) year commencing on January 1, 2019, and ending December 31, 2019 (“Term”). At the expiration of the Term, this Agreement, if not renewed in writing for an additional fixed period and if not terminated in writing by either party as provided in Section 2, shall remain in effect on a month-to-month basis not to exceed three (3) months (“Extended Term”).

2. Termination of Agreement

Either party may terminate this Agreement upon thirty (30) calendar days’ written notice to the other party. If the Agreement is terminated prior to the last day of the month, District will prorate the monthly compensation fee as described in Section 6, Compensation.

3. Personnel

Manager will employ daily on-site maintenance personnel in order to maintain the Scope of Services as described in Exhibit “A.” All such on-site maintenance personnel shall be employees of Manager and will be paid prevailing wages.

4. Licenses

Manager shall perform the services pursuant to this Agreement in a skillful and competent manner, consistent with the standards generally recognized as being employed by professionals in the same discipline in the State of California and consistent with all applicable laws. Manager represents that it, its employees and subcontractors have all licenses, permits, qualifications, and approvals of whatever nature that are legally required to perform the Scope of Services to comply

with public works projects, including the payment of prevailing wages and any required business licenses, and that such licenses and approvals shall be maintained throughout the term of this Agreement.

5. Insurance Requirements

Manager shall provide proof of commercial general liability insurance to the District in amounts and with policies, endorsements, and conditions required by the District for the Scope of Services. If Manager is an employer or otherwise hires one or more employees during the term of this Agreement, Manager shall also provide proof of workers' compensation coverage for such employees which meets all requirements of state law.

6. Compensation

Invoices shall be submitted to the District monthly in the amount of **\$10,117.00**. District shall review and pay such invoices in a timely manner. Manager shall not be reimbursed for any expenses unless authorized in writing by District.

At any time during the term of this Agreement, District may request that Manager perform Extra Work. As used herein, "Extra Work" means any work that is determined by District to be necessary, but for which the parties did not reasonably anticipate would be necessary at the execution of this Agreement. Manager shall not perform, nor be compensated for, Extra Work without written authorization from District.

7. Financial Responsibilities to Vendors

Manager will review, attach approved purchase order, if applicable, and approve each invoice and forward to District for direct payment. District shall review and pay such invoices in a timely manner.

8. Records Management

Manager shall maintain its standard comprehensive system of office records, books, accounts, and contracts, which shall belong to District. District and others designated by District shall have access to such records at all times.

9. Monthly Reports

On or before the last day of each month during the Term of this Agreement and any Extended Term, Manager shall deliver to District a monthly report including inspection reports, correspondence sent and/or received on behalf of the District, photos of extraordinary maintenance issues, and recommendations. If requested, Manager shall also provide proof of certified payroll records submitted to the Labor Commissioner in the Department of Industrial Relations in the State of California, pursuant to California Labor Code section 1720.

10. Waiver and Indemnification

Manager shall defend, indemnify and hold District, its officials, directors, officers, employees, agents, and volunteers free and harmless from any and all claims, demands, causes of action, expenses, liabilities, losses, damages, and injuries to property or persons, including

wrongful death, in any manner arising out of or incident to any alleged negligent acts, omissions or willful misconduct of Manager, its officials, officers, employees, agents, consultants, and contractors arising out of or in connection with the performance of the Services or this Agreement, including, without limitation, the payment of all consequential damages, attorneys fees, and other related costs and expenses.

11. Assignment or Transfer

Manager shall not assign, hypothecate, or transfer, either directly or by operation of law, this Agreement or any interest herein without the prior written consent of the District. Any attempt to do so shall be null and void, and any assignees, hypothecates or transferees shall acquire no right or interest by reason of such attempted assignment, hypothecation or transfer.

12. Independent Contractor

District has retained Manager to provide management and maintenance services and Manager shall perform, such services as an independent contractor maintaining exclusive direction and control over its employees; and, no personnel utilized by Manager to perform such services are employees of the District.

DESERT HEALTHCARE DISTRICT:

INPRO:

Approved by:

Reviewed and Accepted by Management:

Les Zendle, MD
President, Board of Directors

Signature

Name

Title

Date



Exhibit A

Las Palmas Medical Plaza Property Management/Maintenance Scope of Services

CATEGORIES OF WORK:

24 Hour On-Call Service
Storm Drain Maintenance
Exterior Building Maintenance

Lighting and Fixtures
Exterior Stucco and Painting Maintenance
Roof Maintenance

Plumbing/Jetting Services
Parking Lot Maintenance
Oversee other Vendors

SCOPE OF WORK:

24 hour On-Call Service – Provide a 24 hour call center for tenants and security guard service. These individuals will need a contact to report repairs needed within the lease terms and conditions.

On-Going day to day operations:

1. Provide a phone number, fax and or email for tenants and security guard to contact directly.

Storm Drains – These drains help the roof drains move the water to the parking lot.

Quarterly:

1. Inspect and clean 37 drains located throughout the property. Repair as needed.

Exterior Building Maintenance

On-going day to day operations:

1. Provide general sweeping and debris pickup.
2. Inspect and repair as needed.
 - a. All wrought iron railings throughout property
 - b. All gates – wrought iron gates, trash enclosures and entry
 - c. Walkways – inspect and repair loose or cracked areas
 - d. Pavers – inspect and repair loose or cracked areas
 - e. Planter boxes and archways – inspect and repair loose or cracked bricks
 - f. Ornamental water fountains (2) – inspect and repair loose or broken tiles
 - g. Drainage grates – inspect and repair
 - h. Windows – inspect and repair broken or cracked glass
 - i. Bird netting – inspect and repair

Quarterly:

1. Washing and cleaning of all exterior windows. Both 1st and 2nd floor
2. Pressure wash corridor, walkways, and stair wells

Lighting and Fixtures –

On-going day to day operations:

1. Inspect lighting systems: repair and replace bulbs, ballasts, fixtures, glass panes
 - a. Common area restrooms
 - b. Storage room/onsite office located in 3 East building
 - c. Elevators and elevator mechanical room
 - d. Utility rooms
 - e. Corridors and parking lot – hanging light fixtures, lamp posts, and parking lot lights
 - f. Lighting in planter boxes
2. Major electrical repairs shall be submitted to owner's representative for approval prior to repair

Quarterly:

1. Clean and refurbish/repair missing and damaged ornamental light fixtures located in corridors. Ensure fixtures are properly connected

Exterior Stucco and Wood (Painting and Repair) – All six buildings and Guard Shack located at entrance

Weekly:

1. Inspect stucco, doors & windows and other surfaces; paint/touch up/clean as needed

Monthly:

1. Repair worn or damaged stucco areas

Annually:

1. Paint all exterior wood work to include, but not limited to doors, windows, balconies, railings, beams, and posts
2. Paint lamp posts at parking lot

Roof Maintenance – Each roof top has a parapet that houses the HVAC units. The remaining roof tops are tiled.

