



**DESERT HEALTHCARE DISTRICT  
BOARD MEETING  
Board of Directors  
October 22, 2019  
5:30 P.M.**

UC Riverside – Palm Desert  
Rooms B114/B117  
75080 Frank Sinatra Drive  
Palm Desert, CA 92211

***This meeting is handicapped-accessible***

<b>Page(s)</b>	<b>AGENDA</b>	<b>Item Type</b>
	<i>Any item on the agenda may result in Board Action</i>	
	<b>A. CALL TO ORDER – President Zendle, MD</b>	
	Roll Call ____ Director Shorr ____ Director Borja ____ Director PerezGil ____ Director Rogers, RN ____ Director Matthews ____ Vice-President/Secretary De Lara ____ President Zendle	
	<b>B. PLEDGE OF ALLEGIANCE</b>	
<b>1-4</b>	<b>C. APPROVAL OF AGENDA</b>	<b>Action</b>
	<b>D. PUBLIC COMMENT</b>	
	At this time, comments from the audience may be made on items <u>not</u> listed on the agenda that are of public interest and within the subject-matter jurisdiction of the District. <b>The Board has a policy of limiting speakers to no more than three minutes.</b> 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.	
	<b>E. CONSENT AGENDA</b>	<b>Action</b>
	All Consent Agenda item(s) listed below are considered routine by 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>	
<b>5-13</b>	<b>1. BOARD MINUTES</b>	
<b>14-15</b>	a. Board of Directors Meeting – September 24, 2019 b. Board of Directors Meeting Closed Session – September 24, 2019	
<b>16-40</b>	<b>2. FINANCE AND ADMINISTRATION</b>	
	a. Approval of September 2019 Financial Statements – F&A Approved October 8, 2019	



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- |              |   |
|--------------|---|
| <b>41-62</b> | b. Las Palmas Lease Renewal – Suite 3E 104-105 –<br>Laboratory Corporation of America |
| <b>63-68</b> | c. Las Palmas Medical Plaza Fire Sprinkler Alarm Proposal                             |
| <b>69-73</b> | d. Auditing Firms – Request for Proposal  |

**F. PUBLIC HEARING**

- |              |   |                            |
|--------------|---|----------------------------|
| <b>74-75</b> | 1. Expansion and Rezoning Background  | Information                |
| <b>76-99</b> | 2. Zone Mapping Process for the New District Boundaries –<br>7 Zones – Doug Johnson, President, National<br>Demographic Corporation | Information<br>/Discussion |

**G. DESERT HEALTHCARE DISTRICT CEO REPORT**

– Conrado E. Bárzaga, MD

- |            |   |               |
|------------|---|---------------|
| <b>100</b> | 1. Consideration to appoint CEO to External Advisory Board<br>(EAB) of the Center for Health Disparities Research –<br>University of California, Riverside – National Institutes of<br>Health (NIH) \$16M grant-funding from the Research<br>Center in Minority Institutions (RCMI) | <b>Action</b> |
|            | 2. AB 1184 - Public records: writing transmitted by electronic<br>mail: retention   | Information   |
|            | 3. Association of California Healthcare Districts (ACHD)<br>Certification   | Information   |

**H. DESERT REGIONAL MEDICAL CENTER CEO REPORT**

– Michele Finney, CEO

Information

**I. DESERT REGIONAL MEDICAL CENTER GOVERNING  
BOARD OF DIRECTORS' REPORT –**

President Les Zendle, MD and Director Carole Rogers, RN

Information



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|---|--|--|
| <b>J.</b>   | <b>1. FINANCE, LEGAL ADMINISTRATION AND REAL ESTATE COMMITTEE –</b> Chair/Treasurer Mark Matthews, Vice-President Leticia De Lara, and Director Arthur Shorr<br>1. Meeting Minutes – October 8, 2019<br>2. Political Consultants for Potential Hospital Lease/Transaction<br>3. Policy Map – 15 Month Subscription – \$5,005.54<br>4. FY 2019 Audit Reports – Moss Levy & Hartzheim                                    | Information<br>Discussion/<br>Action<br>Discussion/<br>Action<br><b>Action</b> |
| <b>101-105</b><br><b>106-141</b><br><br><b>142-151</b><br><br><b>152-221</b>                        |  |  |
|   | <b>2. PROGRAM COMMITTEE –</b> Chair/Director Carole Rogers, RN; Director Evett PerezGil; and Director Leticia De Lara<br>1. Meeting Minutes – October 8, 2019<br>2. Progress and Final Reports<br>3. Letters of Interest and Pending Applications<br>4. Consideration to approve Grant #1023 Coachella Valley Rescue Mission (CVRM) – Transportation for Seniors and Homeless Hospital Discharge Referrals – \$216,200 | Information<br>Information<br>Information<br><b>Action</b>                     |
| <b>222-225</b><br><b>226-228</b><br><b>229-234</b><br><b>235-258</b>                                |  |  |
|   | <b>3. STRATEGIC PLANNING COMMITTEE –</b><br>Chair/President Les Zendle, MD; Director Karen Borja, and Director Arthur Shorr<br>1. Meeting Minutes – September 23, 2019<br>2. Meeting Minutes – October 17, 2019<br>3. Community Health Needs Assessment RFP – NTE \$300,000  | Information<br>Information<br><b>Action</b>                                    |
| <b>259-262</b><br><b>263-265</b><br><b>266-283</b>  |  |  |
| <br><b>K. OLD BUSINESS</b>  |  |  |
| <br><b>L. NEW BUSINESS</b>  |  |  |
| <br><b>M. LEGAL COMMENTS &amp; REPORT</b>   |  |  |
| <br><b>N. DIRECTORS' COMMENTS, REPORTS, INFORMATIONAL ITEMS, &amp; STAFF DIRECTION AND GUIDANCE</b> |  |  |



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**O. 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](mailto:ahayles@dhcd.org) or call (760) 323-6110 at least 24 hours prior to the meeting.*





**DESERT HEALTHCARE DISTRICT  
BOARD OF DIRECTORS MEETING MINUTES  
MEETING MINUTES  
September 24, 2019**

<b>Directors Present</b>	<b>District Staff Present</b>	<b>Absent</b>
President Les Zendle, MD Vice-President/Secretary Leticia De Lara Treasurer Mark Matthews Director Carole Rogers Director Evett PerezGil Director Karen Borja Director Arthur Shorr	Conrado E. Bárzaga, MD, CEO Chris Christensen, CFO Donna Craig, Senior Program Officer Will Dean, Marketing and Communications Director Alejandro Espinoza, Program Officer and Outreach Director Meghan Kane, Community Health Analyst Vanessa Smith, Health Coordinator Andrea S. Hayles, Clerk of the Board  <u>Legal Counsel</u> Jeff Scott	

<b>AGENDA ITEMS</b>	<b>DISCUSSION</b>	<b>ACTION</b>
<b>A. Call to Order</b>	President Zendle called the meeting to order at 5:30 p.m.	
<b>Roll Call</b>	The Clerk of the Board called the roll with all Directors present.	
<b>B. Pledge of Allegiance</b>	Director Matthews led the pledge of allegiance.	
<b>C. Approval of Agenda</b>	President Zendle asked for approval of the agenda.	<b>#20-24 MOTION WAS MADE by Director Shorr and seconded by Vice-President De Lara to approve the agenda.</b> <b>Motion passed unanimously.</b> <b>AYES – 7 President Zendle, Vice-President De Lara, Director Matthews, Director Rogers, Director PerezGil, Director Borja, and Director Shorr</b> <b>NOES – 0</b> <b>ABSENT – 0</b>
<b>D. Public Comment</b>	Numerous residents of the Oasis Mobile Home Park explained the rising costs of rent and utilities, detailing the arsenic in the water, poor air quality, and housing	

**DESERT HEALTHCARE DISTRICT  
BOARD OF DIRECTORS MEETING MINUTES  
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	<p>conditions. The residents requested that the District assist them with the quality of life matters in the mobile home park.</p> <p>Other speakers included Blaz Gutierrez, environmental and legal advocacy attorney, California Rural Legal Assistance, and Monica Telles, Senior Development Specialist, Riverside County Economic Development Agency, explained her work with the families detailing the LOI submission for assistance in the mobile home park.</p> <p>Jacqueline Lopez, District Director, Congressman Raul Ruiz, explained that the Congressman is aware of the issues and he is working with the EPA and scheduling upcoming meetings, monitoring the situation, and speaking with the tribe that owns the land.</p> <p>Sergio Carranza, Executive Director, Pueblo Unido, described the complexities in Mecca and the necessity of partnering with other agencies.</p> <p>Vice-President De Lara thanked the residents for expressing their views at the meeting and explained the importance of understanding the housing conditions as it relates to health and the needs of the Eastern Coachella Valley.</p>	
<p><b>E. Consent Agenda</b>  <b>1. Board Minutes</b>  <b>a. Board of Directors Meeting – July 23</b></p>	<p>President Zendle asked for a roll call to approve the consent agenda.</p>	<p><b>#20-25 MOTION for approval of the consent agenda was approved. Motion passed unanimously. AYES – 7 President Zendle, Vice-President De Lara, Director</b></p>

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<p><b>2. Finance and Administration</b></p> <p><b>a. Approval of July and August 2019 Financial Statements– F&amp;A Approved September 10, 2019</b></p> <p><b>b. Revised Organizational Chart, Proposed Salaries, and Job Descriptions</b></p> <p><b>c. Human Resources Consultant Service Agreement</b></p> <p><b>d. Las Palmas Plaza Lease Extension – Suite 1W 201 – Peter Jamieson, MD</b></p> <p><b>e. Las Palmas Plaza Lease – Suites 1W 105-106 – Cohen, Much, &amp; Thomas Medical Group</b></p> <p><b>f. Las Palmas Plaza Lease Extension – Suite 1W 204 – Dennis Sprugin, DC</b></p> <p><b>g. First Amendment to CEO Employment Agreement – Auto Allowance \$500/month</b></p>		<p><b>Matthews, Director Rogers, Director PerezGil, Director Borja, and Director Shorr</b></p> <p><b>NOES – 0</b></p> <p><b>ABSENT – 0</b></p>
<p><b>F. Public Hearing</b></p> <p><b>1. Expansion and Rezoning Background</b></p> <p><b>2. Zone Mapping Process for the New District Boundaries – 7 zones –</b></p>	<p>Justin Levitt, PhD, Vice-President, National Demographics Corporation, detailed the rezoning of the District, districting criteria, federal laws, and shaping the District. Dr. Levitt</p>	



**DESERT HEALTHCARE DISTRICT  
BOARD OF DIRECTORS MEETING MINUTES  
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<b>Justin Levitt, Vice President, National Demographics Corporation</b>	<p>detailed the draft maps that include Agave, Mesquite, Yucca, and Cholla.</p> <p>Linda Evans, Mayor, City of La Quinta, described the Cholla Map that keeps La Quinta together as opposed to dividing the area.</p> <p>Gary Rotto, Borrego Health, inquired on the projections for individuals that may be eligible to vote in the next 2-4 years. Dr. Levitt explained that the eligible voters and registered voter numbers are available, and he encouraged Mr. Rotto to review the eligible voters that can provide some detail, including the population group. Areas near Interstate 10 in Palm Desert and Rancho Mirage are the largest growing areas followed by the Eastern Valley.</p> <p>Sergio Carranza, Executive Director, Pueblo Unido, recommends the Agave map explaining that Vice-President De Lara and Director Borja are aware of the work that is ahead, and the Agave map is an effective way to move forward.</p> <p>Barrett Newkirk, Communications Manager, Alianza, stated that the Agave map has strong areas and the Cholla map would redraw districts 6 and 7.</p> <p>Joslyn Vargas, Thermal resident, approves of the Agave map.</p> <p>Director Rogers explained that the map selection is a difficult task, but she is concerned about keeping the</p>	
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BOARD OF DIRECTORS MEETING MINUTES  
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	<p>communities together, and the maps represent the entire communities.</p> <p>Director Borja explained that the Agave map population would make elections challenging.</p> <p>Vice-President De Lara explained that it is important to hear public input as it relates to the public comments heard earlier, the issues will not be resolved in one night, it is important for the public to observe who will be representing those areas long-term, and how they can strengthen representation. There are pros and cons with the maps, but the map that is presented for the first time, the Cholla map, includes unincorporated area, but there is a preference for the Agave map since it includes two representatives.</p> <p>President Zendle explained that some of the zones include more than one Director, rezoning will take place again in 2020 after the Census, and he is concerned that the Cholla map in Palm Springs is divided into areas with three Directors.</p> <p>Dr. Levitt inquired with the Board on their direction, such as a map with Palm springs divided into two, not three, that has a zone for each Board member; the north communities should remain together, and if there should be two zones in Indio to the Salton Sea.</p> <p>Vice-President De Lara requested that the far east area of the Coachella Valley have two zones, and narrow</p>	
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BOARD OF DIRECTORS MEETING MINUTES  
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	down the maps to two, such as Agave and Cholla – three minority-majority districts per Director Borja.	
<b>G. Desert Healthcare District CEO Report</b> <b>1. AB 1095 Desert Healthcare District – Revised term limits for the appointments of Vice-President De Lara and Director Borja</b>	<p>Conrado E. Bárzaga, MD, CEO, detailed AB 1095, and the revised term limits for the appointments of Vice-President De Lara and Director Borja, which enables both Directors to run for election at the end of their terms.</p> <p>Dr. Bárzaga explained his ongoing efforts with the District, upcoming meetings with council members, assemblymembers, and congressional members, including his extensive work with the staff.</p> <p>Dr. Bárzaga expressed his intention to create an evidence-based path to advancing the District’s mission and role in the community, in order to create:</p> <ul style="list-style-type: none"> <li>- A shared Vision</li> <li>- An inclusive framework for action, and</li> <li>- Clearly defined benchmarks, goals, and targets.</li> </ul> <p>Highlighting the importance of having an evidence-based districtwide Needs Assessment, Dr. Bárzaga invited all sectors of the community to participate in this task, including government agencies, nonprofits, and the business community.</p> <p>He concluded by saying that a path to creating a Vibrant Coachella Valley requires relentless leadership, long-term vision, and audacious action.</p>	
<b>H. Desert Regional Medical Center CEO Report</b>	President Zendle explained that Michele Finney, CEO, Desert Care	

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BOARD OF DIRECTORS MEETING MINUTES  
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	Network, Desert Regional Medical Center was unable to attend the meeting; thus, no report was provided.	
<b>I. Desert Regional Medical Center Governing Board of Directors Report</b>	President Zendle explained that the meeting was brief, and the EVS Department contract has changed. The quality measures were discussed, as well as the credentialing of new and current physicians.	
<b>J. 1. Finance, Legal, Administration, and Real Estate Committee</b> <b>a. Meeting Minutes – September 10, 2019</b>  <b>2. Program Committee</b> <b>a. Meeting Minutes – September 10, 2019</b> <b>b. Grant Proposals Under Development</b> <b>c. Consideration to approve Grant #1017 Jewish Family Services (JFS) - \$90,000 to support case management services for homeless prevention</b>  <b>d. Consideration to approve Grant #1025 Ready Set Swim (RSS) to the Desert Healthcare Foundation - \$200,000</b>	<p>Director Matthews explained the F&amp;A Committee items as approved in the consent agenda, and the meeting minutes that are available for review.</p> <p>Director Rogers described the Program Committee meeting, the grant proposals under development, and the consideration to approve the grant for Jewish Family Services.</p> <p>Maureen Foreman, Executive Director, Jewish Family Services, explained the work of the organization and individuals that will benefit from the grant. Ms. Foreman also encouraged the residents of Oasis Mobile Home Park to contact their office for rental assistance.</p> <p>Director Rogers described the grant for Ready Set Swim (RSS) from the Desert Health District to the Desert Healthcare Foundation.</p> <p>Vanessa Smith, Special Projects and Programs Manager, explained the Ready Set Swim program that also incorporates nutrition. The program</p>	<p><b>#20-26 MOTION WAS MADE by Director Rogers and seconded by Director Shorr to approve Grant #1017 Jewish Family Services (JFS) - \$90,000 to support case management services for homeless prevention. Motion passed unanimously. AYES – 7 President Zendle, Vice-President De Lara, Director Matthews, Director Rogers, Director PerezGil, Director Borja, and Director Shorr</b></p> <p><b>NOES – 0</b></p> <p><b>ABSENT – 0</b></p> <p><b>#20-27 MOTION WAS MADE by Director Rogers and seconded by Director Shorr to approve Grant #1025 Ready Set Swim (RSS) to the Desert Healthcare Foundation. Motion passed unanimously. AYES – 7 President Zendle, Vice-President De Lara, Director Matthews, Director Rogers,</b></p>

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BOARD OF DIRECTORS MEETING MINUTES  
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<p><b>3. Strategic Planning Committee</b></p>	<p>will expand to the East Valley in the coming year.</p> <p>President Zendle provided an update on the Strategic Planning Committee explaining that the committee discussed the possibility of a community health needs assessment, an inventory of other agencies with assessments, and describing the specifics of phase 1 and phase 2 of the RFP that includes the Association for Community Health Improvement's Community Health Assessment Toolkit nine-step guide.</p> <p>Vice-President De Lara requested that staff consider partnering with other agencies such as Kaiser and Borrego Health to share resources that benefits the District and those agencies.</p>	<p><b>Director PerezGil, Director Borja, and Director Shorr</b> <b>NOES – 0</b></p>
<p><b>K. Old Business</b></p> <p><b>1. LGBTQ Community Center of the Desert – Health Assessment and Research for Communities (HARC) report deliverable</b></p>	<p>President Zendle explained the report deliverables of the LGBTQ Community Center of the Desert that is available in the packet for review.</p>	
<p><b>L. New Business</b></p>		
<p><b>M. Legal Comments &amp; Reports</b></p>	<p>Jeff Scott, Legal Counsel, described the background and aspects of AB 1184 – Public Records Email Retention, AB 1486 – Surplus Property, and SB 227 – Nurse Patient Ratios.</p>	
<p><b>N. Directors' Comments, Reports, Informational</b></p>	<p>Director Borja explained that the issues from the Oasis Mobile Home</p>	





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<b>Items, &amp; Staff Direction and Guidance</b>	Park are not the only issues and encouraged the residents to continue to provide public participation.	
<b>O. Adjournment</b>	President Zendle adjourned the meeting at 7:10 p.m.	<b>Audio recording available on the website at</b> <a href="http://dhcd.org/Agendas-and-Documents">http://dhcd.org/Agendas-and-Documents</a>

ATTEST: \_\_\_\_\_  
Leticia De Lara, Vice-President/Secretary  
Desert Healthcare District Board of Directors

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



**DESERT HEALTHCARE DISTRICT**  
**SPECIAL MEETING OF THE BOARD OF DIRECTORS**  
**MEETING MINUTES**  
**September 24, 2019**

<b>Directors Present</b>		<b>District Staff Present</b>	<b>Absent</b>
President Les Zendle, MD Treasurer Mark Matthews Director Carole Rogers Director Evett PerezGil Director Karen Borja Director Leticia De Lara		Conrado E. Bárzaga, MD, CEO Chris Christensen, CAO Andrea S. Hayles, Clerk of the Board  <u>Legal Counsel</u> Jeff Scott	
<b>AGENDA ITEMS</b>	<b>DISCUSSION</b>	<b>ACTION</b>	
<b>A. Call to Order</b>	President Zendle called the meeting to order at 7:30 p.m.		
<b>Roll Call</b>	The Clerk of the Board called the roll with all Directors present.		
<b>B. Approval of Agenda</b>	President Zendle asked for a motion to approve the agenda.		
<b>C. Public Comment</b>	No public comment.		
<b>D. Convene to Closed Session of the Desert Healthcare District Board of Directors</b> 1. Conference with Legal Counsel – Significant Exposure to Litigation Pursuant to Government Code Section 54956.9(B): (One Case) 2. Conferenced with Legal Counsel – Existing Litigation – Lechmanik vs. Desert Regional Medical Center; Riverside Superior Court Case No. 10901706			
<b>E. Reconvene to Open Session of the Desert Healthcare District Board of Directors</b>			
<b>F. Report After Closed Session</b>	1. The Board in closed session discussed the potential exposure to Litigation pursuant to		



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SPECIAL MEETING OF THE BOARD OF DIRECTORS  
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	<p>Government Code 54956.9(b) (one case) and directed Legal Counsel to take appropriate action.</p> <p>2. The Board also discussed the Lechmanik vs. Desert Regional Medical Center case; Riverside Superior Court Case No. 10901706 and took no action.</p>	
<b>Q. Adjournment</b>	President Zendle adjourned the meeting at 5:15 p.m.	<b>Audio recording available on the website at</b> <a href="http://dhcd.org/Agenda-Board-of-Directors">http://dhcd.org/Agenda-Board-of-Directors</a>

ATTEST: \_\_\_\_\_  
Les Zendle, MD, Vice-President/Secretary  
Desert Healthcare District Board of Directors

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

<b>DESERT HEALTHCARE DISTRICT</b>
<b>SEPTEMBER 2019 FINANCIAL STATEMENTS</b>
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Year to Date Variance Analysis
Cumulative Profit & Loss Budget vs Actual - Summary
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Balance Sheet - Expanded View
Accounts Receivable Aging
Deposit Detail - District
Property Tax Receipts - YTD
Deposit Detail - LPMP
Check Register - District
Credit Card Expenditures
Check Register - LPMP
Grants Schedule

DESERT HEALTHCARE DISTRICT				
YEAR TO DATE VARIANCE ANALYSIS				
ACTUAL VS BUDGET				
THREE MONTHS ENDED SEPTEMBER 30, 2019				
Scope: \$25,000 Variance per Statement of Operations Summary				
Account	YTD		Over(Under)	Explanation
	Actual	Budget	Budget	
4000 - Income	\$ 2,119,185	\$ 2,058,192	\$ 60,993	Interest income (net) from FRF investments \$72k; lower NEOPB Grant Income \$11k
5000 - Direct Expenses	\$ 156,432	\$ 267,360	\$ (110,928)	Lower wage expense \$84k due to no COO salary; lower health insurance related expenses \$23.5k; lower various 3.5k
7000 - Grants Expense	\$ 318,946	\$ 900,126	\$ (581,180)	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 September 2019

	MONTH			TOTAL		
	Sep 19	Budget	\$ Over Budget	Jul - Sep 19	Budget	\$ Over Budget
<b>Income</b>						
4000 · Income	577,355	686,064	(108,709)	2,119,185	2,058,192	60,993
4500 · LPMP Income	99,904	101,500	(1,596)	297,358	304,300	(6,942)
4501 · Miscellaneous Income	750	950	(200)	2,250	2,850	(600)
<b>Total Income</b>	<b>678,009</b>	<b>788,514</b>	<b>(110,505)</b>	<b>2,418,793</b>	<b>2,365,342</b>	<b>53,451</b>
<b>Expense</b>						
5000 · Direct Expenses	63,404	89,120	(25,716)	156,432	267,360	(110,928)
6000 · General & Administrative Exp	40,020	43,082	(3,062)	114,917	129,245	(14,328)
6325 · CEO Discretionary Fund	-	417	(417)	-	1,251	(1,251)
6445 · LPMP Expenses	80,028	82,398	(2,370)	234,891	247,194	(12,303)
6500 · Professional Fees Expense	266,011	98,748	167,263	313,266	296,244	17,022
6700 · Trust Expenses	10,456	11,245	(789)	31,368	33,735	(2,367)
<b>Total Expense Before Grants</b>	<b>459,919</b>	<b>325,010</b>	<b>134,909</b>	<b>850,874</b>	<b>975,029</b>	<b>(124,155)</b>
7000 · Grants Expense	295,717	300,042	(4,325)	318,946	900,126	(581,180)
<b>Net Income</b>	<b>(77,628)</b>	<b>163,465</b>	<b>(241,094)</b>	<b>1,248,971</b>	<b>490,190</b>	<b>758,781</b>



**Desert Healthcare District**  
**Cumulative Profit & Loss Budget vs. Actual**  
July through September 2019

				MONTH			TOTAL		
				Sep 19	Budget	\$ Over Budget	Jul - Sep 19	Budget	\$ Over Budget
<b>Income</b>									
4000 · Income									
	4010 · Property Tax Revenues			561,355	561,355	-	1,684,065	1,684,065	-
	4200 · Interest Income								
	4220 · Interest Income (FRF)			154,806	106,250	48,556	332,366	318,750	13,616
	9999-1 · Unrealized gain(loss) on invest			(146,054)	8,333	(154,387)	83,779	24,999	58,780
	Total 4200 · Interest Income			8,752	114,583	(105,831)	416,145	343,749	72,396
	4300 · DHC Recoveries			1,749	1,750	(1)	5,247	5,250	(3)
	4400 · Grant Income			5,499	8,375	(2,876)	13,728	25,125	(11,397)
	Total 4000 · Income			577,355	686,063	(108,708)	2,119,185	2,058,189	60,996
	4500 · LPMP Income			99,904	101,500	(1,596)	297,358	304,300	(6,942)
	4501 · Miscellaneous Income			750	950	(200)	2,250	2,850	(600)
	Total Income			678,009	788,513	(110,504)	2,418,793	2,365,339	53,454
<b>Expense</b>									
	5000 · Direct Expenses								
	5100 · Administration Expense								
	5110 · Wages Expense			59,170	82,846	(23,676)	164,173	248,538	(84,365)
	5111 · Allocation to LPMP - Payroll			(5,085)	(5,084)	(1)	(15,255)	(15,252)	(3)
	5112 · Vacation/Sick/Holiday Expense			9,394	7,500	1,894	19,588	22,500	(2,912)
	5114 · Allocation to Foundation			(25,473)	(25,473)	-	(76,419)	(76,419)	-
	5115 · Allocation to NEOPB			(5,191)	(7,289)	2,098	(12,325)	(21,867)	9,542
	5119 · Allocation to RSS/CVHIP-DHCF			(2,538)	(2,382)	(156)	(4,841)	(7,146)	2,305
	5120 · Payroll Tax Expense			5,253	6,338	(1,085)	14,851	19,014	(4,163)
	5130 · Health Insurance Expense								
	5131 · Premiums Expense			8,619	12,213	(3,594)	25,098	36,639	(11,541)
	5135 · Reimb./Co-Payments Expense			557	2,250	(1,693)	3,760	6,750	(2,990)
	Total 5130 · Health Insurance Expense			9,176	14,463	(5,287)	28,858	43,389	(14,531)
	5140 · Workers Comp. Expense			1,535	870	665	2,821	2,610	211
	5145 · Retirement Plan Expense			3,411	4,212	(801)	10,243	12,636	(2,393)
	5160 · Education Expense			6,931	625	6,306	8,071	1,875	6,196
	Total 5100 · Administration Expense			56,583	76,626	(20,043)	139,765	229,878	(90,113)
	5200 · Board Expenses								
	5210 · Healthcare Benefits Expense			2,788	5,834	(3,046)	8,363	17,502	(9,139)
	5230 · Meeting Expense			2,664	1,667	997	3,613	5,001	(1,388)
	5235 · Director Stipend Expense			1,200	4,200	(3,000)	3,500	12,600	(9,100)
	5240 · Catering Expense			138	583	(445)	1,121	1,749	(628)
	5250 · Mileage Reimbursement Expense			30	208	(178)	66	624	(558)



**Desert Healthcare District**  
**Cumulative Profit & Loss Budget vs. Actual**  
July through September 2019

	MONTH			TOTAL		
	Sep 19	Budget	\$ Over Budget	Jul - Sep 19	Budget	\$ Over Budget
Total 5200 · Board Expenses	6,820	12,492	(5,672)	16,663	37,476	(20,813)
Total 5000 · Direct Expenses	63,403	89,118	(25,715)	156,428	267,354	(110,926)
6000 · General & Administrative Exp						
6110 · Payroll fees Expense	161	208	(47)	479	624	(145)
6120 · Bank and Investment Fees Exp	9,562	9,833	(271)	28,089	29,499	(1,410)
6125 · Depreciation Expense	986	1,250	(264)	2,958	3,750	(792)
6126 · Depreciation-Solar Parking lot	15,072	15,072		45,216	45,216	
6130 · Dues and Membership Expense	1,389	2,500	(1,111)	3,667	7,500	(3,833)
6200 · Insurance Expense	1,753	1,500	253	5,259	4,500	759
6300 · Minor Equipment Expense	-	42	(42)	-	126	(126)
6305 · Auto Allowance & Mileage Exp	-	600	(600)	-	1,800	(1,800)
6306 · Staff- Auto Mileage reimb	390	500	(110)	266	1,500	(1,234)
6309 · Personnel Expense	-	83	(83)	6,000	249	5,751
6310 · Miscellaneous Expense	-	42	(42)	53	126	(73)
6311 · Cell Phone Expense	482	776	(294)	1,429	2,328	(899)
6312 · Wellness Park Expenses	-	83	(83)	-	249	(249)
6315 · Security Monitoring Expense	-	42	(42)	108	126	(18)
6340 · Postage Expense	-	417	(417)	278	1,251	(973)
6350 · Copier Rental/Fees Expense	394	458	(64)	788	1,374	(586)
6351 · Travel Expense	2,109	917	1,192	2,981	2,751	230
6352 · Meals & Entertainment Exp	569	583	(14)	1,413	1,749	(336)
6355 · Computer Services Expense	1,835	3,775	(1,940)	4,683	11,325	(6,642)
6360 · Supplies Expense	4,615	1,667	2,948	9,144	5,001	4,143
6380 · LAFCO Assessment Expense	153	1,667	(1,514)	459	5,001	(4,542)
6400 · East Valley Office						
6405 · East Valley Office - Rent	550	650	(100)	1,650	1,950	(300)
6410 · East Valley Office - Utilities	-	417	(417)	-	1,251	(1,251)
Total 6400 · East Valley Office	550	1,067	(517)	1,650	3,201	(1,551)
Total 6000 · General & Administrative Exp	40,020	43,082	(3,062)	114,920	129,246	(14,326)
6325 · CEO Discretionary Fund		417	(417)		1,251	(1,251)
6445 · LPMP Expenses	80,030	82,395	(2,365)	234,893	247,185	(12,292)
6500 · Professional Fees Expense						
6516 · Professional Services Expense	248,310	70,000	178,310	254,222	210,000	44,222
6520 · Annual Audit Fee Expense	1,563	1,540	23	4,689	4,620	69
6530 · PR/Communications/Website	4,951	7,208	(2,257)	8,565	21,624	(13,059)
6560 · Legal Expense	11,188	20,000	(8,812)	45,793	60,000	(14,207)
Total 6500 · Professional Fees Expense	266,012	98,748	167,264	313,269	296,244	17,025
6700 · Trust Expenses						



Desert Healthcare District  
**Cumulative Profit & Loss Budget vs. Actual**  
 July through September 2019

	MONTH			TOTAL		
	Sep 19	Budget	\$ Over Budget	Jul - Sep 19	Budget	\$ Over Budget
6711 · Disability Admin. Fee Expense	-	537	(537)	-	1,611	(1,611)
6720 · Pension Plans Expense						
6721 · Legal Expense	-	167	(167)	-	501	(501)
6725 · RPP Pension Expense	10,000	10,000	-	30,000	30,000	-
6728 · Pension Audit Fee Expense	456	542	(86)	1,368	1,626	(258)
Total 6720 · Pension Plans Expense	10,456	10,709	(253)	31,368	32,127	(759)
Total 6700 · Trust Expenses	10,456	11,246	(790)	31,368	33,738	(2,370)
Total Expense Before Grants	459,921	325,006	134,915	850,878	975,018	(124,140)
7000 · Grants Expense						
7010 · Major Grant Awards Expense	290,218	291,667	(1,449)	305,218	875,001	(569,783)
7027 · Grant Exp - NEOPB	5,499	8,375	(2,876)	13,728	25,125	(11,397)
Total 7000 · Grants Expense	295,717	300,042	(4,325)	318,946	900,126	(581,180)
Net Income	(77,628)	163,465	(241,094)	1,248,971	490,190	758,782

**Las Palmas Medical Plaza**  
**Profit & Loss Budget vs. Actual**  
July through September 2019

	MONTH			TOTAL		
	Sep 19	Budget	\$ Over Budget	Jul - Sep 19	Budget	\$ Over Budget
<b>Income</b>						
4500 · LPMP Income						
4505 · Rental Income	71,890	72,900	(1,010)	213,965	218,700	(4,735)
4510 · CAM Income	28,014	28,500	(486)	83,394	85,500	(2,106)
4513 · Misc. Income	-	100	(100)	-	100	(100)
<b>Total 4500 · LPMP Income</b>	<b>99,904</b>	<b>101,500</b>	<b>(1,596)</b>	<b>297,358</b>	<b>304,300</b>	<b>(6,942)</b>
<b>6445 · LPMP Expenses</b>						
6420 · Insurance Expense	1,879	1,083	796	5,638	3,250	2,388
6425 · Building - Depreciation Expense	21,484	21,667	(182)	64,453	65,000	(547)
6426 · Tenant Improvements -Dep Exp	15,914	17,083	(1,169)	47,743	51,250	(3,507)
6427 · HVAC Maintenance Expense	3,620	1,333	2,286	3,899	4,000	(102)
6428 · Roof Repairs Expense	-	208	(208)	-	625	(625)
6431 · Building -Interior Expense	-	833	(833)	1,600	2,500	(900)
6432 · Plumbing -Interior Expense	-	333	(333)	-	1,000	(1,000)
6433 · Plumbing -Exterior Expense	-	208	(208)	-	625	(625)
6434 · Allocation Internal Prop. Mgmt	5,085	5,084	0	15,254	15,253	0
6435 · Bank Charges	1,080	1,042	38	3,238	3,125	113
6437 · Utilities -Vacant Units Expense	39	208	(170)	79	625	(546)
6439 · Deferred Maintenance Repairs Ex	-	500	(500)	-	1,500	(1,500)
6440 · Professional Fees Expense	10,117	10,472	(355)	36,616	31,415	5,201
6441 · Legal Expense	-	83	(83)	-	250	(250)
6458 · Elevators - R & M Expense	1,547	1,000	547	3,319	3,000	319
6460 · Exterminating Service Expense	360	417	(57)	360	1,250	(890)
6463 · Landscaping Expense	-	833	(833)	-	2,500	(2,500)
6467 · Lighting Expense	-	833	(833)	-	2,500	(2,500)
6468 · General Maintenance Expense	-	83	(83)	-	250	(250)
6471 · Marketing-Advertising	-	1,417	(1,417)	-	4,250	(4,250)
6475 · Property Taxes Expense	6,000	6,008	(8)	18,000	18,025	(25)
6476 · Signage Expense	-	125	(125)	-	375	(375)
6480 · Rubbish Removal Medical Waste E	1,518	1,442	76	2,967	4,325	(1,358)
6481 · Rubbish Removal Expense	2,227	2,250	(23)	6,680	6,750	(70)
6482 · Utilities/Electricity/Exterior	578	625	(47)	1,089	1,875	(786)
6484 · Utilities - Water (Exterior)	562	708	(147)	1,700	2,125	(425)
6485 · Security Expenses	8,020	6,417	1,603	20,757	19,250	1,507
6490 · Miscellaneous Expense	-	100	(100)	1,500	300	1,200
<b>Total 6445 · LPMP Expenses</b>	<b>80,028</b>	<b>82,398</b>	<b>(2,370)</b>	<b>234,891</b>	<b>247,193</b>	<b>(12,302)</b>
<b>Net Income</b>	<b>19,876</b>	<b>19,102</b>	<b>774</b>	<b>62,467</b>	<b>57,107</b>	<b>5,361</b>



**Desert Healthcare District**  
**Balance Sheet**  
As of September 30, 2019

				Sep 30, 19
<b>ASSETS</b>				
Current Assets				
Checking/Savings				
		1000 · CHECKING CASH ACCOUNTS		471,250
		1100 · INVESTMENT ACCOUNTS		58,618,941
Total Checking/Savings				59,090,190
Accounts Receivable				73,874
Other Current Assets				
		1270 · Prepaid Insurance -Ongoing		35,437
		1279 · Pre-Paid Fees		24,498
		1281 · NEOPB Receivable		19,730
		1295 · Property Tax Receivable		1,630,428
Total Other Current Assets				1,710,093
Total Current Assets				60,874,157
Fixed Assets				
		1300 · FIXED ASSETS		4,902,688
		1335-00 · ACC DEPR		(1,864,144)
		1400 · LPMP Assets		7,117,231
Total Fixed Assets				10,155,774
Other Assets				
		1700 · OTHER ASSETS		2,867,136
<b>TOTAL ASSETS</b>				<b>73,897,067</b>
<b>LIABILITIES &amp; EQUITY</b>				
Liabilities				
Current Liabilities				
Accounts Payable				
		2000 · Accounts Payable		3,910
		2001 · LPMP Accounts Payable		13,824
Total Accounts Payable				17,733
Other Current Liabilities				
		2002 · LPMP Property Taxes		18,000
		2131 · Grant Awards Payable		6,415,273

**Desert Healthcare District**  
**Balance Sheet**  
As of September 30, 2019

				Sep 30, 19
			2133 · Accrued Accounts Payable	272,490
			2141 · Accrued Vacation Time	26,961
			2188 · Current Portion - LTD	11,103
			2190 · Investment Fees Payable	27,000
			<b>Total Other Current Liabilities</b>	<b>6,770,827</b>
			<b>Total Current Liabilities</b>	<b>6,788,560</b>
			<b>Long Term Liabilities</b>	
			2170 · RPP - Pension Liability	3,425,623
			2171 · RPP-Deferred Inflows-Resources	1,643,743
			2280 · Long-Term Disability	40,626
			2281 · Grants Payable - Long-term	5,400,000
			2286 · Retirement BOD Medical Liabilit	85,091
			2290 · LPMP Security Deposits	57,098
			<b>Total Long Term Liabilities</b>	<b>10,652,181</b>
			<b>Total Liabilities</b>	<b>17,440,740</b>
			<b>Equity</b>	
			3900 · *Retained Earnings	55,207,356
			Net Income	1,248,971
			<b>Total Equity</b>	<b>56,456,327</b>
			<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>73,897,067</b>

**Desert Healthcare District**  
**Balance Sheet**  
As of September 30, 2019

				Sep 30, 19
<b>ASSETS</b>				
Current Assets				
Checking/Savings				
1000 · CHECKING CASH ACCOUNTS				
1010 · Union Bank - Checking				255,434
1046 · Las Palmas Medical Plaza				215,316
1047 · Petty Cash				500
Total 1000 · CHECKING CASH ACCOUNTS				471,250
1100 · INVESTMENT ACCOUNTS				
1130 · Facility Replacement Fund				58,289,477
1135 · Unrealized Gain(Loss) FRF				329,464
Total 1100 · INVESTMENT ACCOUNTS				58,618,941
Total Checking/Savings				59,090,190
Accounts Receivable				
1201 · Accounts Receivable				
1204 · LPMP Accounts Receivable				(10,009)
1205 · Misc. Accounts Receivable				2,250
1211 · A-R Foundation - Exp Allocation				81,633
Total 1201 · Accounts Receivable				73,874
Other Current Assets				
1270 · Prepaid Insurance -Ongoing				35,437
1279 · Pre-Paid Fees				24,498
1281 · NEOPB Receivable				19,730
1295 · Property Tax Receivable				1,630,428
Total Other Current Assets				1,710,093
Total Current Assets				60,874,157
Fixed Assets				
1300 · FIXED ASSETS				
1310 · Computer Equipment				83,557
1315 · Computer Software				68,770
1320 · Furniture and Fixtures				33,254
1325 · Offsite Improvements				300,849
1331 · DRMC - Parking lot				4,416,257



**Desert Healthcare District**  
**Balance Sheet**  
As of September 30, 2019

		Sep 30, 19
	<b>Total 1300 · FIXED ASSETS</b>	<b>4,902,688</b>
	<b>1335-00 · ACC DEPR</b>	
	1335 · Accumulated Depreciation	(205,439)
	1336 · Acc. Software Depreciation	(68,770)
	1337 · Accum Deprec- Solar Parking Lot	(1,462,155)
	1338 · Accum Deprec - LPMP Parking Lot	(127,780)
	<b>Total 1335-00 · ACC DEPR</b>	<b>(1,864,144)</b>
	<b>1400 · LPMP Assets</b>	
	1401 · Building	8,705,680
	1402 · Land	2,165,300
	1403 · Tenant Improvements -New	2,188,403
	1404 · Tenant Improvements - CIP	129,550
	1406 · Building Improvements	
	1406.1 · LPMP-Replace Parking Lot	676,484
	1406 · Building Improvements - Other	1,559,534
	<b>Total 1406 · Building Improvements</b>	<b>2,236,018</b>
	1407 · Building Equipment Improvements	364,891
	1409 · Accumulated Depreciation	
	1410 · Accum. Depreciation	(7,231,967)
	1412 · T I Accumulated Dep.-New	(1,440,644)
	<b>Total 1409 · Accumulated Depreciation</b>	<b>(8,672,611)</b>
	<b>Total 1400 · LPMP Assets</b>	<b>7,117,231</b>
	<b>Total Fixed Assets</b>	<b>10,155,774</b>
	<b>Other Assets</b>	
	<b>1700 · OTHER ASSETS</b>	
	1731 · Wellness Park	1,693,800
	1740 · RPP-Deferred Outflows-Resources	1,159,189
	1741 · OPEB-Deferred Outflows-Resourc	14,147
	<b>Total 1700 · OTHER ASSETS</b>	<b>2,867,136</b>
	<b>TOTAL ASSETS</b>	<b>73,897,067</b>
	<b>LIABILITIES &amp; EQUITY</b>	
	<b>Liabilities</b>	
	<b>Current Liabilities</b>	