Monthly:

1. Inspect roof tiles, repair and replace broken or loose tiles as needed
2. Remove debris from all parapets and clean out roof drains
3. Inspect condensation lines for leaks

Annually:

1. Pressure jet roof drains

Plumbing/Jetting Service – Common area restrooms and main lines to buildings need to remain clear of debris

Quarterly:

1. Pressure jetting of all common area restrooms (4 total)
2. Pressure jetting main plumbing lines that run to each building

Parking Lot Maintenance –

On-going day to day operations:

1. Inspect and replace any missing buttons
2. Inspect and broom clean parking lot including trash enclosures

Semi-Annually:

1. Pressure wash or sweep clean entire parking lot
2. Repaint curbs and all parking striping marks as needed

General Maintenance –

On-going day to day operations:

1. General landscaping trimming, cleanup, minor irrigation maintenance (i.e. broken or missing irrigation emitters), small plant replacement and irrigation control clocks maintenance.
 - * Large plant replacement and major irrigation issues will be referred to the Landscape contractor

2. Across the street from the medical plaza is the Wellness Park with a healing garden of herbal plants. The healing garden requires weekly maintenance and plant replacement as needed.
3. General inspection and cleanup of common areas and restrooms throughout the day to include trash, debris, spills, patient accidents, etc. A complete cleaning of the restrooms, restocking restrooms supplies, etc. is required at the end of each business day

Responsibility of other Vendors – Provide coordination of work and general oversight of other vendors/contractors

On-going day to day operations:

1. Amtech Elevator Services – General maintenance to each elevator and as needed repairs.
 - a. Amtech is also responsible for maintaining the State of California conveyance permit
 - b. General maintenance is billed quarterly; repairs are outside of contracted price
2. Pink, Inc. – Landscaping services
 - a. Plant replacement, repairs to irrigation system and annual tree trimming are billed separately; Pink, Inc. submits bids for work needed for approval
3. Stericycle – Medical waste removal
 - a. There are two common area medical waste closets that tenants dispose of their medical waste
 - b. Monthly contracted amount with weekly pickups
4. Palm Springs Disposal – Rubbish pick up; three trash enclosures on the property
 - a. Pick up days are every Monday, Tuesday, Thursday and Friday
 - b. Billed monthly
5. Desert Air Conditioning – Maintains all HVAC units
 - a. Quarterly Service – billed after work has been completed
 - b. Repairs and or Replacement of units – billed after approved by owner’s representative
 - i. Tenants are not permitted to call for service; services must be authorized by owner’s representative.
6. Imperial Security – daily guard service
 - a. Day time security is on site for enforcement of the parking lot regulations
 - b. Evening security is on site to secure the property from vandalism and theft
7. Southern California Edison – Supplies power to common area and vacant units
 - a. Tenants are billed monthly for actual usage
8. Desert Water Agency – Supplies the buildings with water
 - a. Tenants are billed monthly for all water supply
9. Frazier Pest Control – Exterminating services
 - a. Monthly exterminating and rodent service – building exteriors only
 - i. Tenants are responsible for the inside of their suites
 - b. Any additional services will be billed separately
10. Best Signs – Billed upon request; services authorized by owner’s representative
 - a. Any new or changes to existing signage throughout the property
 - i. Directories
 - ii. Door signs
 - iii. Directional, parking or violation signage

The Desert Healthcare District will maintain the responsibility of tenant leases and monthly rental invoicing and collection.



DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE MEETING
MEETING MINUTES
October 18, 2018

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

AGENDA ITEMS	DISCUSSION	ACTION
I. Call to Order	The meeting was called to order at 9:34 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	Ezra Kaufman, District Resident, explained that the auditors estimated \$72M to run the hospital if the current lessee is forced to advocate its current lease or choose to advocate its current lease. The District has \$35M on-hand and inquired if there is a plan, contingency, or a list from the vendors working at the hospital. Chris Christensen, Interim CEO, will address the question in writing within 30-days.	
V. Approval of Meeting Minutes	Chair Rogers asked for approval of the September 20, 2018 Meeting Minutes.	Moved and seconded by President Zendle and Chair Rogers to approve the agenda. Motion passed unanimously.
VI. Old Business	President Zendle inquired with Michele Finney, CEO, Desert Regional Medical Center, Desert Care Network, concerning the prior public comment from Stephanie Salter, RN, District Resident, on spiders in the Neonatal Intensive Care Unit (NICU). Mrs. Finney explained that there is a contract in place	



DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE MEETING
MEETING MINUTES
October 18, 2018

	<p>with the exterminator company, the NICU did not communicate any issues concerning spiders or other critters, the house supervisor was notified, and the exterminator responded the same day. However, Mrs. Finney cannot confirm that the spider made contact the patient or the patient’s family, but as described by President Zendle, the Committee follows-up on all safety and quality matters.</p> <p>Ezra Kaufman, District Resident, inquired from the September meeting what he deemed as inaccuracies with the lessee’s annual report in section 14.12 as required by the lease. Chris Christensen, Interim CEO, explained that in his research the annual report was mis-numbered and missing section 14.9. There is a page that include the capital projects associated with the report and his request for an amendment to the report.</p> <p>Mr. Kaufman explained that section 14.12 of the lease calls for an annual report – schedule 14.12 which refers to the paragraphs in the lease that requires certification. Paragraph 14.9 certifies the requirements for the capital improvement projects – also inquiring on and requesting documentation of who approved and chose the previous capital improvements. Mr. Christensen explained that prior documentation was provided illustrating that the board of directors at the time</p>	
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DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE MEETING
MEETING MINUTES
October 18, 2018

	<p>approved and acknowledged that the capital projects were fulfilled. Vice-President Rogers explained that since her time on the board there has been approval of the expansion of the emergency department as supported in the minutes. President Zendle explained that any capital project above a certain amount must be approved by the board and requested that Mr. Kaufman place his request in writing.</p>	
<p>VII. New Business 1. 2018 Patient Safety and Quality Initiatives</p>	<p>Christine Langenwaller, MSN, RNC, CENP, Chief Quality Officer, Desert Regional Medical Center, provided a presentation of the 2018 Patient Safety and Quality Initiatives. Ms. Langenwaller explained the balanced scorecard metrics, patient safety and regulatory & accreditation that includes, Care of the OB Patient; Care of the Surgical Patient Prevention of Retained Surgical Items; Care of the Surgical Patient Universal Protocol; and Care of the Behavioral Health Patient – the constant observer role. 5150’s by year for 2016-2018 totaled to approx. 1,500 patients per year admissions to the Emergency Department with the goal of zero suicides. Behavioral health screening tools were described such as key tactics to drive continuous improvement.</p> <p>Laura Bruce, RN, Desert Regional Medical Center, explained the nurses concerns not solely for the psychiatric patients and</p>	



DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE MEETING
MEETING MINUTES
October 18, 2018

	<p>suicide precautions, but concerns with the constant observers as well describing multiple patients that are high risk for falls and detailing the pressure on nurses when the observer is required and contacting the Chief Nursing Officer (CNO) to obtain the observer. Ms. Bruce feels it is not about patient safety, but financials and would hope that patient safety is the highest priority. If there are limitations with the constant observer for financial reasons it is not in good faith and a delay in care. Michele Finney, CEO, Desert Regional Medical Center, Desert Care Network, explained that the CNO reviews the care plan for the patient to ensure that certain interventions take place and the constant observer meets the criteria.</p> <p>Ezra Kaufman, District Resident, inquired on how many constant observers are available at Desert Regional Medical Center. Mrs. Finney explained that there are 60 FTE's – 18 per shift and up to 30 at one time.</p> <p>Christine Langenwalter, MSN, RNC, CENP, Chief Quality Officer, continued her presentation with Aggregate Root Cause Analysis and the review of situations and the process for improvement. Details about improving care for behavioral health patients such as written standards for patients and families, emergency room reviews, re-education, and</p>	
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DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE MEETING
MEETING MINUTES
October 18, 2018

<p>VII. 2. Hospital Safety and Compliance Inspections</p>	<p>orientations. The next steps were provided such as collaborations with Inland Empire leaders and the Homeless Patient Discharge definitions and requirements were distributed. Ongoing task force for homelessness and psychiatric patients is a work in progress</p> <p>Ezra Kaufman, District Resident, explained that the CNO has a significant role in hospital operations and inquired if there is a protocol and if the protocol is available to the public. President Zendle expressed to the hospital Governing Board Chair that the issues brought forth are discussed at the November meeting as it relates to quality of care and operations. Mr. Kaufman also inquired if the matters are discussed with the CNO. Mrs. Finney explained that the matter of constant observers is a priority area once the new CNO is hired in November to replace the interim CNO's position. The new CNO will address the matter of observers as a long-term issue, detailing his commitment to the desert, the community, and Desert Regional Medical Center.</p> <p>Chris Christen, Interim CEO, explained the implementation of a quarterly process to collaborate with Desert Regional Medical Center staff on a scheduled hospital inspection tool. An overview of Grossmont Healthcare District's inspection</p>	
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DESERT HEALTHCARE DISTRICT
HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE MEETING
MEETING MINUTES
October 18, 2018

	<p>schedule was provided with Mr. Christensen explaining that the committee would use an engineer to assist with the inspections. The inspection is designed for review as a 2-year schedule to inspect sections as an ongoing tool with significant findings reported to the board of directors.</p> <p>Chair Rogers explained that this is a process devised in a schedule with a reporting process. President Zendle inquired on the costs and Mr. Christensen will reach out to Dale Barnhart, the engineer that assisted with the 2017 inspection. The Committee directed staff to bring forth a proposal with the schedule and proposed costs to the December meeting.</p>	
Public Comment		
VIII. Adjournment	Chair Rogers adjourned the meeting at 10:34 a.m.	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



Date: December 18, 2018

To: Board of Directors

Subject: Rauch Communications Consultants, Inc. – Service Agreement to Facilitate Board Rolls & Responsibilities

Staff Recommendation: Consideration to approve the Rauch Communications Consultants, Inc. Service Agreement.

Discussion:

- The Board and Staff Communications Ad Hoc Committee was created to develop and improve Board and Staff communications and to improve overall success of Board and Staff.
- The Committee has been developing criteria that will enhance the performance of the District's internal operations.
- Focus areas the Committee has defined include, but are not limited to, Board & Staff Roles and Responsibilities, Board & Staff Communications, Communication Tools, Board Training and Development, enhancing Policies and Process.
- The Committee believes an external resource that is experienced in facilitating workshops and developing strong Districts in these areas is important to a successful outcome.
- Rauch Communications Consultants, Inc. possesses extensive experience in working with District Boards and Staff in developing the strengths for success.
- The Committee recommends Rauch Communications Consultants be engaged for this purpose.
- February/March, following the seating of the full 7-member Board, is the anticipated time to begin the workshops and development of the new Board and Staff.
- **The proposal from Rauch Communications Consultants, Inc., was approved by the Board at the November 27, 2018 meeting. Staff was to bring a formal service agreement to the December 18, 2018 Board meeting for consideration of approval.**
- **The formal service agreement is included in the packet for your review. (The District's legal Counsel has reviewed)**
- Staff recommends approval of the Rauch Communications Consultants, Inc. Service Agreement

Fiscal Impact:

\$8,820, plus expenses

CONSULTING SERVICES AGREEMENT

This Professional Services Agreement (“Agreement”) is entered into by and between Desert Healthcare District (“District”), a public agency organized and operating pursuant to California Health and Safety Code section 32000 et seq., and Rauch Communication Consultants Inc., (“Consultant”) as follows:

R-E-C-I-T-A-L-S

1. District would like to retain the professional services of Consultant to review best practices in Governance with the Board with a focus on Board and CEO roles and relationships and to develop key issues and goals for the Board for the upcoming year.
2. Consultant has worked with special districts for more than 40 years and is qualified and possesses the knowledge, skill, expertise, necessary to provide the professional services (“Services”) as more specifically outlined in the attached Exhibit “A” (“Consultant Proposal”).

C-O-V-E-N-A-N-T-S

1. CONSULTANT’S SERVICES.

1.1 Services. Consultant shall provide all labor, materials, equipment, and incidentals necessary to fully and adequately provide the District and the Desert Healthcare Foundation (“Foundation”) with the professional services described in the Consultant Proposal. All Services shall be performed by Consultant to the reasonable satisfaction of the District.

1.2 Compliance with Laws. In performing the Services, Consultant shall, at all times comply with all applicable laws, rules, regulations, codes, ordinances, and orders of every kind whatsoever issued, adopted, or enacted by any federal, state, or local governmental body having jurisdiction over the Services.

1.3 Performance Standard. Consultant shall perform the Services with efficiency and diligence and shall execute the Services in accordance with the standards of Consultant’s profession, generally described as that degree of skill and care ordinarily exercised by professionals providing similar services as Consultant practicing in California.

1.4 District and Foundation’s Representative. For purposes of this Agreement, the District and Foundation’s Representative shall be District’s Interim Chief Executive Officer Chris Christensen, located at 1140 North Indian Canyon Drive, Palm Springs, CA 92262. All amendments to this Agreement shall be approved by the District Board.

2. FEES AND PAYMENTS.

2.1 Compensation for Services. For the full and satisfactory performance of the Services, District shall compensate Consultant a Not To Exceed amount of \$8,820, plus customary expenses.

2.2 Invoices. Consultant shall deliver monthly invoices to the District no later than the 10th day of each month for Services.

2.3 Payment. The District shall remit payment for all amounts due to Consultant within thirty (30) days after receipt of invoices; provided, however, in the event District disputes any portion of Consultant's invoice, it shall timely pay any undisputed amounts invoiced and notify Consultant within thirty (30) days of its receipt of the invoice of the specifics of any disputed amounts. The parties shall expeditiously resolve the subject of any disputed amounts by way of negotiation or, if necessary, mediation. Any such dispute shall not relieve Consultant of its obligation to continue diligently performing the Services.

3. TERM; TERMINATION.

3.1 Term. The term of this Agreement shall run from the date this Agreement is fully executed until July 31, 2019, subject to Section 1.3 above or the District's right to terminate sooner for convenience.