**Desert Healthcare District**  
**Balance Sheet**  
As of September 30, 2019

					Sep 30, 19
				<b>Accounts Payable</b>	
				2000 · Accounts Payable	3,910
				2001 · LPMP Accounts Payable	13,824
				<b>Total Accounts Payable</b>	<b>17,733</b>
				<b>Other Current Liabilities</b>	
				2002 · LPMP Property Taxes	18,000
				2131 · Grant Awards Payable	6,415,273
				2133 · Accrued Accounts Payable	272,490
				2141 · Accrued Vacation Time	26,961
				2188 · Current Portion - LTD	11,103
				2190 · Investment Fees Payable	27,000
				<b>Total Other Current Liabilities</b>	<b>6,770,827</b>
				<b>Total Current Liabilities</b>	<b>6,788,560</b>
				<b>Long Term Liabilities</b>	
				2170 · RPP - Pension Liability	3,425,623
				2171 · RPP-Deferred Inflows-Resources	1,643,743
				2280 · Long-Term Disability	40,626
				2281 · Grants Payable - Long-term	5,400,000
				2286 · Retirement BOD Medical Liabilit	85,091
				2290 · LPMP Security Deposits	57,098
				<b>Total Long Term Liabilities</b>	<b>10,652,181</b>
				<b>Total Liabilities</b>	<b>17,440,740</b>
				<b>Equity</b>	
				3900 · *Retained Earnings	55,207,356
				Net Income	1,248,971
				<b>Total Equity</b>	<b>56,456,327</b>
				<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>73,897,067</b>

**Desert Healthcare District**  
**A/R Aging Summary**  
**As of September 30, 2019**

	<b>Current</b>	<b>1 - 30</b>	<b>31 - 60</b>	<b>61 - 90</b>	<b>&gt; 90</b>	<b>TOTAL</b>	
<b>Desert Healthcare Foundation-</b>	28,237	27,395	-	26,002	-	81,633	Due from Foundation
<b>Laboratory Corporation of America</b>	-	(4,774)	-	-	-	(4,774)	Prepaid
<b>Sovereign</b>	750	750	-	750	-	2,250	Slow Pay
<b>Steven Gundry, M.D.</b>	-	-	(5,235)	-	-	(5,235)	Prepaid
<b>TOTAL</b>	<b>28,987</b>	<b>23,371</b>	<b>(5,235)</b>	<b>26,752</b>	<b>-</b>	<b>73,874</b>	



**Desert Healthcare District**  
**Deposit Detail**  
**September 2019**

Type	Date	Name	Amount
<b>Deposit</b>	<b>09/04/2019</b>		<b>1,749</b>
		T-Mobile	(1,749)
<b>TOTAL</b>			<b>(1,749)</b>
<b>Deposit</b>	<b>09/11/2019</b>		<b>750</b>
<b>Payment</b>	<b>09/11/2019</b>	<b>Sovereign</b>	<b>(750)</b>
<b>TOTAL</b>			<b>(750)</b>
		<b>TOTAL</b>	<b>2,499</b>

DESERT HEALTHCARE DISTRICT											
PROPERTY TAX RECEIPTS FY 2019 - 2020											
RECEIPTS - TWELVE MONTHS ENDED JUNE 30, 2020											
	FY 2018-2019 Projected/Actual						FY 2019-2020 Projected/Actual				
	Budget %	Budget \$	Act %	Actual Receipts	Variance		Budget %	Budget \$	Act %	Actual Receipts	Variance
July	2.5%	\$ 165,105	1.3%	\$ 87,106	\$ (77,998)		2.5%	\$ 168,407	0.0%	\$ -	\$ (168,407)
Aug	1.6%	\$ 105,667	1.3%	\$ 88,674	\$ (16,993)		1.6%	\$ 107,780	3.1%	\$ 207,292	\$ 99,512
Sep	2.6%	\$ 171,709	2.4%	\$ 155,626	\$ (16,083)		2.6%	\$ 175,143	0.0%	\$ -	\$ (175,143)
Oct	0.0%	\$ -	0.0%	\$ -	\$ -		0.0%	\$ -	0.0%		
Nov	0.4%	\$ 26,417	0.0%	\$ -	\$ (26,417)		0.4%	\$ 26,945	0.0%		
Dec	16.9%	\$ 1,116,106	17.8%	\$ 1,177,161	\$ 61,054		16.9%	\$ 1,138,429	0.0%		
Jan	31.9%	\$ 2,106,733	19.7%	\$ 1,299,278	\$ (807,456)		31.9%	\$ 2,148,868	0.0%		
Feb	0.0%	\$ -	13.9%	\$ 918,846	\$ 918,846		0.0%	\$ -	0.0%		
Mar	0.3%	\$ 19,813	0.7%	\$ 44,532	\$ 24,719		0.3%	\$ 20,209	0.0%		
Apr	5.5%	\$ 363,230	5.9%	\$ 392,745	\$ 29,515		5.5%	\$ 370,495	0.0%		
May	19.9%	\$ 1,314,232	20.3%	\$ 1,341,271	\$ 27,039		19.9%	\$ 1,340,517	0.0%		
June	18.4%	\$ 1,215,169	22.3%	\$ 1,470,000	\$ 254,830		18.4%	\$ 1,239,473	0.0%		
Total	100%	\$ 6,604,180	105.6%	\$ 6,975,238	\$ 371,058		100.00%	\$ 6,736,264	3.1%	\$ 207,292	\$ (244,038)

**Las Palmas Medical Plaza**  
**Deposit Detail - LPMP**  
**September 2019**

Type	Date	Name	Amount
<b>Deposit</b>	<b>09/03/2019</b>		<b>3,854</b>
Payment	09/03/2019	Quest Diagnostics Incorporated	(3,854)
<b>TOTAL</b>			<b>(3,854)</b>
<b>Deposit</b>	<b>09/05/2019</b>		<b>42,041</b>
Payment	09/05/2019	Cohen Musch Thomas Medical Group	(3,543)
Payment	09/05/2019	Desert Regional Medical Center	(4,903)
Payment	09/05/2019	Tenet HealthSystem Desert, Inc.	(28,052)
Payment	09/05/2019	Tenet HealthSystem Desert, Inc	(5,543)
<b>TOTAL</b>			<b>(42,041)</b>
<b>Deposit</b>	<b>09/05/2019</b>		<b>24,233</b>
Payment	09/05/2019	Derakhsh Fozouni, M.D.	(5,841)
Payment	09/05/2019	Palmtree Clinical Research	(6,217)
Payment	09/05/2019	Ramy Awad, M.D.	(3,180)
Payment	09/05/2019	Aijaz Hashmi, M.D., Inc.	(2,745)
Payment	09/05/2019	Brad A. Wolfson, M.D.	(3,354)
Payment	09/05/2019	Cure Cardiovascular Consultants	(2,898)
<b>TOTAL</b>			<b>(24,233)</b>
<b>Deposit</b>	<b>09/06/2019</b>		<b>2,997</b>
Payment	09/06/2019	Peter Jamieson, M.D.	(2,997)
<b>TOTAL</b>			<b>(2,997)</b>
<b>Deposit</b>	<b>09/09/2019</b>		<b>2,249</b>
Payment	09/09/2019	Pathway Pharmaceuticals, Inc.	(2,249)

**Las Palmas Medical Plaza**  
**Deposit Detail - LPMP**  
September 2019

Type	Date	Name	Amount
TOTAL			(2,249)
Deposit	09/16/2019		2,738
Payment	09/16/2019	Dennis Spurgin, D.C.	(2,738)
TOTAL			(2,738)
Deposit	09/19/2019		3,493
Payment	09/19/2019	Desert Family Medical Center	(3,493)
TOTAL			(3,493)
Deposit	09/23/2019		4,774
Payment	09/23/2019	Laboratory Corporation of America	(4,774)
TOTAL			(4,774)
		TOTAL	86,380



**Desert Healthcare District**  
**Check Register**  
As of September 30, 2019

Type	Date	Num	Name	Amount
<b>1000 · CHECKING CASH ACCOUNTS</b>				
<b>1010 · Union Bank - Checking</b>				
Liability Check	09/05/2019		QuickBooks Payroll Service	(34,453)
Check	09/06/2019	Auto Pay	Calif. Public Employees'Retirement System	(8,716)
General Journal	09/06/2019	03-02	401a payment - 9/6/19 payroll	(1,702)
General Journal	09/06/2019	03-02	457b payment - 9/6/19 payroll	(2,516)
General Journal	09/10/2019	03-03	September 2019 LTD Payment - Jena Marie Van Earl	(1,234)
Bill Pmt -Check	09/10/2019	15614	First Bankcard (Union Bank)	(5,052)
Bill Pmt -Check	09/10/2019	15615	Bendani Publishing	(250)
Bill Pmt -Check	09/10/2019	15616	City of Desert Hot Springs	(710)
Bill Pmt -Check	09/10/2019	15617	Donna Den Bleyker.	(190)
Bill Pmt -Check	09/10/2019	15618	First Bankcard (Union Bank)	(5,049)
Bill Pmt -Check	09/10/2019	15619	Leticia De Lara - VOID	-
Bill Pmt -Check	09/10/2019	15620	Mangus Accountancy Group, A.P.C.	(500)
Bill Pmt -Check	09/10/2019	15621	Moss, Levy & Hartzheim LLP	(10,500)
Bill Pmt -Check	09/10/2019	15622	Palm Desert Chamber of Commerce	(225)
Bill Pmt -Check	09/10/2019	15623	So.Cal Computer Shop	(810)
Bill Pmt -Check	09/10/2019	15624	State Compensation Insurance Fund	(180)
Bill Pmt -Check	09/10/2019	15625	Time Warner Cable	(240)
Bill Pmt -Check	09/10/2019	15626	Underground Service Alert of Southern Cal	(10)
Bill Pmt -Check	09/10/2019	15627	Vanessa Smith-	(33)
Bill Pmt -Check	09/10/2019	15628	Verizon Wireless	(694)
Bill Pmt -Check	09/10/2019	15629	Zendle, Les- Aug 2019 Stipend & Mileage	(130)
Bill Pmt -Check	09/10/2019	15630	So.Cal Computer Shop	(275)
Bill Pmt -Check	09/18/2019	15631	KaufmanHall	(124,193)
Bill Pmt -Check	09/18/2019	15632	Law Offices of Scott & Jackson	(15,188)
Bill Pmt -Check	09/18/2019	15633	Leticia De Lara - Aug 2019 Stipend	(200)
Bill Pmt -Check	09/18/2019	15634	Rauch Communication Consultants	(3,614)
Bill Pmt -Check	09/18/2019	15635	So.Cal Computer Shop	(298)
Bill Pmt -Check	09/18/2019	15636	Staples Credit Plan	(2,940)
Bill Pmt -Check	09/18/2019	15637	State Compensation Insurance Fund	(619)
Bill Pmt -Check	09/18/2019	15638	Tri-Star Risk Management	(736)
Bill Pmt -Check	09/18/2019	15639	Xerox Financial Services	(394)
Liability Check	09/19/2019		QuickBooks Payroll Service	(34,588)
Bill Pmt -Check	09/19/2019	15640	Andrea S. Hayles-	(138)

**Desert Healthcare District**  
**Check Register**  
As of September 30, 2019

Type	Date	Num	Name	Amount
Bill Pmt -Check	09/19/2019	15641	Chris Christensen	(1,862)
Bill Pmt -Check	09/19/2019	15642	Del Valle Informador Inc	(400)
Bill Pmt -Check	09/19/2019	15643	Palms to Pines Printing	(452)
Bill Pmt -Check	09/19/2019	15644	Principal Life Insurance Co.	(1,453)
General Journal	09/20/2019	03-07	401a payment - 9/20/19 payroll	(1,709)
General Journal	09/20/2019	03-07	457b payment - 9/20/19 payroll	(2,522)
Check	09/25/2019		Service Charge	(562)
Bill Pmt -Check	09/26/2019	15645	Andrea S. Hayles-	(113)
Bill Pmt -Check	09/26/2019	15646	Chris Christensen	(245)
Bill Pmt -Check	09/26/2019	15647	CoPower Employers' Benefits Alliance	(2,182)
Bill Pmt -Check	09/26/2019	15648	Loma Linda University	(2,508)
Bill Pmt -Check	09/26/2019	15649	Meghan Kane	(494)
Bill Pmt -Check	09/26/2019	15650	Palms to Pines Printing	(3,453)
Bill Pmt -Check	09/26/2019	15651	Regional Access Project Foundation	(550)
Bill Pmt -Check	09/26/2019	15652	Shred-It	(93)
Bill Pmt -Check	09/26/2019	15653	Top Shop	(347)
General Journal	09/30/2019	03-10	Record Medical Reimb - September 2019	(577)
<b>TOTAL</b>				<b>(275,897)</b>



Desert Healthcare District								
Details for credit card Expenditures								
Credit card purchases - August 2019 - Paid September 2019								
Number of credit cards held by District personnel -2								
Credit Card Limit - \$7,000								
Credit Card Holders:								
Conrado Bárzaga - 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								

**Las Palmas Medical Plaza**  
**Check Register**  
As of September 30, 2019

Type	Date	Num	Name	Amount
<b>1000 · CHECKING CASH ACCOUNTS</b>				
<b>1046 · Las Palmas Medical Plaza</b>				
Bill Pmt -Check	09/04/2019	10063	INPRO-EMS Construction	(10,117)
Bill Pmt -Check	09/10/2019	10064	Aijaz Hashmi, MD	(950)
Bill Pmt -Check	09/10/2019	10065	Desert Air Conditioning Inc.	(15,380)
Bill Pmt -Check	09/10/2019	10066	Desert Water Agency	(522)
Bill Pmt -Check	09/10/2019	10067	Imperial Security	(6,290)
Bill Pmt -Check	09/10/2019	10068	Palm Springs Disposal Services Inc	(2,227)
Bill Pmt -Check	09/10/2019	10069	Stericycle, Inc.	(1,518)
Bill Pmt -Check	09/10/2019	10070	Desert Air Conditioning Inc.	(2,398)
Bill Pmt -Check	09/18/2019	10071	Desert Air Conditioning Inc.	(70)
Bill Pmt -Check	09/18/2019	10072	Frazier Pest Control, Inc.	(360)
Bill Pmt -Check	09/18/2019	10073	Milauskas Eye Institute Medical Group -	(19,362)
Bill Pmt -Check	09/26/2019	10074	Amtech Elevator Services	(1,322)
Bill Pmt -Check	09/26/2019	10075	Frontier Communications	(225)
Bill Pmt -Check	09/26/2019	10076	Imperial Security	(1,730)
Bill Pmt -Check	09/26/2019	10077	Southern California Edison	(617)
Check	09/30/2019		Service Charge	(1,080)
<b>TOTAL</b>				<b>(64,166)</b>





## MEMORANDUM

DATE: October 8, 2019

TO: F&A Committee

RE: Retirement Protection Plan (RPP)

---

Current number of participants in Plan:

Active – still employed by hospital	111
Vested – no longer employed by hospital	60
Former employees receiving annuity	<u>8</u>
Total	<u>179</u>

The outstanding liability for the RPP is approximately **\$4.2M** (Actives - \$2.9M and Vested - \$1.3M). US Bank investment account balance \$4.9M. Per the June 30, 2019 Actuarial Valuation, the RPP has an Unfunded Pension Liability of approximately **\$3.4M**. A monthly accrual of \$10K is being recorded each month as an estimate for FY2020.

The payouts, excluding monthly annuity payments, made from the Plan for the Three (3) months ended September 30, 2019 totaled **\$50K**. Monthly annuity payments (8 participants) total **\$1.03K** per month.



## **Chief Financial Officer's Report**

**October 8, 2019**

### **Las Palmas Medical Plaza - Property Management:**

#### **Occupancy:**

See attached unit rental status report.

**95.9%** currently occupied –

Total annual rent including CAM fees is **\$1,198,901**.

#### **Leasing Activity:**

Cohen, Musch, Thomas Medical Group (currently located in 3W-101) is beginning tenant improvement work in their newly leased suites (1W 105-106).

The District is currently negotiating terms with an interested party for suite 3W-101.

The District was contacted by a party interested in leasing unit 2W-107.

**Las Palmas Medical Plaza**

**Unit Rental Status**

**As of October 1, 2019**

Unit	Tenant Name	Deposit	Lease Dates		Term	Unit Sq Feet	Percent of Total	Monthly Rent	Annual Rent	Rent Per Sq Foot	Monthly CAM	Total Monthly Rent Inclg CAM	Total Annual Rent Inclg CAM
			From	To									
											\$ 0.62		
1W, 104	Vacant					1,024	2.07%						
2W, 107	Vacant					1,024	2.07%						
3W, 101	Available when Cohen, Musch relocates to 1W, 105-106					1,656	3.36%						
Total - Vacancies						2,048	4.1%	Currently excludes 3W, 101					
Total Suites-33 - 29 Suites Occupied		\$ 57,097.90				49,356	95.9%	\$ 71,894.33	\$ 862,731.96	\$ 1.52	\$ 28,014.08	\$ 99,908.41	\$ 1,198,901
Summary - All Units													
Vacant		2,048		4.1%									
Pending		0		0%									
Total		49,356		100%									

DESERT HEALTHCARE DISTRICT						
OUTSTANDING GRANTS AND GRANT PAYMENT SCHEDULE						
As of 9/30/19						
TWELVE MONTHS ENDED JUNE 30, 2020						
Grant ID Nos.	Name	Approved Grants - Prior Yrs	Current Yr 2019-2020	6/30/2019 Bal Fwd/New	Total Paid July-June	Open BALANCE
2014-MOU-BOD-11/21/13	Memo of Understanding CVAG CV Link Support	\$ 10,000,000		\$ 10,000,000	\$ -	\$ 10,000,000
2015-876-BOD-6-23-15	Arrowhead Neuroscience Fndtn-NeuroInterventional & NeuroCritical Care Fellowship 2 Yr	\$ 373,540		\$ 37,354	\$ -	\$ 37,354
2016-927-BOD-12-20-16	SafeHouse of the Desert - "What's Up" Crisis Texting Application - 3 Yr	\$ 679,357		\$ 169,839	\$ 101,904	\$ 67,935
2017-938-BOD-07-25-17	Mizell Senior Center - A Matter of Balance Phase 2 - 2 Yr	\$ 400,300		\$ 40,030	\$ -	\$ 40,030
2018-960-BOD-02-27-18	Desert Cancer Foundation - Patient Assistance and Suzanne Jackson Breast Cancer	\$ 200,000		\$ 20,000	\$ -	\$ 20,000
2018-967-BOD-05-22-18	The City of DHS-Public Safety Emergency Response Program - Purchase AEDs	\$ 30,000		\$ 3,000	\$ 710	\$ 2,290
	Unexpended funds of Grant #967 (\$2,290.34 10% Retention)				\$ -	\$ (2,290)
2018-974-BOD-09-25-18	HARC - 2019 Coachella Valley Community Health Survey - 2 Yr	\$ 399,979		\$ 219,989	\$ -	\$ 219,989
2018-980-BOD-10-23-18	Joslyn Wellness Senior Behavioral Health Services Program - 1 Yr	\$ 112,050		\$ 11,205	\$ -	\$ 11,205
2018-981-BOD-10-23-18	Desert Arc Healthcare Program - 1 Yr	\$ 164,738		\$ 16,474	\$ -	\$ 16,474
2018-979-BOD-11-27-18	FIND Food Bank - Healthy Food First/Pathways Out of Hunger - 1 Yr	\$ 396,345		\$ 217,989	\$ 89,178	\$ 128,811
2019-985-BOD-03-26-19	Coachella Valley Volunteers in Medicine - Primary Healthcare & Support Services - 1 Yr	\$ 121,500		\$ 66,825	\$ -	\$ 66,825
2019-986-BOD-05-28-19	Ronald McDonald House Charities - Temporary Housing & Family Support Services - 1 Yr	\$ 200,000		\$ 200,000	\$ 90,000	\$ 110,000
2019-997-BOD-05-28-19	Martha's Village & Kitchen - Homeless Housing With Wrap Around Services - 1 Yr	\$ 200,896		\$ 110,493	\$ -	\$ 110,493
2019-989-BOD-05-28-19	Pegasus Riding Academy - Cover the Hard Costs of Pegasus Clients - 1 Yr	\$ 109,534		\$ 60,244	\$ -	\$ 60,244
2019-994-BOD-05-28-19	One Future Coachella Valley - Mental Health College & Career Pathway Development - 2 Yr	\$ 700,000		\$ 621,250	\$ -	\$ 621,250
2019-995-BOD-05-28-19	One Future Coachella Valley - HCC Summer Intern at DHCD/F & FIND Food Bank	\$ 14,628		\$ 1,463	\$ -	\$ 1,463
2019-1000-BOD-05-28-19	Voices for Children - Court Appointed Special Advocate Program - 1 Yr	\$ 24,000		\$ 13,200	\$ -	\$ 13,200
2019-1006-BOD-06-25-19	Desert Healthcare Foundation - Homelessness Initiative Collective Fund	\$ 1,000,000		\$ 1,000,000	\$ 1,000,000	\$ -
2019-1017-BOD-09-24-19	Jewish Family Services - Case Management Services for Homeless Prevention - 1 Yr		\$ 90,000	\$ 90,000	\$ -	\$ 90,000
2019-1025-BOD-09-24-19	Desert Healthcare Foundation - Ready Set Swim - 1 Yr		\$ 200,000	\$ 200,000	\$ -	\$ 200,000
				\$ -	\$ -	\$ -
<b>TOTAL GRANTS</b>		<b>\$ 15,126,867</b>	<b>\$ 290,000</b>	<b>\$ 13,099,355</b>	<b>\$ 1,281,792</b>	<b>\$ 11,815,273</b>
<b>Amts available/remaining for Grant/Programs - FY 2019-20:</b>						
<b>Amount budgeted 2019-2020</b>			\$ 3,500,000		G/L Balance:	<b>9/30/2019</b>
<b>Amount granted through June 30, 2020:</b>			\$ (290,000)		2131	\$ 6,415,273
Mini Grants:	1009; 1015; 1019; 1016		\$ (17,508)		2281	\$ 5,400,000
Net adj - Grants not used:	967		\$ 2,290		<b>Total</b>	<b>\$ 11,815,273</b>
<b>Balance available for Grants/Programs</b>			<b>\$ 3,194,782</b>		<b>Difference - Rdg</b>	<b>\$ 0</b>



Date: October 22, 2019  
To: Board of Directors  
Subject: Lease Agreement – Laboratory Corporation of America 3E 104-105

---

**Staff Recommendation:** Consideration to approve the draft lease agreement for Laboratory Corporation of America (LabCorp) at the Las Palmas Medical Plaza.

**Background:**

- LabCorp has been a long-standing tenant of the Las Palmas Medical Plaza
- LabCorp's current lease is on a month-to-month basis
- LabCorp is requesting a lease of three years, with a base rent of \$1.55/square foot and a Tenant Improvement Allowance of \$20/square foot
- At the October 8, 2019 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 - \$174,959

Estimated cost of Tenant Improvement Allowance (\$20.00/sf) - \$44,000

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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 Laboratory Corporation of America, referred to as "Tenant", and is dated November 1, 2019.

### I. 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)*: \$ Forty Thousand, Nine-Hundred Twenty Dollars 00/100 (\$40,920.00) per year.
- b. *Base Year*: The calendar year of November 1 to October 31.
- 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*: November 1<sup>st</sup>, 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*: October 31<sup>st</sup>, 2022, 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. 3E-104, Palm Springs, CA 92262.
- h. *Monthly Installments of Base Rent (initial)*: Three-Thousand Four-Hundred Ten and 00/100 Dollars (\$3,410.00) per month.
- i. *Project Operating Costs (CAMs)*: Currently Sixty-Two Cents (\$.62) per square foot per month.
- j. *Tenant Improvement Allowance (TI)*: Twenty Dollars (\$20) per square foot or Forty-Four Thousand and 00/100 Dollars (\$44,000.00).
- k. *Parking*: Tenant shall be permitted, to park 11 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 2,200 square feet of Rentable Area, located in Building 3E and known as Suite 104-105.
- m. *Project*: The building of which the Premises are a part (the "Building") and any other buildings or improvements on the real property (the "Property") located at 555 E. Tachevah Drive, Palm Springs, California 92262. The Project is known as The Las Palmas Medical Plaza.
- n. *Rentable Area*: As to both the Premises and the Project, the respective measurements of floor area as may from time to time be subject to lease by Tenant and all tenants of the Project, respectively, as determined by Landlord and applied on a consistent basis throughout the Project.

- o. *Security Deposit (Section 7)*: \$ Zero and 00/100 Dollars (\$00.00) .
- 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*: 4.46 %. 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. Such adjustment shall be the greater of 3% over the preceding year or Consumer Price Index(CPI).

#### 5.3 *Project Operating Costs (CAMs)*:

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

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

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



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

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

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

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

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

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

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

(e.) If any dispute arises as to the amount of any additional rent due hereunder, Tenant shall have the right after reasonable notice and at reasonable times to inspect Landlord's accounting records at Landlord's

accounting office and, if after such inspection Tenant still disputes the amount of additional rent owed, a certification as to the proper amount shall be made by Landlord's certified public accountant, which certification shall be final and conclusive. Tenant agrees to pay the cost of such certification unless it is determined that Landlord's original statement overstated Project Operating Costs by more than five percent (5%).

- (f.) If this Lease sets forth an Expense Stop at Section 2f, then during the Term, Tenant shall be liable for Tenant's Proportionate Share of any actual Project Operating Costs which exceed the amount of the Expense Stop. Tenant shall make current payments of such excess costs during the Term in the same manner as is provided for payment of Excess Expenses under the applicable provisions of Section 5.3(2)(b) and (c) above.

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

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

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

**5.7 Tenant Improvement Allowance:** In recognition for Tenant completing all improvements, including fire sprinklers, to the premises as mutually agreed by Landlord and Tenant, Landlord shall provide Tenant with a total Tenant improvement allowance not to exceed that set forth in Section 2j upon completion of agreed tenant improvements to include fire sprinkler system. 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.

## 7. SECURITY DEPOSIT.

Tenant agrees to deposit with Landlord the Security Deposit set forth at Section 2.0 upon execution of this Lease, as security for Tenant's faithful performance of its obligations under this Lease. Landlord and Tenant agree that the

Security Deposit may be commingled with funds of Landlord and Landlord shall have no obligation or liability for payment of interest on such deposit. Tenant shall not mortgage, assign, transfer or encumber the Security Deposit without the prior written consent of Landlord and any attempt by Tenant to do so shall be void, without force or effect and shall not be binding upon Landlord.

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

## 8. TENANT'S USE OF THE PREMISES

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

## 9. SERVICES AND UTILITIES.

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

Tenant shall not, without the written consent of Landlord, use any apparatus or devise in the Premises, including without limitation, electronic data processing machines, punch card machines or machines using in excess of 120 volts, which consumes more electricity than is usually furnished or supplied for the use of premises as general office space, as determined by Landlord. Tenant shall not connect any apparatus with electric current except through existing electrical outlets in the Premises. Tenant shall not consume water or electric current in excess of that usually furnished or supplied for the use of premises as general office space (as determined by Landlord), without first procuring the written consent of Landlord, which Landlord may refuse, and in the event of consent, Landlord may have installed a water meter or electrical

current meter in the Premises to measure the amount of water or electric current consumed. The cost of any such meter and of its installation, maintenance and repair shall be paid for by the Tenant and Tenant agrees to pay to Landlord Promptly upon demand for all such water and electric current consumed as shown by said meters, at the rates charged for such services by the local public utility plus any additional expense incurred in keeping account of the water and electric current so consumed. If a separate meter is not installed, the excess cost for such water and electric current shall be established by an estimate made by a utility company or electrical engineer hired by Landlord at Tenant's expense.

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

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

## 10. CONDITION OF THE PREMISES.

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

## 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.
- 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 "A" and with such reasonable modifications thereof and additions thereto as Landlord may from time to time make. Landlord shall not be responsible for any violation of said rules and regulations by other tenants or occupants of the Building of Project.

#### 15. CERTAIN RIGHTS RESERVED BY LANDLORD.

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

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

#### 16. ASSIGNMENT AND SUBLETTING.

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

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

portion of the Premises subleased), plus (ii) any real estate brokerage commissions or fees payable in connection with such assignment or subletting, shall be paid to Landlord as additional rent under this Lease without affecting or reducing any other obligations of Tenant hereunder.

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

#### 17. HOLDING OVER.

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

#### 18. SURRENDER OF PREMISES.

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

#### 19. DESTRUCTION OR DAMAGE.

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

given within thirty (30) days after the date of such fire or other casualty, to repair such damage, in which event this Lease shall continue in full force and effect, but the Base Rent shall be partially abated as provided in Section 19a. If Landlord does not so elect to make such repairs, this Lease shall terminate as of the date of such fire or other casualty.

- d. If the Premises are to be repaired under this Article, Landlord shall repair at its cost any injury or damage to the Building and Building Standard Work in the Premises. Tenant shall be responsible at its sole cost and expense for the repair, restoration, and replacement of any other Leasehold Improvements and Tenant's Property. Landlord shall not be liable for any loss of business, inconvenience or annoyance arising from any repair or restoration of any portion of the Premises, Building, or Project as a result of any damage from fire or other casualty.
- e. This Lease shall be considered an express agreement governing any case of damage to or destruction of the Premises, Building, or Project by fire or other casualty, and any present or future law which purports to govern the rights of Landlord and Tenant in such circumstances in the absent of express agreement, shall have no application.

## 20. EMINENT DOMAIN.

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

## 21. INDEMNIFICATION.

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

## 22. TENANT'S INSURANCE.

- a. All insurance required to be carried by Tenant hereunder shall be issued by responsible insurance companies acceptable to Landlord and Landlord's lender and qualified to do business in the State. Each policy shall name Landlord, and at Landlord's request any mortgagee of Landlord, as an additional insured, as their respective



interests may appear. Each policy shall contain (i) a cross-liability endorsement, (ii) a provision that such policy and the coverage evidenced thereby shall be primary and non-contributing with respect to any policies carried by Landlord and that any coverage carried by Landlord shall be excess insurance, and (iii) a waiver by the insurer of any right of subrogation against Landlord, its agents, employees, and representatives, which arises or might arise by reason of any payment under such policy or by reason of any act or omission of Landlord, its agents, employees, or representatives. A copy of each paid up policy (authenticated by the insurer) or certificate of the insurer evidencing the existence and amount of each insurance policy required hereunder shall be delivered to Landlord before the date Tenant is first given the right of possession of the Premises, and thereafter within thirty (30) days after any demand by Landlord therefore. Landlord may, at any time and from time to time, inspect and/or copy any insurance policies required to be maintained by Tenant hereunder. No such policy shall be cancelable except after twenty (20) days written notice to Landlord and Landlord's lender. Tenant shall furnish Landlord with renewals or "binders" of any such policy at least ten (10) days prior to the expiration thereof. Tenant agrees that if Tenant does not take out and maintain such insurance, Landlord may (but shall not be required to) procure said insurance on Tenant's behalf and charge the Tenant the premiums together with a twenty-five percent (25%) handling charge, payable upon demand. Tenant shall have the right to provide such insurance coverage pursuant to blanket policies obtained by the Tenant, provided such blanket policies expressly afford coverage to the Premises, Landlord, Landlord's mortgagee, and Tenant as required by this Lease.

- b. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall procure, pay for and maintain in effect policies of casualty insurance covering (i) all Leasehold Improvements (including any alterations, additions, or improvements as may be made by Tenant pursuant to the provisions of Article 12 hereof), and (ii) trade fixtures, merchandise, and other personal property from time to time in, on, or about the Premises, in an amount not less than one hundred percent (100%) of their actual replacement cost from time to time, providing protection against any peril included within the classification "Fire and Extended Coverage" together with insurance against sprinkler damage, vandalism, and malicious mischief. The proceeds of such insurance shall be used for the repair or replacement of the property so insured. Upon termination of this Lease following a casualty as set forth herein, the proceeds under (i) above be paid to Landlord, and the proceeds under (ii) above be paid to Tenant.
- c. Beginning on the date Tenant is given access to the Premises for any purpose and continuing until expiration of the Term, Tenant shall procure, pay for, and maintain in effect worker's compensation insurance as required by law and comprehensive public liability and property damage insurance with respect to the construction of improvements on the Premises, the use, operation, or condition of the Premises, and the operations of Tenant in, on, or about the Premises, providing broad form property damage coverage for not less than Five Hundred Thousand Dollars (\$500,000) per person and One Million Dollars (\$1,000,000) each occurrence, and property damage liability insurance with a limit of not less than Two Hundred Fifty Thousand Dollars (\$250,000) each accident.
- d. Not less than every three (3) years during the Term, Landlord and Tenant shall mutually agree to increases in all of Tenant's insurance policy limits for all insurance to be carried by Tenant as set forth in this Article. In the event Landlord and Tenant cannot mutually agree upon the amounts of said increases, then Tenant agrees that all insurance policy limits as set forth in this Article shall be adjusted for increases in the cost of living in the same manner as is set forth in Section 5.2 hereof for the adjustment of the Base Rent.

## 23. WAIVER OF SUBROGATION.

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

## 24. SUBORDINATION AND ATTORNMENT.

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

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

## 25. TENANT ESTOPPEL CERTIFICATE.

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

## 26. TRANSFER OF LANDLORD'S INTEREST.

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

## 27. DEFAULT.

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

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

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

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

If Landlord re-enters the Premises under the provisions of subparagraph b or c above, Landlord shall not be deemed to have terminated this Lease or the obligation of Tenant to pay any Rent or other charges thereafter accruing, unless Landlord notifies Tenant in writing of Landlord's election to terminate this Lease. In the event of any re-entry or retaking of possession by Landlord, Landlord shall have the right, but not the obligation, to

remove all or any part of Tenant's Property in the Premises and to place such property in storage at a public warehouse at the expense and risk of Tenant. If Landlord elects to relet the Premises for the account of Tenant, the rent received by Landlord from such reletting shall be applied as follows: first, to the payment of any indebtedness other than Rent due hereunder from Tenant to Landlord; second, to the payment of any costs of such reletting; third, to the payment of the cost of any alterations or repairs to the Premises; fourth, to the payment of Rent due and unpaid hereunder; and the balance, if any, shall be held by Landlord and applied in payment of future Rent as it becomes due. If that portion of rent received from the reletting, which is applied against, the Rent due hereunder is less than the amount of the Rent due, Tenant shall pay the deficiency to Landlord promptly upon demand by Landlord. Such deficiency shall be calculated and paid monthly. Tenant shall also pay to Landlord, as soon as determined, any costs and expenses incurred by Landlord in connection with such reletting or in making alterations and repairs to the Premises, which are not covered by the rent received from the reletting.

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

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

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

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

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

## 28. BROKERAGE FEES.

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

## 29. NOTICES.

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

## 30. GOVERNMENT ENERGY OR UTILITY CONTROLS.

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

## 31. RELOCATION OF PREMISES.

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

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

## 32. QUIET ENJOYMENT.

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

## 33. OBSERVANCE OF LAW.

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

## 34. FORCE MAJEURE.

Any prevention, delay or stoppage of work to be performed by Landlord or Tenant which is due to strikes, labor disputes, inability to obtain labor, materials, equipment or reasonable substitutes therefore, acts of God, governmental restrictions or regulations or controls, judicial orders, enemy or hostile government actions, civil commotion, fire or other casualty, or other causes beyond the reasonable control of the party obligated to perform hereunder, shall excuse performance of the



work by that party for a period equal to the duration of that prevention, delay or stoppage. Nothing in this Article 34 shall excuse or delay Tenant's obligation to pay Rent or other charges under this Lease.

### 35. CURING TENANT'S DEFAULTS.

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

### 36. SIGN CONTROL.

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

### 37. MISCELLANEOUS.

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

statements reflecting Tenant’s current financial condition. Tenant represents and warrants that all financial statements, records and information furnished by Tenant to Landlord in connection with this Lease are true, correct and complete in all respects.

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

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

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

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

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

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

Date:	_____	Date:	_____
Landlord:	<u>Desert Healthcare District</u>	Tenant:	_____
	<u>dba: Las Palmas Medical Plaza</u>		
By:	<u>Conrado Bárzaga</u>	By:	_____
Signature:	_____	Signature:	_____

Title: CEO

Title: \_\_\_\_\_

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

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

DRAFT

## EXHIBIT "A"

### RULES AND REGULATIONS

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

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

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

- 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 November 1, 2019 by and between Desert Healthcare District doing business as the Las Palmas Medical Plaza, as Landlord and Laboratory Corporation of America, 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: November 1, 2019
- 2. Expiration Date: October 31, 2022
- 3. Rent Schedule:

11/1/2019 – 10/31/2020	\$3,410.00	
11/1/2020 – 10/31/2021	\$3,495.25	Greater of 2.5% or CPI
11/1/2021 – 10/31/2022	\$3,582.63	Greater of 2.5% or CPI
- 4. CAMs: Currently \$.62 per square foot.
- 5. Security Deposit: Zero and 00/100 Dollars (\$00.00).

The foregoing is hereby agreed to and accepted:

Date:	_____	Date:	_____
Landlord:	<u>Desert Healthcare District</u>	Tenant:	_____
	<u>dba: Las Palmas Medical Plaza</u>		
By:	<u>Conrado Bárzaga</u>	By:	_____
Signature:	_____	Signature:	_____
Title:	<u>CEO</u>	Title:	_____



Date: October 22, 2019  
To: Board of Directors  
Subject: Fire Sprinkler Alarm System – Las Palmas Medical Plaza

---

**Staff Recommendation:** Consideration to approve service proposal from Comtron Systems, Inc. for installation of fire sprinkler monitoring system at the Las Palmas Medical Plaza

**Background:**

- Desert Healthcare District previously engaged the services of D.W. Johnston to upgrade the fire sprinkler system and infrastructure at the Las Palmas Medical Plaza
- D.W. Johnston successfully connected the infrastructure from the street to the previously unconnected buildings on the property
- The final step in the fire sprinkler upgrade and installation process is the connection of the alarm system
- Comtron Systems, Inc. has submitted a proposal for 2 options for the installation of a fire sprinkler alarm system, including monthly monitoring
- Option 1 – install one (1) monitor and connect with conduit to second building
- Option 2 – install two (2) monitors, one monitor at each building
- The installation cost is relatively similar. However, Option 1 requires monthly monitoring service for one (1) monitor at \$75 per month, while Option 2 requires monitoring for two (2) monitors at \$150 per month.
- At the October 8, 2019 F&A Committee meeting, the Committee recommended forwarding to the Board for approval
- Staff recommends approval of Option 1
- Draft proposal is attached for your review

**Fiscal Impact:**

Option 1 –	Installation;	\$7,750
	Conduit installation:	\$2,000 (estimated)
	Monitoring fee:	<b>\$75/month</b>
Option 2 –	Installation;	\$9,500
	Monitoring fee:	<b>\$150/month</b>

October 1st, 2019



Desert Healthcare District  
1140 N Indian Canyon Drive  
Palm Springs, CA 92262  
Phone: 760-323-6365  
Email: cchristensen@dhcd.org

**Proposed Location:**  
Las Palmas Medical Plaza  
555 Tachevah Drive  
Palm Springs, Ca 92262

Dear Chris

Thank you for the opportunity to offer our proposal on your Fire Sprinkler Monitoring System needs at the above location.

**OPTION 1 – Master Control Communicator installed at Building 3W and connecting to Building 2W**

**SCOPE OF WORK FOR SEPARATE FIRE SPRINKLER MONITORING SYSTEM  
AT BUILDING 3W**

**SINGLE STORY**

<b><u>QUANTITY</u></b>	<b><u>ITEM</u></b>	<b><u>DESCRIPTION</u></b>
(1)	VISTA32FB	Master Control Communicator 8 Zones (FACP)
(1)	6160CR	Alpha Annunciator Keypad
(1)	YANP712	Yuasa 7AH Rechargeable Battery
(1)	2WB	Smoke Detectors <b>Located:</b> (1) Above FACP
(1)	WFIC	Water Flow Initiation Circuit* (Contact Closer Only)
(1)	Butterfly	Butter Fly Tamper Circuit* (Contact Closer Only)
(1)	AES	Leased Fire Radio Communication (*\$30.00 per month for Communication-Value of \$1,499.00)

**Cost for installation of Building Fire System with Monitoring-:**

**\$4,250.00**

**\* Requires a five-year monitoring agreement. Monthly monitoring \$45, billed quarterly.**

**Total price with Monitoring and communication Monthly \$75.00 billed quarterly**

**SCOPE OF WORK FOR FIRE SPRINKLER MONITORING SYSTEM ADDED  
TO ONE STORY SYSTEM AT BUILDING 3W**

**TWO STORY ADD-ON**

<b><u>QUANTITY</u></b>	<b><u>ITEM</u></b>	<b><u>DESCRIPTION</u></b>
(1)	WFIC	Tie in Water Flow Initiation Circuit west building (Contact Closer Only)
(1)	Butterfly	Butter Fly Tamper Circuit* (Contact Closer Only)
(1)	601	Heat detector in elevator equipment Room for Shunt (Contact Closer Only) Elevator Company and Electricians will be responsible for Electro-mechanical shut down of elevator upon initiation of Heat detector.
(1)	2WB	Smoke Detector in elevator Room

**Cost for installation of Building Fire System with Monitoring:-** **\$3,500.00**

**\*Note: Customer will be responsible for conduit connecting the two buildings for integration of Fire Alarm System**

**TOTAL OPTION 1**

**Installation: \$7,750**

**Monitoring: \$75 per month**

**Conduit Connection: will be installed with landscape (estimated \$2,000)**

**OPTION 2 – 2 Master Control Communicators installed at Building 3W and Building 2W**

**SCOPE OF WORK FOR SEPARATE FIRE SPRINKLER MONITORING SYSTEM  
AT BUILDING 3W**

**SINGLE STORY**

<b><u>QUANTITY</u></b>	<b><u>ITEM</u></b>	<b><u>DESCRIPTION</u></b>
(1)	VISTA32FB	Master Control Communicator 8 Zones (FACP)
(1)	6160CR	Alpha Annunciator Keypad
(1)	YANP712	Yuasa 7AH Rechargeable Battery
(1)	2WB	Smoke Detectors <b>Located:</b> (2) Above FACP
(1)	WFIC	Water Flow Initiation Circuit* (Contact Closer Only)
(1)	Butterfly	Butter Fly Tamper Circuit* (Contact Closer Only)
(1)	AES	Leased Fire Radio Communication (* \$30.00 per month for Communication-Value of \$1,499.00)

**Cost for installation of Building Fire System with Monitoring:-**

**\$4,250.00**

**\* Requires a five-year monitoring agreement. Monthly monitoring \$45, billed quarterly.**

**Total price with Monitoring and communication Monthly \$75.00 billed quarterly**



**SCOPE OF WORK FOR SEPARATE FIRE SPRINKLER MONITORING SYSTEM  
AT BUILDING 2W**

**TWO STORY**

<b><u>QUANTITY</u></b>	<b><u>ITEM</u></b>	<b><u>DESCRIPTION</u></b>
(1)	VISTA32FB	Master Control Communicator 8 Zones (FACP)
(1)	6160CR	Alpha Annunciator Keypad
(1)	YANP712	Yuasa 7AH Rechargeable Battery
(1)	2WB	Smoke Detectors <b>Located:</b> (1) Above FACP
(1)	WFIC	Tie in Water Flow Initiation Circuit west building (Contact Closer Only)
(1)	Butterfly	Butter Fly Tamper Circuit* (Contact Closer Only)
(1)	601	Heat detector in elevator equipment Room for Shunt (Contact Closer Only) Elevator Company and Electricians will be responsible for Electro-mechanical shut down of elevator upon initiation of Heat detector.
(1)	2WB	Smoke Detector in elevator Room
(1)	AES	Leased Fire Radio Communication (* \$30.00 per month for Communication-Value of \$1,499.00)

**Cost for installation of Building Fire System with Monitoring-:**

**\$5,250.00**

**\* Requires a five-year monitoring agreement. Monthly monitoring \$45, billed quarterly.**

**Total price with Monitoring and communication Monthly \$75.00 billed quarterly**

**TOTAL OPTION 2**

**Installation: \$9,500**

**Monitoring: \$150 per month**

This system includes installation of all the above components, as well as the prewire. There is a ***one-year warranty*** for all materials furnished and all labor performed.

If I may be of any assistance, please feel free to give me a call at (760) 776-8811.

Cordially;

Andrew Sorensen  
Comtron Systems, Inc.

# ADDENDUM

## **Comtron is responsible for:**

- 1) Supplying all equipment necessary to complete the job.
- 2) Wiring for Fire Alarm System.
- 3) Installing Rough-In Boxes.
- 4) Permit and Submittals for the Fire Inspector.

## **Responsibilities Of Others:**

- 1) Access to Building during regular business hours.
- 2) Architectural and plot plan blue-line drawing for preparation of Fire Submittals.
- 3) All Conduit.
- 4) Provide A/C Power to building.
- 5.) N/A
- 6) Provide Knox box.
- 7) Provide PIV and OS&Y supervisory switches.
- 8) Provide Water Flow initiation switches.
- 9) Provide HAVC Duct Detectors and Dampers.
- 10) Provide door holders.
- 11) Water Flow Bells



Date: October 22, 2019  
To: Board of Directors  
Subject: Auditor Firm– Request for Proposal (RFP)

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**Staff Recommendation:** Consideration to issue a Request for Proposal for new audit firm and/or audit team.

**Background:**

- Moss, Levy & Hartzheim LLP (MLH) have been the auditors for the District/Foundation since FYE 6/30/14
- District staff is pleased with the work MLH has accomplished over the past six years
- It is the practice of the District to consider and evaluate a 5-year rotation of auditor firms and/or audit team.
- Staff has compiled a list of nine firms based on location and expertise to contact with the RFP
- Moss, Levy & Hartzheim LLP is included on the list of recipients for consideration. If selected, to maintain independence, MLH would provide a new audit team under a separate Partner, independent of the current audit team.
- At the October 8, 2019 F&A Committee meeting, the Committee recommended forwarding to the Board for approval
- Staff recommends approval of the draft RFP
- The RFP and List of Audit Firms are included in the packet for your review.

**Fiscal Impact:**

N/A



## **SAMPLE OF RFP LETTER**

September 9, 2019

**Managing partner**

**Firm Name**

Dear:

The Desert Healthcare District ("DHCD"), a California Special Healthcare District is accepting proposals from CPA firms to provide June 30, 2020 year-end audit services for three separate entities as follows:

- 1) DHCD, a California Special Healthcare District
- 2) Desert Healthcare Foundation (DHCF), a 501(c)(3) Foundation
- 3) Desert Hospital Retirement Protection Plan (RPP), a frozen retirement plan excluded from coverage under section 4021(b)(2) of ERISA.

Tax return services for 990 filing is needed for DHCF only. State Controller Reports are required for Both DHCD and the RPP.

**We invite your firm to submit a proposal to us by December 20, 2019 for consideration. Please submit to:**

**By mail:**

**Chris Christensen, CPA  
Desert Healthcare District  
1140 N. Indian Canyon Drive  
Palm Springs, California 92262**

**By email:**

**cchristensen@dhcd.org**

Attached are the June 30, 2019 audit reports for each of the entities and the June 30, 2019 990 for DHCF. The audit reports provide a brief description of each of the three entities. Also, please go to DHCD's website at [www.dhcd.org](http://www.dhcd.org) to learn more about the organization.

Your proposal is expected to cover the following services:

1. Annual audit fee for each entity to be completed in compliance with the previously mentioned filing requirements and meetings with audit committee and/or board of directors, as necessary
2. Tax filing for DHF and State Controller reports for DHCD and RPP.

### **Key Personnel**

Following are key contacts for information you may seek in preparing your proposal:

Mr. Chris Christensen CFO (760) 323-6365 Email: cchristensen@dhcd.org  
Mr. Conrado Bárzaga CEO (760) 323-6273 Email: cbarzaga@dhcd.org

### **Relationship with Prior CPA**

The audit and tax return services have been provided by Moss, Levy & Hartzheim, LLP, CPAs for the past six (6) years. We have had an excellent relationship with Moss, Levy & Hartzheim, but the DHCD and DHCF board of directors resolved to evaluate and consider a change in audit firms and/or audit team in order to get a fresh perspective on the financial position of DHCD and DHF. In preparing your proposal, be advised that management will give you permission to contact Moss, Levy & Hartzheim.

### **Your Response to This Request for Proposal**

In responding to this request, we request the following information:

1. Detail your firm's experience in providing auditing and tax services to organizations in the government and not-for-profit industry, as well as associations of a comparable size to DHCD and DHCF. Please provide a list of clients of your firm including contacts for reference purposes.
2. Discuss commitments you will make to staff continuity, including your staff turnover experience in the last three years.
3. Identify the partner, manager, and in-charge accountant who will be assigned to our job if you are successful in your bid, and provide biographies. Indicate any complaints against them that have been leveled by the state board of accountancy or other regulatory authority, if any. Indicate any corrective actions that have been taken by the firm with respect to these personnel.
4. Describe how your firm will approach the audit of the organization. Also discuss the firm's use of technology in the audit and the communication process used by the firm to discuss issues with the management and audit committees of the board. Please provide the firms' latest peer review report.
5. Set forth your fee proposal for each entity for the June 30, 2020 audits, with whatever guarantees can be given regarding increases in future years. Your fee proposal should also delineate hours by level of staff.
6. Describe how you will bill for questions on technical matters that may arise throughout the year.
7. Furnish current standard and discounted billing rates for classes of professional personnel.
8. Provide the names and contact information for other similarly sized clients of the partner and manager that will be assigned to our organization for reference purposes.



9. Describe why our selection of your firm as our external accountants is the best decision we could make.
10. The deadline for completion of the Audit Reports is September 30, 2020. The audit firm is expected present the audit reports at the October meetings of the District's Finance & Administration Committee and Board of Directors.

### **Evaluation of Proposals**

DHCD will evaluate proposals on a qualitative basis. This includes our review of the firm's peer review report and related materials, interviews with senior engagement personnel to be assigned to our organization, results of discussions with other clients, and the firm's completeness and timeliness in its response to us.

We would also appreciate a response if you decline to submit a proposal.

Sincerely,

Chris Christensen, CPA  
Chief Administration Officer

### **Attachments:**

June 30, 2019 audited financial statements and IRS Form 990 for FYE June 30, 2019.



## CPA Firms – Request for Proposal - 2019

1. Moss, Levy & Hartzheim, LLP – Managing Partner – Hadley Y. Hui, CPA  
Website: [www.mlhcpas.com](http://www.mlhcpas.com)  
Address: 5800 Hannum Avenue, Suite E, Culver City, CA 90230 – **Current Auditors**  
Telephone: 310-670-2745, ext. 106
2. Lund & Guttry LLP – Managing Partner – Gary Dack, CPA  
Website: [www.lundandguttry.com](http://www.lundandguttry.com)  
Address: 36917 Cook Street, Suite 102, Palm Desert, CA 92211  
Telephone: 760-568-2242
3. White Nelson Diehl Evans LLP – Managing Partner - David P. Doran, CPA –  
Website: [www.wndecpa.com](http://www.wndecpa.com)  
Address: 2875 Michelle Drive, Suite 300, Irvine, CA 92606 – **Grossmont Auditors**  
Telephone: 714-978-1300
4. Eadie and Payne, LLP – Senior Partner – Deborah Crowley, CPA  
Website: [www.eadiepaynellp.com](http://www.eadiepaynellp.com)  
Address: 3880 Lemon Street, Suite 300, Riverside, CA 92501  
Telephone: 951-241-7800
5. Maryanov Madsen Gordon & Campbell – Managing Partner – Steven T. Erickson, CPA  
Website: [www.mmgccpa.com](http://www.mmgccpa.com)  
Address: 801 E. Tahquitz Canyon Way, Suite 200, Palm Springs, CA 92262  
Telephone: 760-320-6642
6. Osborne Rincon, CPAs – Managing Partner (President) – Lee M. Osborne, CPA  
Website: [www.osbornerincon.com](http://www.osbornerincon.com)  
Address: 79-245 Corporate Centre Drive, Suite 101, La Quinta, CA 92253  
Telephone: 760-777-9805
7. Vasquez & Company, LLP – Managing Partner – Gilbert R. Vasquez, CPA  
Website: [www.vasquezcpas.com](http://www.vasquezcpas.com)  
Address: 655 N. Central Avenue, Suite 1550, Glendale, CA 91203  
Telephone: 213-873-1700
8. Fechter & Company, CPAs – Managing Partner – Craig R. Fechter, CPA  
Website: [www.fechtercpa.com](http://www.fechtercpa.com)  
Address: 1870 Avondale Avenue, Suite 4, Sacramento, CA 95825  
Telephone: 916-333-5360 Fax: 916-244-0116
9. Lance, Soll & Lunghard, LLP – Managing Partner – Erika Aaron  
Website: [www.lslcpas.com](http://www.lslcpas.com)  
Address: 203 N. Brea Blvd., Suite 203, Brea, CA 92821  
Telephone: 800-836-8027

**DESERT HEALTHCARE DISTRICT  
TIMELINE AND PROCESS TO INCREASE ZONES FROM 5 TO 7  
(Health & Safety Code Section 32499.3)**

The following describes the procedure for transitioning the Desert Healthcare District ("District") into 7 voting districts or ("Zones") in accordance with AB 2414 (Health & Safety Code, § 32499 et seq.).

**RECOMMENDED OPTION:**

**January 15,  
2019**

**2 NEW DIRECTORS ARE APPOINTED TO THE BOARD FROM THE  
NEWLY ANNEXED AREA**

The Board appointed 2 new Directors to serve on the District Board from the newly annexed area. The District now has 7 Directors. (Health & Safety Code, § 32499.2(c)).

**January 22,  
2019 & February  
26, 2019**

**BOARD DISCUSSION AND DIRECTION CONCERNING OPTIONS**

The Board, with staff input, reviews the options for transitioning into 7 zones and provides direction to staff as to which Option the Board would like to consider at the February 26, Board meeting which sets the public hearings and meetings.

**February 26,  
2019**

**CONSIDERATION OF RESOLUTION SETTING PUBLIC HEARING  
SCHEDULE**

In accordance with Health & Safety Code section 32499.2(c) the Board would consider a Resolution setting the time and place for four hearings on the establishment of the 7 new voting districts at which members of the public can present their views on the proposed new Zones. The Board can receive input from the public but, in accordance with the statute, the final location of the boundaries is the Board's decision.

**Between April  
and May, 2019**

**PUBLIC OUTREACH AND TWO PUBLIC HEARINGS TO REVIEW THE  
PROPOSED NEW BOUNDARIES**

During February through May 2019, the staff would conduct outreach to the public, including to non-English-speaking communities, explaining the transition to 7 zones and encouraging public participation. Drafts maps will be published and made available to the public. At the April 23, 2019, public hearing (East Valley location), NDC would present the proposed draft maps for discussion and input from the public would be considered. NDC would take the information and input from the meeting and update the maps in advance of the second public hearing on May 28, 2019 (West Valley location).

**From June  
through August  
2019**

**SUMMER BREAK WHILE THE NEW MAPS ARE UPDATED AND  
PUBLISHED FOR VIEWING**

**September 2019**

**PUBLIC HEARING POST PREPARATION OF BOUNDARY MAPS**

At the September 24, 2019 public hearing (East Valley location), draft maps will be viewed from the development of the prior meetings, to which the public would be invited to provide input regarding the draft maps.

**October 2019**

**CONSIDERATION OF FINAL RESOLUTION TRANSITIONING TO 7  
ZONES**

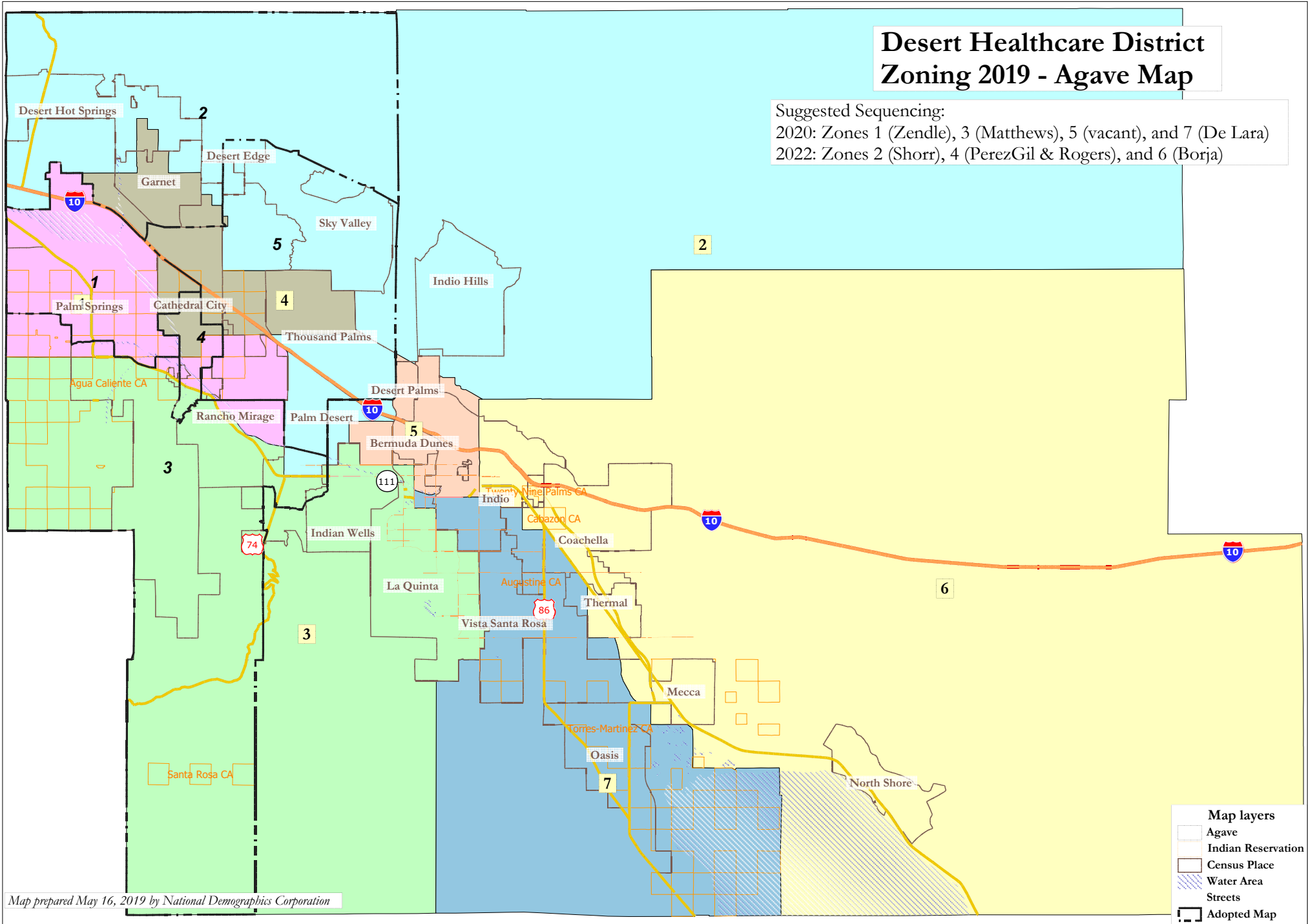
At the October 22, 2019, Regular Board meeting at the RAP office, the Board would hold the final public hearing and would vote to adopt the final map of the new 7 zones. The estimated costs for the Alternative Option would be approximately **\$50,000** or more depending upon how many meeting NDC representatives attend.

# Desert Healthcare District Zoning 2019 - Agave Map

Suggested Sequencing:

2020: Zones 1 (Zendle), 3 (Matthews), 5 (vacant), and 7 (De Lara)

2022: Zones 2 (Shorr), 4 (PerezGil & Rogers), and 6 (Borja)



Map prepared May 16, 2019 by National Demographics Corporation

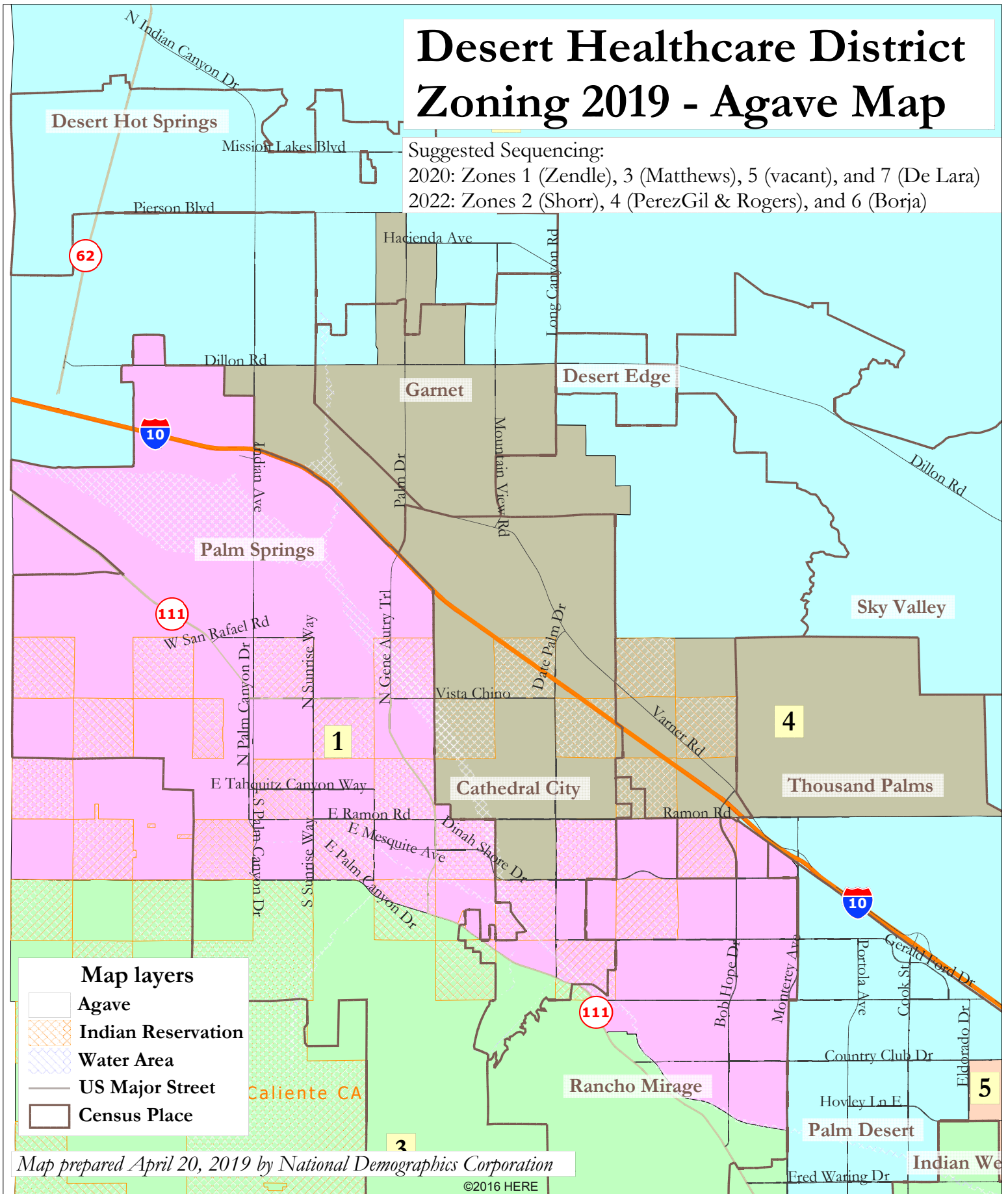


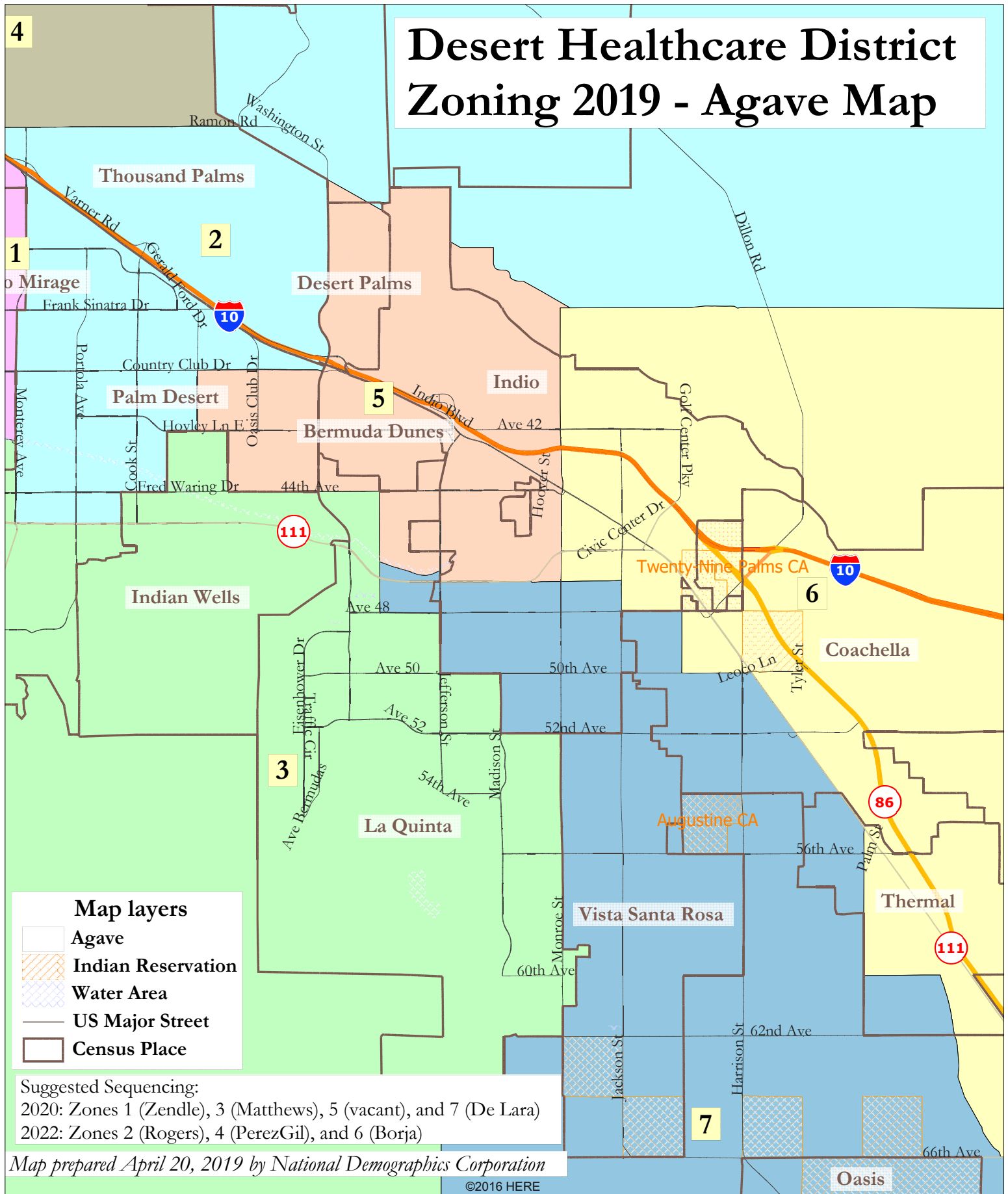
# Desert Healthcare District Zoning 2019 - Agave Map

Suggested Sequencing:

2020: Zones 1 (Zendle), 3 (Matthews), 5 (vacant), and 7 (De Lara)

2022: Zones 2 (Shorr), 4 (PerezGil & Rogers), and 6 (Borja)





Desert Healthcare - NDC Agave									
Zone		1	2	3	4	5	6	7	Total
Ideal	Total Pop	60,479	60,032	59,704	60,201	61,602	58,911	61,007	421,936
60,277	Deviation from ideal	202	-245	-573	-76	1,325	-1,366	730	1,898
	% Deviation	0.34%	-0.41%	-0.95%	-0.13%	2.20%	-2.27%	1.21%	3.15%
Total Pop	% Hisp	24%	33%	24%	67%	41%	86%	85%	52%
	% NH White	66%	58%	71%	23%	53%	10%	12%	42%
	% NH Black	4%	4%	2%	3%	2%	1%	1%	2%
	% Asian-American	5%	3%	3%	5%	3%	1%	1%	3%
Citizen Voting Age Pop	Total	48,173	42,828	46,317	32,524	45,455	24,929	28,425	268,651
	% Hisp	14%	24%	17%	53%	32%	76%	75%	36%
	% NH White	77%	68%	77%	37%	62%	19%	21%	57%
	% NH Black	4%	4%	2%	4%	3%	3%	2%	3%
	% Asian/Pac.Isl.	4%	3%	3%	5%	2%	1%	1%	3%
Voter Registration (Nov 2016)	Total	34,453	28,886	33,206	21,938	33,245	17,507	19,422	188,658
	% Latino est.	13%	23%	16%	55%	30%	79%	78%	36%
	% Spanish-Surnamed	12%	21%	14%	49%	27%	71%	70%	32%
	% Asian-Surnamed	1%	1%	1%	1%	1%	1%	1%	1%
	% Filipino-Surnamed	1%	1%	1%	2%	1%	1%	1%	1%
	% NH White est.	77%	70%	79%	38%	63%	15%	19%	58%
Voter Turnout (Nov 2016)	% NH Black	4%	4%	2%	4%	2%	2%	1%	3%
	Total	28,191	21,653	27,303	14,823	26,405	11,330	12,845	142,551
	% Latino est.	11%	20%	14%	51%	25%	76%	74%	31%
	% Spanish-Surnamed	10%	18%	12%	46%	23%	68%	66%	27%
	% Asian-Surnamed	1%	1%	1%	1%	1%	1%	1%	1%
	% Filipino-Surnamed	1%	1%	0%	2%	1%	1%	1%	1%
Voter Turnout (Nov 2014)	% NH White est.	79%	74%	81%	42%	68%	18%	24%	63%
	% NH Black	4%	4%	2%	4%	2%	3%	1%	3%
	Total	18,193	12,898	17,883	7,350	16,532	5,219	6,348	84,423
	% Latino est.	8%	12%	9%	40%	17%	71%	64%	22%
	% Spanish-Surnamed	7%	11%	8%	36%	15%	65%	58%	20%
	% Asian-Surnamed	1%	1%	1%	1%	1%	1%	1%	1%
Voter Turnout (Nov 2014)	% Filipino-Surnamed	1%	1%	0%	2%	1%	1%	1%	1%
	% NH White est.	83%	82%	87%	52%	79%	23%	33%	73%
	% NH Black est.	4%	3%	1%	5%	3%	2%	1%	3%
	Total	62,892	63,976	60,106	63,161	67,111	60,435	62,923	440,604
	% Latino est.	8%	12%	9%	40%	17%	71%	64%	22%
ACS Pop. Est.	% Spanish-Surnamed	7%	11%	8%	36%	15%	65%	58%	20%
	% Asian-Surnamed	1%	1%	1%	1%	1%	1%	1%	1%
	% Filipino-Surnamed	1%	1%	0%	2%	1%	1%	1%	1%
Age	age0-19	14%	25%	18%	31%	24%	35%	33%	26%
	age20-60	42%	45%	42%	52%	43%	52%	52%	47%
	age60plus	43%	31%	40%	18%	33%	13%	14%	27%
Immigration	immigrants	19%	22%	17%	32%	19%	38%	35%	26%
	naturalized	43%	38%	46%	38%	43%	27%	26%	35%
Language spoken at home	english	73%	65%	74%	43%	65%	23%	26%	53%
	spanish	19%	30%	20%	52%	31%	75%	73%	42%
	asian-lang	3%	2%	2%	3%	2%	1%	0%	2%
	other lang	5%	3%	4%	2%	2%	1%	1%	3%
Language Fluency	Speaks Eng. "Less than Very Well"	9%	12%	9%	22%	13%	39%	38%	20%
Education (among those age 25+)	hs-grad	54%	59%	53%	57%	58%	47%	51%	54%
	bachelor	21%	15%	22%	10%	17%	6%	7%	15%
	graduatedegree	15%	10%	14%	5%	10%	3%	4%	9%
Child in Household	child-under18	11%	24%	17%	37%	23%	43%	40%	25%
Veteran	veteran	12%	9%	10%	5%	9%	3%	3%	8%
Pct of Pop. Age 16+	employed	44%	47%	46%	54%	48%	56%	55%	50%
Household Income	income 0-25k	27%	29%	22%	29%	21%	30%	29%	26%
	income 25-50k	24%	27%	21%	30%	25%	31%	30%	26%
	income 50-75k	16%	19%	16%	18%	18%	17%	19%	17%
	income 75-200k	25%	22%	31%	22%	31%	21%	20%	25%
	income 200k-plus	8%	4%	10%	2%	5%	1%	2%	5%
Housing Stats	single family	76%	77%	84%	79%	85%	81%	81%	80%
	multi-family	24%	23%	16%	21%	15%	19%	19%	20%
	rented	35%	40%	33%	41%	31%	39%	36%	36%
	owned	65%	60%	67%	59%	69%	61%	64%	64%
Total population data from the 2010 Decennial Census.									
Surname-based Voter Registration and Turnout data from the California Statewide Database.									
Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2012-2016 American Community Survey and Special Tabulation 5-year data.									

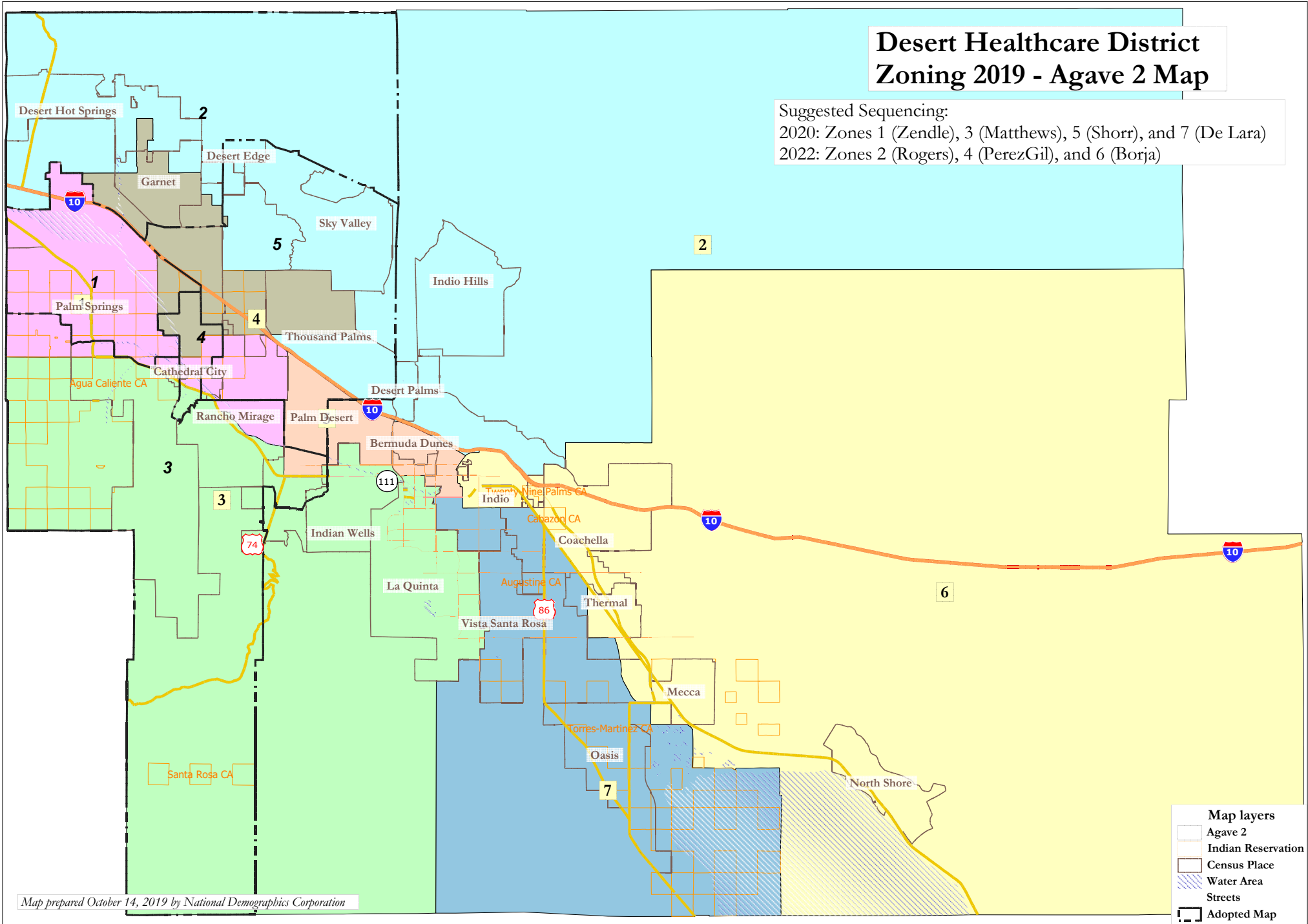
Desert Healthcare - NDC Agave									
Zona		1	2	3	4	5	6	7	Total
Ideal	Pob. Total	60,479	60,032	59,704	60,201	61,602	58,911	61,007	421,936
60,277	Desviación de pob.	202	-245	-573	-76	1,325	-1,366	730	1,898
	% Desviación	0.34%	-0.41%	-0.95%	-0.13%	2.20%	-2.27%	1.21%	3.15%
Pob. Total	% Hisp	24%	33%	24%	67%	41%	86%	85%	52%
	% Blanco	66%	58%	71%	23%	53%	10%	12%	42%
	% Negro	4%	4%	2%	3%	2%	1%	1%	2%
	% Asiático	5%	3%	3%	5%	3%	1%	1%	3%
Ciudadanos +18 años	Total	48,173	42,828	46,317	32,524	45,455	24,929	28,425	268,651
	% Hisp	14%	24%	17%	53%	32%	76%	75%	36%
	% Blanco	77%	68%	77%	37%	62%	19%	21%	57%
	% Negro	4%	4%	2%	4%	3%	3%	2%	3%
	% Asiático	4%	3%	3%	5%	2%	1%	1%	3%
Registros (Nov 2016)	Total	34,453	28,886	33,206	21,938	33,245	17,507	19,422	188,658
	% Latino est.	13%	23%	16%	55%	30%	79%	78%	36%
	% apellido asiático	12%	21%	14%	49%	27%	71%	70%	32%
	% apellido filipino	1%	1%	1%	1%	1%	1%	1%	1%
	% apellido español	1%	1%	1%	2%	1%	1%	1%	1%
	% blanco est.	77%	70%	79%	38%	63%	15%	19%	58%
Votantes (Nov 2016)	% negro est.	4%	4%	2%	4%	2%	2%	1%	3%
	Total	28,191	21,653	27,303	14,823	26,405	11,330	12,845	142,551
	% Latino est.	11%	20%	14%	51%	25%	76%	74%	31%
	% apellido asiático	10%	18%	12%	46%	23%	68%	66%	27%
	% apellido filipino	1%	1%	1%	1%	1%	1%	1%	1%
	% apellido español	1%	1%	0%	2%	1%	1%	1%	1%
Votantes (Nov 2014)	% blanco est.	79%	74%	81%	42%	68%	18%	24%	63%
	% negro est.	4%	4%	2%	4%	2%	3%	1%	3%
	Total	18,193	12,898	17,883	7,350	16,532	5,219	6,348	84,423
	% Latino est.	8%	12%	9%	40%	17%	71%	64%	22%
	% apellido asiático	7%	11%	8%	36%	15%	65%	58%	20%
	% apellido filipino	1%	1%	1%	1%	1%	1%	1%	1%
Votantes (Nov 2014)	% apellido español	1%	1%	0%	2%	1%	1%	1%	1%
	% blanco est.	83%	82%	87%	52%	79%	23%	33%	73%
	% negro est.	4%	3%	1%	5%	3%	2%	1%	3%
Pob. ACS	Total	62,892	63,976	60,106	63,161	67,111	60,435	62,923	440,604
Edad	Edad 0 – 19 años	14%	25%	18%	31%	24%	35%	33%	26%
	Edad 20 – 60 años	42%	45%	42%	52%	43%	52%	52%	47%
	Edad +60 años	43%	31%	40%	18%	33%	13%	14%	27%
Migración	Migrante	19%	22%	17%	32%	19%	38%	35%	26%
	Naturalizada	43%	38%	46%	38%	43%	27%	26%	35%
Lengua en casa	Inglés	73%	65%	74%	43%	65%	23%	26%	53%
	Español	19%	30%	20%	52%	31%	75%	73%	42%
	Idioma Asiático	3%	2%	2%	3%	2%	1%	0%	2%
	Otro idioma	5%	3%	4%	2%	2%	1%	1%	3%
Fluidez en Inglés	Habla Inglés solo “bien” o menos	9%	12%	9%	22%	13%	39%	38%	20%
Nivel de educación (edad +25)	preparatoria	54%	59%	53%	57%	58%	47%	51%	54%
	licenciatura	21%	15%	22%	10%	17%	6%	7%	15%
	graduado	15%	10%	14%	5%	10%	3%	4%	9%
Hogares con niño(s)	con niño(s)	11%	24%	17%	37%	23%	43%	40%	25%
Veteranos	veterano	12%	9%	10%	5%	9%	3%	3%	8%
Pto. Edad 16+	empleado	44%	47%	46%	54%	48%	56%	55%	50%
Ingreso (por hogar)	\$0 a \$25 000	27%	29%	22%	29%	21%	30%	29%	26%
	\$25 a \$50 000	24%	27%	21%	30%	25%	31%	30%	26%
	\$50 a \$75 000	16%	19%	16%	18%	18%	17%	19%	17%
	\$75 a \$200 000	25%	22%	31%	22%	31%	21%	20%	25%
	mayor a \$200 000	8%	4%	10%	2%	5%	1%	2%	5%
Unidades de vivienda	Unifamiliar	76%	77%	84%	79%	85%	81%	81%	80%
	Multifamiliar	24%	23%	16%	21%	15%	19%	19%	20%
	Rentadas	35%	40%	33%	41%	31%	39%	36%	36%
	Propias	65%	60%	67%	59%	69%	61%	64%	64%
Fuentes: Censo 2010, California Statewide Database (elecciones Nov 2014 y 2016), 2012-2017 American Community Survey Special Tabulation de ciudadanos +18, y 2012-2016 American Community Survey. Los números de registros y votantes "latinos" son ajustados según el ratio para California del US Census Population Division									