3.2 Termination for Convenience. District may, at any time in the exercise of its sole discretion, terminate this Agreement in whole or in part, with or without cause, by providing notice to Consultant of its intention to terminate the Agreement for convenience. So long as Consultant is not in default under this Agreement at the time of such termination, District shall pay Consultant for all Services incurred upto and including the date of termination.

4. INDEPENDENT CONTRACTOR.

District has retained Consultant to provide, and Consultant shall perform, the Services as an independent contractor maintaining exclusive direction and control over its employees; and, no personnel utilized by Consultant to perform the Services are employees of the District.

5. OWNERSHIP OF DOCUMENTS.

All deliverables and other documents generated by Consultant in the performance of the Services, including all work papers, work-in-progress, designs, documents, data, ledgers, journals and reports prepared by Consultant as a part of Consultant's Services shall belong to and be subject to the sole ownership and use of the District. The provisions of this Paragraph 5 shall survive any termination of this Agreement.

6. INDEMNIFICATION.

Consultant agrees to indemnify and hold the District and Foundation, its governing body, officers, employees, representatives, agents, successors and assigns (collectively the District/Foundation Indemnities), harmless from and against any and all losses, liabilities, claims, causes of action or costs and expenses of whatever nature or kind, incurred or suffered by the District or the District/Foundation Indemnities including indemnity claims arising by reason of any personal injury of any person or property loss, loss of use, or damage, to the extent the same arise out of or in connection with the negligent act(s) or omission(s), recklessness, or willful misconduct of Consultant, its officers, employees, subcontractors, or representatives, relating to the performance of the services outlined in this Agreement.

7. NOTICE.

All notices to be given under this Agreement shall be in writing and shall be deemed effective upon receipt when personally served or two days after mailing by certified, return receipt requested, to the following addresses:

To: District
Desert Healthcare District
Attention: Chris Christensen, Interim Chief Executive Officer
1140 N. Indian Canyon Drive
Palm Springs, California 92262

To: Consultant
Rauch Communication Consultants Inc.
Attention: Martin Rauch, President
936 Old Orchard Road
Campbell, California 95008

8. MISCELLANEOUS PROVISIONS.

8.1 Venue. Venue shall lie only in the federal or state courts nearest to the City of Palm Springs, in the County of Riverside, State of California.

8.2 Modification. This Agreement may not be altered in whole or in part except by a modification, in writing, executed by all the parties to this Agreement.

8.3 Entire Agreement. This Agreement, together with all Schedules attached, contains all representations and the entire understanding between the parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, or agreements, whether or not such correspondence, memoranda, or agreements are in

conflict with this Agreement, are intended to be replaced in total by this Agreement and its schedules.

8.4 Assignment. Consultant shall not be entitled to assign all or any portion of its rights or obligations contained in this Agreement without obtaining the prior written consent of the District. Nothing in this Agreement shall obligate the District to give such consent. Any purported assignment without the District’s consent shall be void.

8.5 Binding Effect. This Agreement shall inure to the benefit of and be binding upon the parties and their respective purchasers, successors, heirs, and assigns.

8.6 Unenforceable Provisions. The terms, conditions, and covenants of this Agreement shall be construed whenever possible as consistent with all applicable laws and regulations. To the extent that any provision of this Agreement, as so interpreted, is held to violate any applicable law or regulation, the remaining provisions shall nevertheless be carried into full force and effect and remain enforceable.

This Agreement is entered into in the County of Riverside, State of California.

“District”:

Desert Healthcare District

By: _____
Les Zendle M.D., President

Date: _____

“Consultant”:

Rauch Communication Consultants Inc.

By: _____
Martin Rauch, President

Date: _____

Exhibit A



Phone: 408-374-4097
Email: info@rauchcc.com
Web: www.rauchcc.com
936 Old Orchard Rd. Campbell, CA 95008

Dynamic Public Outreach, Smart Strategic Planning

For local governments, special districts, and the engineering, environmental and law firms that support them.

DATE: November 20, 2018

NO OF PAGES: 10

TO: Chris Christensen, Interim CEO Desert Health Care District

FROM: Martin Rauch

Thank you for your request for a proposal to assist Desert Health Care District with facilitation to help provide orientation to the new Board and to give the entire Board an early opportunity to kick off their work together by identifying key issues and priorities for the District to tackle in the coming year.

READY TO HIT THE GROUND RUNNING

Here's why the District would be well served by Rauch Communication Consultants:

Organizational and Governance Experts. We have worked with upwards of 200 Special Districts over the years. Martin is the principle author of the Special District Leadership Foundation certificate course on Board Governance and Strategic Planning, and a regular faculty member and presenter. We have helped many boards to understand the issues and challenges facing them, and to identify and implement solutions that work.

Special District Experts. We understand special Districts, their role, services, governance, staffing, and the challenges facing Districts.

Experienced Mediators. We are experienced at helping to improve relationships between governing board members, between board and manager, and between manager and employees

Get-To-The-Point Approach. We have refined our approach to get maximum results quickly. We know you are busy and we make every minute count.

Sincerely,

A handwritten signature in black ink, appearing to read 'Martin Rauch', written in a cursive style.

Martin Rauch
President

STATEMENT OF QUALIFICATIONS AND EXPERIENCE

Rauch Communication Consultants Inc. has served special districts for more than 40 years in California. During that time, we have worked with upwards of 200 agencies throughout the state, as well as with many of the leading organizations that deal with local agencies, such as CSDA, ACWA, CASA, and others. We have worked with individual agencies of every kind and size in most corners of the state: water, sanitary, hospital, vector, airport, park and recreation, Community Services Districts, JPAs and others.

Our firm offers three consulting specialties: assisting clients in the development of strategic plans, implementing strategic public outreach programs, and consulting to resolve board and management issues. These services are conducted out of our office in, Campbell (San Jose), and through our affiliates in other cities around the state.

Our expertise in public involvement and outreach lends itself to effectively gathering public input. We are expert facilitators and have planned and facilitated hundreds of successful meetings and workshops over the years.

We completed the strategic plan for the California Special District Association, as well as for dozens of special districts. We led Association of California Water Agencies (ACWA's) Vision 2000 strategic plan that significantly changed the structure and direction of the organization, as well as key planning sessions for California Association of Sanitation Agencies (CASA) during a time of organizational change.

We have also served as speakers for conferences and seminars on strategic planning and public outreach for ACWA, CASA, CSDA and other District associations.

WHAT WE ARE PROPOSING TO DO

This is a preliminary Plan for Decision-Making Purposes. We outline a preliminary plan below for scoping and decision-making purposes, but may suggest changes to the plan following the interviews. While we believe the scope provided in this document should be adequate, we may suggest changes that could change the scope and plan once we have more insight following the interviews.

To achieve this goal, the workshop is likely to include the following topics:

PREPARATION FOR THE WORKSHOP

1. Research and Board and CEO Interviews. The process starts with the consultant reviewing key planning and background documents selected by the CEO. Following that, experience has shown that one of the best tools for gaining insight into key issues facing an organization at the start of a strategic planning process is one-on-one confidential interviews with key individuals. We recommend that the interviews include the Directors and CEO. The confidential interview process gives the people who have the greatest influence on the organization a chance to candidly express their interests, concerns and perspectives. Out of these interviews arises a composite picture of the important issues that will help inform the Board workshop that follows.

AT THE WORKSHOP

1. Review Best Practices. In light of the fact that the Board will have three new members and also, as a helpful review for current members, the consultant will provide an introductory review of best practices in Governance with a focus on Board and CEO roles and relationships. The purpose of this review is to provide an orientation to new and current Directors and a starting point for review of current District practices and policies as well as consideration of changes.
2. Brief Review of Board Policies and Processes. The current policies are a starting point for changing or keeping practices as they are. Development of a strong Board, CEO, and staff communications policy is one of these.
3. Overview of Key District Initiatives. A brief overview of the current key priorities and initiatives of the District provide a starting point for discussing Board goals and priorities.
4. Understand the Issues as They are Today as Well as Challenges and Opportunities Facing the District in the Future. Each participant will be given a chance to share their perspective on the key issues facing the District and what they hope to achieve. This will give each director an opportunity to share their perspective, listen to others and discuss the issues brought to the table.
5. Develop an Initial List of Key Issues and Goals for the Board and District to Tackle in the Coming Year or More. Utilizing the results of the interviews and comments in the workshop, we will work together to organize a set of initial goals for the Board and District to tackle in the coming Year.
6. Clearly Identify Next Steps. We will outline an initial plan for taking the list of issues and goals from this workshop, identify how to finalize it, develop a work plan to accomplish it and determine how the Board will monitor progress and provide oversight over time.

DELIVERABLE

1. Report to the Board. The consultant will provide a written report to the Board that summarizes the results of the workshop and proposed next steps to accomplish the direction provided.

COST ESTIMATE

Scope of Work. We propose to undertake this for a not to exceed time and materials cost of \$8,820.

Conduct Eight Phone Interviews (Board plus CEO) and assimilate the input [12 hours]

Plan and facilitate workshop [16 hours]

Coordination and Reporting, including review of documents, coordinate on setup, answering questions, and summarizing the results of the workshop and next steps etc. [8 hours]

It is likely that there will be a need to update District policies and procedures or take other actions to implement the results of the workshop. That may be handled by the Board, legal counsel and staff. With one additional workshop and some support of staff, this work could be organized by the consultant into a working strategic plan complete with Board Goals, priorities and Staff

Implementation Plan, as well as Board monitoring and oversight plan. The consultant is available to help with implementation actions if needed, which would be additional scope.

Travel and Expenses Additional. Basic material expenses, including, travel expense (transportation and lodging), office printing and sales tax are additional and passed on at cost. Car mileage is at the IRS California rate at the time or actual rental car cost plus fuel.

More Cost Estimate Details. Final charges could be less than the not-to-exceed amounts. No out-of-scope work will be undertaken without prior written approval from the District. Out-of-scope work includes new tasks, or extra work on existing tasks, which exceeds the total estimated cost for the project.

Our rates are: Strategy planning, facilitation and management consulting rate for the senior consultants is \$245.00 per hour. Outreach and public involvement programs rate for the senior consultants is \$175 per hour. Outreach and public involvement programs rate for associate consultants is \$115 per hour. Graphic designer and webmaster services rate is \$105 per hour. Social media and writing specialist's rate is \$45 to \$90 per hour. Rate for Administration, Production Manager, is \$70 per hour.

For meetings involving travel of more than one hour, the minimum charge is four hours.

EXPERIENCED FACILITATORS:

Rauch Communication Consultants is skilled at bringing together parties with different interests and perspectives, working with them to resolve difficult situations, and assisting in the resolution of conflicts among stakeholders. Facilitation or guidance on reaching agreements may be useful in this project. A few examples of our experience follow:

Friant Water Authority. Worked with this large Board of 23 that were divided into many camps and sub groups and becoming near paralyzed with dissension. We helped them to rebuild the group from the ground up with new governance and a new CEO. The organization is now flourishing.

Las Gallinas Valley Sanitary District. Successfully facilitated among a board with differing ideas about Board interactions with staff, what is micromanaging, the amount of detail in minutes, and other issues. These issues were affecting the Manager's ability to perform his job. We successfully facilitated discussion of these issues and development of new policies that eventually resolved the issues.

Cambria Desalination Plant. Facilitated a lengthy series of meetings of a committee of 25 stakeholders on a contentious community issue that had previously resulted in election losses for the local water agency. Developed consensus on the project that later won a majority election victory.

San Diego County Water Authority Water Storage Plan. Facilitated monthly discussion meetings with over 20 water agencies and the Water Authority in developing a countywide water storage plan. Relationships among the players were difficult initially, but we successfully reached consensus on a plan.

Big Bear Municipal Water District and San Bernardino Valley Municipal Water District Legal Dispute. Facilitated a solution to a long-simmering water dispute following years of court fights in a single Board-to-Board meeting.

Big Bear Airport District. Facilitated a long running conflict between one member of the Board and others. The conflict had begun to paralyze both the staff's and the Board's ability to operate effectively and all involved were exhausted from it. After a couple of workshops, we were able to facilitate new policies to resolve the issue and also develop consensus around key goals, objectives and priorities.

Conjunctive Use Working Group. Worked with numerous water agencies and other stakeholders about use of vacant storage space in the Central and West Coast Basin of Los Angeles County. They did not reach full agreement, but identified many potential joint projects that have been used over time. Funded by the State Department of Water Resources.

Truckee Sanitary District. Worked with this District that had problems with a single disruptive Board member. They adopted procedures that resulted in more effective board governance.

San Joaquin River Exchange Contractors Water Authority. In the process of developing a strategic plan, we facilitated resolution of a complex water policy issue in two workshops that had been a source of conflict for many years.

WHAT OUR CLIENTS ARE SAYING ABOUT RCC

"Thanks for your guidance in helping the Board members make decisions that resulted in a healthy working, and successful atmosphere in our District...We have a Board and Management team who get along and support each other. Again, thank you for your capable knowledge and assistance..."

Cordova Recreation and Park

“Our board was having a tough time communicating between ourselves, and unable to communicate with staff. The workshop you put together for us has given us a clear vision and made all the difference in the world.”

Three Valleys Municipal Water District

“Thanks for your assistance with this long overdue process. Great workshop outcome. It went a long way to provide the current Board camaraderie and trust.”

San Diego County Water District

“It was one of the most productive series of meetings of this kind I have participated in professionally.”

Cucamonga County Water District

“Over the years, I have done many, many strategic plans and this one was impressive for how efficient the process was and it got to the point in a practical and useful way. Too often strategic plans just get put on a shelf until next year. This one has check points and useful targets and tasks regularly thru next year.”

Director Novato Sanitary District

“Though your skilled mentoring and carefully executed annual planning sessions . . . this District has been able to rise from the depths of public unrest to a position of public trust. . . So much of what we have accomplished is credited to the tools that you have given us along the way.”

San Juan Water District

“This strategic plan was impressive for how efficient the process was, and how it got to the point in a practical and useful way.”