# Desert Healthcare District Zoning 2019 - Agave 2 Map

Suggested Sequencing:

2020: Zones 1 (Zendle), 3 (Matthews), 5 (Shorr), and 7 (De Lara)

2022: Zones 2 (Rogers), 4 (PerezGil), and 6 (Borja)





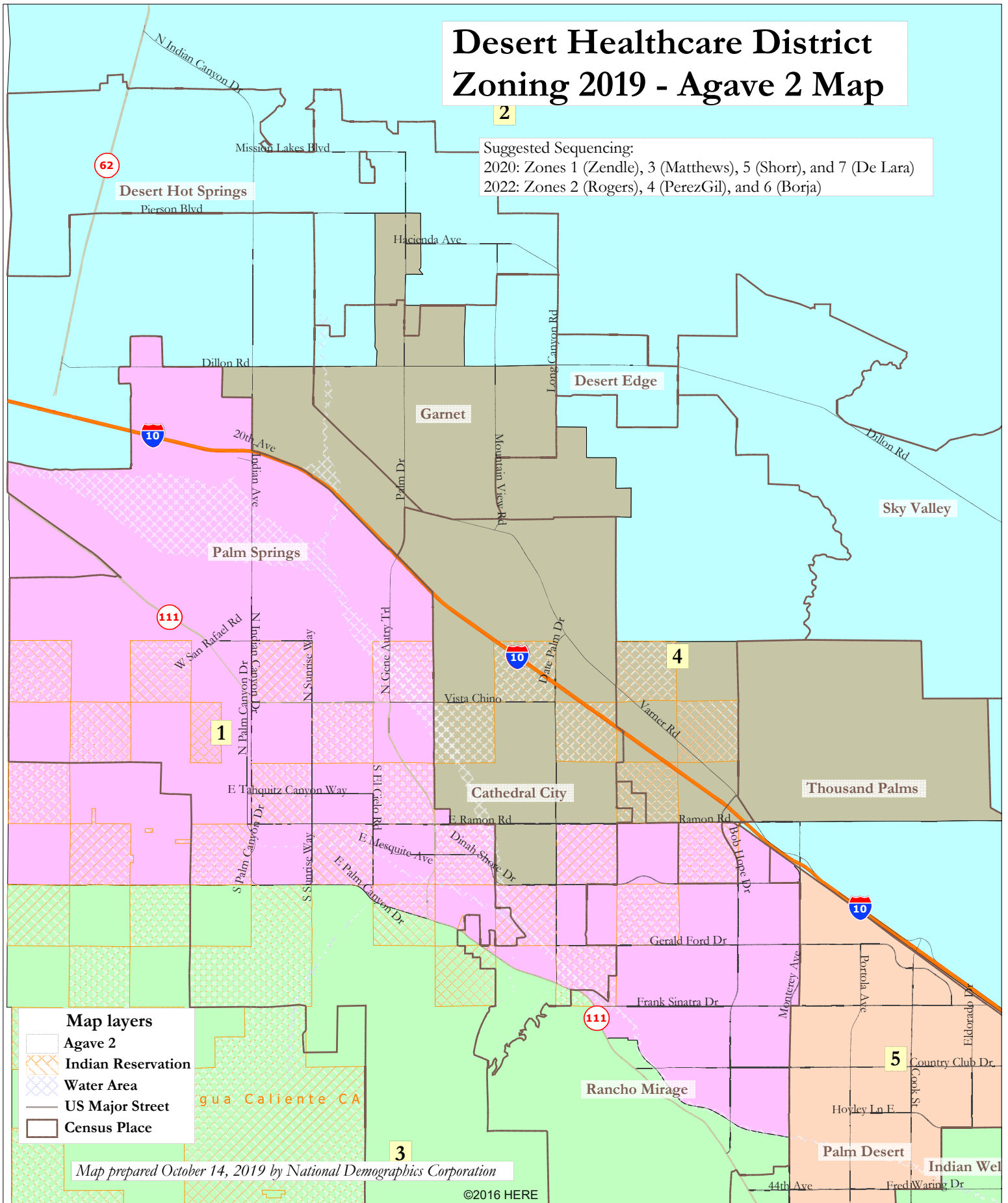
# Desert Healthcare District Zoning 2019 - Agave 2 Map

2

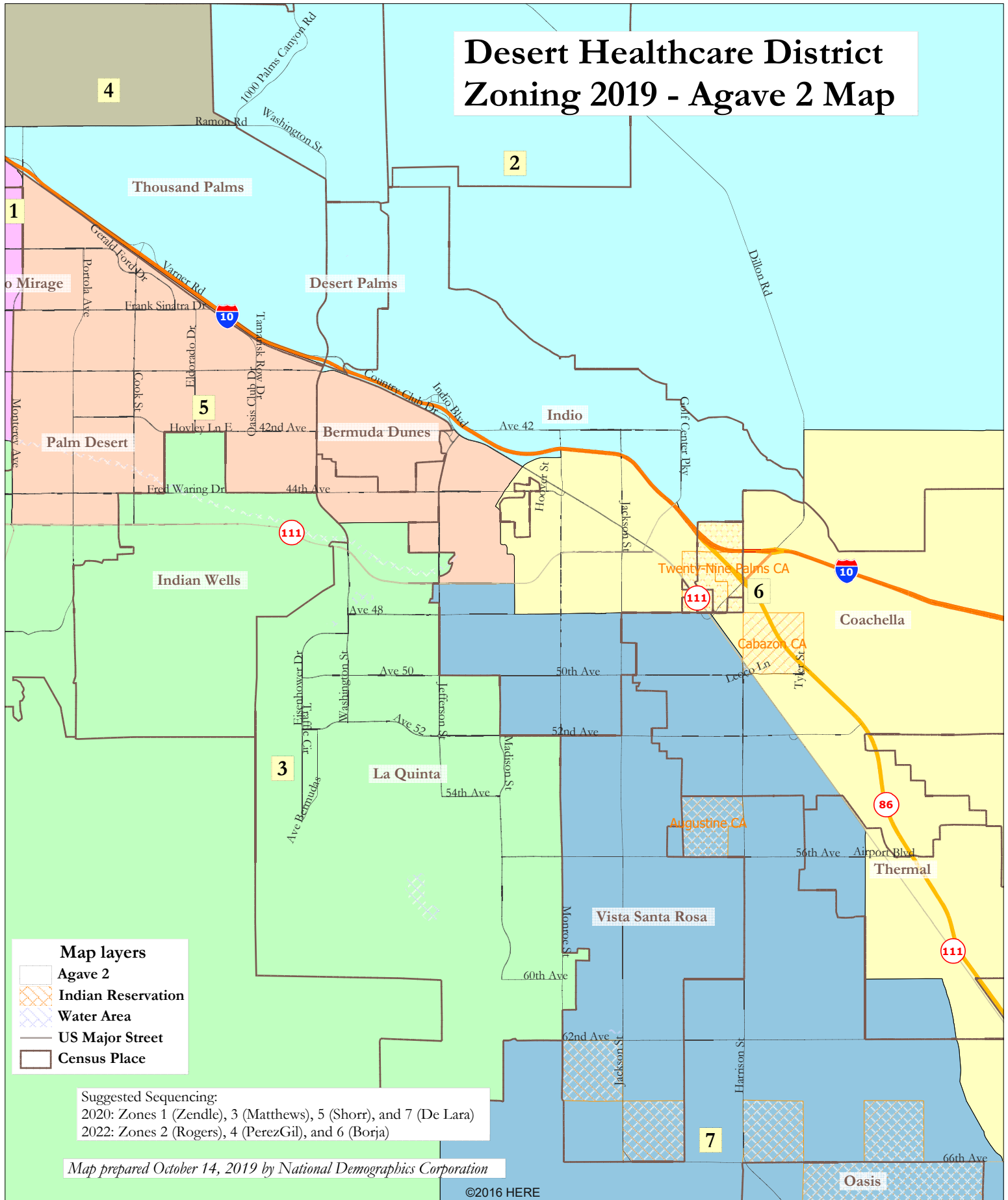
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# Desert Healthcare District Zoning 2019 - Agave 2 Map



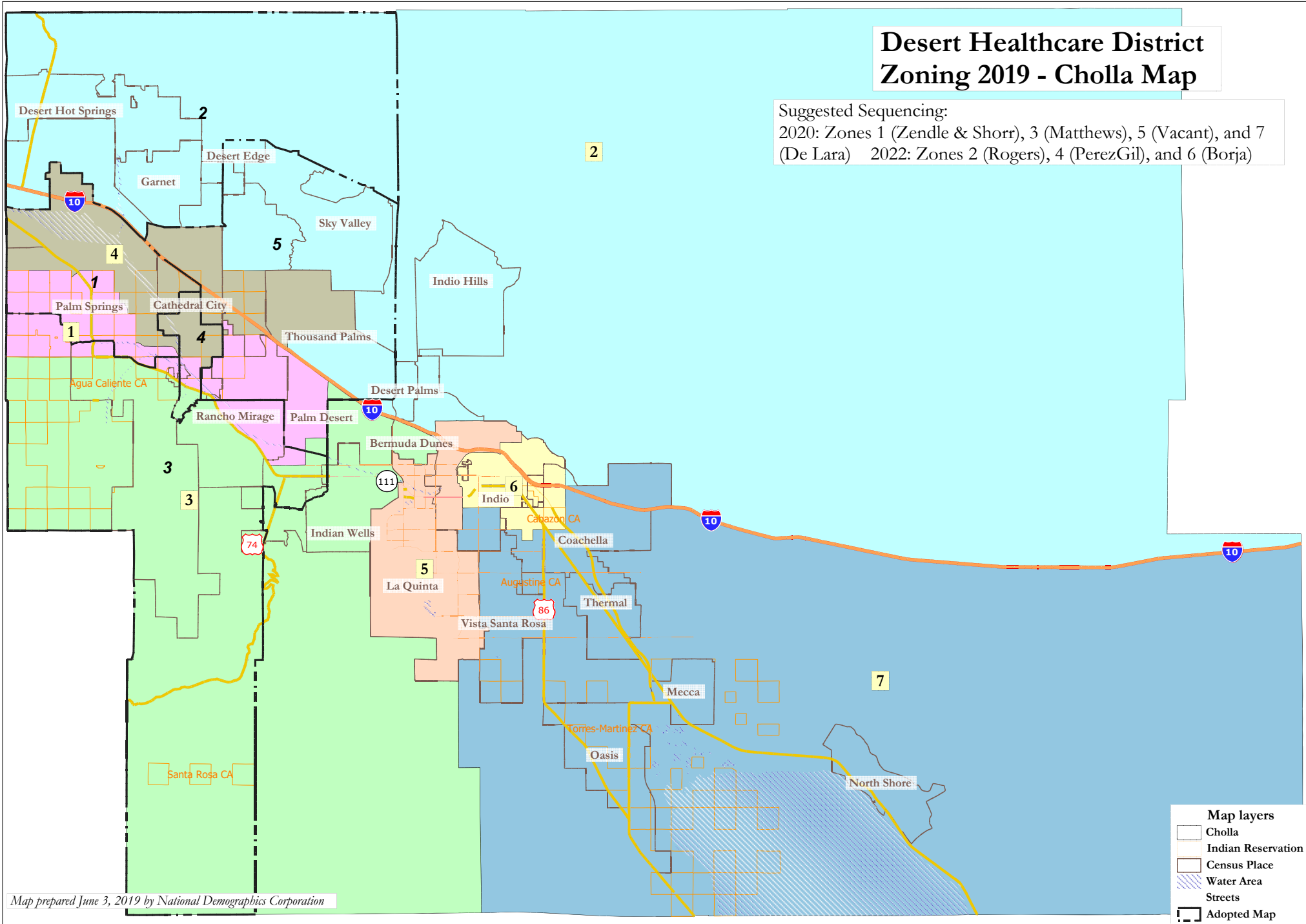
Desert Healthcare - NDC Agave 2									
Zone		1	2	3	4	5	6	7	Total
Ideal	Total Pop	60,479	59,520	60,571	58,907	60,163	61,808	60,488	421,936
60,277	Deviation from ideal	202	-757	294	-1,370	-114	1,531	211	1,664
	% Deviation	0.34%	-1.26%	0.49%	-2.27%	-0.19%	2.54%	0.35%	2.76%
Total Pop	% Hisp	24%	38%	24%	67%	29%	90%	88%	52%
	% NH White	66%	54%	70%	24%	63%	7%	10%	42%
	% NH Black	4%	4%	2%	3%	2%	1%	1%	2%
	% Asian-American	5%	3%	3%	5%	4%	1%	1%	3%
Citizen Voting Age Pop	Total	48,173	43,552	47,647	31,926	45,074	25,397	26,881	268,651
	% Hisp	14%	28%	18%	53%	24%	81%	79%	36%
	% NH White	77%	65%	76%	38%	69%	14%	18%	57%
	% NH Black	4%	5%	2%	4%	3%	4%	1%	3%
	% Asian/Pac.Isl.	4%	2%	3%	5%	4%	1%	1%	3%
Voter Registration (Nov 2016)	Total	34,453	30,110	33,987	21,654	32,606	17,643	18,205	188,658
	% Latino est.	13%	27%	17%	55%	22%	85%	82%	36%
	% Spanish-Surnamed	12%	25%	15%	49%	20%	77%	74%	32%
	% Asian-Surnamed	1%	1%	1%	1%	2%	1%	1%	1%
	% Filipino-Surnamed	1%	1%	1%	2%	1%	1%	1%	1%
	% NH White est.	77%	63%	78%	39%	73%	9%	16%	58%
	% NH Black	4%	5%	2%	4%	2%	2%	0%	3%
Voter Turnout (Nov 2016)	Total	28,191	23,012	27,873	14,662	26,096	10,756	11,961	142,551
	% Latino est.	11%	23%	14%	51%	20%	84%	78%	31%
	% Spanish-Surnamed	10%	21%	13%	46%	18%	75%	70%	27%
	% Asian-Surnamed	1%	1%	1%	1%	1%	1%	0%	1%
	% Filipino-Surnamed	1%	1%	1%	2%	1%	1%	1%	1%
	% NH White est.	79%	67%	81%	42%	75%	11%	20%	63%
	% NH Black	4%	4%	2%	4%	2%	2%	0%	3%
Voter Turnout (Nov 2014)	Total	18,193	14,224	18,174	7,247	15,679	5,124	5,782	84,423
	% Latino est.	8%	14%	9%	41%	13%	76%	71%	22%
	% Spanish-Surnamed	7%	13%	8%	37%	12%	69%	66%	20%
	% Asian-Surnamed	1%	1%	1%	1%	1%	0%	1%	1%
	% Filipino-Surnamed	1%	1%	0%	2%	1%	1%	1%	1%
	% NH White est.	83%	81%	87%	52%	82%	17%	26%	73%
	% NH Black est.	4%	3%	1%	5%	2%	2%	0%	3%
ACS Pop. Est.	Total	62,892	64,099	61,155	61,894	64,631	64,044	61,890	440,604
Age	age0-19	14%	25%	18%	30%	22%	36%	34%	26%
	age20-60	42%	42%	42%	52%	45%	52%	53%	47%
	age60plus	43%	33%	40%	18%	33%	12%	14%	27%
Immigration	immigrants	19%	19%	17%	32%	19%	39%	37%	26%
	naturalized	43%	40%	46%	38%	47%	25%	26%	35%
Language spoken at home	english	73%	63%	74%	43%	72%	21%	23%	53%
	spanish	19%	33%	20%	52%	22%	78%	76%	42%
	asian-lang	3%	2%	2%	3%	3%	0%	0%	2%
	other lang	5%	2%	4%	2%	4%	1%	1%	3%
Language Fluency	Speaks Eng. "Less than Very Well"	9%	12%	9%	22%	9%	41%	40%	20%
Education (among those age 25+)	hs-grad	54%	61%	53%	57%	58%	47%	50%	54%
	bachelor	21%	14%	22%	10%	19%	4%	6%	15%
	graduatedegree	15%	8%	14%	5%	13%	2%	3%	9%
Child in Household	child-under18	11%	25%	16%	37%	22%	43%	41%	25%
Veteran	veteran	12%	10%	10%	5%	9%	2%	3%	8%
Pct of Pop. Age 16+	employed	44%	44%	46%	54%	51%	55%	56%	50%
Household Income	income 0-25k	27%	26%	22%	29%	20%	36%	29%	26%
	income 25-50k	24%	27%	21%	30%	23%	32%	30%	26%
	income 50-75k	16%	17%	16%	18%	20%	17%	19%	17%
	income 75-200k	25%	27%	30%	22%	30%	15%	20%	25%
	income 200k-plus	8%	3%	10%	2%	6%	1%	2%	5%
Housing Stats	single family	76%	92%	84%	80%	75%	70%	84%	80%
	multi-family	24%	8%	16%	20%	25%	30%	16%	20%
	rented	35%	30%	33%	41%	38%	48%	33%	36%
	owned	65%	70%	67%	59%	62%	52%	67%	64%
Total population data from the 2010 Decennial Census.									
Surname-based Voter Registration and Turnout data from the California Statewide Database.									
Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2012-2016 American Community Survey and Special Tabulation 5-year data.									

Desert Healthcare - NDC Agave 2									
Zona		1	2	3	4	5	6	7	Total
Ideal	Pob. Total	60,479	59,520	60,571	58,907	60,163	61,808	60,488	421,936
60,277	Desviación de pob.	202	-757	294	-1,370	-114	1,531	211	1,664
	% Desviación	0.34%	-1.26%	0.49%	-2.27%	-0.19%	2.54%	0.35%	2.76%
Pob. Total	% Hisp	24%	38%	24%	67%	29%	90%	88%	52%
	% Blanco	66%	54%	70%	24%	63%	7%	10%	42%
	% Negro	4%	4%	2%	3%	2%	1%	1%	2%
	% Asiático	5%	3%	3%	5%	4%	1%	1%	3%
Ciudadanos +18 años	Total	48,173	43,552	47,647	31,926	45,074	25,397	26,881	268,651
	% Hisp	14%	28%	18%	53%	24%	81%	79%	36%
	% Blanco	77%	65%	76%	38%	69%	14%	18%	57%
	% Negro	4%	5%	2%	4%	3%	4%	1%	3%
	% Asiático	4%	2%	3%	5%	4%	1%	1%	3%
Registros (Nov 2016)	Total	34,453	30,110	33,987	21,654	32,606	17,643	18,205	188,658
	% Latino est.	13%	27%	17%	55%	22%	85%	82%	36%
	% apellido asiático	12%	25%	15%	49%	20%	77%	74%	32%
	% apellido filipino	1%	1%	1%	1%	2%	1%	1%	1%
	% apellido español	1%	1%	1%	2%	1%	1%	1%	1%
	% blanco est.	77%	63%	78%	39%	73%	9%	16%	58%
	% negro est.	4%	5%	2%	4%	2%	2%	0%	3%
Votantes (Nov 2016)	Total	28,191	23,012	27,873	14,662	26,096	10,756	11,961	142,551
	% Latino est.	11%	23%	14%	51%	20%	84%	78%	31%
	% apellido asiático	10%	21%	13%	46%	18%	75%	70%	27%
	% apellido filipino	1%	1%	1%	1%	1%	1%	0%	1%
	% apellido español	1%	1%	1%	2%	1%	1%	1%	1%
	% blanco est.	79%	67%	81%	42%	75%	11%	20%	63%
	% negro est.	4%	4%	2%	4%	2%	2%	0%	3%
Votantes (Nov 2014)	Total	18,193	14,224	18,174	7,247	15,679	5,124	5,782	84,423
	% Latino est.	8%	14%	9%	41%	13%	76%	71%	22%
	% apellido asiático	7%	13%	8%	37%	12%	69%	66%	20%
	% apellido filipino	1%	1%	1%	1%	1%	0%	1%	1%
	% apellido español	1%	1%	0%	2%	1%	1%	1%	1%
	% blanco est.	83%	81%	87%	52%	82%	17%	26%	73%
	% negro est.	4%	3%	1%	5%	2%	2%	0%	3%
Pob. ACS	Total	62,892	64,099	61,155	61,894	64,631	64,044	61,890	440,604
Edad	Edad 0 – 19 años	14%	25%	18%	30%	22%	36%	34%	26%
	Edad 20 – 60 años	42%	42%	42%	52%	45%	52%	53%	47%
	Edad +60 años	43%	33%	40%	18%	33%	12%	14%	27%
Migración	Migrante	19%	19%	17%	32%	19%	39%	37%	26%
	Naturalizada	43%	40%	46%	38%	47%	25%	26%	35%
Lengua en casa	Inglés	73%	63%	74%	43%	72%	21%	23%	53%
	Español	19%	33%	20%	52%	22%	78%	76%	42%
	Idioma Asiático	3%	2%	2%	3%	3%	0%	0%	2%
	Otro idioma	5%	2%	4%	2%	4%	1%	1%	3%
Fluidez en Inglés	Habla Inglés solo “bien” o menos	9%	12%	9%	22%	9%	41%	40%	20%
Nivel de educación (edad +25)	preparatoria	54%	61%	53%	57%	58%	47%	50%	54%
	licenciatura	21%	14%	22%	10%	19%	4%	6%	15%
	graduado	15%	8%	14%	5%	13%	2%	3%	9%
Hogares con niño(s)	con niño(s)	11%	25%	16%	37%	22%	43%	41%	25%
Veteranos	veterano	12%	10%	10%	5%	9%	2%	3%	8%
Pto. Edad 16+	empleado	44%	44%	46%	54%	51%	55%	56%	50%
Ingreso (por hogar)	\$0 a \$25 000	27%	26%	22%	29%	20%	36%	29%	26%
	\$25 a \$50 000	24%	27%	21%	30%	23%	32%	30%	26%
	\$50 a \$75 000	16%	17%	16%	18%	20%	17%	19%	17%
	\$75 a \$200 000	25%	27%	30%	22%	30%	15%	20%	25%
	mayor a \$200 000	8%	3%	10%	2%	6%	1%	2%	5%
Unidades de vivienda	Unifamiliar	76%	92%	84%	80%	75%	70%	84%	80%
	Multifamiliar	24%	8%	16%	20%	25%	30%	16%	20%
	Rentadas	35%	30%	33%	41%	38%	48%	33%	36%
	Propias	65%	70%	67%	59%	62%	52%	67%	64%
Fuentes: Censo 2010, California Statewide Database (elecciones Nov 2014 y 2016), 2012-2017 American Community Survey Special Tabulation de ciudadanos +18, y 2012-2016 American Community Survey. Los números de registros y votantes "latinos" son ajustados según el rato para California del US Census Population Division									

# Desert Healthcare District Zoning 2019 - Cholla Map

Suggested Sequencing:

2020: Zones 1 (Zendle & Shorr), 3 (Matthews), 5 (Vacant), and 7 (De Lara)  
2022: Zones 2 (Rogers), 4 (PerezGil), and 6 (Borja)



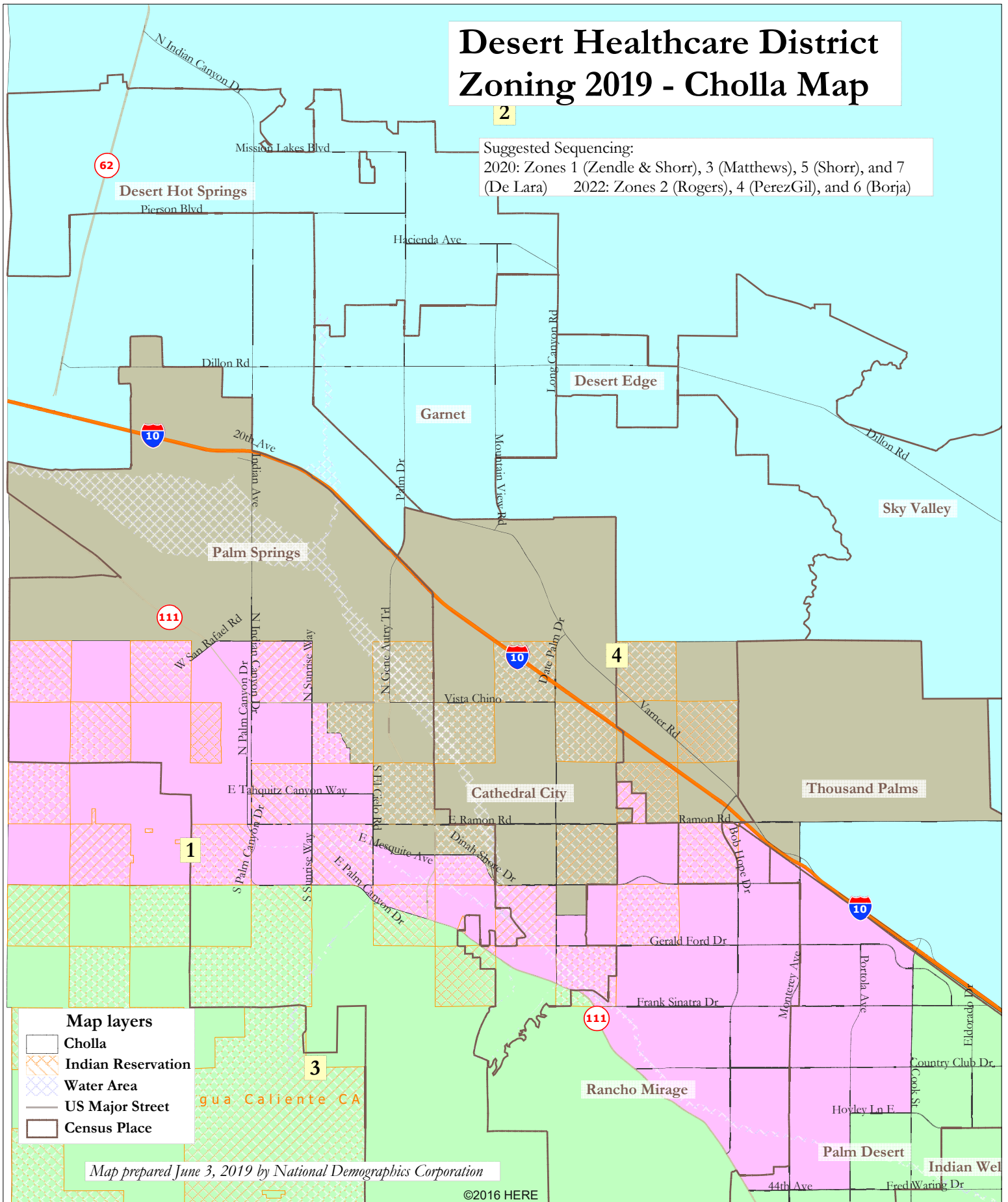


# Desert Healthcare District Zoning 2019 - Cholla Map

2

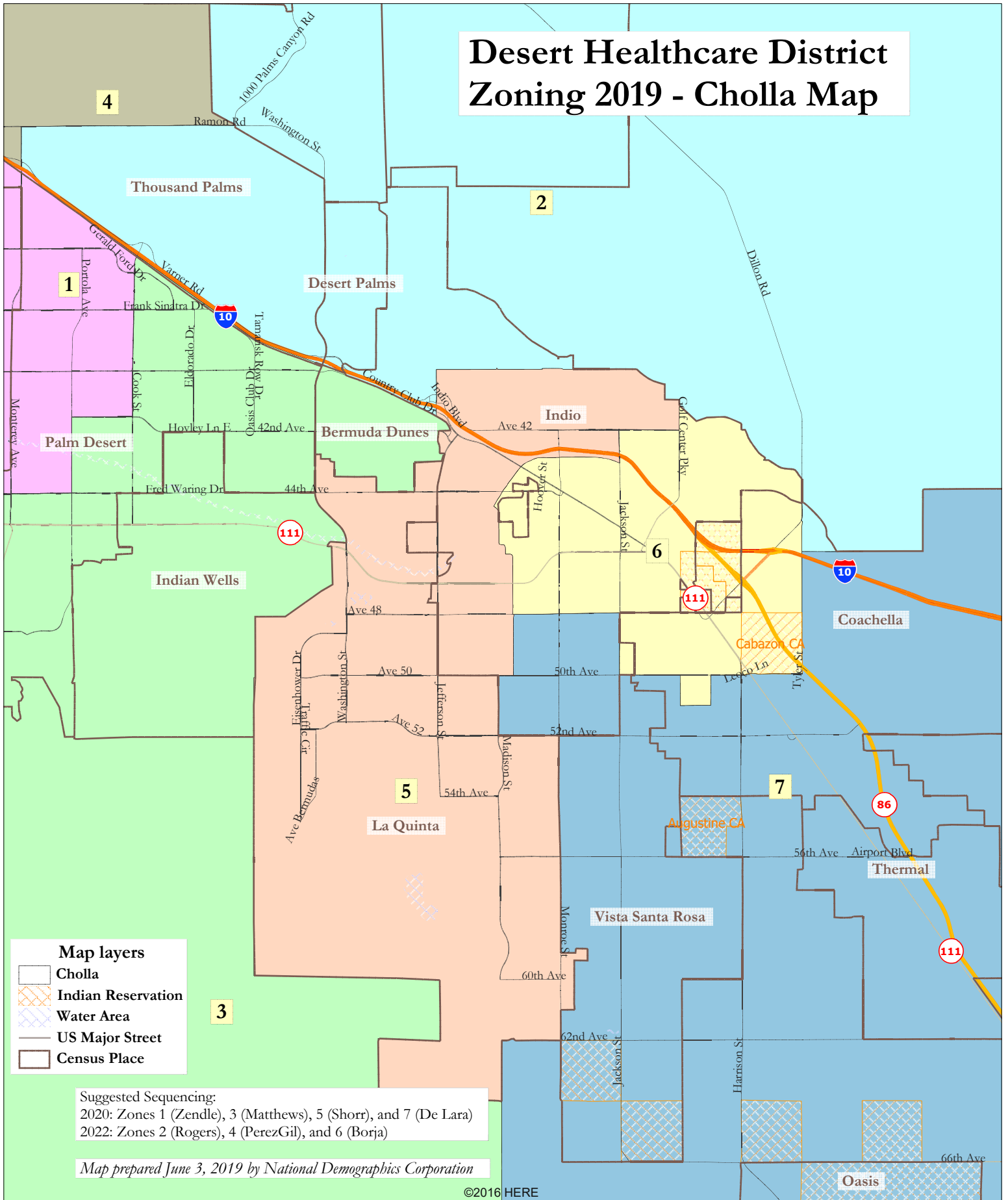
Suggested Sequencing:

2020: Zones 1 (Zendle & Shorr), 3 (Matthews), 5 (Shorr), and 7 (De Lara)    2022: Zones 2 (Rogers), 4 (PerezGil), and 6 (Borja)





# Desert Healthcare District Zoning 2019 - Cholla Map



Desert Healthcare - NDC Cholla									
District		1	2	3	4	5	6	7	Total
Ideal	Total Pop	60,093	59,296	60,394	59,624	61,260	60,090	61,179	421,936
60,277	Deviation from ideal	-184	-981	117	-653	983	-187	902	1,964
	% Deviation	-0.31%	-1.63%	0.19%	-1.08%	1.63%	-0.31%	1.50%	3.26%
Total Pop	% Hisp	18%	45%	22%	61%	37%	86%	92%	52%
	% NH White	74%	47%	71%	28%	56%	10%	6%	42%
	% NH Black	3%	4%	2%	4%	2%	2%	0%	2%
	% Asian-American	4%	2%	3%	6%	3%	1%	1%	3%
Citizen Voting Age Pop	Total	49,541	39,407	47,071	35,200	45,507	30,481	21,445	268,651
	% Hisp	12%	30%	17%	45%	30%	79%	84%	36%
	% NH White	81%	61%	77%	43%	63%	16%	15%	57%
	% NH Black	3%	6%	2%	4%	3%	4%	0%	3%
	% Asian/Pac.Isl.	3%	2%	3%	6%	3%	1%	1%	3%
Voter Registration (Nov 2016)	Total	36,190	26,735	32,722	24,070	33,619	20,588	14,733	188,658
	% Latino est.	12%	30%	14%	45%	30%	82%	87%	36%
	% Spanish-Surnamed	11%	27%	12%	41%	27%	74%	78%	32%
	% Asian-Surnamed	1%	1%	1%	1%	1%	1%	0%	1%
	% Filipino-Surnamed	1%	1%	1%	2%	1%	1%	1%	1%
	% NH White est.	82%	60%	82%	44%	64%	12%	12%	58%
	% NH Black	3%	5%	2%	5%	3%	3%	0%	3%
Voter Turnout (Nov 2016)	Total	29,894	19,512	26,794	17,246	26,797	12,888	9,420	142,551
	% Latino est.	10%	25%	12%	41%	27%	80%	84%	31%
	% Spanish-Surnamed	9%	22%	11%	37%	24%	72%	75%	27%
	% Asian-Surnamed	1%	1%	1%	1%	1%	1%	0%	1%
	% Filipino-Surnamed	1%	1%	1%	2%	1%	1%	1%	1%
	% NH White est.	84%	65%	84%	47%	68%	13%	16%	63%
	% NH Black	3%	4%	2%	5%	3%	3%	0%	3%
Voter Turnout (Nov 2014)	Total	19,571	11,992	17,599	8,920	15,793	5,972	4,577	84,423
	% Latino est.	6%	16%	8%	32%	18%	74%	76%	22%
	% Spanish-Surnamed	6%	14%	7%	29%	16%	67%	71%	20%
	% Asian-Surnamed	1%	1%	1%	1%	1%	0%	0%	1%
	% Filipino-Surnamed	1%	1%	0%	2%	1%	1%	1%	1%
	% NH White est.	88%	79%	88%	56%	78%	20%	21%	73%
	% NH Black est.	3%	4%	2%	5%	2%	3%	0%	3%
ACS Pop. Est.	Total	62,848	61,974	61,268	63,423	65,027	63,187	62,877	440,604
Age	age0-19	13%	26%	17%	28%	26%	34%	36%	26%
	age20-60	40%	43%	43%	52%	45%	54%	50%	47%
	age60plus	47%	30%	40%	20%	29%	12%	13%	27%
Immigration	immigrants	18%	21%	18%	32%	18%	34%	42%	26%
	naturalized	42%	35%	48%	39%	49%	33%	19%	35%
Language spoken at home	english	77%	61%	76%	47%	66%	28%	17%	53%
	spanish	15%	36%	17%	48%	30%	70%	83%	42%
	asian-lang	3%	1%	2%	3%	2%	1%	0%	2%
	other lang	5%	2%	4%	2%	3%	1%	0%	3%
Language Fluency	Speaks Eng. "Less than Very Well"	7%	13%	8%	21%	11%	35%	45%	20%
Education (among those age 25+)	hs-grad	54%	60%	55%	57%	56%	55%	42%	54%
	bachelor	22%	12%	21%	12%	19%	6%	5%	15%
	graduatedegree	16%	7%	15%	7%	11%	2%	3%	9%
Child in Household	child-under18	11%	26%	15%	32%	27%	41%	44%	25%
Veteran	veteran	13%	10%	10%	6%	8%	3%	2%	8%
Pct of Pop. Age 16+	employed	42%	43%	49%	55%	50%	58%	53%	50%
Household Income	income 0-25k	27%	31%	22%	27%	18%	29%	35%	26%
	income 25-50k	23%	30%	23%	28%	21%	31%	32%	26%
	income 50-75k	17%	16%	17%	18%	18%	19%	17%	17%
	income 75-200k	25%	21%	29%	25%	36%	21%	14%	25%
	income 200k-plus	7%	2%	9%	3%	8%	1%	2%	5%
Housing Stats	single family	74%	89%	76%	78%	94%	75%	79%	80%
	multi-family	26%	11%	24%	22%	6%	25%	21%	20%
	rented	37%	34%	37%	39%	27%	41%	42%	36%
	owned	63%	66%	63%	61%	73%	59%	58%	64%
Total population data from the 2010 Decennial Census.									
Surname-based Voter Registration and Turnout data from the California Statewide Database.									
Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2012-2016 American Community Survey and Special Tabulation 5-year data.									