Novato Sanitary District

“On behalf of the Board of Directors and staff of the California Special Districts Association, I wanted to take a moment to thank you for the wonderful job you did at our 2007 Board Planning Session. You did your homework; found the common denominator, and provided the Board and my executive staff with a positive outlook for the future of CSDA...We were all impressed and came away with a sense of positive change for the Association.”

California Special Districts Association

“Our Strategic Planning Workshop, which you facilitated . . . provided the Board with a greatly improved understanding of the many issues facing the District both now and in the future—which makes it possible for the Board to provide a more focused and clear policy direction to staff . . . Perhaps more importantly, your facilitated process helped our Board and Staff develop a consensus around a much larger, but still realistic vision of what our District needs to be in order to best serve our customers.”

Cucamonga County Water District

“Rauch Communication Consultants has been working with our board of directors and management team for the past ten years. They have facilitated annual strategic planning workshops that have helped us keep everyone focused on the critical priorities of our district. With

RCC's help we have learned to address the major long-term issues and develop effective action plans to deal with them. It has really made a difference!"

Truckee Donner Public Utility District

"...a glowing recommendation for your ability to prepare a Strategic Plan."

Squaw Valley Public Utilities District

"Two things surprised me when Martin led our Board members through strategic planning: The first was that he was an incredible quick study in understanding the issues and the nuances of working through them. The second was how he got our Board to open up and freely discuss the issues. Not only was I surprised at how much he got them to talk and share, but the Board members were surprised at how like-minded they were at the end of the process."

Arvin Edison Water Storage District

THE CONSULTANTS ASSIGNED TO THE PROJECT

MARTIN RAUCH, President, Rauch Communication Consultants

Martin is the authorized Principal with authority to negotiate and contractually bind the firm.

Martin Rauch is President of Rauch Communications Consultants, a full-service strategic planning and public outreach firm with main office near San Jose California that has served over 200 clients in California during the past 40 years.

The work will be carried out primarily by Martin Rauch. He brings to this task experience in group dynamics, developing consensus, Board and District strategic planning, and facilitation.

Martin conducts strategic planning sessions for the Boards and senior managers of client organizations. He also provides training in effective Board meetings, roles and relationships of Board members and managers and other related topics. He specializes in the preparation and facilitation of a wide variety of meetings. These complex events include focus groups, citizen's advisory committees, community presentations and public meetings.

Working out of RCC's San Jose Office, Martin also assists Board of Directors and senior managers, by tailoring public information projects that meet the special requirements of each client. For 26 years, he has provided strategic outreach support throughout the state.

Mr. Rauch has served as a speaker and seminar leader for the Association of California Water Agencies (ACWA), California Association of Sanitary Agencies (CASA), California Special Districts Association (CSDA) and others. He was a regular faculty member of the Special District Institute, is a regular speaker for CSDA, and is on the Board of the Special District Leadership Foundation. He has been invited as a speaker to other statewide associations.

Prior to his work for public agencies, he served for several years as a community organizer and educator for nonprofit organizations, organizing community groups and producing educational and information materials. He holds a Bachelor of Arts degree with High Honors from the University of California at Santa Barbara. Martin's formal training also includes completion of Business Mediation Training at UC Berkeley, as well as courses in Facilitating and Mediating Effective Agreements.

Depending on the project needs, Martin will be supported by the appropriate members of his team:

Lynda Boyd, RAUCH COMMUNICATIONS CONSULTANTS, Staff

Lynda manages all the production of document and project timelines for Rauch Communication Consultants.

Amanda Green, CONSULTING SUPPORT, RESEARCH AND WRITING, affiliate

With a master's degree in Public Administration from Harvard University School of Government and seven years' experience, Amanda provides a range of support in researching, planning and writing. Her experience includes several years working on planning and communication projects for RCC. and in the past with numerous government and industry clients.

LIST OF SELECTED CLIENTS

ORGANIZATIONS

Association of California Water Agencies (ACWA)
California Special Districts Association (CSDA)
California Association of Sanitation Agencies (CASA)
Special Districts Institute
California Sanitation Risk Management Authority
California Association of Public Cemeteries
WaterReuse Association
California Mosquito and Vector Control Association
American Desalting Association
Association of Groundwater Agencies

LOCAL GOVERNMENT AGENCIES

ORANGE COUNTY

Municipal Water District of Orange County
Mesa Consolidated Water District
Los Alamitos County Water District
South Coast Water District
Serrano Irrigation District
El Toro Water District
Orange County Water District
Costa Mesa Sanitary District

SAN DIEGO COUNTY

San Diego County Water Authority
Padre Dam Municipal Water District
Rincon del Diablo Municipal Water District
Vallecitos Water District
Helix Water District
Leucadia Wastewater District
North County Fire Protection District
Olivenhain Municipal Water District
Santa Fe Irrigation District

SAN BERNARDINO COUNTY

Big Bear Municipal Water District
Monte Vista Water District
Big Bear Community Services District
Yucaipa Valley Water District
Joshua Basin Water District
Inland Empire Utility Agency
East Valley Water District
Big Bear Area Wastewater Agency
Victor Valley Water District
Cucamonga County Water District
San Antonio Water Company

IMPERIAL COUNTY

Imperial Irrigation District

SAN FRANCISCO COUNTY

Golden Gate Bridge, Highway, & Trans. District

BUTTE COUNTY

Oroville-Wyandotte Irrigation District

LOS ANGELES COUNTY

Los Angeles County Park and Recreation
Castaic Lake Water Agency
Central Basin Municipal Water District
Pico Water District
Upper San Gabriel Valley Municipal Water District
West Basin Municipal Water District
San Gabriel Valley Municipal Water District
Water Replenishment District of Southern California
San Gabriel County Water District
San Gabriel Valley Water Association
Main San Gabriel Basin Watermaster
California Domestic Water Company
Pasadena Historical Museum
Three Valleys Municipal Water District
Newhall County Water District
Las Virgenes Municipal Water District
Conjunctive Use Working Group

SAN MATEO COUNTY

East Palo Alto Sanitary District
Montara Water and Sanitary District
Sewer Authority Mid-Coastside

RIVERSIDE COUNTY

Mission Springs Water District
Rancho California Water District
South Mesa Water Company
Elsinore Valley Municipal Water District
Santa Rosa Community Services District
Beaumont Cherry Valley Water District
Santa Ana Watershed Project Authority

SACRAMENTO COUNTY

County of Sacramento Public Works Agency-
Sacramento Regional County Sanitation District
Fair Oaks Water District
Arcade Water District
Sacramento Metropolitan Water Authority
Carmichael Water District
Rio Linda Water District
Northridge Water District
Rancho Murrieta Community Services District
Cordova Recreation and Park District

SANTA BARBARA COUNTY

City of Santa Barbara
Goleta Sanitary District
Montecito Sanitary District
Carpinteria Sanitary District
Santa Maria Public Airport District
Goleta Water District
Montecito Water District
Cachuma Project Authority
Goleta West Sanitary District
Mosquito and Vector Management District