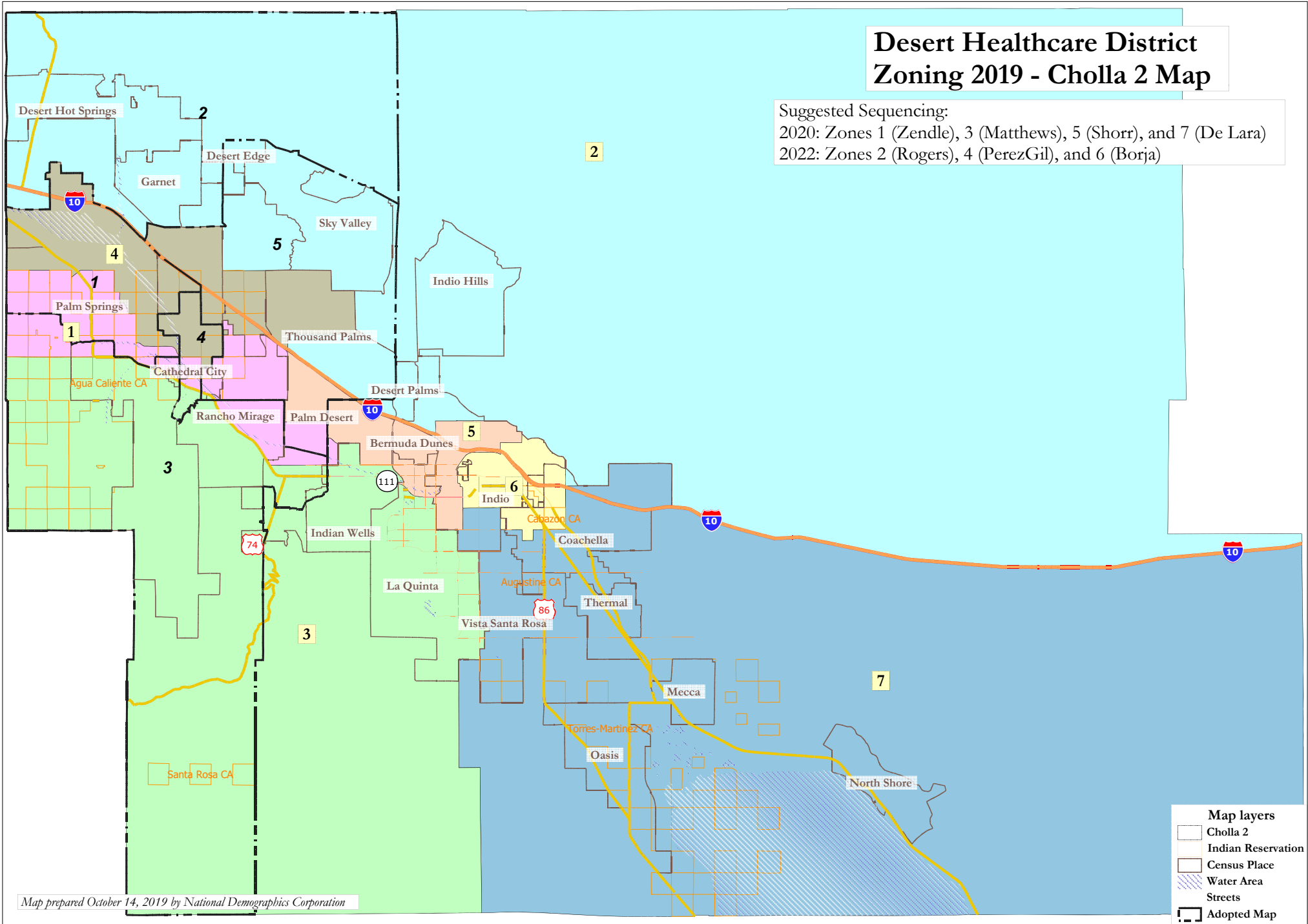
Desert Healthcare - NDC Cholla									
Zona		1	2	3	4	5	6	7	Total
Ideal	Pob. Total	60,093	59,296	60,394	59,624	61,260	60,090	61,179	421,936
60,277	Desviación de pob.	-184	-981	117	-653	983	-187	902	1,964
	% Desviación	-0.31%	-1.63%	0.19%	-1.08%	1.63%	-0.31%	1.50%	3.26%
Pob. Total	% Hisp	18%	45%	22%	61%	37%	86%	92%	52%
	% Blanco	74%	47%	71%	28%	56%	10%	6%	42%
	% Negro	3%	4%	2%	4%	2%	2%	0%	2%
	% Asiático	4%	2%	3%	6%	3%	1%	1%	3%
Ciudadanos +18 años	Total	49,541	39,407	47,071	35,200	45,507	30,481	21,445	268,651
	% Hisp	12%	30%	17%	45%	30%	79%	84%	36%
	% Blanco	81%	61%	77%	43%	63%	16%	15%	57%
	% Negro	3%	6%	2%	4%	3%	4%	0%	3%
	% Asiático	3%	2%	3%	6%	3%	1%	1%	3%
Registros (Nov 2016)	Total	36,190	26,735	32,722	24,070	33,619	20,588	14,733	188,658
	% Latino est.	12%	30%	14%	45%	30%	82%	87%	36%
	% apellido asiático	11%	27%	12%	41%	27%	74%	78%	32%
	% apellido filipino	1%	1%	1%	1%	1%	1%	0%	1%
	% apellido español	1%	1%	1%	2%	1%	1%	1%	1%
	% blanco est.	82%	60%	82%	44%	64%	12%	12%	58%
	% negro est.	3%	5%	2%	5%	3%	3%	0%	3%
Votantes (Nov 2016)	Total	29,894	19,512	26,794	17,246	26,797	12,888	9,420	142,551
	% Latino est.	10%	25%	12%	41%	27%	80%	84%	31%
	% apellido asiático	9%	22%	11%	37%	24%	72%	75%	27%
	% apellido filipino	1%	1%	1%	1%	1%	1%	0%	1%
	% apellido español	1%	1%	1%	2%	1%	1%	1%	1%
	% blanco est.	84%	65%	84%	47%	68%	13%	16%	63%
	% negro est.	3%	4%	2%	5%	3%	3%	0%	3%
Votantes (Nov 2014)	Total	19,571	11,992	17,599	8,920	15,793	5,972	4,577	84,423
	% Latino est.	6%	16%	8%	32%	18%	74%	76%	22%
	% apellido asiático	6%	14%	7%	29%	16%	67%	71%	20%
	% apellido filipino	1%	1%	1%	1%	1%	0%	0%	1%
	% apellido español	1%	1%	0%	2%	1%	1%	1%	1%
	% blanco est.	88%	79%	88%	56%	78%	20%	21%	73%
	% negro est.	3%	4%	2%	5%	2%	3%	0%	3%
Pob. ACS	Total	62,848	61,974	61,268	63,423	65,027	63,187	62,877	440,604
Edad	Edad 0 – 19 años	13%	26%	17%	28%	26%	34%	36%	26%
	Edad 20 – 60 años	40%	43%	43%	52%	45%	54%	50%	47%
	Edad +60 años	47%	30%	40%	20%	29%	12%	13%	27%
Migración	Migrante	18%	21%	18%	32%	18%	34%	42%	26%
	Naturalizada	42%	35%	48%	39%	49%	33%	19%	35%
Lengua en casa	Inglés	77%	61%	76%	47%	66%	28%	17%	53%
	Español	15%	36%	17%	48%	30%	70%	83%	42%
	Idioma Asiático	3%	1%	2%	3%	2%	1%	0%	2%
	Otro idioma	5%	2%	4%	2%	3%	1%	0%	3%
Fluidez en Inglés	Habla Inglés solo “bien” o menos	7%	13%	8%	21%	11%	35%	45%	20%
Nivel de educación (edad +25)	preparatoria	54%	60%	55%	57%	56%	55%	42%	54%
	licenciatura	22%	12%	21%	12%	19%	6%	5%	15%
	graduado	16%	7%	15%	7%	11%	2%	3%	9%
Hogares con niño(s)	con niño(s)	11%	26%	15%	32%	27%	41%	44%	25%
Veteranos	veterano	13%	10%	10%	6%	8%	3%	2%	8%
Pto. Edad 16+	empleado	42%	43%	49%	55%	50%	58%	53%	50%
Ingreso (por hogar)	\$0 a \$25 000	27%	31%	22%	27%	18%	29%	35%	26%
	\$25 a \$50 000	23%	30%	23%	28%	21%	31%	32%	26%
	\$50 a \$75 000	17%	16%	17%	18%	18%	19%	17%	17%
	\$75 a \$200 000	25%	21%	29%	25%	36%	21%	14%	25%
	mayor a \$200 000	7%	2%	9%	3%	8%	1%	2%	5%
Unidades de vivienda	Unifamiliar	74%	89%	76%	78%	94%	75%	79%	80%
	Multifamiliar	26%	11%	24%	22%	6%	25%	21%	20%
	Rentadas	37%	34%	37%	39%	27%	41%	42%	36%
	Propias	63%	66%	63%	61%	73%	59%	58%	64%
Fuentes: Censo 2010, California Statewide Database (elecciones Nov 2014 y 2016), 2012-2017 American Community Survey Special Tabulation de ciudadanos +18, y 2012-2016 American Community Survey. Los números de registros y votantes "latinos" son ajustados según el rato para California del US Census Population Division									

# Desert Healthcare District Zoning 2019 - Cholla 2 Map

Suggested Sequencing:

2020: Zones 1 (Zendle), 3 (Matthews), 5 (Shorr), and 7 (De Lara)

2022: Zones 2 (Rogers), 4 (PerezGil), and 6 (Borja)



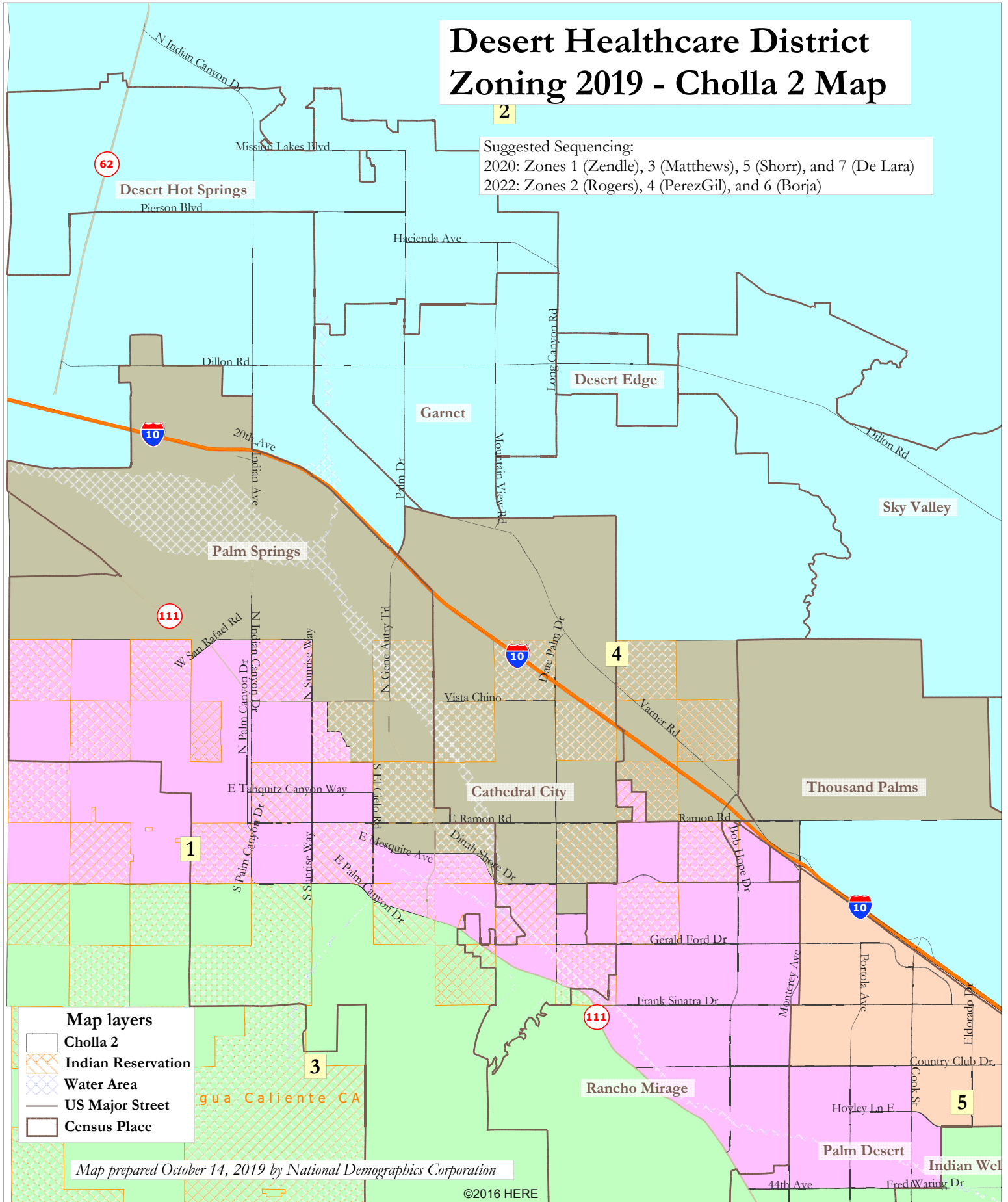
# Desert Healthcare District Zoning 2019 - Cholla 2 Map

2

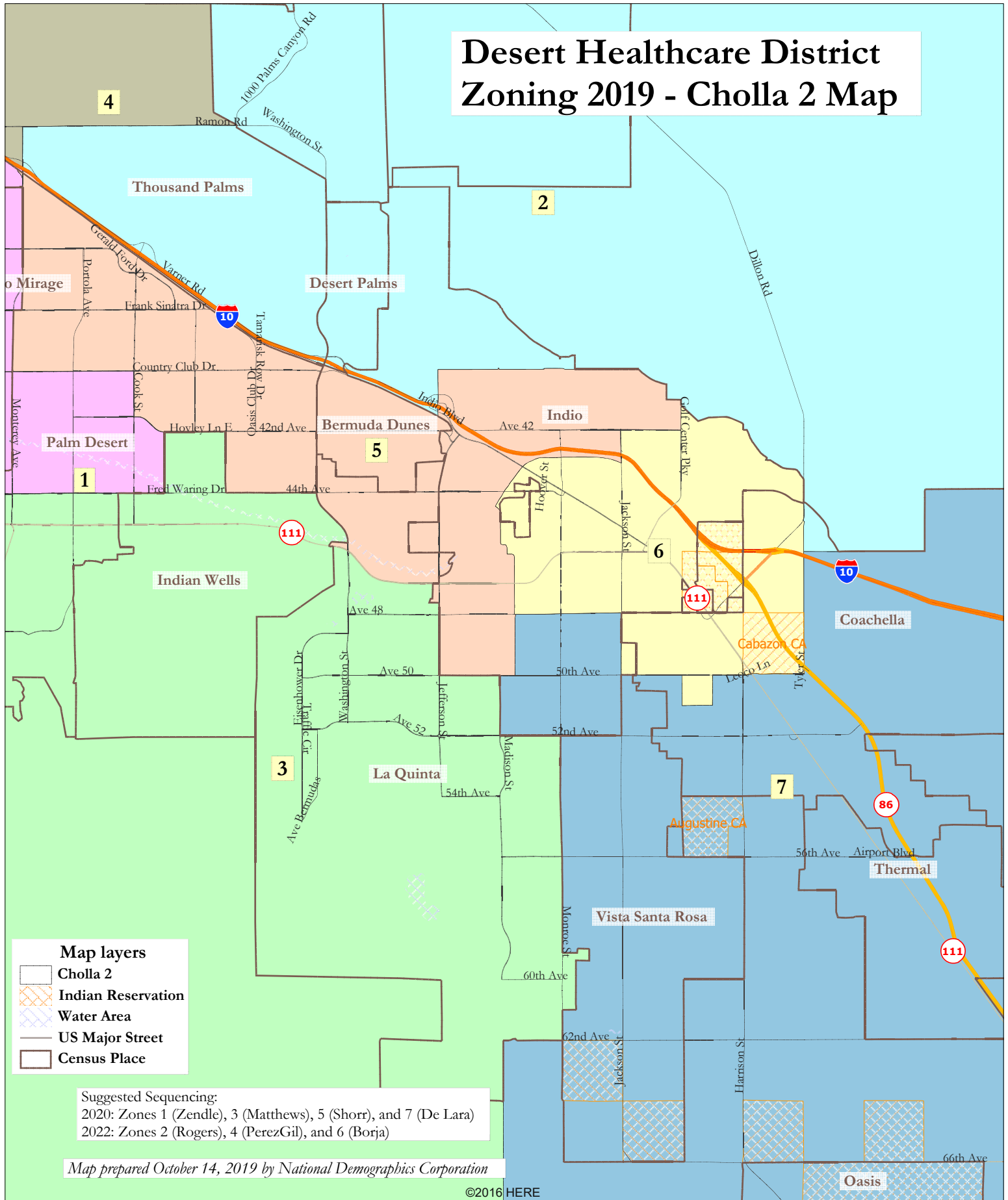
Suggested Sequencing:

2020: Zones 1 (Zendle), 3 (Matthews), 5 (Shorr), and 7 (De Lara)

2022: Zones 2 (Rogers), 4 (PerezGil), and 6 (Borja)



# Desert Healthcare District Zoning 2019 - Cholla 2 Map





Desert Healthcare - NDC Cholla 2									
Zone		1	2	3	4	5	6	7	Total
Ideal	Total Pop	61,171	59,296	59,563	59,624	61,013	60,090	61,179	421,936
60,277	Deviation from ideal	894	-981	-714	-653	736	-187	902	1,875
	% Deviation	1.48%	-1.63%	-1.18%	-1.08%	1.22%	-0.31%	1.50%	3.11%
Total Pop	% Hisp	20%	45%	26%	61%	31%	86%	92%	52%
	% NH White	71%	47%	69%	28%	61%	10%	6%	42%
	% NH Black	3%	4%	2%	4%	2%	2%	0%	2%
	% Asian-American	4%	2%	2%	6%	4%	1%	1%	3%
Citizen Voting Age Pop	Total	48,910	39,407	46,790	35,200	46,419	30,481	21,445	268,651
	% Hisp	13%	30%	20%	45%	25%	79%	84%	36%
	% NH White	79%	61%	74%	43%	68%	16%	15%	57%
	% NH Black	3%	6%	2%	4%	2%	4%	0%	3%
	% Asian/Pac.Isl.	3%	2%	3%	6%	3%	1%	1%	3%
Voter Registration (Nov 2016)	Total	34,798	26,735	32,977	24,070	34,756	20,588	14,733	188,658
	% Latino est.	13%	30%	17%	45%	26%	82%	87%	36%
	% Spanish-Surnamed	11%	27%	15%	41%	23%	74%	78%	32%
	% Asian-Surnamed	1%	1%	1%	1%	1%	1%	0%	1%
	% Filipino-Surnamed	1%	1%	1%	2%	1%	1%	1%	1%
	% NH White est.	81%	60%	78%	44%	69%	12%	12%	58%
	% NH Black	3%	5%	2%	5%	2%	3%	0%	3%
Voter Turnout (Nov 2016)	Total	28,608	19,512	26,988	17,246	27,888	12,888	9,420	142,551
	% Latino est.	11%	25%	14%	41%	23%	80%	84%	31%
	% Spanish-Surnamed	10%	22%	13%	37%	21%	72%	75%	27%
	% Asian-Surnamed	1%	1%	1%	1%	1%	1%	0%	1%
	% Filipino-Surnamed	1%	1%	1%	2%	1%	1%	1%	1%
	% NH White est.	83%	65%	81%	47%	72%	13%	16%	63%
	% NH Black	3%	4%	2%	5%	2%	3%	0%	3%
Voter Turnout (Nov 2014)	Total	18,695	11,992	17,568	8,920	16,699	5,972	4,577	84,423
	% Latino est.	7%	16%	10%	32%	15%	74%	76%	22%
	% Spanish-Surnamed	6%	14%	9%	29%	14%	67%	71%	20%
	% Asian-Surnamed	1%	1%	1%	1%	1%	0%	0%	1%
	% Filipino-Surnamed	1%	1%	0%	2%	1%	1%	1%	1%
	% NH White est.	87%	79%	87%	56%	80%	20%	21%	73%
	% NH Black est.	3%	4%	2%	5%	2%	3%	0%	3%
ACS Pop. Est.	Total	63,442	61,974	60,846	63,423	64,855	63,187	62,877	440,604
Age	age0-19	14%	26%	18%	28%	23%	34%	36%	26%
	age20-60	41%	43%	42%	52%	45%	54%	50%	47%
	age60plus	44%	30%	40%	20%	32%	12%	13%	27%
Immigration	immigrants	19%	21%	19%	32%	17%	34%	42%	26%
	naturalized	44%	35%	44%	39%	51%	33%	19%	35%
Language spoken at home	english	75%	61%	71%	47%	73%	28%	17%	53%
	spanish	17%	36%	23%	48%	22%	70%	83%	42%
	asian-lang	3%	1%	2%	3%	2%	1%	0%	2%
	other lang	5%	2%	4%	2%	3%	1%	0%	3%
Language Fluency	Speaks Eng. "Less than Very Well"	8%	13%	10%	21%	8%	35%	45%	20%
Education (among those age 25+)	hs-grad	54%	60%	53%	57%	59%	55%	42%	54%
	bachelor	21%	12%	22%	12%	19%	6%	5%	15%
	graduatedegree	16%	7%	14%	7%	12%	2%	3%	9%
Child in Household	child-under18	12%	26%	17%	32%	22%	41%	44%	25%
Veteran	veteran	12%	10%	10%	6%	10%	3%	2%	8%
Pct of Pop. Age 16+	employed	44%	43%	46%	55%	51%	58%	53%	50%
Household Income	income 0-25k	27%	31%	22%	27%	19%	29%	35%	26%
	income 25-50k	23%	30%	22%	28%	22%	31%	32%	26%
	income 50-75k	17%	16%	16%	18%	19%	19%	17%	17%
	income 75-200k	25%	21%	29%	25%	34%	21%	14%	25%
	income 200k-plus	7%	2%	10%	3%	6%	1%	2%	5%
Housing Stats	single family	73%	89%	83%	78%	84%	75%	79%	80%
	multi-family	27%	11%	17%	22%	16%	25%	21%	20%
	rented	38%	34%	35%	39%	29%	41%	42%	36%
	owned	62%	66%	65%	61%	71%	59%	58%	64%
Total population data from the 2010 Decennial Census.									
Surname-based Voter Registration and Turnout data from the California Statewide Database.									
Latino voter registration and turnout data are Spanish-surname counts adjusted using Census Population Department undercount estimates. NH White and NH Black registration and turnout counts estimated by NDC. Citizen Voting Age Pop., Age, Immigration, and other demographics from the 2012-2016 American Community Survey and Special Tabulation 5-year data.									

Desert Healthcare - NDC Cholla 2									
Zona		1	2	3	4	5	6	7	Total
Ideal	Pob. Total	61,171	59,296	59,563	59,624	61,013	60,090	61,179	421,936
60,277	Desviación de pob.	894	-981	-714	-653	736	-187	902	1,875
	% Desviación	1.48%	-1.63%	-1.18%	-1.08%	1.22%	-0.31%	1.50%	3.11%
Pob. Total	% Hisp	20%	45%	26%	61%	31%	86%	92%	52%
	% Blanco	71%	47%	69%	28%	61%	10%	6%	42%
	% Negro	3%	4%	2%	4%	2%	2%	0%	2%
	% Asiático	4%	2%	2%	6%	4%	1%	1%	3%
Ciudadanos +18 años	Total	48,910	39,407	46,790	35,200	46,419	30,481	21,445	268,651
	% Hisp	13%	30%	20%	45%	25%	79%	84%	36%
	% Blanco	79%	61%	74%	43%	68%	16%	15%	57%
	% Negro	3%	6%	2%	4%	2%	4%	0%	3%
	% Asiático	3%	2%	3%	6%	3%	1%	1%	3%
Registros (Nov 2016)	Total	34,798	26,735	32,977	24,070	34,756	20,588	14,733	188,658
	% Latino est.	13%	30%	17%	45%	26%	82%	87%	36%
	% apellido asiático	11%	27%	15%	41%	23%	74%	78%	32%
	% apellido filipino	1%	1%	1%	1%	1%	1%	0%	1%
	% apellido español	1%	1%	1%	2%	1%	1%	1%	1%
	% blanco est.	81%	60%	78%	44%	69%	12%	12%	58%
	% negro est.	3%	5%	2%	5%	2%	3%	0%	3%
Votantes (Nov 2016)	Total	28,608	19,512	26,988	17,246	27,888	12,888	9,420	142,551
	% Latino est.	11%	25%	14%	41%	23%	80%	84%	31%
	% apellido asiático	10%	22%	13%	37%	21%	72%	75%	27%
	% apellido filipino	1%	1%	1%	1%	1%	1%	0%	1%
	% apellido español	1%	1%	1%	2%	1%	1%	1%	1%
	% blanco est.	83%	65%	81%	47%	72%	13%	16%	63%
	% negro est.	3%	4%	2%	5%	2%	3%	0%	3%
Votantes (Nov 2014)	Total	18,695	11,992	17,568	8,920	16,699	5,972	4,577	84,423
	% Latino est.	7%	16%	10%	32%	15%	74%	76%	22%
	% apellido asiático	6%	14%	9%	29%	14%	67%	71%	20%
	% apellido filipino	1%	1%	1%	1%	1%	0%	0%	1%
	% apellido español	1%	1%	0%	2%	1%	1%	1%	1%
	% blanco est.	87%	79%	87%	56%	80%	20%	21%	73%
	% negro est.	3%	4%	2%	5%	2%	3%	0%	3%
Pob. ACS	Total	63,442	61,974	60,846	63,423	64,855	63,187	62,877	440,604
Edad	Edad 0 – 19 años	14%	26%	18%	28%	23%	34%	36%	26%
	Edad 20 – 60 años	41%	43%	42%	52%	45%	54%	50%	47%
	Edad +60 años	44%	30%	40%	20%	32%	12%	13%	27%
Migración	Migrante	19%	21%	19%	32%	17%	34%	42%	26%
	Naturalizada	44%	35%	44%	39%	51%	33%	19%	35%
Lengua en casa	Inglés	75%	61%	71%	47%	73%	28%	17%	53%
	Español	17%	36%	23%	48%	22%	70%	83%	42%
	Idioma Asiático	3%	1%	2%	3%	2%	1%	0%	2%
	Otro idioma	5%	2%	4%	2%	3%	1%	0%	3%
Fluidez en Inglés	Habla Inglés solo “bien” o menos	8%	13%	10%	21%	8%	35%	45%	20%
Nivel de educación (edad +25)	preparatoria	54%	60%	53%	57%	59%	55%	42%	54%
	licenciatura	21%	12%	22%	12%	19%	6%	5%	15%
	graduado	16%	7%	14%	7%	12%	2%	3%	9%
Hogares con niño(s)	con niño(s)	12%	26%	17%	32%	22%	41%	44%	25%
Veteranos	veterano	12%	10%	10%	6%	10%	3%	2%	8%
Pto. Edad 16+	empleado	44%	43%	46%	55%	51%	58%	53%	50%
Ingreso (por hogar)	\$0 a \$25 000	27%	31%	22%	27%	19%	29%	35%	26%
	\$25 a \$50 000	23%	30%	22%	28%	22%	31%	32%	26%
	\$50 a \$75 000	17%	16%	16%	18%	19%	19%	17%	17%
	\$75 a \$200 000	25%	21%	29%	25%	34%	21%	14%	25%
	mayor a \$200 000	7%	2%	10%	3%	6%	1%	2%	5%
Unidades de vivienda	Unifamiliar	73%	89%	83%	78%	84%	75%	79%	80%
	Multifamiliar	27%	11%	17%	22%	16%	25%	21%	20%
	Rentadas	38%	34%	35%	39%	29%	41%	42%	36%
	Propias	62%	66%	65%	61%	71%	59%	58%	64%
Fuentes: Censo 2010, California Statewide Database (elecciones Nov 2014 y 2016), 2012-2017 American Community Survey Special Tabulation de ciudadanos +18, y 2012-2016 American Community Survey. Los números de registros y votantes "latinos" son ajustados según el rato para California del US Census Population Division									

**Plan Descriptions:**

**(New Plans for 10/22)** NDC Agave 2 and NDC Cholla 2 are two maps created in response to Board and Community feedback at the September Public Hearing. They provide versions of the Agave and Cholla Maps that adjust the Zone boundaries to ensure that each Director is in a different area.

In the Agave 2 Map, Zones 2 and 4 have minor adjustments in Desert Hot Springs to bring Desert Springs Middle School into Zone 2. Zone 4 remains a majority-Latino Zone. More significant adjustments between Zones 2, 5, and 6 bring Zone 5 into Palm Desert, generally south of I-10 and north of Highway 111, connecting to Bermuda Dunes and portions of La Quinta and Indio already in Zone 5. Zone 2 is now fully north of I-10, adding population in north Indio to balance the change in Palm Desert. Zone 6 loses all of Indio north of I-10, but adds more from central Indio east of the All-American Canal. Zones 1 and 3 are entirely unchanged and Zone 7 only has a small change to balance population and remove a small sliver of La Quinta.

In the Cholla 2 Map, Zone 5 trades most of La Quinta for much of northern Palm Desert, generally south of I-10 and north of Country Club Drive, connecting to Bermuda Dunes and portions of northern La Quinta and Indio already in Zone 5. Zone 1 loses the northern portion of Palm Desert for the areas between Highway 111 and Country Club Drive. Zone 3 retains all the areas south of Highway 111 in Palm Desert and Indian Wells, and picks up most of La Quinta, including everything south of Highway 111. Zones 2, 4, 6, and 7 are unchanged from the original Cholla Map.

**Original Maps**

NDC Agave aims to create compact seats and follow major roads when necessary. It contains three zones entirely in the new annexation areas. Zone 1 includes all of Palm Springs and Rancho Mirage north of Highway 111 and the Whitewater River Channel and the portion of Cathedral City between Highway 111 and roughly Ramon Road. Zone 2 contains the northern communities, including most of Desert Hot Springs, Desert Edge, Sky Valley, Indio Hills, and the portion of Palm Desert north of Highway 111. Zone 3 contains the areas south of Highway 111 in Palm Springs, Cathedral City, Rancho Mirage, and Palm Desert along with Indian Wells and La Quinta. Zone 4 has Cathedral City north of Ramon Road and Thousand Palms, along with a portion of Garnet and Desert Hot Springs that links West Valley Latino communities along I-10. Zone 5 includes the western third of Indio and the eastern part of Palm Desert as well as the Desert Palms community. Zones 6 and 7 are both majority-Latino and roughly use Highway 111 as a dividing line to create two zones that include some of the more urban areas in Indio and Coachella and the more rural communities. Zone 6 includes the northeastern portions of Indio, including Central Indio and Coachella along with Thermal and Mecca and the North Shore of the Salton Sea. Zone 7 includes the southern portions of Indio and Coachella along with Vista Santa Rosa and Oasis.

**(New Plan for 9/24)** NDC Cholla was created in response to Board and Community feedback at the April and May Public Hearings. It combines features of all three previous plans, particularly building on the positive feedback on particular features in each map. Zones 6 and 7 in the eastern part of the Coachella Valley are majority-Latino by eligible voters, and Zone 4 centered in Cathedral City is a plurality Latino zone that also includes sizeable Asian- and African-American communities. Zone 1 includes most of Palm Springs and Rancho Mirage north of Palm Canyon Drive/Highway

111 other than the areas roughly corresponding to Palm Springs City Council District 1, and small portions of Cathedral City between Highway 111 and roughly Dinah Shore Drive. Zone 2 contains the northern communities, including all of Desert Hot Springs, Desert Edge, Garnet, Sky Valley, Indio Hills, Desert Palms, the Tri-Palm Estates community in Thousand Palms, and the Talavera neighborhood in northern Indio. Zone 3 contains the areas south of Highway 111 in Palm Springs, Cathedral City and Rancho Mirage, the entire cities of Indian Wells and Bermuda Dunes as well as all the majority of Palm Desert, including everything east of Cook and south of the College of the Desert. Zone 4 includes the majority of Cathedral City, including all areas north of Dinah Shore Drive, the area roughly corresponding to Palm Springs City Council District 1 (the Desert Highlands Gateway and Demuth Park neighborhoods), and the portion of Thousand Palms north of Ramon Road. Zone 5 includes the city of La Quinta and portions of Indio north and west of the All-American Canal. Zone 6 is mainly in the City of Indio, including most areas south and east of the All-American Canal, and the northern portion of Coachella north of Avenue 51. Zone 7 includes all areas south of Coachella, including Thermal, Mecca, North Shore, Oasis, and Vista Santa Rosa, and most of the city of Coachella, along with the southern portion of Indio south of Avenue 48 and west of Monroe.

**Descripciones del plan:**

(Nuevos planes para el 22/10) NDC Agave 2 y NDC Cholla 2 son dos mapas creados en respuesta a los comentarios de la Junta y la Comunidad en la audiencia pública de septiembre. Proporcionan versiones de los mapas de Agave y Cholla que ajustan los límites de la zona para garantizar que cada director se encuentre en un área diferente.

En el Mapa de Agave 2, las Zonas 2 y 4 tienen ajustes menores en Desert Hot Springs para llevar a la Escuela Secundaria Desert Springs a la Zona 2. La Zona 4 sigue siendo una Zona de mayoría latina. Ajustes más significativos entre las Zonas 2, 5 y 6 llevan a la Zona 5 a Palm Desert, generalmente al sur de la I-10 y al norte de la Autopista 111, conectando con las Dunas de Bermudas y partes de La Quinta e Indio que ya están en la Zona 5. La Zona 2 ahora está completamente al norte de la I-10, agregando población en el norte de Indio para equilibrar el cambio en Palm Desert. La zona 6 pierde todo Indio al norte de la I-10, pero agrega más del centro de Indio al este del Canal All-American. Las zonas 1 y 3 no han cambiado por completo y la zona 7 solo tiene un pequeño cambio para equilibrar la población y eliminar una pequeña astilla de La Quinta.

En el Mapa de Cholla 2, la Zona 5 intercambia la mayor parte de La Quinta por gran parte del norte de Palm Desert, generalmente al sur de la I-10 y al norte de Country Club Drive, conectando con las Dunas de Bermudas y partes del norte de La Quinta e Indio que ya están en la Zona 5. La zona 1 pierde la porción norte de Palm Desert por las áreas entre la autopista 111 y Country Club Drive. La zona 3 retiene todas las áreas al sur de la autopista 111 en Palm Desert e Indian Wells, y recoge la mayor parte de La Quinta, incluido todo al sur de la autopista 111. Las zonas 2, 4, 6 y 7 no han cambiado desde el mapa original de Cholla.

**Mapas originales**

NDC Agave tiene como objetivo crear asentamientos compactos y seguir las carreteras principales cuando sea necesario. Contiene tres zonas enteramente en las nuevas áreas de anexión. La zona 1 incluye todo Palm Springs y Rancho Mirage al norte de la autopista 111 y el Whitewater River Channel y la parte de Cathedral City entre la autopista 111 y aproximadamente Ramon Road. La zona 2 contiene las comunidades del norte, incluidas la mayoría de Desert Hot Springs, Desert Edge, Sky Valley, Indio Hills y la parte de Palm Desert al norte de la autopista 111. La zona 3 contiene las áreas al sur de la autopista 111 en Palm Springs, Cathedral City, Rancho Mirage y Palm Desert junto con Indian Wells y La Quinta. La zona 4 tiene Cathedral City al norte de Ramon Road y Thousand Palms, junto con una parte de Garnet y Desert Hot Springs que une las comunidades latinas de West Valley a lo largo de la I-10. La zona 5 incluye el tercio occidental de Indio y la parte oriental de Palm Desert, así como la comunidad de Desert Palms. Las zonas 6 y 7 son mayoritariamente latinas y utilizan aproximadamente la autopista 111 como línea divisoria para crear dos zonas que incluyen algunas de las áreas más urbanas de Indio y Coachella y las comunidades más rurales. La zona 6 incluye las porciones del noreste de Indio, incluyendo Central Indio y Coachella junto con Thermal y Mecca y la costa norte del Mar Salton. La zona 7 incluye las porciones del sur de Indio y Coachella junto con Vista Santa Rosa y Oasis.

**(Nuevo plan para el 24/9)** NDC Cholla fue creado en respuesta a los comentarios de la Junta y la Comunidad en las audiencias públicas de abril y mayo. Combina características de los tres planes anteriores, en particular basándose en la retroalimentación positiva sobre características particulares en cada mapa. Las zonas 6 y 7 en la parte oriental del Valle de Coachella son mayoritariamente latinas según los votantes elegibles, y la Zona 4 centrada en Cathedral City es una zona latina plural que también incluye grandes comunidades de asiáticos y afroamericanos. La zona 1 incluye la mayoría de Palm Springs y Rancho Mirage al norte de Palm Canyon Drive / Highway 111, excepto las áreas que corresponden aproximadamente al Distrito 1 del Ayuntamiento de Palm Springs, y pequeñas porciones de Cathedral City entre la autopista 111 y aproximadamente Dinah Shore Drive. La zona 2 contiene las comunidades del norte, incluidas todas las aguas termales de Desert, Desert Edge, Garnet, Sky Valley, Indio Hills, Desert Palms, la comunidad Tri-Palm Estates en Thousand Palms y el vecindario de Talavera en el norte de Indio. La zona 3 contiene las áreas al sur de la autopista 111 en Palm Springs, Cathedral City y Rancho Mirage, las ciudades enteras de Indian Wells y Bermuda Dunes, así como la mayoría de Palm Desert, incluido todo al este de Cook y al sur del College of the Desierto. La Zona 4 incluye la mayoría de Cathedral City, incluidas todas las áreas al norte de Dinah Shore Drive, el área que corresponde aproximadamente al Distrito 1 del Ayuntamiento de Palm Springs (los vecindarios Desert Highlands Gateway y Demuth Park), y la porción de Thousand Palms al norte de Ramon Road. La zona 5 incluye la ciudad de La Quinta y porciones de Indio al norte y al oeste del Canal All-American. La zona 6 se encuentra principalmente en la ciudad de Indio, incluidas la mayoría de las áreas al sur y al este del Canal All-American, y la parte norte de Coachella al norte de la avenida 51. La zona 7 incluye todas las áreas al sur de Coachella, incluidas las termas, la Meca, North Shore, Oasis y Vista Santa Rosa, y la mayor parte de la ciudad de Coachella, junto con la parte sur del Indio al sur de la Avenida 48 y al oeste de Monroe.





Date: October 22, 2019  
To: Board of Directors  
Subject: UCR School of Medicine, Center for Health Disparities Research External Advisory Board

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**Staff Recommendation:** Consideration to approve the CEO's appointment to the UCR School of Medicine, Center for Health Disparities Research External Advisory Board

**Background:**

- Under the leadership of David Lo, MD, Associate Dean for Research, Director, Center for Health Disparities (federally designated Hispanic-serving Institution), UCR School of Medicine, has been awarded a \$3M grant to build a Center for Health Disparities Research focusing on health disparities among Latino/Hispanic communities in the Inland Empire.
- The \$3M grant is funded by the National Institute of Health (NIH), supported by the Institute for Minority Health and Health Disparities (NIMHD) of the National Institutes of Health (NIH).
- The proposed Center for Health Disparities Research at UCR will expand institutional capacity to conduct high-quality research leading to interventions that improve the health of Latino communities in a large, rapidly growing and diverse region.
- The Center will inform the national dialogue on health disparities and expand the biomedical and behavioral research workforce through innovative training, mentorship and career development activities.
- The Center's goals are to develop a rich interdisciplinary and collaborative environment for training in and performing health disparities research, instilling community-engaged research methods into the academic culture.
- At the invitation of Dr. Lo, the CEO is invited to join the External Advisory Board to advise on activities of the program, bring expertise and connections on projects and community activities, and to assist in disseminating materials produced from the Center.
- The External Advisory Board will meet two times per year, with one meeting coinciding with the annual Health Disparities Research Symposium.

**Fiscal Impact:**  
None

**DESERT HEALTHCARE DISTRICT**  
**FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE**  
**MEETING MINUTES**  
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<b>Directors Present</b>	<b>District Staff Present</b>	<b>Absent</b>
Chair/Treasurer Mark Matthews Vice-President Leticia De Lara	Conrado E. Bárzaga, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Alejandro Espinoza, Program Officer and Outreach Director Stephen Huyck, Accounting Manager Meghan Kane, Community Health Analyst Andrea S. Hayles, Clerk to the Board	Director Arthur Shorr

<b>AGENDA ITEMS</b>	<b>DISCUSSION</b>	<b>ACTION</b>
<b>I. Call to Order</b>	Chair Matthews called the meeting to order at 3 p.m.	
<b>II. Approval of Agenda</b>	Chair Matthews asked for a motion to approve the agenda.	<b>Moved and seconded by Chair Matthews and Vice-President De Lara to approve the agenda. Motion passed unanimously.</b>
<b>III. Public Comment</b>	There was no public comment.	
<b>IV. Approval of Minutes</b> <b>1. F&amp;A Minutes – Meeting September 10, 2019</b>	Chair Matthews motioned to approve the September 10, 2019 minutes.	<b>Moved and seconded by Vice-President De Lara and Chair Matthews to approve the minutes. Motion passed unanimously.</b>
<b>V. CEO Report</b>	No report was provided.	
<b>VI. Chief Administration Officer's Report</b> <b>1. LPMP Leasing Update</b>	Chris Christensen, CAO, explained that Cohen Musch has relocated to the approved suite with an interested party in the newly vacated suite. A new proposal for suite 2W 107 is in the process of negotiations. There are currently three vacancies at Las Palmas Plaza that the broker is marketing.	
<b>VII. Financial Reports</b> <b>1. District and LPMP Financial Statements</b> <b>2. Accounts Receivable Aging Summary</b> <b>3. District – Deposits</b>	Chris Christensen, CAO, provided an overview of the financials. The District is presently ahead of the budget due to grants that have not been awarded. The committee	<b>Moved and seconded by Vice-President De Lara and Chair Matthews to approve the September 2019 District Financial Reports - Items 1-10 and to forward to the Board for approval.</b>

**DESERT HEALTHCARE DISTRICT  
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<p><b>4. District – Property Tax Receipts</b>  <b>5. LPMP Deposits</b>  <b>6. District – Check Register</b>  <b>7. Credit Card – Detail of Expenditures</b>  <b>8. LPMP – Check Register</b>  <b>9. Retirement Protection Plan Update</b>  <b>10. Grant Payment Schedule</b></p>	<p>reviewed the financials and moved to approve.</p>	<p><b>Motion passed unanimously.</b></p>
<p><b>VIII. Other Matters</b>  <b>1. Craig Hartzheim – Moss Levy &amp; Hartzheim – FY 2019 Audit Reports – District &amp; RPP</b>  <b>a. Management Letter, Communication Letter, Internal Controls Report</b>  <b>b. District Audit Report</b>  <b>c. RPP Audit Report</b></p> <p><b>2. Auditing Firms – Request for Proposal</b></p>	<p>Craig Hartzheim, Moss, Levy &amp; Hartzheim, provided details of the preliminary audit in May, detailing both the District, Foundation, and Pension Plan. Mr. Hartzheim provided an overview of the Management Letter, General Expenses, and the Rental Income with highlights of the audit report. Similar to 2018, Mr. Hartzheim explained that there is a potential liability given the small accounting department, but the District is transparent with Board review.</p> <p>Vice-President De Lara suggests that the District consider a grant writer to obtain more revenue for state and federal grant submissions.</p> <p>Chris Christensen, CAO, explained that the District evaluates a new auditing firm every 5 years. The nine auditing firms were detailed for proposal requests.</p>	<p><b>Moved and seconded by Vice-President De Lara and Chair Matthews to approve the audited financials and forward to the Board for approval.</b>  <b>Motion passed unanimously.</b></p> <p><b>Moved and seconded by Vice-President De Lara and Chair Matthews to approve the auditing firms request for proposal and forward to the Board for approval.</b>  <b>Motion passed unanimously.</b></p>

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<b>3. LPMP Lease Renewal – Suite 3E 104-105 – Laboratory Corporation of America</b>	Chris Christensen, CAO, explained that the current lease is on a month-to-month basis, and a 3-year lease term has been identified. The monthly base rent is \$1.55/sq. ft. and the Tenant Improvement Allowance is \$20/sq. ft.	<b>Moved and seconded by Vice-President De Lara and Chair Matthews to approve the LPMP lease renewal – Laboratory Corporation of America and forward to the Board for approval. Motion passed unanimously.</b>
<b>4. Las Palmas Medical Plaza – Fire Sprinkler Alarm Proposal</b>	Chris Christensen, CAO, detailed the work to date and the requirements of having a monitoring service for the fire sprinkler alarm system on the west side of the medical plaza. Staff recommended option 1 that includes a monitoring fee of \$75 per month.	<b>Moved and seconded by Vice-President De Lara and Chair Matthews to approve the La Palmas Medical Plaza fire sprinkler alarm proposal and forward to the board for approval. Motion passed unanimously.</b>
<b>5. Political Consultants for Potential Hospital Lease/Transaction</b>	<p>Conrado E. Barzaga, MD, CEO, explained the Tenet negotiations and the need for a political consultant at the request of the Board – requesting approval up to \$70k for phase 1 feasibility.</p> <p>Chair Matthews suggested that staff bring forward an agreement for approval.</p> <p>Vice-President De Lara requested that staff compare the services and fees of local political consultants</p>	<b>Moved and seconded by Vice-President De Lara and Chair Matthews to forward to the Board the political consultant’s proposals, including local firms for potential hospital lease/transaction for approval. Motion passed unanimously.</b>
<b>6. Policy Map – 15 Month Subscription - \$5,005.54</b>	Alejandro Espinoza, Program Officer and Outreach Director, provided the details of Policy Map – an online mapping tool. Policy Map provides access to proprietary interactive maps.	