VENTURA COUNTY

Camrosa County Water District
Rancho Simi Recreation and Park District
Casitas Municipal Water District
Conejo Recreation and Park District
Ojai Valley Sanitary District
Calleguas Municipal Water District
Meiners Oak County Water District

SANTA CLARA COUNTY

Santa Clara Valley Water District

SANTA CRUZ COUNTY

Scotts Valley Water District
Pajaro Valley Water Management Agency

SAN LUIS COUNTY

Templeton Community Services District
Port San Luis Harbor District
San Simeon Community Services District
Cambria Community Services District

KERN COUNTY

Indian Wells Valley Water District
Kern County Water Agency
West Kern Water District
North of the River Municipal Water District
Oildale Mutual Water Company
North Kern Water Storage District
Golden Empire Transit District
Terra Bella Irrigation District
Friant Water Users Authority
Cawelo Water District

PLACER COUNTY

San Juan Water District
Truckee Donner Public Utility District
Northstar Community Services District

MONTEREY COUNTY

Marina Coast Water District
Monterey Regional Water Pollution Control Agency
Monterey Peninsula Water Management District

CONTRA COSTA COUNTY

Diablo Water District

TULARE COUNTY

Visalia Public Cemetery District
Friant Water User Authority

MARIN COUNTY

Las Gallinas Sanitary District
North Marin Water District
Sausalito-Marín City Sanitary District
Tamalpais Community Services District
Sanitary District No. 5 of Marin County
Novato Sanitary District
Ross Valley Sanitary District
San Rafael Sanitary District
City of San Rafael

CALAVERAS COUNTY

Calaveras County Water District

PLUMAS COUNTY

Eastern Plumas Health Care District

WASHINGTON, D.C. he

White House, Office of Policy Development



Date: December 18, 2018

To: Board of Directors

Subject: Resolution to Increase the Desert Healthcare Board Member from Five (5) to Seven (7)

Staff Recommendation: Consideration to approve a Resolution to Increase the Desert Healthcare Board Member from Five (5) to Seven (7).

Background:

- AB2414 & Measure BB – The legislation of AB2414 and the ultimate passage of Measure BB for the expansion of the Desert Healthcare District requires the Board of Directors to be increased from 5 to 7.
- A Board Resolution is required for this action.
- Following the approval of the Resolution, the District Board will conduct interviews and appoint two additional Board members at its January 15, 2019 Board of Directors meeting.
- The Director appointment process is included in the packet for the next agenda item.
- Staff recommends approval of the Resolution to Increase the Desert Healthcare Board Member from Five (5) to Seven (7).

Fiscal Impact:

None

RESOLUTION NO. 18-09

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE
DESERT HEALTHCARE DISTRICT INCREASING THE
NUMBER OF BOARD MEMBERS FROM FIVE (5) TO SEVEN (7)**

WHEREAS, DESERT HEALTHCARE DISTRICT (the “District”) is a California healthcare district duly organized and existing under the laws of the State of California, particularly the Local Health Care District Law, constituting Division 23 of the Health and Safety Code of the State of California, and more particularly, Health and Safety Code sections 32000 et seq.; and

WHEREAS, the governing board is currently composed of five (5) directors; and

WHEREAS, on November 6, 2018, Riverside County Measure BB was passed, which approved the expansion of the District and the annexation of areas which include the cities of Palm Desert, Indian Wells, La Quinta, Indio, Coachella, and unincorporated areas of Riverside County, including Bermuda Dunes, Mecca, Thermal, Oasis, North Shore, and Vista Santa Rosa (“Annexed Area”); and

WHEREAS, Health & Safety Code section 324999 provides that within thirty (30) days after the expansion election is certified, the Board of Directors (“Board”) of the District shall adopt a resolution to increase the number of members on its Board from five (5) to seven (7), subject to the conditions specified in the adopted resolution; and

WHEREAS, the Board will consider applicants for the two (2) newly created Board positions at a Special Meeting of the Board of Directors to be held on Tuesday January 15, 2019, at 4:00 p.m.; and

WHEREAS, the process for the appointment of the two (2) new Board members shall be done in accordance with, and subject to, the terms and conditions of this Resolution.

NOW, THEREFORE, this Board of Directors of Desert Healthcare District does hereby resolve:

Section 1. The foregoing recitals are true and correct.

Section 2. Pursuant to Health & Safety Code section 32499.2, the Board will consider the appointment of two (2) new directors at a Special Meeting scheduled for 3:00 p.m. on Tuesday, January 15, 2019, at the University of California Riverside, Building B – Room B114/117, 75080 Frank Sinatra Drive, Palm Desert, California 92211.

Section 3. Individuals interested in being appointed to the Board must apply by letter, which needs to be received no later than 5:00 p.m. on Tuesday, January 8, 2019, at the Desert Healthcare District, 1140 N. Indian Canyon Drive, Palm Springs, CA 92262, Attention: Chris Christensen, Interim CEO. Applicants must state their qualifications and their reasons for wanting to serve on the Board.

Section 4. Applicants must be registered voters residing in the territory annexed by the District pursuant to Health & Safety Code section 32499, and applicants must be prepared to serve as a Director until either the November 3, 2020, or the November 1, 2022, general election. Applicants may not possess an ownership interest in, or be a director, policymaking management employee, or a medical staff officer of any other hospital serving in the same area served by Desert Regional Medical Center. (Health & Safety Code, § 32110).

Section 5. Applicants must file a Fair Political Practices Act Disclosure Statement in accordance with the provisions of that Act and implementing regulations of the Fair Political Practices Commission. The Disclosure Statement must be filed at the District office prior to the appointment.

Section 6. In accordance with Government Code section 1780(d)(1), the attached Exhibit “A” Notice of Increase in Board Members shall be posted in at least three (3) conspicuous places within the Annexed Area of the District, and posted on the District website, e-mailed by way of the District Constant Contact list, and published in a local newspaper pursuant to Government Code section 6062(a).

Section 7. To the extent the terms and provisions of this Resolution may be inconsistent or in conflict with the terms or conditions of any prior District resolution, motion, rule, regulation, or bylaw governing the same subject, the terms of this Resolution shall prevail with respect to the subject matter thereof.

Section 8. In interpreting this Resolution or resolving any ambiguity, this Resolution shall be interpreted in a manner that effectively accomplishes its stated purpose.

Section 9. This Resolution shall take effect immediately upon its adoption.

ADOPTED, PASSED, AND APPROVED this 18th day of December 2018, at a special meeting of the Board of Directors of Desert Healthcare District, at which a quorum was present and acting throughout, by the following roll call vote:

AYES: _____
NOES: _____
ABSENT: _____
ABSTAIN: _____

Les Zendle M.D., President
Board of Directors

ATTEST:

Carole Rogers, R.N. MPH
Vice President/Secretary

EXHIBIT “A”

NOTICE OF INCREASE IN BOARD MEMBERS ON THE BOARD OF DIRECTORS OF THE DESERT HEALTHCARE DISTRICT

NOTICE IS HEREBY GIVEN that pursuant to Health & Safety Code section 32499.2, the Board of Directors of Desert Healthcare District (“District”) will consider the appointment of two (2) new Board members from the newly annexed area of the District, at a Special Meeting scheduled for 4:00 p.m. on Tuesday, January 15, 2019, at the University of California Riverside, Building B – Room B114/117, 75080 Frank Sinatra Drive, Palm Desert, California 92211.