**DESERT HEALTHCARE DISTRICT**  
**FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE**  
**MEETING MINUTES**  
**October 8, 2019**

	<p>Vice-President De Lara inquired how SHAPE, the county program, and Lift to Rise's portal differ from Policy Map, explaining that the District should be collaborating with other agencies, and she will not support the Policy Map. The District is the healthcare leader for the Coachella Valley, and more community-based collaboration and comparisons are necessary as opposed to duplicating services.</p> <p>Mr. Espinoza explained that he will be presenting the data maps to the Board from Policy Map, such as a demo that includes the capabilities of all three platforms.</p> <p>Chair Matthews inquired on the goals of the maps, which are the best, and how the committee makes the determination.</p> <p>Conrado E. Bárzaga, CEO, explained that Lift to Rise's data portal is not intuitive, difficult to navigate, he has not noted anything meaningful, and there are limitations and restrictions to point in time. The maps the District will create are specific to the Coachella Valley and a repository of data for the public to utilize. It is also difficult for Lift to Rise to maintain the portal primarily due to the</p>	
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**DESERT HEALTHCARE DISTRICT  
FINANCE, ADMINISTRATION, REAL ESTATE, LEGAL, AND COMMITTEE  
MEETING MINUTES  
October 8, 2019**

	expenses since the tool is owned by the University of Southern California. Lift to Rise and the entire community will benefit from the data and policy analysis with Policy Map.	
<b>IV. Adjournment</b>	Chair Matthews adjourned the meeting at 4:31 p.m.	<b>Audio recording available on the website at <a href="http://dhcd.org/Agendas-and-Documents">http://dhcd.org/Agendas-and-Documents</a></b>

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

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





Date: October 22, 2019  
To: Board of Directors  
Subject: Consulting services agreement with Strategies 360 as a political consultant for a potential Tenet Transaction for the Sale of DRMC

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**Staff Recommendation:** Consideration to approve a consulting services agreement with Strategies 360 to provide political consulting services for a potential Tenet transaction for the sale of Desert Regional Medical Center (DRMC)

**Background:**

- July 14, 2019, Tenet submitted a proposal to purchase Desert Regional Medical Center from the Desert Healthcare District (DHCD).
- July 25, 2019, the proposal was presented to the Board of Directors.
- The Board requested Tenet bring back a more substantial proposal.
- A service agreement with Kaufman Hall was approved to work with DHCD regarding the proposal.
- An ad hoc committee was formed and is working with Staff, the District's legal counsel, and Kaufman Hall.
- Should a future Tenet proposal be agreeable to the Board of Directors, DHCD will engage a political consultant to determine the feasibility of placing an initiative on either the March or November 2020 election ballot.
- Feasibility scope of work – the Consultant will provide guidance to the Board in providing messaging to the public and in strategizing a potential ballot initiative. Polling and focus groups will be conducted as part of this phase.
- A service agreement would be structured to authorize the Feasibility process.
- If the ballot initiative is deemed feasible, the Board may then consider engaging the consultant further to create a program to educate the public on the potential sale. A proposal for education scope of work would be submitted at a later date.
- At the October 8, 2019 Finance & Administration Committee Meeting, the Committee recommended soliciting local Coachella Valley consulting firms. Two firms were considered. One firm declined due to potential conflict of interest. At the time of publication of the Board packet, the second firm is in process of developing a proposal, which may be considered at the Board meeting.
- The Committee also recommended forwarding to the Board for discussion and consideration of approval.
- Staff recommends approval of a consulting services agreement with Strategies 360.

**Fiscal Impact:**

Estimated Costs:  
Feasibility phase      \$ 69,000

[illegible]



# **DESERT HEALTHCARE DISTRICT & FOUNDATION ELECTORAL FEASIBILITY PROPOSAL**

## **Scope of Work**

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Recently there has been public discussion about the potential sale of Desert Regional Medical Center Hospital to Tenet Healthcare. This proposal provides research and analysis on what the level of public support for such a proposal would be in addition to determining the correct ballot timing for this potential initiative. We will utilize the following methods to accomplish these goals:

- Poll/Focus Group of registered voters to determine support levels, messaging, and correct ballot timing
- Ongoing analysis of the polling/focus group results in comparison with ongoing

In addition, we are proposing a monthly contract with a retainer to ensure the entire S360 team is available to the DHD Governing Board to provide political advice and guidance on ballot placement and other relevant topics.

## **Poll/Research**

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S360 will conduct a poll of registered voters who are likely to vote to determine initial levels of support for this issue, in addition to testing possible messaging and the support of potential political validators. In addition, we will use this poll to gauge which election cycle this issue should be placed in, the March 2020 or November 2020 elections. Voter composition and turnout will be different in each election and we can use this poll to determine when the best timing is for this issue. We recommend talking to a larger pool of voters (500 interviews rather than the 400) as this will ensure statistical reliability in determining which election to place this issue on the ballot.

## Our Experience

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This is a representative sample of the advocacy work that Strategies 360 has done on behalf of special districts or governmental entities:

### **Washington**

- Represented more than 30 school districts on bond and levy measures including Seattle Public Schools, Tacoma School District, and the Lake Washington School District

### **Colorado**

- Represented the following special districts in bond/levy measures (Frederick Firestone Fire District, Arvada Fire District, Anything Libraries, Four Mile Fire District, Longmont Water District, Apex Recreation District, and St. Vrain Left Hand Water Conservancy District)
- Represented more than 20 school districts on bond, levy and other ballot initiatives including Denver Public Schools, Jefferson County School District, Poudre School District, Eaton School District, Littleton Public Schools, Douglas County School District, and Mapleton Public Schools

### **Idaho**

- Facilitated sale of non-profit St. Joseph's Hospital in Lewiston, Idaho to RCCH
- Represented City of Lewiston (Sewer & Water Bond)
- Represented City of Boise in Fire Bond Initiative
- Represented Friends of Kuna School District Bond Initiative
- Represented Star Sewer & Water District

### **Nevada**

- Represents a public hospital and the largest for-profit hospital group in Nevada
- Represented the South Nevada Health District, which has governance over Clark County

### **Hawaii**

- Represented Honolulu Authority for Rapid Transit in successful funding initiative for rail project

### **California**

- Represented Ventura County Health Care
- Conducted polling for numerous school districts in bond/levy measures

## **Oregon**

- Represented Oregon Historical Society levy renewal
- Represented Portland Public School in bond and levy communications
- Represented Beaverton Public School in teacher levy renewal
- Representing Multnomah County to develop the Preschool for All measure
- Represents Metro (regional tri-county government) in parks levy measure
- Worked with Oregon Hospital Association on Measure 1010 to affirm a tax on hospitals that fund Medicaid in Oregon

## **TOTAL COSTS**

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- |                           |  |
|---------------------------|--|
| • <b>POLL</b>             | \$32,000 - \$39,000 (400 v.500 interviews) |
| • <b>MONTHLY RETAINER</b> | \$6,000 per month at 5 months \$30,000     |
| • <b>GRAND TOTAL</b>      | <b>\$62,000 to \$69,000</b>                |

## Statement of Qualifications

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Strategies 360 has an exceptional in-house team of qualified individuals capable of performing the services listed above. If selected, the following team members are prepared to apply their skills and expertise to execute a successful voter education effort.

### **Areen Ibranossian**

*Senior Vice President, Southern California*



Areen leads Strategies 360's practice in Los Angeles after working within L.A. City Hall for nearly two decades. He has also earned numerous victories on the campaign trail, including two successful city-wide races. As Senior Vice President, Areen pairs his sophisticated experience in L.A. County with the full capabilities of Strategies 360 to help lead clients to success.

Prior to consulting, Areen served as Chief of Staff to Los Angeles City Councilmember Paul Krekorian. Here, he oversaw all aspects of the office's policy portfolio, with a focus on the city's multi-billion-dollar budget, job creation, communications, and policy development.

In this capacity, Areen was integral to creating the city's newly founded Job and Economic Development Incentive (JEDI) Zones to spur business development across Los Angeles. He also served as campaign manager for Councilmember Krekorian's successful City Council bid in 2009.

Areen's experience in LA City Hall extends back to 2003 when he worked for then-LA City Councilmember Antonio Villaraigosa. He went on to serve in Villaraigosa's mayoral administration as special assistant to the mayor, as well as a budget analyst in the mayor's budget and finance shop. Areen has an extensive background in campaigns and communications, having worked on numerous local races at the local and national levels, including President Barack Obama's 2008 campaign, along with campaigns for Congressman Adam Schiff, Mayor Villaraigosa, and many others. In addition, Areen has extensive background in statewide policy initiatives and coalition building, playing key roles in advocating for the California Film and Television Production Tax Incentive bills signed into law by Governor Jerry Brown, the creation of a California Trade Office system, and the inclusion of the Armenian Genocide in state education curriculum.



## Andy Winer

*Senior Vice President, Federal Relations*



Andy has more than 30 years of governmental, political, and legal experience. Most recently, Mr. Winer served as Chief of Staff to Senator Brian Schatz (D-HI).

Senator Schatz came to office in December 2012, and he faced an immediate special election challenge from a well-known Member of Congress. Andy developed and implemented the campaign strategy resulting in a 1782 vote victory, which earned Campaign and Elections Magazine's 2014 Award for "Best Bare-Knuckled Street Fight Victory."

Before his time in the Senate, Andy served as the Director of External Affairs at the National Oceanic & Atmospheric Administration (NOAA) as a political appointee.

Prior to his government service in Washington, D.C., Andy practiced law in Hawaii for over twenty years, and he founded and served as the managing partner of a successful law firm in Honolulu for fifteen years.

Andy has a successful track record managing and advising on political campaigns. In 2008, Andy served as the Hawaii State Director for the Obama for America presidential campaign. In 2006, Andy served as Senator Daniel Akaka's campaign manager. In 2012, Andy served as the senior adviser to Senator Mazie Hirono's successful U.S. Senate campaign. Most recently, in 2018, Andy served as the senior adviser to State Senator Josh Green's successful campaign for Hawaii Lieutenant Governor.

Andy graduated *summa cum laude* from UCLA (B.A. in political science and history), and from the University of California at Berkeley (J.D.)

## Nella McOsker

*Vice President, Southern California*



Nella brings years of experience crafting high-level strategy in communications, reputation management and coalition building for clients in a range of industries – from technology and tourism to healthcare and retail.

Nella specializes in strategic planning, corporate communications and stakeholder engagement, helping clients develop processes and communications tactics that proactively build reputation and effectively respond to public issues.

Nella graduated with honors from the University of Notre Dame with a degree in Political Science and an interdisciplinary minor in Politics, Philosophy and Economics.

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### **High Lantern Group | *Director***

Ran client accounts in strategic planning, corporate communications, narrative development and stakeholder management. Client roster included Nordstrom, MGM Resorts International and Intel.

### **Coro Fellowship in Public Affairs | *Fellow***

Graduate-level, experience-based fellowship training leaders through conceptual tools to analyze the structure and function of organizations. Placements included the Port of Long Beach and The Hub LA.

## Talar Alexanian

*Associate, Southern California*



With years of experience shaping higher education advocacy and policy, Talar is well-versed in crafting targeted, results-oriented strategies that advance issues and drive action. At Strategies 360, Talar uses her skills in stakeholder engagement, grassroots mobilization, government affairs, social media messaging and event management at the local, state and federal level to build meaningful outcomes for Strategies 360's clients.

Prior to consulting, Talar led the communications, advocacy and policy efforts of the University of California (UC) students. Her efforts resulted in state reinvestment of public dollars to both university systems and the first decrease in UC student tuition in nearly two decades. As a gubernatorial appointee on the California State University (CSU) Board of Trustees, Talar shaped policies for the largest four-year public university system in the U.S.

Talar earned her degree in Journalism, with an emphasis in Public Relations, and Political Science from California State University, Northridge. She is also a graduate of the Panetta Institute of Public Policy and the Coro Fellows Program in Public Affairs.

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### **University of California Student Association | *Government Relations Director***

Implemented the legislative priorities and advocacy strategies of the 275,000 UC students on issues including tuition, financial aid and basic needs security. Organized UCSA's largest statewide student lobby conference and established the first-ever "UC Hill Day" in Washington D.C.

### **"Innovate x Water" Conference - Coro Southern California | *Program Manager***

Convened stakeholders and shaped programming on water sustainability, resilience and messaging to shift public awareness and behaviors.



# Desert Healthcare District

## Proposal for Strategic Planning & Communications Services

From

**CliffordMoss.**

CliffordMoss LLC

5111 Telegraph Avenue No. 307

Oakland, CA 94609

**Bonnie Moss**, Principal

Office: 510-907-3195

Cell: 510-757-9023

[bonnie@cliffordmoss.com](mailto:bonnie@cliffordmoss.com)

[www.cliffordmoss.com](http://www.cliffordmoss.com)

**July 16, 2019**

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July 16, 2019

**Mr. D. Chris Christensen**  
*Interim CEO & Chief Financial Officer*  
Desert Healthcare District  
1140 N. Indian Canyon Drive  
Palm Springs, CA 92262

*Via Email: cchristensen@dhcd.org*

**RE: Proposal for Strategic Planning & Communications Services**

**Dear Chris and Jeff:**

**Thank you** for the time that you and your team have invested recently in reaching out to CliffordMoss and allowing us to explore with you how we can help Desert Healthcare District (DHD) determine election feasibility of a potential 2020 ballot measure authorizing the sale of the District's hospital to Tenet Healthcare. We appreciate being considered to join your team as a strategic advisor, resource and thought partner to help you achieve your strategic, public engagement and electoral goals.

**About CliffordMoss**

We'd like to start with a simple fact: CliffordMoss is NOT the typical communications strategy corporation. We are a boutique firm of political communications experts with a passion for building better communities. Based in Oakland, California, we specialize in local and regional ballot measure elections, political navigation and strategic communications. Because everyone has a unique story to tell, we've dedicated our firm to helping clients tell their stories in a way that attracts lasting support.

Our team members have deep and relevant experience, including decades of experience in all aspects of helping public agencies and their communities successfully prepare for and pass local revenue measures with widespread voter support. In particular, **our winning ballot measure track record, 95.6% overall**, is a source of pride for CliffordMoss, comprising dozens of wins throughout the state over the past eight years since we formed our firm. **In November of 2012, 2014, 2016 and 2018** (the big election cycles for California local public agencies), **CliffordMoss won 100% of our clients' tax elections**, securing billions of dollars in funding to improve schools, healthcare and transportation systems, city services and public facilities, technology, programs and services for communities across California. Whether passing local revenue measures or assisting clients in other ways to build public support, our work is helping transform California for the better in ways big and small.

**How We Work – Why We Believe We're the Right Fit for You**

**Our style** is focused on making every client a raving fan – *including you*. We strive to be alert to the uniqueness of each client and project. We make the effort to LISTEN in all directions. We work hard to stay in alignment with our clients and get things right the first time. These are important commitments we bring to the job in a different way than others. Many of our clients tell us they previously worked with others in the industry without leaving satisfied. In some cases, the firm was so large that some clients were assigned junior, less experienced staff that simply applied "cookie cutter" strategies from off the shelf. Elsewhere, the firms were driven by dominating personalities with long histories, so long in fact that the approaches



lacked sufficient consideration for the unique characteristics of the ballot measure and/or community in question. In contrast, **we stay focused on your uniqueness.**

**Our process** is engaging and stimulating. Because we believe “*people support what they help create,*” we **want** to partner with you in the strategic planning process. Collaboration and teamwork are built into our DNA. We work with you on communications strategies that we develop together, using local tactics that you (and we) have seen succeed in the Coachella Valley and elsewhere in the past, rather than applying a “one size fits all” approach. Together, we will establish (or strengthen) relationships of trust with your key stakeholders and voter groups. Working together, we will develop and implement a plan that has wide community support – and helps you achieve your desired win.

**Our team** is well qualified and positioned to guide you. If we get the opportunity to work with you, **Bonnie Moss**, one of California’s leading local election consultants, will serve as Chief Strategist for your project. Bonnie has guided hundreds of measures to success over the past 20+ years, **including healthcare measures and local Riverside County measures.** You may get to know other members of the CliffordMoss team but you will come to know Bonnie best. Joining Bonnie on our team will be research veterans **Ruth Bernstein** and **Jessica Polsky-Sanchez** of **EMC Research**. EMC is a leading research firm with global, national and local experience, and extensive experience conducting research for local healthcare projects. With participation from you and CliffordMoss, we propose to have EMC lead the research components on this project.

Our CliffordMoss team is eager to assist Desert Healthcare District as you navigate the way forward to election success. **Our goal is to be your experienced and neutral political thought partner – here to advise and guide you, deliver value and results always and make the process you are about to undertake smart, energizing, manageable, efficient, (*maybe even fun!*) and ultimately successful.**

We think that you will find our qualifications, our attention to client service and our genuine interest in YOU and your healthcare district to be exceptional. It all starts with **your** story. Our job is to bring that story to life. We hope you share our enthusiasm to ... ***Let us tell your story.***

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Bonnie J. Moss". The signature is fluid and cursive, with the first name "Bonnie" being larger and more prominent than the last name "Moss".

Bonnie J. Moss  
Principal, **CliffordMoss LLC**  
510-757-9023 | [bonnie@cliffordmoss.com](mailto:bonnie@cliffordmoss.com)

## 1. Team Introduction & Qualifications

About CliffordMoss  
www.cliffordmoss.com

**CliffordMoss.**

CliffordMoss is a leading-edge California-based firm, specializing in the strategic communications, political and election planning services that Desert Healthcare District needs. We are based in Oakland, California and led by principals Tom Clifford, Bonnie Moss and Amanda Clifford. To stay nimble and responsive to clients, we have 7 employees as well as a network of highly qualified associates throughout the state who join us on projects when needed. Collectively, we bring decades of experience guiding a wide array of public agencies and projects to achieve their desired end goals.

**Our team is driven by three core principles:**

**YOUR community is unique ♦ Listening is a lost art ♦ People support what they help create**

We use these principles to help you tell your story in an honest and compelling way. We use them to help you engage, listen and build relationships – one conversation at a time. Most importantly, we use them to help you see opportunities through *a win-win* lens, so **you** inspire *others to rise* and champion your cause from the outside in.

### How we can help you:

1. **Feasibility.** We will focus you on two proven tracks: **1. Public Opinion Polling** to get an accurate read on your electorate's readiness to support your desired measure. **2. Strategic Communications Work** (on a parallel track) to inform future work, educate and engage your community on **its** terms and build the evidence that we are LISTENING and truly interested in what your community thinks. As we move down these two tracks, we will maintain our allegiance to the revealing data, letting the evidence tell us where we need to go next.
2. **A Creative Communications and Messaging "Edge."** We challenge the conventional wisdom that most public affairs firms offer. We respect DHD's and your community's UNIQUENESS! We work hard to combine old-school direct mail, flyers and grassroots communications with new-school online targeting and advertising, social media strategy and fast technology to achieve maximum impact.
3. **Approach to Public Engagement - "FACILITATE, TRAIN & COACH."** Our CliffordMoss team invests heavily in tools and client training to maximize **your** impact in **your** community. Our clients tell us we set them up for success because we invest in **THEM**. CliffordMoss training, tools and systems turn ordinary people into *extraordinary* spokespeople and ambassadors for your specific election cause.
4. **Outstanding Work Products.** We work with peak-performing industry vendors to deliver winning results. Our network includes creative graphic designers, leading print production and data services providers, cutting-edge online advertising and communications firms and media practitioners.
5. **Superior Strategy.** Above all, we are strategists. We focus on building the right strategy for the right ballot package to win in the right election. We are successful because we invest in building strategies that deliver results, whether in easy or complex political environments.

**Relevant Experience.** Over our careers, CliffordMoss team members have guided **hundreds of successful local election projects** in large, small, coastal, urban, rural, mountain, liberal and conservative communities under some of the most challenging conditions. **Our California experience includes frontline projects in every area of the state – including Riverside County.**

**TIME is our most valuable collective resource in this process** – and you will see us use it wisely. We will advocate for regular contact with you. We use the full spectrum of communications channels, including conference calls, email, phone appointments, etc.

#### About Our Pollster:

#### EMC Research

[www.EMCresearch.com](http://www.EMCresearch.com)



**Voter Research.** A premier California political polling firm, EMC Research has conducted opinion research with voters on almost every policy and political issue facing California over the last two decades. Our work has been used to design statewide voter initiatives, local measures and policy efforts, and has helped multiple candidates reach office. We are especially skilled at developing overall message themes and designing a strategic roadmap that is realistic given the budget and resources available.

**Healthcare Research.** EMC Research has three decades of experience with research in the arena of healthcare, wellness and public health, including research on behalf of public health programs and campaigns, medical associations and public and private hospitals and healthcare systems. This includes our long-term ongoing relationship with the Santa Clara Valley Health and Hospital System (CA) and recent work with Mendocino Coast Healthcare District, Tulare Local Healthcare District and the North Sonoma Healthcare District. In addition, EMC Research has worked with a number of private healthcare systems as they face challenging issues including patient, physician and employee experience and satisfaction, brand awareness and perception, understanding consumer choice process and environment and hospital affiliation. While the specific work we have conducted for these clients is proprietary, our clients have included Sutter Health (CA), Adventist Health (CA), Boston Children's Hospital, Carondelet Health Network (AZ), MetroHealth (OH), Saint Joseph Health System (TX), Adventist Health (CA), Caresource (OH) and Healthnet, as well as many others seeking to understand community awareness and opinions.

EMC's work in this area has been diverse, both in terms of the clients we have served and the strategic challenges our research was designed to address. A sampling of research the firm has conducted in the arena of public health includes:

- Community and voter surveys in support of local public health care programs and ballot measures
- Intercept surveys, telephone surveys and focus groups with Medicaid recipients and Medicare Advantage members about access to health care
- Member satisfaction surveys for members in Medicaid plans, State Children's Health Insurance Plans (SCHIP) and dual eligible plans
- Phone and web surveys of doctors and healthcare providers on issues regarding patient care, appointment availability, prescription drugs and other pertinent issues
- In-depth interviews among public school parents to improve vaccination rates
- Qualitative focus groups testing public health campaigns around smoking cessation (including for pregnant women), marijuana use prevention and suicide prevention.

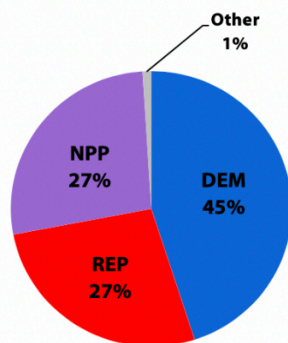
## 2. Your Story

**Your voters are unique, and your story is unique.** Our job at CliffordMoss is to help you to fully maximize the impact of telling your story of NEED. The fact is, your Desert Healthcare District voting community is a unique political terrain that varies community by community and neighborhood by neighborhood. Understanding the uniqueness of this voting universe will accelerate your path to victory. Accordingly, here are some preliminary essentials that define your UNIQUE Desert Healthcare District electorate:

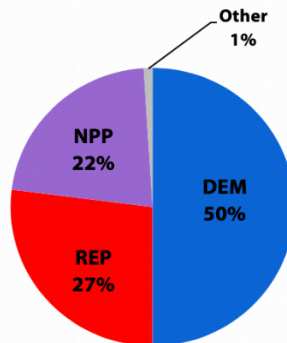
**Desert Healthcare District Voter Profile**

Descriptor	Voters - #	Voters - %
ALL Voters	99,511 Voters / 62,088 Households By Mail: 77% By Poll: 23%	100%
LIKELY Voters March 2020 Election	61,368 Voters / 41,997 Households By Mail: 83% By Poll: 17%	61.7%
LIKELY Voters November 2020 Election	79,238 Voters / 51,994 Households By Mail: 79% By Poll: 21%	79.6%

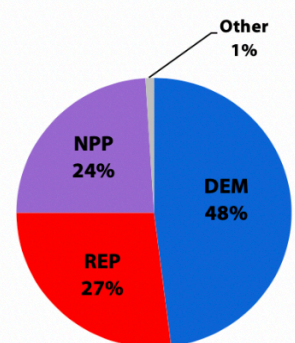
**By  
Political  
Party:**



ALL Voters

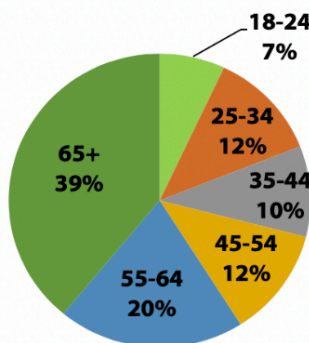


Likely March 2020

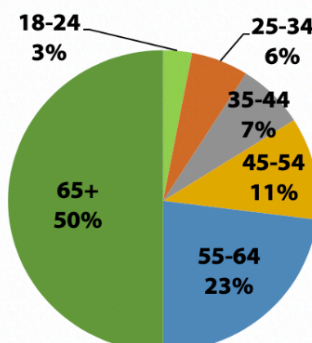


Likely Nov. 2020

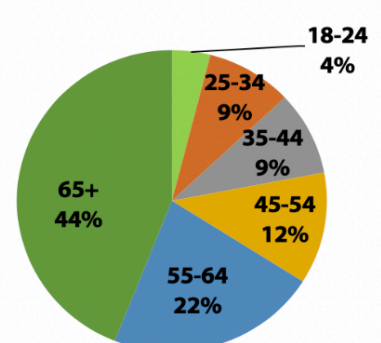
**By  
Age:**



ALL Voters

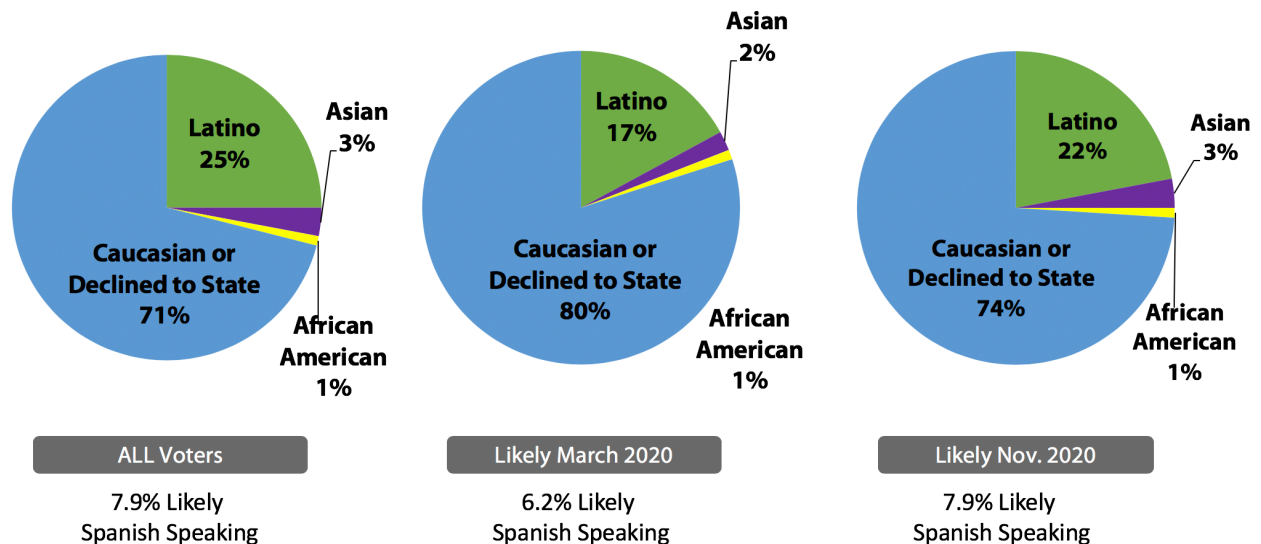


Likely March 2020



Likely Nov. 2020

## By Ethnicity:



### Additional Key Elements of Your Story *(mostly from the District's website)*

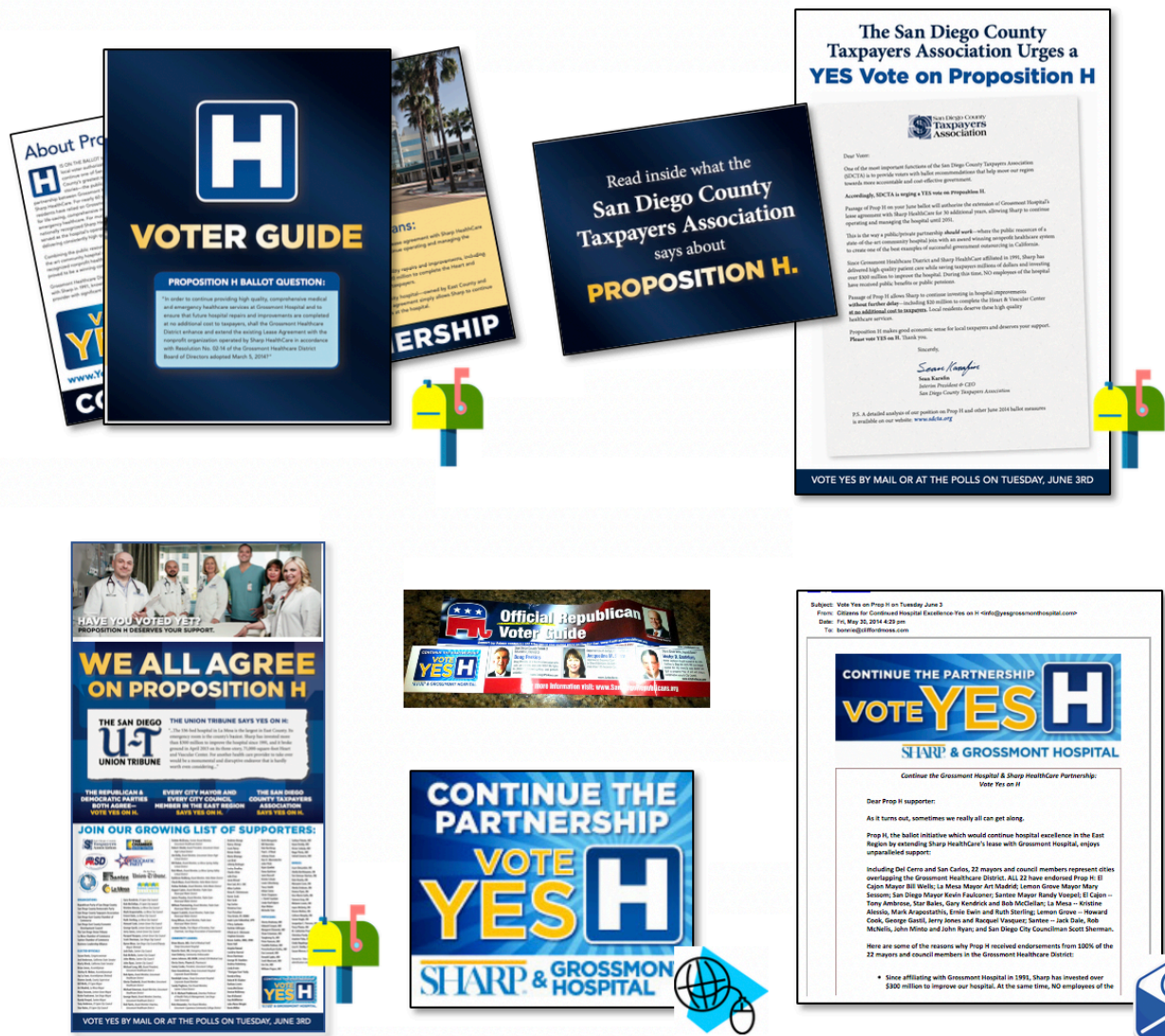
- Desert Healthcare District provides essential health services in the Coachella Valley. The District's 387-bed acute-care hospital provides local residents with high quality, advanced healthcare services. Additionally, nearly \$4M/year in community grants approved by the District Board are also improving the health of residents, focusing on healthcare access, workforce issues, health disparities and other related issues.
- Desert Healthcare District was created in 1948 to serve residents within a 457-square-mile area of the Coachella Valley. The District included communities in the western end of the valley, with Cook Street as a cutoff. It now includes Palm Springs, Desert Hot Springs, Cathedral City, Thousand Palms, Rancho Mirage, Mountain Center, San Geronio, Palm Desert, Indian Wells, La Quinta, Indio, Coachella and other unincorporated communities (see District boundaries).
- Once established, the Board then built and operated Desert Hospital, now known as Desert Regional Medical Center (DRMC). The new District Hospital was a single building with 33 beds located on 7.85 acres of land on the hotel grounds. Years later, in 1972, Desert Hospital took the once-glamorous El Mirador Hotel site in Palm Springs, which had years before been converted into the 1,600-bed Torney General Hospital for wounded soldiers during World War II, and transformed it into a modern hospital. Several strategic expansions to the hospital were completed in the years that followed.
- In 1986, the District Board leased hospital operations to an established medical facility provider, and for the next decade, District revenues ran the hospital. In 1997, the Board voted to lease the hospital to Tenet Systems for 30 years. Today, Tenet runs the hospital while the District retains ownership of the lease as well as other assets, including Las Palmas Medical Plaza.
- 2018 - This past November 6, 2018, Coachella Valley voters overwhelmingly approved (with 80%+ voter support) extending the District's boundaries east of Cook Street. More than doubling the coverage area, the expansion enlarged the District to include La Quinta, Indio, Coachella, the rest of Palm Desert and Indian Wells, Bermuda Dunes, Thermal, Mecca, North Shore and other unincorporated communities.
- 2019 – Today, the District is financially solid with a \$7-8M annual operating budget and a \$56M reserve. District leaders are considering their strategic options. The District's current lease with Tenet Healthcare expires in 2027. Tenet is interested in continuing the relationship. There are seismic issues with the hospital and a state-mandated deadline to fix them by 2030. Tenet has provided a proposal to purchase the hospital. If a sale is determined to be financially feasible, it will require a vote of the people. The District is now seeking expert advice to help its leaders determine electoral feasibility and prepare for such an election in 2020 should that option emerge as the best course of action.



### 3. Case Study: Grossmont Healthcare District 2014 Election Project

In 2006 Bonnie Moss worked with Grossmont Healthcare District to secure a critically needed bond, Proposition G, earning a **fantastic 78% victory**. Eight years later, Bonnie, Clifford Moss, Sharp-Grossmont Hospital and Grossmont Healthcare District joined forces again to build community support and ultimately win a June 2014 San Diego County ballot measure securing voter authorization required for a lease extension between the District and Sharp Healthcare. Proposition H provided an opportunity to continue the premier model of public/private partnership between the public resources of Grossmont Hospital and the nationally recognized nonprofit health care provider, Sharp Healthcare.

The Clifford Moss recommended strategy was strategic and data-driven. Working together with the project leadership team, we stayed aligned and focused, practicing message discipline every step of the way. The Sharp-Grossmont team invested heavily in our recommended strategy, including micro-targeting mail and phone contact, internet advertising, and soliciting hundreds of high-profile endorsements in favor of the measure. By shining the spotlight on the simple benefits of voting yes, a “sea of endorsements” and high-profile key endorsements of The San Diego County Taxpayers Association and Republican Yes on H endorsements Proposition G crossed the finish line with **spectacular results: 86.7 % YES on Election Day**.



## 4. Scope of Services

### Phase 1: FEASIBILITY & EARLY LISTENING WORK

Timeline: ASAP

**Step One: We listen to you.** Our process starts by listening to you. At CliffordMoss, we believe LISTENING is a lost art. Many firms will come in and tell you exactly what you should do, without getting to know who you are, what makes your district unique and what you actually think about the endeavor ahead. We won't do that. We believe that "fit" matters -- we will sit with District leaders until we understand your situation and specific needs.

With that said and given the uniqueness of the District, **TIME IS OF THE ESSENCE.** We are prepared to move immediately to assist you. We will enroll proven methods to help us navigate. In addition to polling during the Feasibility Phase, we often conduct a round of meetings with Board members – individually and/or collectively. We encourage rigorous engagement with local opinion leaders, elected leaders and institutional leaders to get their sense of the community, you and your goals. We welcome lively debate on the issues! We conduct a battery of political diagnostics to uncover the essentials that drive electoral success. These tests (a review of what is winning in your district, voter trends, etc.) will tell us whether and where there is receptivity to your desired measure.

That said, we are big believers in a customized FEASIBILITY process. We are data-driven. We let the evidence tell us where we need to go. In your case, we would advocate for a FAST TRACK Feasibility effort, with polling provided by our research partner, EMC Research, as the anchor for that effort, which will be augmented by CliffordMoss diagnostics to generate the evidence needed to confirm the very best election scenario for you.

We will proceed along two deliberate tracks using proven tools to navigate the way forward:

#### PHASE 1: (1A & 1B are on Parallel Tracks)

- **Public Opinion Polling** (see Phase 1A) to get an accurate read on your electorate's readiness to support the measures you need voters to approve.
- **Early Listening and Strategic Communications Work** (see Phase 1B)

#### PHASE 2:

- **Public Education and Ballot Measure Preparation**



Here, in greater detail, is what you can expect from our team as we help you prepare for success:



## **PHASE 1A: Public Opinion Polling**

**Timeline:** ASAP – This step usually takes 6-8 weeks

The scope of polling services that we propose to perform for the District includes all tasks associated with identifying whether the measure you envision for the District is electorally feasible and—if yes—how best to package it for success. The main component of the feasibility assessment is a statistically reliable survey of your voters.

**Research Purpose.** The goal of this research will be to understand attitudes and opinions of likely 2020 voters in the Desert Healthcare District related to a potential measure to allow the sale of the hospital.

**Methodology.** To provide a robust, representative sample, we recommend a mixed-mode survey of likely 2020 voters that combines live telephone interviews with voter email-to-web interviews.

**Sample Size.** We recommend a sample size of 400 to 600 interviews. An overall sample of 400 would allow us to assess the overall feasibility of a measure and determine voters' desired outcomes for a potential measure. A larger, 600-interview sample would allow for greater confidence in results overall, and in analysis by demographic subgroups of interest such as likely March 2020 vs. Likely November 2020 voters, Latino voters versus other ethnicities and other important distinctions within the District.

We estimate a survey of approximately 15 minutes in length. A survey of 15 minutes will provide time to cover the necessary topics with a reasonable amount of depth, while not over-burdening the respondents with an excessively long questionnaire. Here, we recommend providing interviews in English and Spanish.

**Content.** The survey would likely cover topics such as:

- Awareness and ratings of the District and hospital
- The level of support for a potential measure
- The themes and messages about a potential measure that could help reach a successful outcome
- Vulnerabilities
- Demographics

**Briefly, the polling survey scope includes:**

- Meet with the District to discuss the details of the potential measure, as well as confirm the research objectives and methodology for the study. We will also discuss potential challenges, concerns and issues that may surround the measure and/or proposed survey.
- Design a survey questionnaire in consultation with the client and consultant team.
- Pre-test the survey instrument to ensure its integrity.
- Professionally translate the final questionnaire into Spanish to allow for interviewing in English and Spanish according to the respondent's preference.
- Program the survey using professional survey software.
- Collect survey data from a random selection of voters by phone and email to web using accepted standards. This means we will collect 400, 500 or 600 quality telephone and invitation-only web interviews (per the polling budget) according to the sampling plan and a strict interviewing protocol. Interviewers will be professional, high quality interviewers. It is expected that the average **phone** interview will last 15 minutes. **Web** interviews will be conducted at the respondent's pace.

- Monitor data collection daily to ensure the process is going according to plan, and adjust strategies as-needed to ensure a representative sample of the target universe.
- Tabulate, code, clean and weight the survey data.
- Code open-ended responses for analysis.
- Perform in-depth analysis of the data.
- Prepare an initial topline report which presents the overall findings of the survey.
- Produce cross-tabulations of responses based on key demographic information.
- Prepare a report of results with analysis, visual depictions and recommendations.
- Present results and analysis.
- Be available for consultation on findings and strategy.
- Prepare a PowerPoint presentation of the results and present the results to the District.
- Be available to assist and provide advice to the District after the survey is complete.

### **PHASE 1B: Early Listening and Strategic Communications Work**

**Timeline:** On a parallel track with polling – 8 week window

**Political Analysis.** One of our most important responsibilities in the Feasibility process is to analyze and anticipate the political terrain ahead in order to help you navigate the future successfully. CliffordMoss views this work as both art and science. No two communities are the same.

SWOT ANALYSIS: <small>Strengths, Weaknesses, Opportunities &amp; Threats</small>	
STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS

Once we get a basic lay of the land, we will work with you to conduct a series of political diagnostic exercises to map your political profile and employ tools such as “network-mapping” to develop a communications strategy that will help us obtain community input on Desert Healthcare District needs and challenges, your proposed solution and related issues. Our battery of political and communications diagnostics will help determine essential strategies that will later drive electoral success.

**Listening Strategy.** We deliberately make time to listen and learn from those most likely to influence the outcome of your measures. By employing our proven diagnostic tools, including opinion leader interviews, stakeholder meetings and online and direct mail surveys, we are better able to listen to and understand your opinion leaders, community stakeholders and, most importantly, **your voters** (the ultimate decision makers in this process). We will be especially interested to see how deep the “voter memory” and opinions go about recent political, financial and election events, and recent high visibility Riverside County and/or statewide revenue measures.