Persons interested in being appointed must apply by letter which needs to be received no later than 5:00 p.m., Tuesday, January 8, 2019, to the Desert Healthcare District, 1140 N. Indian Canyon Drive, Palm Springs, CA 92262, Attention: Chris Christensen, Interim CEO.

Applicants must state their qualifications and their reasons for wanting to serve on the Board.

Applicants must be registered voters residing in the territory annexed by the District pursuant to Health & Safety Code section 32499, and applicants must be prepared to serve as a Director until either the November 3, 2020, or the November 1, 2022, general election.

Applicants may not possess an ownership interest in or be a director, policymaking management employee, or a medical staff officer of any other hospital serving in the same area served by Desert Regional Medical Center. (Health & Safety Code, § 32110).

Applicants must file a Fair Political Practices Act Disclosure Statement in accordance with the provisions of that Act and implementing regulations of the Fair Political Practices Commission. The Disclosure Statement must be filed at the District office prior to the appointment.

In accordance with Government Code section 1780(d)(1), this notice shall be posted in at least three (3) conspicuous places within the Desert Healthcare District.

Persons desiring additional information should contact Andrea S. Hayles, Special Assistant to the CEO at ahayles@dhcd.org or call (760) 323-6110.

LAW OFFICES
SCOTT & JACKSON

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

JEFFREY G. SCOTT
BLAISE J. JACKSON

=====
(858) 675-9896
FAX (858) 675-9897

Of Counsel
JAMES R. DODSON

DATE: December 12, 2018

TO: Board of Directors
Chris Christensen, Interim CEO

FROM: Jeff Scott, General Counsel

RE: Process for the Appointment of the New Directors

The following is a draft overview of the appointment process for the January 15, 2019 Special Board meeting. The memo outlines the Interview, Nomination, and Selection by Lot processes.

Process for the Appointment of the New Directors

- The Chair will announce that the board will now consider nominations for the two (2) new board vacancies and the Chair would like to go over a few ground rules, so everyone understands the process.
- The Chair will indicate that while this is an open meeting and each of the applicants are free to watch the other applicants as they are interviewed, to insure the process is fair, and as a courtesy, the board asks that the applicants who are not being interviewed wait in a sperate area until called. Mr. Espinoza will escort applicants to and from the separate area when it is their turn to be interviewed.

- The Chair will state that each of the applicants will have up to 5 minutes to address the board, after which, the board members will have an opportunity to ask questions.
- The Chair will indicate that at conclusion of the interviews, all the applicants will be asked to come back to the meeting room and it will be open for board discussion.
- The Chair will also note that after board discussion, the nomination and voting process will begin. Since the interviews are between the board and the applicants, there will be no public input.
- **Next, the interview process will begin. The Chair, has the discretion to determine the order of the interviews. It is suggested that up to 5 minutes be allowed for opening remarks and up to 15 minutes for questions.**

INTERVIEW PROCESS

- Board members will have prepared interview questions that they would like to ask as well as sample questions will also be provided.

NOMINATION PROCESS

- At the end of the interview process and after board discussion (if any), the Chair will announce that nominations for appointment of the first of two (2) new Board members are open.

- As more than one person may be nominated, nominations shall remain open until all nominations are made. To ensure that all potential nominators are provided an equal opportunity, the Chair should inquire, "Are there any other nominations?"
- When there are no further nominations, the Chair will announce that the nominations are closed.
- Upon the close of nominations, Mr. Scott will pass out paper ballots with each of the directors' names on the ballots. Each board members will have an opportunity to write their selection.
- In keeping with the requirement for transparency and open voting, the completed ballots will be handed back to Mr. Scott, whereupon the voted selection of each board member will be read aloud (for instance, "Director Jones votes for Mr. Smith," and so on).
- The paper ballot method will be utilized on the first and any needed subsequent ballots, until one of the nominated applicants garners at least three votes.
- When one of the applicants achieves three votes, the Chair can ask for motion and second to provide an opportunity for a final vote of unanimity.
- **The Chair will next announce that nominations for appointment of the second new board member are open and the process is repeated.**

SELECTION BY LOT PROCESS

Health & Safety Code section 32499.2(c) requires that, upon appointment, the board shall, by lot, designate one member appointed to leave office when his or her successor takes office after the next General Election in 2020 and one member who shall leave office two years thereafter. "By lot" means to be chosen at random – It is suggested two pieces of paper be placed in a hat – one with 2020 on it, and the other with 2022 on it. Each newly appointed director will reach into the hat and pick a piece of paper and serve the term they have chosen.

ADOPTION OF RESOLUTIONS OF APPOINTMENT

After the lots have been drawn the board will then considers the adoption of two Resolutions of Appointment. One Resolution for the term expiring in the 2020 General Election and the other for the term expiring in the 2022 General Election.

Mr. Scott will now administer the oath of office to the new directors.



Date: December 18, 2018

To: Board of Directors

Subject: Communications and Marketing Plan update — website design and branding services

Staff Recommendation: Information update on District’s website development and branding marketing services to reflect and engage with the newly expanded District established through the November 6, 2018, Measure BB vote.

Background:

- Requests for Proposal for website development and the creation of branding tools were issued November 15, 2018, with a cutoff date of December 7.
- The staff received proposals for the development and design of a new District website and branding services that are in alignment with the Communications and Marketing Plan approved by the Board on September 25, 2018. Seven proposals were submitted.
- Staff will review the bids for website development and branding services and will begin to work with a contractor(s) in January 2019 with a projected website launch date of April 1, 2019.
- In the interim, the existing website and social media platforms will remain in use and updated to inform the public and maintain community engagement. This fulfills legal requirements pertaining to Board documents, minutes and other online content.

Fiscal Impact:

All proposals received are within the budgeted amount approved for communications and marketing by the Board on June 26, 2018.



Date: December 18, 2018

To: Board of Directors

Subject: Nutrition Education and Obesity Prevention Branch (NEOPB) –
Physical Activity with Sensory Pathway

Staff Recommendation: (Information only)

Background:

- NEOPB has been in effect with the Desert Healthcare District for five years with a primary focus on nutrition and physical activity education.
- A different approach to physical activity has been introduced through the development of a sensory pathway for 817 students at Two Bunch Palms Elementary School in Desert Hot Springs.
- Initially, the approach was focused on painting the school playground. With help from the assistant principal, that idea grew to incorporate a physical activity pathway that helps expose students with sensory disabilities to various stimulants.
- Teachers have expressed interest and enthusiasm in the project. One of the teachers is creating a *Digicom* video to document the process of creating the sensory pathway.
- As of mid-December, \$350 dollars' worth of painting supplies has been donated.
- On January 16, 2019, the sensory pathway will be created with the help of school staff, community donors and Desert Healthcare District staff.
- Staff invites the Board to view the Sensory Pathway.

Fiscal Impact:

Expenses funded through NEOPB grant in addition to local community business donations.