***“People support what they help create.”***

**People Support What They Help Create.** We must build a community conversation infrastructure, including face-to-face meetings, where your ballot measure emerges out of intentional community engagement and LISTENING along with your expertise as District leaders. In this way, we expect your potential ballot measure will be supported by the Coachella Valley community because community members and voters see your plan and proposal in alignment with *their values and preferences*.

As we move down these two tracks – polling and strategic communications / listening work – we maintain our allegiance to the revealing data, letting the evidence tell us where we need to go next. This is why we resist making judgments on what will or will not work until we have concluded our entire Feasibility work.

**Preliminary CliffordMoss Thinking:** Here is some of our early thinking for your strategy and planning:

- **What is the Story YOU Need to Tell?** CliffordMoss strives to be an innovator in public communications. We are achieving great success helping our clients tell their stories in creative, memorable ways. We look forward to sharing examples of what's working across the state – and CliffordMoss tools that are bringing out the best in our clients. More importantly, we want to know what YOU believe is (in your own words) your “Desert Healthcare District Story.” And, in short form, *what is your elevator speech?*
- **Deliberate, Ongoing Attention to Skeptical Voters and Those Who Represent Them (i.e. age 50+ voters, Republicans, Taxpayers Associations, etc.)** Customizing and starting this particular stakeholder engagement process EARLY will go a long way to protecting your strategic interests. We can discuss that strategy further if we get the opportunity to work with you.
- **Lessons Learned.** Our CliffordMoss team has significant experience creating political success in **Southern California communities matching the profile of your electorate**. We know that CliffordMoss' expertise comes in part from our willingness to be *students*. We have learned what it takes to win. Now, we can give you the attention and competitive edge you deserve.
- **Fast-Tracking a Working Community Engagement Strategy.** In most of our projects, success comes not from one communication effort with one constituency; rather, it comes from effectively organizing a number of micro-constituencies into one integrated effort that achieves the political success desired. We will want to understand what community organizing **assets** and **infrastructure** are in place to work with TODAY. This will help us quickly adjust messaging for greater impact. Community listening and engagement will be our primary tool here. Remember: *people support what they help create*.
- **Allegiance to Data & Data-Driven Outcomes.** All public and voter communications at their very core are part art, part science. To be truly effective over time, we must maintain our allegiance to the revealing data. That means resisting random anecdotes in favor of letting verifiable evidence tell us where we need to go next. Being data-driven helps us fully understand what it will take to achieve a first political win, and the next, and the next, and so on and so on. Expect us to engage you early to build agreement and consensus on this important foundational commitment.

**Our early Phase 1 Feasibility work together provides the CLARITY needed to navigate the way forward.** As we move through early listening, assessment and polling, we will always refer back to the revealing data, letting the evidence tell us where we need to go next. This is why we resist making judgments on what will or won't work until we have concluded all aspects of the early Feasibility work.

There are 3 possible outcomes of the Feasibility phase:

- ◆ **BEST: PROCEED TO BALLOT.** Feasibility is present. Continue to get *election-ready*.
- ◆ **PROCEED WITH CAUTION.** Some, but not all, signs of Feasibility are present. In this case, we may move forward; however, we may face some tough decisions in order to stay in alignment with what we know your Coachella Valley voters will support.
- ◆ **STOP - REGROUP.** If significant risks emerge out of the Feasibility process, we will tell you so – even if it means telling you that your vision to go to the ballot is overly ambitious and more time is needed to prepare your community for electoral success.

Our job will be to get you “election ready” for your chosen election informed by Feasibility research completed. Accordingly, there will be at least two large scheduled elections in 2020 that offer a reasonable chance of success – March and November. But since each of these elections draws a very different set of voters, we also hope you appreciate letting the data tell us where we need to go – i.e. go with the election date that gives you the best opportunity to do it once, do it right and get the job done in one fell swoop.

## **Phase 2: Public Education & Ballot Measure Preparation**

### **Timeline: Immediately Following Feasibility Results**

Pursuing a local ballot measure in the current political environment can be risky. Past and current projects we’re guiding up and down the state provide ample evidence of built-in opposition, whether from individuals or organized opposition interests that may seek to keep you from achieving your goal. To be successful, you will need “all hands on deck” **AND** an experienced tax election team.

**Our goal in Phase 2 will be to coordinate public engagement and information work and get you “election ready.” Accordingly, you can expect the following:**

**1. STRATEGIC CONSENSUS AS WE BEGIN PHASE 2 – i.e. Team agreement about where we stand, what package and schedule we’re aligning with and which election we’re targeting.** There is a particular science to the work we do. Armed with Phase 1 results and data, the CliffordMoss Team helps you plan for a customized and deliberate Phase 2 communications and public engagement effort that helps you communicate and build the momentum necessary to move down the electoral runway with confidence.

**2. EFFECTIVE COMMUNICATIONS & STAKEHOLDER ENGAGEMENT. We employ a messaging strategy to ENGAGE voters and other stakeholders in compelling, memorable ways.** We take the time to listen and learn from those most likely to influence the outcome of your election.

**3. COMMUNICATION and PRESENTATIONS to your elected Board, highlighting the findings and next step recommendations based on Phase 1.** We will work with you to build information to help your Board stay informed to ultimately help make the final decision to place a measure on the ballot if feasible.

**PROVEN STRATEGIES** we will use (especially with voters!) to engage and listen include:

**Effective use of TIME.** Effective use of the time to meaningfully communicate with your various constituencies – from the business community to the education community to senior citizens to voters – will be valuable in enabling you to both calibrate your communications and create streamlined methods of sharing information that are the highest and best use of your precious resources.

**Deliberate Messaging.** After we conduct our diagnostics, including scanning/searches on your past (2018) efforts, we will develop a core messaging platform for your public engagement effort. Messaging is key. Your story of need must be told, and ample opportunity for community feedback must be given before important decisions are made.

**NOTE: Creative, Compelling Branding is a CliffordMoss Specialty**

Unlike “volume shops” in our industry, CliffordMoss takes great care in building a look and brand that FITS the uniqueness of your story, YOUR volunteers, and YOUR community of voters. Here you will find an example of a brand/logo visual we created for a recent City of Colton local ballot measure.

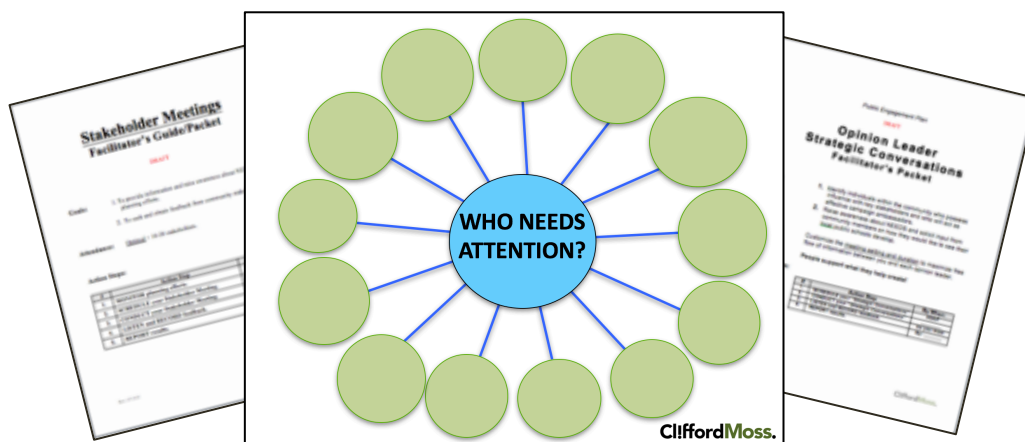


City of Colton – 2016  
Information-ONLY

**Public Education.** We will work with you to build an effective strategy and message. Our shared goal in this effort will be to create alignment in the larger community around the need for and the benefits of your proposed ballot measure. Armed with proper data, we will employ a refined version of our early messaging to engage stakeholders, voters and the public. CliffordMoss has many **proven tools** in our communications “tool kit” to take your story where it needs to go, including strategies to control costs while communicating effectively in a robust public engagement plan.

**The public engagement approach could benefit from the following proven CliffordMoss tools/strategies:**

- **Stakeholder Interviews and Opinion Leader Work.** We enroll this methodology often in CliffordMoss projects to engage community opinion leaders and stakeholders, LISTEN and learn. We will collaborate with you to identify key stakeholders (beyond civic leaders) who may be a good fit for a 1-on-1 conversation. In the robust approach we take, CliffordMoss develops specific tools (training packets, talking points, feedback sheets, etc.) to ensure message discipline and efficiency in capturing comments and finding common themes. We want to learn how opinion leaders and stakeholders perceive you. Again, our CliffordMoss team invests heavily in tools and training as needed to maximize impact. We believe you will like the way we work here to ensure an open, authentic LISTENING process.



- **Public Education.** Our shared goal with this effort will be to create alignment in the Coachella Valley community around the need for and benefits of additional revenue. Our goal will be to bring a greater understanding to the community of the District’s needs, what will happen if those needs aren’t addressed and the benefits of your proposed solution.



- **Direct Mail.** Whether you like direct mail or not, this vehicle is still the most effective way to communicate with all decision makers – at all levels. We have created a number of successful mail programs with a creative, customized focus. These programs build interest and awareness of your service NEEDS and encourage community input to continue constant listening.



Informational 2-way Reply Mailer

- **Website & Online Media.** The “new normal” is that online media is as important as paper media. We may offer suggestions to your online architecture to optimize listening and community engagement. Allegiance to message discipline is key here as online communications happen more frequently. We invest in tools and training here to ensure strategic implementation and consistency of message.
- **Public Meetings and/or Hearings.** Group meetings with selected key stakeholders and community groups can work to engage, educate and seek input that can be reflected in a potential ballot measure. The dollar cost of this tool is minimal. Our CliffordMoss team invests heavily in tools and client training here to maximize impact.
- **Media Relations.** People are talking about Desert Healthcare District and local issues – *whether or not YOU are part of the conversation.* Coordination of all efforts and consistency of message across all media will be critical. Individual voices are only powerful if spoken with a consistent collective voice.
- **“Message discipline.”**

We will work with you to invest in identifying the messages that will resonate best with your voters and community. When you commit to message discipline, you reduce the likelihood of messaging problems when it matters most.



3. **TRACK AS WE GO.** Our proven tracking system and tools will help you track strategic highlights of the input obtained and which areas of the District are getting attention. Beyond research already completed, the live stakeholder feedback gathered in our proposed process will be critical to building and validating the final “packaging” for your measure.



#### **4. Work With You to Effectively Package Your Ballot Measure** – including the following essentials:

- Collaborate with you and other District consultants on final ballot package components.
- Finalize core messaging (we know the words and format that work best with voters!).
- Serve as “political quality assurance” on ballot language, including the 75-word Ballot Question.
- Work with you and the District’s legal counsel to ensure that the ballot measure package that is filed reflects the “sweet spot,” or “intersection of interests” between what you know you need to do and what we’ve learned that your unique electorate is willing to support.
- Provide guidance on media efforts to help position the District effectively.
- Provide ongoing strategic counsel to help you navigate the political terrain.

### **PHASE 3: Campaign Window**

#### **Timeline: 88-Day Campaign Window, Approximately 3 Months**

During the actual 88-day campaign window, state law requires a complete separation between the public agency (in this case, Desert Healthcare District) and an advocacy campaign established for the purpose of passing a local measure. Please note, CliffordMoss offers full service campaign capabilities, including:

- CAMPAIGN STRATEGY – including Campaign Plan, targeting and messaging creating the blueprint for guiding your campaign to victory – informed by your research results and public engagement process.
- Campaign Organizational Development capabilities (Every community is unique!)
- FUNDRAISING & BUDGET Planning/Management Tools/Systems.
- A full spectrum of Mail/Print services, e.g. concept development, copywriting, design and full production and delivery coordination
- Community Coalition Building/Endorsement Strategy/Systems
- Scripts and messaging for phone-banking and other VOTER CONTACT efforts
- ONLINE - Effective and proven online social media and digital marketing strategies and messaging
- Grassroots FIELD strategies for intensive voter mobilization services
- VOLUNTEER recruitment, training, management and recognition services
- VOTER DATA and tracking systems/capabilities including Get Out the Vote services
- MEDIA RELATIONS – including crisis management, if needed

CliffordMoss will be happy to discuss this critically important 88-day window with you in greater detail as we approach the filing date.

## 5. Project Team

Here are key members of our team you will likely be working with if you choose CliffordMoss to guide you:

### **Bonnie Moss, Founding Principal, CliffordMoss. Chief Strategist.**

Bonnie is a 35-year veteran of successful local public, political and marketing initiatives that have created impact and winning results across hundreds of communities in California and the nation. A native of San Jose, California and graduate of Wellesley College, Bonnie's communications consulting career has been enriched by serving 17 years in corporate community relations, 8 years as a local elected official and 13 years rising in the political consulting field. In 2012, Bonnie formed CliffordMoss with partner Tom Clifford where they now lead the firm's team of exceptional consultants. Over the past 20 years, Bonnie has guided hundreds of public sector projects to success that have delivered billions of dollars in improved facilities, programs and services to communities across the state. Bonnie's winning formula is driven by a lifelong passion for building better communities. Clients describe her as smart, pragmatic and relentlessly focused on the story needed to WIN with integrity. Today, Bonnie is recognized as one of California's leading political and election consultants focused at the local level. A proud resident of Hayward, California, she describes herself as a "free spirit" whose lifelong success story is enriched by finding win-win solutions for both clients and communities. Bonnie will serve as chief strategist for your project.

### **Amanda Clifford, Principal, CliffordMoss. Strategic Advisor & Thought Partner.**

Amanda specializes in grassroots campaigns, combining her two career passions – the law and grassroots organizing – to improve education, healthcare and other quality of life services for CliffordMoss clients and their communities. Amanda was born and raised in northern California. A graduate of Cal Poly San Luis Obispo with degrees in Political Science and Psychology, Amanda always found happiness and fulfillment, whether traveling the world, tending to livestock on her family's farm (in Chico) or living and thriving in urban Oakland. Her interest in politics blossomed when she went to work for a Member of Parliament from the Labour Party in Britain. From the halls of Parliament to the small neighborhoods outside of London, Amanda developed a natural talent for collaborating with local citizens. Her career was further enriched by work with The Fund for Public Interest Research, a leading non-profit enterprise dedicated to campaigning for environmental and political issues. Amanda later attended John F. Kennedy University School of Law, earning her law degree in 2009. Amanda joined CliffordMoss in 2013, rising quickly in leadership. Now as a partner at the firm, Amanda is thriving as she continues leading teams navigating the ever-changing election cycle, with its many challenging environments and drastically different communities of conservative, liberal, rural, urban, bilingual voters and highly passionate citizens up and down the State. Today, Amanda resides in Oakland, California, happily calling the city her laboratory for helping people improve their communities.

### **Laura Crotty, Vice President, CliffordMoss.**

Laura is a rising star specializing in guiding local government, transportation, education and environmental public communications campaigns. In 2016, she maintained a 100% campaign win rate, driving key public education ballot initiatives to success throughout California. A native of the San Francisco Bay Area, Laura attended UC Santa Cruz, receiving her B.A. in Environmental Studies. Following graduation from UCSC, she became a Senior AmeriCorps team leader 'filling the gap' in inner-city public schools and working to improve neighborhoods in Harlem, NYC. Later, she worked with Spectrum Community Services in Hayward, California, improving energy efficiency for low-income homes and vulnerable populations in Alameda County. Laura thrives as a volunteer trainer and campaign manager. She understands public sector organizations well. Every day, Laura brings creative, innovative, technical and problem-solving expertise to work to support CliffordMoss and our clients. Laura's personal passions are public education and the environment. Her favorite pastimes are playing violin and exploring the great outdoors.

**CliffordMoss SUPPORT TEAM.** Our firm employs a team of professionals including senior level project advisors and associates who possess important community organizing, campaign, messaging, media, online and social media expertise, and extensive print production/direct mail capabilities. CliffordMoss takes pride in employing a team approach where every project has a CliffordMoss principal and associate assigned.

## From EMC Research

### **President & CEO Ruth Bernstein**

Ruth is recognized as one of the top pollsters in the field for her ability to keep the research focused on her clients' goals. She takes the time to understand the overall objectives and provide hands-on practical advice in addition to quality research. Her clients trust her judgment and know her research findings are reliable and will provide a strategic roadmap for success.

With almost three decades in the political arena, Ruth understands the strategic challenges of partisan battles, top two primaries, instant run-off voting, supermajority vote thresholds and more. She is especially proud of her work helping to elect women and people of color to elected office and securing voter approval for education, transportation, minimum wage increases and environmental protection.

Ruth also leads social marketing, policy and brand awareness studies with government agencies, nonprofits and Fortune 500 companies. She has provided research-based, actionable guidance in a wide variety of topic areas including water conservation, travel and tourism, access to health care for the underserved, housing, energy, parks and open space and employee rights.

Ruth expanded her responsibilities and reach at EMC in 2018 when she took over as President and CEO. Ruth came to EMC with hands-on campaign and nonprofit experience, and a BA degree in Economics from Smith College. She lives in San Francisco where she hikes, practices yoga, plans travel adventures for friends and family, passionately roots for the Giants and seeks out midcentury chairs as she studies to become an upholstering pollster.

### **Senior Vice President Jessica Polsky-Sanchez**

Jessica brings her high standards for accuracy and attention to detail to every project she manages for EMC clients. From her study of social psychology, Jessica uses her knowledge of psychological influences on decision-making to provide an understanding of underlying motivations. Her expertise informs her research design and allows her analysis to look beyond the obvious to uncover unique recommendations and strategies.

Jessica truly enjoys finding solutions to client problems and helping them succeed in implementing improvements that impact everyday lives. Her clients include many public agencies, and her research has resulted in billions of dollars in revenue for local schools, parks and open space districts, successful campaigns to expand water conservation and improved access to health care for the underserved.

Prior to joining EMC Research in 2007, Jessica pursued contemporary jazz dance and was a law clerk at a disability rights law firm. Jessica still loves jazz music and dance and, along with her husband, enjoys cooking, hiking and window shopping along the Bay Area's many commercial corridors. Her spare time is consumed with her young family.

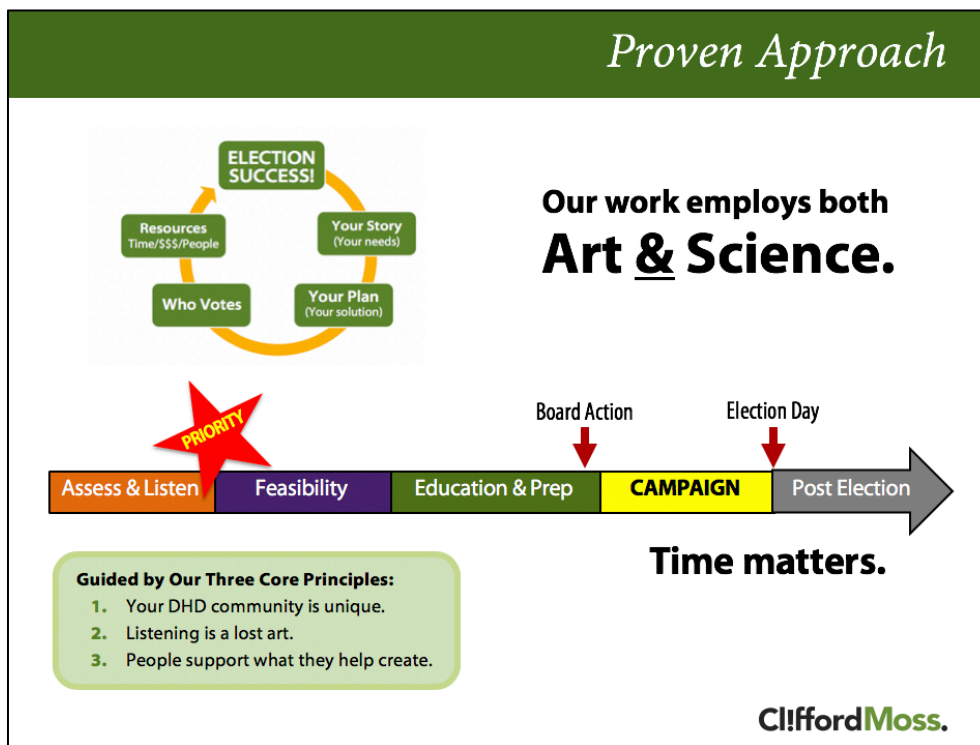
Jessica has a BA in Psychology from the University of Michigan and an MA in Social Psychology from San Francisco State University.

## 6. Management Plan and Timeline

**Our goal is to make this process manageable and successful for you and your team.** We understand your primary focus is on the everyday operations and management of your healthcare district. That said, you are considering placing a ballot measure on your local ballot where there will be tens of thousands of decision makers – ***and that is a significant undertaking***. We are here to facilitate, train and coach you SO THAT YOU CAN WIN. Our clients tell us that our approach and tools made the difference for them between winning and losing.

**Estimated number of meetings, conference calls and other work:** We align to the needs of our clients first and foremost. We view **TIME** as your most valuable resource – you will see us use it wisely. As a general rule, during the pre-electoral planning window, we advocate for Core Team meetings at least once a month (some clients require meeting more often at certain times of the project, and we allow for that). We are big believers in using the full spectrum of communications channels to accelerate progress outside of Core Team meetings – including conference calls (typically scheduled once a month as a supplement to meetings), email, phone appointments, etc. We strive to be 100% accessible to you.

Our proven approach to preparing for a successful ballot measure is captured in the visual below. We would be happy to walk you through this planning model if we are granted the privilege of an interview.



**Our Commitment to You:** CliffordMoss will work with you to make prudent and smart decisions that position you effectively for future success. YOU will always be in the driver's seat about all budget-related decisions. Our management plan focuses on YOU and YOUR needs. Our choice of assigned team members and sub-consultants is deliberate – we choose peak-performing partners to ensure the very best results.

## TIMELINE – March 2020 Election Scenario

Assumption	For a March 3, 2020 election, <b>the state filing deadline is Friday, December 6, 2019.</b>
<b>ASAP!</b>	<p><b>PHASE 1 Pre-Electoral Research, Early Listening &amp; Planning</b></p> <p><b>GOALS: 1) Diagnostics; 2) Preliminary Listening</b> with strategic set of opinion leaders and community influencers on a parallel track with the poll; <b>3) Communications planning.</b></p> <p><b>Conduct Public Opinion Poll.</b> Prepare/conduct/analyze/interpret public opinion poll.</p>
By Mid-Sept 2019	<p><b>Determine Feasibility for 2020. Are we Feasible?</b> <u>Poll results shared with DHD. Is March feasible? Pivot to November? TBD.</u> <b>IF WE ARE FEASIBLE For March 2020...work continues...</b></p> <p><b>Core ballot measure package defined</b> – informed by opinion research + District needs + community input and consensus (as identified in community engagement work).</p>
Late Sept 2019	<p><b>PHASE 2 Prepare for Ballot + Increasing Public Info &amp; Public Engagement.</b></p> <p><b>Stakeholder Engagement – MORE.... Engage. Listen. Learn. Calibrate.</b> Shift to INFORMED communications (tell the District’s story) while continuing to LISTEN. Focus: opinion leaders, community stakeholders and voters.</p> <ul style="list-style-type: none"> <li>• <b>MAILER #1– Late Sept.</b> Core message defined by NEED, story and research.</li> <li>• Invite Input – strategy and systems to be determined by unique conditions.</li> <li>• Activate District Speakers Bureau – service clubs, civic groups, etc.</li> <li>• Launch local media program and EARLY e-communications (web, email, social media).</li> <li>• Accelerate communications planning for the future.</li> </ul>
Mid-Late Oct 2019	<b>Mailer #2</b> – “Thank you for your input! Here’s what you told us. Here is our plan...”
November 2019*	Board study session to review full ballot “package.” ask questions, and make a “go/no-go” decision. (We recommend an information only / no-action meeting for this study session.)
Before Dec 4, 2019	District Board takes action calling for the election.
Before Dec 5, 2019	Final document preparation and filing.
Dec 6, 2019	<b>Filing Deadline: 5pm.</b> If you haven’t filed by 5pm, you won’t be on the March 2020 ballot.
<b>WINTER 2019-20</b>	<b>PHASE 3 ELECTION WINDOW / CAMPAIGN PHASE – For a March 2020 Election</b>
Dec 6 – Mar 3	<b>The Advocacy Campaign WINDOW.</b> Goal: mobilize the voter support you need to WIN!
Early Feb	<b>ABS Ballots MAIL.</b> (ALERT! 83% of Desert HD March 2020 voters are expected to vote by mail.)
March 3, 2020	<b>Election Day!</b>

\* If conditions point to a different (later) election than March 2020, we will pivot to a revised Nov 2020 timeline.

## 7. References

### **Grossmont Health Care District**

Barry Jantz, Chief Executive Officer

Phone: 619.825.5050 | Email: [bjantz@grossmonthealthcare.org](mailto:bjantz@grossmonthealthcare.org)

*2014 Operating Agreement Extension Authorization | WIN (87% YES)*

*2006 \$247M GO Bond | WIN (78% YES)*

*Bonnie Moss led the 2006 bond campaign while working at another firm.*

**Healthcare District  
San Diego County**

### **Hemet Unified School District**

**Christi Barrett, Superintendent**

Phone: 951-765-5100x1000 | Email: [cbarrett@hemetusd.org](mailto:cbarrett@hemetusd.org)

*2018 \$150M GO Bond | WIN (63% YES)*

**K-12 School District  
Riverside County**

### **Beaumont Unified School District**

**Terrence Davis, Superintendent**

Phone: 951-845-1631 | Email: [tdavis@beaumontusd.k12.ca.us](mailto:tdavis@beaumontusd.k12.ca.us)

*2019 – Working with the District to prepare for a 2020 GO School Bond*

**K-12 School District  
Riverside County**

*Additional references available upon request.*



## 8. Fee Proposal

**Overview.** Our fee structure is **specifically designed** to show that we are prepared to bring the very best strategic guidance to you while also meeting prudent cost control requirements.

The industry standard is a monthly retainer arrangement, and we have found that our clients appreciate the certainty of that structure. We typically collaborate with our clients to build a necessary yet prudent budget for program expenses. We understand that you view every dollar invested into this project as precious. With all of the above issues in mind, here is our fee proposal to the District:

<b>CliffordMoss Fee:</b>	<b>\$8,500/month Professional Fee</b> Plus approved business expenses
<b>Public Opinion Poll:</b>	<b>\$30,000-\$35,000</b> for the baseline poll, pending District/CliffordMoss/EMC agreement on sample size, length and duration of survey. We can provide costs for additional services (e.g. focus groups, tracking poll later, etc.) if you are interested. This covers only a baseline targeted phone/web survey.
<b>Program Costs:</b>	<b>Additional....</b> Typically, we would suggest up to 2 direct mailers preceding filing for a March 2020 election and an online ad buy or other early public information investment. A reasonable program budget would fall into the range of \$50k - \$100k. No program expenses are incurred without your full approval and support. If you choose to forego investing here, that is your decision. We recommend these programs because they are effective.
<b>WE RECOMMEND:</b>	<b>Consider an initial authorization of \$80,000</b> for Feasibility and early election preparation work, assuming a March 2020 election ( <u>without a reasonable program budget – for now</u> ). If Feasibility is present, that will provide evidence to support an investment in early public information and education. If for any reason March 2020 is not viable, we can pivot based on real time conditions to other election options that emerge as viable.

**On the Horizon – CAMPAIGN.** California State law requires advocacy campaigns to be funded and driven by **independent** community campaign committees. Thus, we must contract separately with an Independent Campaign Committee for Campaign. Once we see Feasibility results we can counsel you on what a successful independent campaign will cost.

**Our Commitment to You:** Our team is committed to win-win solutions with our clients. CliffordMoss will work with you to make prudent, smart decisions that position the District for success. YOU will always be in the driver's seat about any and all budget related decisions. YOU will get to choose where and how to invest your precious resources.

**Thank You!** On behalf of all of us on the CliffordMoss team, we appreciate the opportunity to submit this proposal and we hope you share our enthusiasm for **letting us tell your story**. Thank you for your consideration. It all starts with a story – YOUR story. Our job is to help you bring **your story** to life. Let us put the CliffordMoss Promise to work for you. **Let us tell your story. Thank you!**

## The CliffordMoss Promise

As you deliberate and choose your team for this revenue measure journey in 2020, we hope you will keep in mind our core promises to you:

**1. ACTIVE LISTENING.** In this day and age, it often feels like *listening* is a lost art. Many consultants tell you exactly what you should do without ever getting to know who you are and what makes you and your cause unique. Our team is different. We will MAKE TIME to listen - in all directions. From our very first meeting, you will begin to see that many of our diagnostic tools involve effective listening: listening to you, listening to public leaders and listening to stakeholders, influencers and voters who can impact your end-game goals. Providing effective assistance STARTS with quality listening.

**2. CANDOR.** In our business, candor is a virtue. That's why we strive to build a working environment where all parties have room to be authentic and real. Avoiding or sugar-coating tough issues doesn't help. When we all commit to candor, we keep your path to success open.

**3. WORK ETHIC.** Highly complex projects like yours require significant effort from all invested parties. Our work ethic will be an asset to you. We believe in personal investment, hard work, discipline, the easy and frequent flow of information, and continuous improvement in the work we do together. We practice these values in all aspects of our work, from logistical and analytical elements to resolving community concerns to developing policy, program and project options. We commit ourselves 24/7.

**4. CONSULTANT ACCESSIBILITY.** Our team is comfortable leading in a high pressure, fast-paced environment. You can count on us to be with you from start to finish. You will have seasoned professionals at your side; we will not hand your project off to junior-level staff. When you need us, you will have the capability to reach us quickly.

**5. PASSION FOR YOUR CAUSE.** We love the work we do with cities, counties, school districts and other agencies in California. Leading members of our team have been practicing professionals for years. When you succeed, we succeed – that's what motivates us. Our passion for the work helps us to go deeper with clients. Call our references – ask how they feel about our CliffordMoss commitment to their cause.

# CliffordMoss.

POLITICAL STRATEGY | COMMUNICATIONS | PUBLIC AFFAIRS

*Let us tell your story.*

# T R A M U T O L A

July 16, 2019

Chris Christensen  
Interim CEO and Chief Financial Officer  
Desert Healthcare District and Foundation  
1140. N. Indian Canyon Drive  
Palm Springs, CA 92262

Dear Chris,

Thank you for the opportunity to work with you. I have watched the progress the District has made over the past couple of years and congratulate you and the board for expanding the District and providing quality healthcare to your growing and diverse population. I also appreciate your candid answers to my questions.

I must say that this is one of the most interesting and challenging RFP's that we have responded to. Normally Health Districts require our services when they desire to pass a tax measure to build new facilities or they need ongoing revenue. My understanding is that, assuming a reasonable offer to purchase from Tenet, you will need voter approval.

Obviously anytime a public agency desires to sell a public asset there can be challenges. In this specific situation:

- The Desert Healthcare District is not particularly well known.
  - “The Desert Healthcare District is not well-known: only one-third of voters (29% favorable/ 5% unfavorable) having an impression.” (*Lake poll*)
- Tenet is not particularly well known nor well liked.
  - “Tenet Healthcare is largely unknown: 72% have no opinion or have not heard of it.” (*Lake poll*)
- Opposition to this proposal is undetermined at this point, and
- Benefits to the public need to be spelled out in a lot more detail.

All of these things need clarity and a smart political strategy.

Tramutola, LLC is well equipped to lead your efforts. We are known for our smart, practical strategies, our winning track record, and our ability to organize diverse communities. We have successfully worked with Healthcare Districts throughout California and our knowledge of the Palm Springs/Coachella area is significant. Without question all of our skills and knowledge will be required here.

Based on our knowledge of your situation and the timeframe, we need to get moving quickly. Even though Tenet's offer is not yet clear, the District has to begin developing a messaging and outreach plan. Let me take each challenge separately.

**First, the fact that Desert Healthcare is not very well known.**

Despite the successful election results, the new board members, and even taking into consideration that knowledge of the district has probably increased since the last poll, most voters probably only have a vague notion of what the District does. We think it is very important to communicate what the District does, beyond being the “landlord” of the hospital. Why is the Healthcare District important?

What services does the District provide? How does the average resident benefit from living within the District's boundaries?

We would want to look at the messaging of the last campaign and understand what the role of the District will be post sale.

**Second, the fact that Tenet is not well known.**

Selling a community asset to a Texas Healthcare conglomerate may prove challenging. Your previous poll indicates that one of the top reasons to oppose expansion was Tenet. You are not planning to sell the hospital to a beloved local hospital provider. You are proposing a sale to an out of state (Texas no less) corporation interested in profit. Obviously if opposition emerges, this could be the crux of the opposition campaign.

How this is handled will take thoughtful care. Will Tenet be cooperative to our messaging? Will competitors or interested parties oppose this because of opposition to Tenet? This is something that will need careful planning and disciplined messaging.

**Third, potential opposition.**

Opposition could come from several places and our strategy, especially at this stage, is to ensure none emerges. Where could opposition come from? Employees? Unions? Competitors? Elected officials? Wannabe elected officials?

The key is to answer all the tough questions early on and to develop answers to all tough questions truthfully and clearly. If opposition develops, truth will be the first casualty.

**Fourth, benefits to the public need to be spelled out.**

Of all the issues, we believe this is the most important. Avoiding the expense of seismic upgrades required by the State of California is not enough. The public needs to know how they will benefit from this sale. What services will remain? What happens if Tenet decides to leave? What happens to taxpayer dollars?

There can be no ambiguity here and we need to explain easily why we are now proposing to sell the hospital since the district boundaries were expanded so recently.

**Short-term.**

Any project of this nature requires both a short-term strategy and a long-term strategy. As you wait for a "proposal" from Tenet, plans need to be formulated assuming you want to accept their offer. Our first step would be to meet with key staff and board members to determine to what extent there is clarity and agreement on the future of the District. Our role, early on is to play the role of the Devils' Advocate. If the decision is to move forward with the sale, the political leadership of the hospital needs to be committed and clear with consistent messaging. Each will be critical in obtaining political and community support for the proposal.

These meetings will also be critical in helping to uncover potential roadblocks or opposition.

We may also commission a poll. You seem to be happy with Lake Research. If so, we can work with them to draft an appropriate poll OR we can recommend a different research firm. Timing is of course an issue as you may not want to reveal too much too soon. However the poll, as you know, will help with messaging and assessing areas of strength and weakness. Properly done, it will provide us with targets for outreach.

Out of this short-term work, a plan will emerge. The plan will consist of potential challenges and opportunities. The benefits of the sale to the community will be developed and talking points for elected officials and community members will be written. Lists of key organizations and people to meet with will be developed as well as recommendations as to who is responsible for follow up.

Assuming a poll has been completed we would develop an outreach plan for voters.

**Long-term.**

For purposes of this proposal “long-term” is the time period after the first phase of research and prior to Election Day.

As in any campaign, success will come from the successful implementation of a number of factors: money, message, volunteer commitment, press relations, neutralizing opposition and motivating supporters to vote. Our long-term effort will be to create a campaign plan that addresses all these issues.

At this point, absence polling information and details on the proposal we would only recommend a general approach. But you need to consider the following:

1. Employees must understand the “deal” and be supportive. This will require education and outreach.
2. Patients of the Hospital and the Healthcare District need to be supportive. This will require education.
3. Communication needs to be targeted to voters who are likely to vote on this issue. Generally speaking, these are senior voters.
4. An aggressive outreach and education campaign (probably requiring personal meetings) need to be made to elected officials and key organizations.

**Fee**

\$16,000 per month, plus approved expenses.

Please let me know if you have any questions.

Sincerely,



Larry Tramutola  
Tramutola LLC

ADDRESS  
191 Ridgeway Ave, Oakland, CA 94611

OFFICE  
510-658-7003

WEBSITE  
www.tramutola.com



Date: October 22, 2019  
To: Board of Directors  
Subject: Policy Map Subscriber Agreement

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**Information/Action:** Consideration to approve a 15-month Policy Map Premium Subscriber Agreement.

**Background:** At the October 8<sup>th</sup> F&A meeting, Policy Map was presented to the committee. Staff was directed to bring this information to the Board and also to compare Policy Map to Lift to Rise: Neighborhood Data for Social Change.

**Discussion:** Policy Map offers easy-to-use online mapping with data from more than 150 authoritative public and proprietary data sources with the ability to access over 37,000 data indicators. The enhanced features of Policy Map include countless visualization tools, customizable community reports, ability to upload data sets, and customizable geographic boundaries.

Benefits for the Desert Healthcare District and Foundation utilizing Policy Map include:

- Continuing to strengthen our leadership and partnerships in local health and wellness issues by having access to a reliable and current data platform.
- Creating specific data reports and/or maps to visually and quantitatively support our initiatives and strategic planning.
- Utilize a cost-effective data and mapping tools to help concentrate efforts and future funding where they are needed the most.
- Access to 10-Premium Subscriber Licenses for internal use and external use by community partners such as HARC and Lift to Rise.
- An interactive map embedded on the DHCD website that can include up to 30 data layers and 10 point data sets of our choosing accessible to the general public and organizations.

Additionally, the mapping tool will be an asset to community-based organizations by:

- Reducing the burden of gathering secondary data by having a premium subscriber license and/or access to embedded map on the DHCD website.
- Making funding requests, programming, and allocation of resources more data-driven.

#### **Data Platforms Comparisons**

Based on recommendations from Board Directors on the Finance and Administration Committee, staff compared the Policy Map and the Lift to Rise: Neighborhood Data for Social Change platforms and identified several key differences and will not be duplicating services, based on the following:

- Policy Map has more data and features and is easier to use.



- In terms of data, Policy Map offers data from close to 150 sources and 37,000 data indicators, while the current Lift to Rise platform uses approximately 15 data sources and 150 data indicators.
- Examples of additional data features offered by Policy Map include:
  - Additional demographic data (people with disabilities, foreign-born populations, languages spoken other than English, diversity indices, veteran populations, etc.).
  - Additional health data (including a wide range of health risk measures, perceived health status, a variety of chronic conditions and infectious diseases, life expectancy, social vulnerability, FEMA disaster declaration areas, medical spending estimates, park access, health-related nonprofits, etc.).
  - Additional social determinants of health measures (economic mobility by race/ethnicity, housing and transportation affordability data, additional healthy food access data, computer and Internet access, incarceration rates by race and ethnicity, and much more).
  - Federal guidelines data – Policy Map offers a whole menu of options showing which areas are eligible for various types of federal funding.
  - Lift to Rise does not seem to have any address-level data, while Policy Map has many (such as locations of hospitals, health centers, drug and alcohol treatment centers, mental health treatment facilities, grocery retail locations, farmers’ markets, SNAP retail locations, schools, Head Start centers, colleges and universities, nonprofits, libraries, brownfield locations, public housing locations, etc.).
  - Lift to Rise offers a few proprietary data sets that are not available in Policy Map, however the amount of data sets available in Policy Map and not in Lift to Rise is far greater.
- In terms of functionality, Policy Map has several features that are currently unavailable on the Lift to Rise platform including:
  - Printing maps
  - Creating custom regions/target areas and doing analysis on them
  - Generating reports, including a comprehensive community health report
  - 3 Layer Maps – this is a feature in Policy Map that allows you to identify areas that meet multiple criteria
  - Uploading additional data sets not included in the platform
  - Data maps and information based on custom geographic boundaries, such as the seven DHCD zones.

**Fiscal Impact:** \$5,005.54 for a 15-month premium subscription – the FY20 annual budget will accommodate the subscription.

## Premium Subscriber Agreement Order Form

Effective Date: November 1, 2019

### Premium Subscriber

Subscriber	Desert Healthcare District and Foundation
Type of organization	Government/Healthcare
Postal Address	
Street Address	
City/State/Province	
Zip/Postal Code	
Country	USA

### Primary Contact for Subscriber

Name		Address	
Title		City	
Telephone		State/Province	
Fax		Zip/Postal Code	
Email		Country	

### Billing Contact (if different)

Name		Address	
Title		City	
Telephone		State/Province	
Fax		Zip/Postal Code	
Email		Country	

### Subscription

Subscription Type	PolicyMap Premium Subscription
Effective Date	November 1, 2019
Start Date	November 1, 2019
Initial Term	14 months: November 1, 2019 to December 31, 2020
Renewal Term(s)	One year each
Fees (USD\$)	See Schedule A
Payment Terms	License Fee Amount due within 45 days of signing. Fees for each Renewal Term will be invoiced 60 days in advance.

Authorized Users	Up to 10 Authorized Users permitted, each of whom must be named and email address provided:	
Authorized User		Email
Authorized User		Email
Authorized User		Email
Authorized User		Email
Authorized User		Email
Authorized User		Email
Authorized User		Email
Authorized User		Email
Authorized User		Email

**Signatures**

The parties execute this Premium Subscriber Agreement, which consists of this Order Form and any other Order Forms signed by the parties, and the Terms and Conditions, as of the Effective Date.

PolicyMap	<b>PolicyMap, Inc</b>	Premium Subscriber	<b>Desert Healthcare District and Foundation</b>
Signature	_____	Signature	_____
Name	Maggie McCullough	Name	_____
Title	CEO	Title	_____
Date	_____	Date	_____

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**PolicyMap, Inc**  
**Premium Subscriber Agreement**  
**Terms and Conditions**

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**This Premium Subscriber Agreement** including the attached Schedules hereto (collectively, “Agreement”) is made and entered into as of the Effective Date set forth on the Order Form, by and between PolicyMap, Inc (“PolicyMap”), a Pennsylvania Benefit Corporation, and the individual or entity identified in the Order Form (“Subscriber”). This Agreement and the terms of use (the “Terms of Use”) on PolicyMap’s website and services (collectively, the “Service”) shall govern the terms and conditions of Subscriber’s access to and use of the Service, including the use of the data and other information available on the Service. If applicable, this Agreement also covers the use of software provided by PolicyMap (the “Widget”).

**1. LICENSE AND PERMITTED USES**

- 1.1. The Service includes and provides access to and use of PolicyMap’s data warehouse and mapping tools to provide Subscriber with online access to data, tables, charts, reports and maps, all of which are the proprietary and intellectual properties of PolicyMap and its suppliers. The Service is protected by the terms of this Agreement as well as domestic and foreign contractual and intellectual property laws including but not limited to copyright, trademark, patent, and trade secret laws. Access to and use of the Service shall be governed by the terms of this Agreement and the Terms of Use.
- 1.2. Upon both parties signing this Agreement, and subject to PolicyMap receiving payment in full, PolicyMap grants to Subscriber a non-exclusive, non-transferable, non-sublicensable, limited license to access and use the Service for the term of the subscription as identified in the Order Form (unless this Agreement or the Terms of Use are terminated sooner) for Subscriber’s internal business purposes only. Subscriber will identify each user (each, an “Authorized User”) in the Order Form or by any other process identified by PolicyMap. The number of Authorized Users may not exceed the limit stated in the applicable Order Form. Subscriber is responsible for the actions and omissions of its Authorized Users as if they were the actions and omissions of Subscriber.
- 1.3. Subscriber and its Authorized Users may not do any of the following that PolicyMap specifies as prohibited (each, a “Prohibited Use”), including but not limited to:
  - 1.3.1. Decompile, reverse engineer, disassemble or create derivative works of the Service;
  - 1.3.2. Remove or obscure any proprietary notices including, but not limited to, any and all copyright, trademark and patent designations contained in the Service;
  - 1.3.3. Use the Service for advertising or exploitation
  - 1.3.4. Rental, lease, sell or resell the Service or access to the Service or use of the Service;
  - 1.3.5. Market, sell or make commercial use of the Service other than for Subscriber’s own, direct benefit; or
  - 1.3.6. Systematically collect and use any data or information on or from the Service, including by means of any data spiders, robots, or similar data gathering, mining or extraction methods.
- 1.4. Subscriber may provide PolicyMap with datasets for upload, as listed in Schedule A (“Subscriber Data”). The Subscriber Data (if any) will only be made available through Subscriber’s own internal access and will not be redistributed to the public, unless specified otherwise by the Subscriber. PolicyMap will take reasonable steps to treat all Subscriber Data uploaded into PolicyMap on behalf of Subscriber as private and confidential. All right, title and interest in and to the Subscriber Data shall be retained by Subscriber. If Subscriber wishes to change the confidential treatment of Subscriber Data, Subscriber must notify PolicyMap in writing.
- 1.5. If Subscriber has opted to have a PolicyMap Widget made available for use on Subscriber’s website or other services (as noted on Schedule A), the following terms apply:
  - 1.5.1. Subscriber and its Authorized User may use the Widget to create interactive maps for the Subscriber’s website.
  - 1.5.2. PolicyMap will provide Subscriber with the ability to display certain data from the PolicyMap platform within its own website through the delivery of an iframe code to embed on its website.
  - 1.5.3. If stated in Schedule A or otherwise agreed by the parties, PolicyMap will provide Subscriber with the ability to use the Widget to display Subscriber Data.

- 1.5.4. Current uses of the Widget as of the Effective Date include building and searching a map by address, city, county, zip code, MSA, Congressional district and school district. In addition, Authorized Users will be able to pan and zoom, click on a map to see values, print low or high resolution maps, and download data via the Widget. PolicyMap reserves the right to modify the Widget during the term of this Agreement.
  - 1.5.5. PolicyMap will use commercially reasonable efforts make the PolicyMap platform and the Widget available via Subscriber's website, as detailed in the accompanying document entitled "PolicyMap Platform Availability and Data Security".
- 1.6. All trade names, marks, logos, page headers, custom graphics, button icons and domain names (collectively, "Trademarks") of each party remain the Trademarks of such party. Each party grants the other party sufficient rights to use the other party's Trademarks solely to implement this Agreement and advertise the business relationship between the parties. Any and all goodwill generated by use of a Trademark owned by a party shall be for the benefit of that party.
- 2. SUBSCRIBER'S REPRESENTATIONS AND WARRANTIES**
  - 2.1. Subscriber represents, warrants and covenants that Subscriber and its Authorized Users will:
    - 2.1.1. use the Service in accordance with this Agreement and the Terms of Use;
    - 2.1.2. at all times comply with all applicable laws, rules and regulations in using the Service;
    - 2.1.3. not knowingly or otherwise introduce to or through the Service any viruses or other items of a destructive nature.
  - 2.2. Subscriber represents, warrants and covenants that the Subscriber Data does not violate or infringe the intellectual property rights or other rights of any third party.
- 3. OBLIGATIONS**
  - 3.1. PolicyMap will offer reasonable levels of continuing support to assist Subscriber and its Authorized Users in the use of the Service. PolicyMap will provide a help page accessible to all Authorized Users on the the Service. The help page will provide access to materials, which may include a training manual, video tutorials and a help blog, as well as access to PolicyMap's help desk via email or telephone. PolicyMap's sole liability and Subscriber's sole remedy for any breach of PolicyMap's warranties is that PolicyMap will use reasonable efforts to promptly correct any failure of the Service to operate in the manner documented by PolicyMap in the help pages and written documentation created and provided by PolicyMap.
  - 3.2. PolicyMap will provide appropriate training to Subscriber and its Authorized Users relating to the use of the Service. PolicyMap will provide regular system and project updates to Subscriber as they become available.
  - 3.3. Access to the Service shall be controlled by PolicyMap through Internet Protocol ("IP") addresses or other methods at PolicyMap's sole discretion. Subscriber shall be responsible for providing lists of valid sets of IP addresses to PolicyMap, and updating such lists if needed. For the avoidance of doubt, Subscriber is responsible for establishing and maintaining hardware and Internet access to the Service.
  - 3.4. Subscriber shall use reasonable efforts to limit the Service access to its Authorized Users. If a party learns of any Prohibited Uses, it will notify the other party, and the parties will thereafter cooperate to identify and use reasonable efforts to terminate the Prohibited Use. PolicyMap may suspend access to the Service while diagnosing and trying to resolve any Prohibited Use, in which case, PolicyMap shall use reasonable efforts to contact the Subscriber prior to any suspension of access and, if applicable, to restore access promptly following successful resolution of the matter.
  - 3.5. As part of the subscription process, Subscriber (through its Authorized Users) shall maintain a password and a subscriber ID. Subscriber shall provide PolicyMap with certain registration information, all of which must be accurate and updated as appropriate. Subscriber shall be responsible for maintaining the confidentiality of all passwords of Subscriber and its Authorized Users. Subscriber shall immediately notify PolicyMap of any known or suspected breach of security, including loss, theft or unauthorized disclosure of a password.
  - 3.6. Subscriber is responsible for all usage or activity with Subscriber's subscription, including, but not limited to, use of Services by any Authorized User. In the event Subscriber wishes to delete or substitute Authorized Users, Subscriber shall notify PolicyMap in accordance with PolicyMap's current process, and PolicyMap will then cancel any deleted ID and password, or substitute one Authorized User for a new one. By adding Authorized Users beyond the upper limit stated on the Order Form, Subscriber consents to paying the additional fees then charged by PolicyMap for the larger number of Authorized Users.

- 3.7. The Service contains Terms of Use that notify Authorized Users of the Permitted Uses and Prohibited Uses. Authorized Users will not be required to click-through the Terms of Use in order to access the Service.
- 3.8. PolicyMap makes reasonable efforts to remain compliant with Section 508 of the Rehabilitation Act of 1973 (29 U.S.C. §794d), as amended.
- 3.9. Each party (the “Indemnitor”) agrees to indemnify and hold harmless the other party (the “Indemnitee”) for any losses, claims, damages, awards, penalties, or injuries incurred by the Indemnitee (including reasonable attorney’s fees) that result from a third party’s allegations or claims that the Indemnitor infringed the copyright or other intellectual property rights of the third party bringing the claim (“Claim”). The Indemnitee shall promptly notify the Indemnitor in writing of any Claim. The Indemnitor shall have the sole right to defend such Claims at its own expense, while the Indemnitee shall provide, at the Indemnitor’s expense, such assistance in investigating and defending such Claims as the Indemnitor may reasonably request. After the Indemnitor accepts the Claim, an Indemnitee may have its counsel assist counsel for the Indemnitor in an advisory capacity at the Indemnitee’s sole cost and expense. This indemnity shall survive the termination of this Agreement.

#### **4. DISCLAIMER OF WARRANTIES AND LIMITATIONS OF LIABILITY**

- 4.1. SUBSCRIBER AGREES THAT USE OF THE SERVICE AND THE WIDGET IS AT SUBSCRIBER’S SOLE RISK. THE SERVICE IS PROVIDED ON AN "AS-IS" AND "AS AVAILABLE" BASIS. POLICYMAP IS NOT RESPONSIBLE FOR PRINTING, TYPOGRAPHICAL OR OTHER ERRORS.
- 4.2. NEITHER POLICYMAP NOR ANY OF POLICYMAP’S LICENSORS, SUPPLIERS OR BUSINESS PARTNERS REPRESENT OR WARRANT THAT THE SERVICE WILL BE UNINTERRUPTED OR ERROR-FREE, OR THAT DEFECTS, IF ANY, WILL BE CORRECTED; NOR DOES POLICYMAP OR ITS SUPPLIERS OR BUSINESS PARTNERS MAKE ANY REPRESENTATIONS OR WARRANTIES ABOUT THE ACCURACY, RELIABILITY, CURRENCY, QUALITY, PERFORMANCE OR SUITABILITY OF THE SERVICE OR ANY DATA.
- 4.3. EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, TO THE FULLEST EXTENT PERMISSIBLE PURSUANT TO APPLICABLE LAW, POLICYMAP AND EACH OF POLICYMAP’S SUPPLIERS AND BUSINESS PARTNERS DISCLAIM ALL WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.
- 4.4. UNDER NO CIRCUMSTANCES SHALL POLICYMAP OR ANY OF POLICYMAP’S SUPPLIERS, BUSINESS PARTNERS, EMPLOYEES, DIRECTORS, OFFICERS OR AGENTS, BE LIABLE FOR ANY, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, INCIDENTAL, INDIRECT OR SPECIAL DAMAGES ARISING FROM OR IN CONNECTION WITH THE SERVICE, REGARDLESS OF ANY THEORY OF BREACH OF CONTRACT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.
- 4.5. In the event that PolicyMap is liable for any damages directly arising in connection with the Service, the Widget, or this Agreement, the aggregate liability of PolicyMap shall not exceed the amounts actually paid to PolicyMap by Subscriber, if any, for the one-year period preceding the first event that gave rise to such damages.
- 4.6. APPLICABLE LAW MAY NOT ALLOW THE LIMITATIONS OF LIABILITY SET FORTH ABOVE, SO THESE LIMITATIONS OF LIABILITY MAY NOT APPLY TO SUBSCRIBER. THE LIMITATIONS OF LIABILITY SET FORTH IN THIS AGREEMENT ARE INDEPENDENT AND SHALL SURVIVE ANY FAILURE OF ANY REMEDY (EXCLUSIVE OR OTHERWISE).

#### **5. TERM, TYPE AND PRICE**

- 5.1. The term of Subscriber’s subscription and start date are stated on the Order Form (the “Initial Term”); provided that Subscriber’s subscription shall not be activated unless and until PolicyMap is in receipt of a fully-executed copy of this Agreement. PolicyMap will provide Subscriber an opportunity to renew the subscription 60 days prior to the expiration of this Agreement at PolicyMap’s then-current prices (each, a “Renewal Term”) or any previously agreed to price as noted on the Order Form. The Initial Term and any Renewal Terms shall be collectively referred to as the “Term.” If Subscriber chooses not to renew its subscription, it must notify PolicyMap within 30 days of the expiration of the Term in order to cancel the subscription. If PolicyMap does not receive notice of cancellation 30 days prior to termination, the subscription will automatically renew for another Renewal Term.
- 5.2. In the event that either party believes that the other party materially has breached any obligations under this Agreement, or if PolicyMap believes that the Subscriber has exceeded the scope of the license granted by this Agreement, the non-breaching party shall notify the breaching party in writing. The breaching party shall have ten (10) calendar days from



the receipt of notice to cure the alleged breach and to notify the non-breaching party in writing that cure has been effected. If the breach is not cured within the ten (10) calendar day period, the non-breaching party shall have the right to terminate this Agreement without further notice.

- 5.3. The prices for the Service are listed on each applicable Order Form signed by the parties, and on Schedule A. Unless otherwise set forth on an invoice or an Order Form, all fees are due upon receipt of invoice and shall be paid to PolicyMap, Inc, 1315 Walnut St, Suite 1500, Philadelphia PA 19107, Attn: Accounts Payable (or any other address subsequently specified by PolicyMap) within 45 days of the date of the invoice. A late fee of 1.5% will be applied to any invoice not paid within 45 days.

## **6. GENERAL**

- 6.1. Neither party shall assign its rights, duties, or obligations under this Agreement to any person or entity, in whole or in part; provided however that either party may assign no less than all of its rights under this Agreement to a successor entity as a result of a merger, acquisition or re-organization. Any permitted assignment shall be effective upon receipt of written notice by the non-assigning party.
- 6.2. If any provision of this Agreement is found by any court or other tribunal of competent jurisdiction to be invalid or unenforceable, the invalidity of such provision shall not affect the other provisions of this Agreement, and all provisions not affected by such invalidity shall remain in full force and effect. Either party's failure to exercise or enforce any right or provision of this Agreement will not be deemed to be a waiver of such right or provision.
- 6.3. If the Subscriber maintains its principal office in the United States, then the law of the State in which Subscriber's principal office is located, as well as United States federal law, shall govern this Agreement, without reference to any conflicts of laws principles. If Subscriber maintains its principal office outside the United States of America, then the law of the Commonwealth of Pennsylvania, and the federal law of the United States of America, shall govern this Agreement, without reference to any conflicts of laws principles. The U.N. Convention on Contracts for the International Sales of Goods shall not apply to this Agreement.
- 6.4. Any controversy or claim between the parties or arising out of this Agreement, its performance or breach shall be determined by one arbitrator in binding arbitration administered by the American Arbitration Association pursuant to its Commercial Arbitration Rules. The arbitration hearings will be conducted, and all testimony will be entered, via audio conference and video conference, and there shall be no in-person hearings. The arbitral award will be final and binding on the parties, and may be entered and enforced in any court of competent jurisdiction. However, if Subscriber is an institution of a State in the United States, and if the laws of the State require that any dispute be brought in a court of the State, then any dispute will be brought in a court of competent jurisdiction in that State pursuant to such laws.

**Schedule A**  
**Premium Subscription Order Details**

Premium Subscription - \$5,005.54 per year (though with current discount, initial term covers 15 month period) / 1–10 Authorized Users as listed on Order Forms.

Includes:

- All data (public and private datasets)
- All functionality (mapping, charts, reports, custom regions)
- Online and group training
- Ability to self-service upload unlimited amounts of your own address-based data using the spreadsheet data loader.
- Creation of one (1) interactive map Widget on your internal and/or public facing website(s).
- PolicyMap data services to geocode up to 5,000 addresses OR create 5 thematic data layers (included in premium subscription price).

Total: \$5,005.54

**POLICYMAP**  
**PLATFORM AVAILABILITY, SUPPORT AND DATA SECURITY**

“Platform Availability” means the percentage of hours in a calendar month that the Service is available, excluding scheduled maintenance and/or critical maintenance (“Maintenance”). PolicyMap will use reasonable efforts to make the Service available 24 hours per day, 7 days per week, with the exception of Maintenance periods. PolicyMap will provide Subscriber notice of any Maintenance and will use reasonable efforts to limit extended periods of Maintenance to Saturdays and Sundays, between 11 pm and 2 am US Eastern time. Any Service downtime that is explicitly the responsibility of PolicyMap’s hosting provider (initially, Amazon), and is acknowledged by the hosting provider, counts as Maintenance time and not against the reimbursement schedule below.

If PolicyMap fails to meet the Platform Availability standards during any calendar month, then PolicyMap will provide Subscriber a credit as a percentage of that calendar month’s Service Fees (“Credit”) as shown below. Credits may only be applied against subsequent Service fees.

<u>Credits based on Platform Availability</u>	
<u>Platform Availability during a Calendar Month</u>	<u>Credits</u>
99.5% - 100.0%	-0-
96.5% - 99.4%	15% of that calendar month’s Service fee
94.0% - 96.4%	20% of that calendar month’s Service fee
< 94%	50% of that calendar month’s Service fee

Should the Subscriber’s Service fail to comply with PolicyMap’s documentation (independent of any Platform Availability issues pursuant to the above provisions), then Subscriber must promptly contact PolicyMap’s support team by telephone or email to request support services (“Support”), and PolicyMap’s Support team will review the notice, assign a level of response (“Level”), and respond, as follows.

<u>Level</u>	<u>Problem</u>	<u>Support Availability</u>	<u>Response Time</u>	<u>Status Reports</u>
Level One	Basic administrative request or identification of non-material or non-critical errors in the service	9 am-5 pm Monday-Friday*	Acknowledgement of Support request within two business days; ticket added to current application development cycle; resolution in subsequent release.	None.
Level Two	Intermittent Service availability that is minimally disruptive to Service use.	9 am-5 pm Monday-Friday*	Acknowledgement of Support request within 12 hours; PolicyMap will devote resources to resolve issue; resolve ASAP (and if possible no later than 24 hours after acknowledgement).	Upon resolution.
Level Three	Total service unavailability; intermittent service availability that is materially disruptive to service use.	24 hours/day, 7 days/week	Acknowledgement of issue within 1 hour; resolve ASAP (and if possible no later than 12 hours after acknowledgement).	Within 1 hour after initiation of response; upon resolution.
*All times are US Eastern local time, and available days exclude US federal holidays. For Support requested outside of specified hours, requests will be initiated on the next business day.				

**Statement on Data Security:**

PolicyMap (which includes all Services including site licenses), and all associated data as of the Effective Date are hosted on Amazon’s Web Services infrastructure, at a hosting facility located in Northern Virginia. Our database development group maintains the security of the Service production application and all associated data via firewall facilities provided by the Amazon Web Service. Only ports 80 and 443 are publicly accessible, which is consistent with standard implementation of World Wide Web protocols. The software delivering data from these ports is routinely scanned by Security Metrics for PCI compliance or compliance with similar metrics.

Administrative access to servers hosting the Service at the hosting provider is currently done through the Secure Shell program (also known as SSH) as of the Effective Date, which implements encrypted communication between the administrator and the machine being administered. The SSH server is the only mechanism for data to be uploaded to PolicyMap systems at the hosting provider, and also the only mechanism for direct administration of the hosting provider’s environment. Access to the SSH server’s port on all systems is strictly limited to the IP addresses of the PolicyMap offices in Philadelphia, Baltimore and Los Angeles, and the ability to access and use the SSH server is limited to those personnel having a need for such access. All development personnel are required to sign PolicyMap’s form of nondisclosure agreement.

**DESERT HEALTHCARE DISTRICT,  
DESERT HEALTHCARE FOUNDATION AND  
DESERT HOSPITAL RETIREMENT PLAN**

**MANAGEMENT REPORT  
AND  
AUDITOR'S COMMUNICATION LETTER**

**JUNE 30, 2019**

**DESERT HEALTHCARE DISTRICT,  
DESERT HEALTHCARE FOUNDATION AND  
DESERT HOSPITAL RETIREMENT PLAN**

**JUNE 30, 2019**

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To the Honorable Board of Directors, of the Desert Healthcare District,  
Desert Healthcare Foundation and Desert Hospital Retirement Plan (the entities)  
Palm Springs, California

In planning and performing our audit of the financial statements of the Desert Healthcare District, Desert Healthcare Foundation and Desert Hospital Retirement Plan (the entities), as of and for the fiscal year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the entities' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal control. Accordingly, we do not express an opinion on the effectiveness of the entities' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our audit, we noted no matters involving internal controls and their operations that are required to be reported under Government Auditing Standards, except for a potential of inadequate segregation of duties due to the small staff of the entities. This appears to be mitigated by the strong oversight of the Board of Directors in the operations of the entities.

We have included in this letter a summary of communications with the members of the Board of Directors as required by professional auditing standards. We would like to thank the entities' management and staff for the courtesy and cooperation extended to us during the course of our engagement.

The accompanying communications and recommendations are intended solely for the information and use of management, the members of the Board of Directors, and others within the entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
October 1, 2019



# MOSS, LEVY & HARTZHEIM LLP

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To the Honorable Board of Directors, of the Desert Healthcare District,  
Desert Healthcare Foundation and Desert Hospital Retirement Plan (the entities)  
Palm Springs, California

We have audited the financial statements of the financial statements of the Desert Healthcare District, Desert Healthcare Foundation and Desert Hospital Retirement Plan (the entities) of the entities for the fiscal year ended June 30, 2019, and have issued our report thereon dated October 1, 2019. Professional standards require that we provide you with the information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated May 21, 2019. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the entities are described in Note 1 of the notes to the basic financial statements.

We noted no transactions entered into by the entities during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were the estimated historical cost and useful lives of certain capital assets, the net fair market value of the charitable remainder trusts, the funding progress of the District's RPP plan and OPEB plan, and the estimate of an allowance for uncollectable receivables. Management's estimates of the estimated historical cost and useful lives of certain capital assets are based on historical data and industry guidelines, while the funding progress of the RPP plan and OPEB plan, and are based on consultants' estimates. The amount of estimated allowance for uncollectable receivables is based on historical data. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The estimates for the Defined Benefit Pension Plan are in the footnotes to the financial statements.  
The estimates for the OPEB Plan are in the footnotes to the financial statements.



We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole. The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, if any. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

#### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 1, 2019.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the entities' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

#### Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the members of the Board of Directors and management of the entities and is not intended to be and should not be used by anyone other than these specified parties.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
October 1, 2019

## **CURRENT YEAR RECOMMENDATIONS**

### **Other Matters**

None

**STATUS OF PRIOR YEAR RECOMMENDATION**

None



MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT  
AUDITING STANDARDS**

To the Honorable Board of Directors, of the Desert Healthcare District,  
Desert Healthcare Foundation and Desert Hospital Retirement Plan (the entities)  
Palm Springs, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business activities, the fiduciary fund financial statements of the Desert Healthcare District, and the financial statements of the Desert Healthcare Foundation and Desert Hospital Retirement Plan (the entities), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the entities' basic financial statements, and have issued our report thereon dated October 1, 2019.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the entities' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entities' internal control. Accordingly, we do not express an opinion on the effectiveness of the entities internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entities' financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the entities financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entities internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Moss, Levy & Hartzheim*

MOSS, LEVY & HARTZHEIM, LLP  
Culver City, California  
October 1, 2019

**DESERT HEALTHCARE DISTRICT**  
**PALM SPRINGS, CALIFORNIA**  
**INDEPENDENT AUDITOR'S REPORT AND**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2019**



DESERT HEALTHCARE DISTRICT

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MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Board of Directors  
of the Desert Healthcare District  
Palm Springs, California

**Report on Financial Statements**

We have audited the accompanying financial statements of the business type activities and the fiduciary fund financial statements of the Desert Healthcare District (District) as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessments of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the fiduciary fund financial statements of the District as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable, for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 7, the Schedule of Changes in the Net Pension Liability and Related Ratios on page 38, and the Schedule of Changes in the Net OPEB Liability and Related Ratios on page 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other Information**

### *Report on Comparative Summarized Information*

We have previously audited the District's 2018 financial statements, and our report dated October 1, 2018 expressed unmodified opinions on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2018, is consistent, in all material respects, with the audited financial from which it has been derived.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 1, 2019, on our consideration of Desert Healthcare District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Desert Healthcare District's internal control over financial reporting and compliance.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
October 1, 2019

**DESERT HEALTHCARE DISTRICT**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**JUNE 2019 AND 2018**

The Desert Healthcare District (the District) has issued its financial statements for the fiscal years ended June 30, 2019 and June 30, 2018 in conformity with the format prescribed by the provisions of Government Accounting Standards Board Statement 34 (GASB 34). This report, Management’s Discussion and Analysis, is an overview of the financial activities for the fiscal years and is an integral part of the accompanying Basic Financial Statements.

**ACCOUNTING METHOD**

The District’s revenues and expenses are recognized on a full accrual basis; revenues are recognized in the period incurred. All assets and liabilities associated with the activity of the District are included on the Statement of Net Position.

**THE BASIC FINANCIAL STATEMENTS**

The Basic Financial Statements reflect the activities of two funds. The Financial Statements include the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position (Income Statement) and Statement of Cash Flows, and the Agency Fund, which is the Desert Healthcare Foundation’s Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. Together with this report, these Financial Statements provide information about the significant events, assumptions and decisions which resulted in the financial performance reflected in those statements.

The Statement of Net Position provides information regarding the financial position of the District, including its capital assets and debts.

The Statement of Revenues, Expenses, and Changes in Net Position (Income Statement) provide information regarding the revenues received by the District, and the expenses incurred in carrying out the District’s programs.

The Statement of Cash Flows provides information regarding the sources and uses of the cash which flowed into and out of the District as a result of its operations and financing decisions.

**FINANCIAL ACTIVITIES & FISCAL YEAR 2019 HIGHLIGHTS**

Desert Healthcare District (“the District”) is a government entity operating under the Local Health Care District Law. The District was created by the state of California in 1948 for the purpose of providing hospital services to the residents of the District. The District was responsible for building Desert Hospital, now known as Desert Regional Medical Center. In 1997, the Board of Directors voted to lease the hospital to Tenet Health System Desert, Inc. for 30 years. Since 1997, the District provides funding and access to programs and services to residents of the healthcare district. In November 2019, the District boundaries will expand to include the entire Coachella Valley, more than doubling its population and service area.

**DESERT HEALTHCARE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 2019 AND 2018**

**The Statement of Net Position**

A condensed version of the Statements of Net Position is presented in Table A below and the changes which occurred between Fiscal Year 2019 and 2018.

	<b>Table A</b>		
	6/30/2019	6/30/2018	Change
<b>Assets:</b>			
Cash and cash equivalents	\$ 12,052,794	\$ 2,004,735	\$ 10,048,059
Investments	48,228,320	54,326,412	(6,098,092)
Capital assets, net	11,972,558	12,382,164	(409,606)
All Other Assets	249,194	235,775	13,419
<b>Total Assets</b>	<b>\$ 72,502,866</b>	<b>\$ 68,949,086</b>	<b>\$ 3,553,780</b>
<b>Deferred Outflows:</b>			
GASB 68 Reporting for Pension Plans	\$ 1,159,189	\$ 1,057,842	\$ 101,347
GASB 75 Reporting for OPEB Plans	14,147	22,144	(7,997)
<b>Total Deferred Outflows</b>	<b>\$ 1,173,336</b>	<b>\$ 1,079,986</b>	<b>\$ 93,350</b>
<b>Liabilities:</b>			
Grants payable	\$ 12,809,355	\$ 11,654,099	\$ 1,155,256
Net Pension Liability	3,395,623	3,277,793	117,830
All Other Liabilities	620,125	1,920,142	(1,300,017)
<b>Total Liabilities</b>	<b>\$ 16,825,103</b>	<b>\$ 16,852,034</b>	<b>\$ (26,931)</b>
<b>Deferred Inflows:</b>			
GASB 68 Reporting for Pension Plans	\$ 1,643,743	\$ 2,222,190	\$ (578,447)
<b>Total Deferred Inflows</b>	<b>\$ 1,643,743</b>	<b>\$ 2,222,190</b>	<b>\$ (578,447)</b>
<b>Net Assets:</b>			
Net investment in capital assets	\$ 11,972,558	\$ 12,382,164	\$ (409,606)
Unrestricted	43,234,798	38,572,684	4,662,114
Restricted	-	-	-
<b>Total Net Position</b>	<b>\$ 55,207,356</b>	<b>\$ 50,954,848</b>	<b>\$ 4,252,508</b>

The \$4,252,508 increase in Total Net Position is due to the net income of \$4,252,508 for the current fiscal year ended June 30, 2019. This compares to a net loss of \$312,527 for the fiscal year ended June 30, 2018. The increase is primarily due to a net combination of increased property tax revenue of \$412,396, decreased grant expenses of \$1,449,168, decreased professional fees of \$509,000, and increased investment income of \$2,139,260 (due to better return on the investments). The \$10,048,059 increase in Cash and cash equivalents and \$6,098,092 decrease in Investments is due primarily to increase in Cash and cash equivalents in the Investment account. The \$409,606 decrease in Capital Assets is due primarily to depreciation of capital assets. The \$101,347 increase in Deferred Outflows is due to timing difference in the actuarial valuation for GASB 68 reporting for the Retirement Protection Plan (RPP). The \$1,155,256 increase in Grants Payable is due primarily to lower grant disbursements than new accrued grants. The \$117,830 increase in Net Pension Liability is due primarily to a change in actuarial assumptions. The \$1,300,017 decrease in All Other Liabilities is due primarily to a \$1,000,000 transfer to the Foundation paid in 2019. The \$578,447 decrease in Deferred Inflows is due to a timing difference in the actuarial valuation for GASB 68 reporting for the RPP.

**DESERT HEALTHCARE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 2019 AND 2018**

**The Statements of Revenues, Expenses, and Change in Net Position**

The District's business is comprised of two major segments:

- Revenues – The District receives from the County of Riverside an apportionment of the property taxes paid by the residents of the District. Additional revenues include, the investment income the District receives from the Facility Replacement Fund, which was established to provide working capital in the event that the lease with Tenet Health System Desert, Inc. is terminated prematurely or for future seismic retrofit needs; and rental income from the Las Palmas Medical Plaza which is owned and managed by the District.
- Grant Program – The District administers a grant and preventative health initiatives programs that donate a significant portion of the District's annual property tax revenues to health-related programs serving residents of Desert Hot Springs, Thousand Palms, Palm Springs, Cathedral City, Rancho Mirage, Palm Desert, Indian Wells, La Quinta, Indio, Coachella, Thermal, Mecca, North Shore, and unincorporated areas of the County that are within the District's boundaries.

Table B, below, is a condensed version of the Statements of Revenues, Expenses, and Changes in Net Position; it summarizes the District's revenue and expenses, and compares Fiscal Year 2019 results to Fiscal Year 2018.

**Table B**

	<u>6/30/19</u>	<u>6/30/18</u>	<u>Change</u>
<b>Revenue:</b>			
Property Tax Revenue	\$ 6,972,196	\$ 6,559,800	\$ 412,396
Rental income	1,203,940	1,113,241	90,699
All other income	124,961	166,904	(41,944)
<b>Total Revenue</b>	<u>\$ 8,301,097</u>	<u>\$ 7,839,945</u>	<u>\$ 461,152</u>
<b>Expenses:</b>			
Grants program	\$ 3,626,871	\$ 5,076,039	\$ (1,449,168)
Administrative Expense	2,552,978	3,068,696	(515,718)
<b>Total Expense</b>	<u>\$ 6,179,849</u>	<u>\$ 8,144,735</u>	<u>\$ (1,964,886)</u>
Nonoperating Income(Expenses)	<u>\$ 2,131,260</u>	<u>\$ (7,737)</u>	<u>2,138,997</u>
<b>Net Income (Loss)</b>	<u>\$ 4,252,508</u>	<u>\$ (312,527)</u>	<u>\$ 4,565,035</u>

**DESERT HEALTHCARE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 2019 AND 2018**

**Revenue**

Property taxes are the District's primary source of operating revenues. The property tax revenue for the fiscal year ended June 30, 2019 was \$6,972,196, which was an increase of \$412,396 from the fiscal year ended June 30, 2018.

Rental income of \$1,203,940 for the fiscal year ended June 30, 2019 was \$90,699 higher than the fiscal year ended June 30, 2018.

All other income for the fiscal year ended June 30, 2019 decreased \$41,944 compared to the fiscal year ended June 30, 2018. The decrease was due primarily to a decrease in NEOPB grant income and solar rebate.

**Expenses**

Grant Program expense for the fiscal year ended June 30, 2019 decreased by \$1,449,168 compared to the fiscal year ended June 30, 2018. This is due primarily to decreased approved grants. Grants are recorded in the fiscal year that they are approved by the District's Board of Directors.

Administrative expenses for the fiscal year ended June 30, 2019 decreased \$515,718 from the fiscal year ended June 30, 2018. The decrease is due to various expenses including lower professional fees expense of \$649,285 for consulting services for expansion & future planning; and higher election fees expense of \$109,347.

**CAPITAL ASSETS**

At June 30, 2019, the District had \$22,348,945 in capital assets and \$10,376,387 accumulated depreciation, resulting in \$11,972,558 net capital assets. At June 30, 2018, the District had \$22,121,177 in capital assets and \$9,739,013 in accumulated depreciation, resulting in \$12,382,164 net capital assets.

A summary of the activity and balances in capital assets is presented in Table C:

**Table C**

	Balance 6/30/17	Net Additions	Net Retirements	Balance 6/30/18	Net Additions	Net Retirements	Balance 6/30/19
Cost	\$ 21,939,868	\$ 233,243	\$ (51,934)	\$ 22,121,177	\$ 230,526	\$ (2,758)	\$ 22,348,945
Acc. Depreciation	(9,147,084)	(643,863)	51,934	(9,739,013)	(639,405)	2,032	(10,376,387)
Capital Assets, Net	\$ 12,792,784	\$ (410,620)	\$ -	\$ 12,382,164	\$ (408,879)	\$ (726)	\$ 11,972,558

**DEBT ADMINISTRATION**

The District has no outstanding debt.



**DESERT HEALTHCARE DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 2019 AND 2018**

**ECONOMIC OUTLOOK AND MAJOR INITIATIVES**

The Fiscal Year 2020 budget reflects revenues of \$9,468,414 and operating expenses of \$7,652,114. Capital expenditures are budgeted at \$470,000. The Desert Healthcare District/Foundation adopted a new 3-Year Strategic Plan in fiscal year 2018, with four Community Health Focus Areas: Homelessness; Primary Care and Behavioral Health Access; Healthy Eating and Active Living; and Quality, Safety, Accountability, and Transparency. The District/Foundation continues to work on connecting District residents to programs and services to meet their healthcare needs. In November 2018, the residents of the Eastern Coachella Valley voted to expand the Desert Healthcare District to all cities and unincorporated areas of the Coachella Valley. The expansion more than doubled the population and service area. However, the expansion did not include a funding source. The District will be seeking resources to fund the access to programs and services; and grant funding for the residents of the expanded area.

During the fiscal year ended June 30, 2019, the District awarded \$3,579,670 in new grants and distributed grants in the amount of \$2,369,781. Projected new grants to be awarded for the fiscal year 2019–2020 amount to \$3,500,000 and distributions for grants could possibly total \$13,638,316 due to the existing grant liability as of June 30, 2019 and the projected grant awards.

The District has also established a reserve fund of approximately \$58,000,000 to cover grant liabilities, hospital operating expenses for a short period should the lease with Tenet Health System Desert, Inc. terminate prior to May 30, 2027, and seismic or other related facilities costs.

The Hospital will be required to meet SB 1953 and OSHPD regulations for seismic retrofit standards by 2030. The District is conducting due diligence to assess the seismic retrofit needs and costs, which may be substantial, and reviewing options for timely completion of the seismic upgrades.

Termination Assets are assets constructed or installed by Tenet Health System in the hospital during the lease period with a net book value or fair market value at the termination of the lease. In accordance with the 1997 Lease, the District is required to purchase the Termination Assets at the lesser of net book value or fair market value. The 1997 Lease provides that the purchase can be satisfied with a 5-year promissory note and also provides the option of a possible extension of the lease if the Termination Assets exceed \$10,000,000.

In July of 2019, Tenet Health Systems submitted a proposal to purchase Desert Regional Medical Center from the Desert Healthcare District. If a transaction (sale or lease) is approved by the Board of Directors, residents of the District will be required to vote approval of the transaction.

**CONTACTING THE DISTRICT'S MANAGEMENT**

Desert Healthcare District  
1140 N. Indian Canyon Drive  
Palm Springs, CA 92262  
(760) 323-6113 Office  
(760) 323-6825 Fax  
[www.dhcd.org](http://www.dhcd.org) Website

**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF NET POSITION**  
**JUNE 30, 2019**

**WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018**

	2019	2018
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 12,052,794	\$ 2,004,735
Investments	13,491,775	10,036,100
Accounts receivable - net	193,311	190,048
Prepaid items and deposits	55,883	45,727
Total current assets	25,793,763	12,276,610
<b>NON-CURRENT ASSETS</b>		
Investments	34,736,545	44,290,312
Capital assets, net	11,972,558	12,382,164
Total non-current assets	46,709,103	56,672,476
<b>DEFERRED OUTFLOWS</b>		
Deferred Outflows of Resources:		
Pension plans	1,159,189	1,057,842
OPEB	14,147	22,144
Total deferred outflows of resources	1,173,336	1,079,986
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	73,676,202	70,029,072
<b>CURRENT LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued liabilities	387,096	1,646,607
Grants payable	7,409,355	1,506,453
Compensated absences	31,110	39,785
Disability claims, reserve, current portion	14,803	14,803
Total current liabilities	7,842,364	3,207,648
<b>NON-CURRENT LIABILITIES</b>		
Grants payable	5,400,000	10,147,646
Long-term disability claims reserve	40,626	51,743
Net pension liability	3,395,623	3,277,793
Net OPEB liability	87,973	108,687
Deposits payable	58,517	58,517
Total non-current liabilities	8,982,739	13,644,386
<b>DEFERRED INFLOWS</b>		
Deferred Inflows of Resources:		
Pension plans	1,643,743	2,222,190
Total deferred inflows of resources	1,643,743	2,222,190
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS</b>	18,468,846	19,074,224
<b>NET POSITION</b>		
Net investment in capital assets	11,972,558	12,382,164
Unrestricted	43,234,798	38,572,684
<b>TOTAL NET POSITION</b>	\$ 55,207,356	\$ 50,954,848

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Property taxes	\$ 6,972,196	\$ 6,559,800
Rental income	1,203,940	1,113,241
Other income	<u>125,687</u>	<u>166,904</u>
Total revenues	<u>8,301,823</u>	<u>7,839,945</u>
<b>OPERATING EXPENSES</b>		
Grant allocations	3,626,871	5,076,039
General expenses	560,859	1,187,283
Rental expenses	941,062	904,904
Salaries and benefits	304,560	329,056
Legal fees	235,836	250,443
Depreciation	193,276	194,483
Other	208,410	199,606
Election fees	109,347	-
Security	<u>353</u>	<u>2,921</u>
Total expenditures	<u>6,180,574</u>	<u>8,144,735</u>
Income (loss) from operations	<u>2,121,249</u>	<u>(304,790)</u>
<b>NONOPERATING INCOME (EXPENSES)</b>		
Investment income	2,245,953	111,318
Loss on disposal of capital assets	(727)	-
Investment expenses	<u>(113,967)</u>	<u>(119,055)</u>
Total nonoperating income (loss)	<u>2,131,259</u>	<u>(7,737)</u>
Increase (decrease) in net position	<u>4,252,508</u>	<u>(312,527)</u>
<b>NET POSITION</b>		
Beginning of fiscal year	50,954,848	51,276,755
Prior period adjustments	<u>-</u>	<u>(9,380)</u>
Net position at beginning of fiscal year, restated	<u>50,954,848</u>	<u>51,267,375</u>
End of fiscal year	<u><u>\$ 55,207,356</u></u>	<u><u>\$ 50,954,848</u></u>

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from County	\$ 6,975,239	\$ 6,614,964
Cash received from Grantor	79,234	156,209
Cash payments to suppliers for goods and services	(2,879,404)	(766,587)
Cash payments to employees for services and benefits	(899,033)	(814,049)
Cash payments to grantee	(2,471,615)	(5,870,978)
Rental and other operating revenues	1,244,087	1,177,107
Net cash provided by operating activities	<u>2,048,508</u>	<u>496,666</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	<u>(230,526)</u>	<u>(233,243)</u>
Net cash provided (used) by capital and related financing activities	<u>(230,526)</u>	<u>(233,243)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment earnings	956	579
Net investment sales (purchases)	<u>8,229,122</u>	<u>309,362</u>
Net cash provided by investing activities	<u>8,230,078</u>	<u>309,941</u>
Net increase in cash	10,048,060	573,364
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF FISCAL YEAR</b>	<u>2,004,735</u>	<u>1,431,371</u>
<b>CASH AND CASH EQUIVALENTS, END OF FISCAL YEAR</b>	<u><u>\$ 12,052,795</u></u>	<u><u>\$ 2,004,735</u></u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION</b>		
Cash and cash equivalents	<u><u>\$ 12,052,794</u></u>	<u><u>\$ 2,004,735</u></u>

(Continued)

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF CASH FLOWS (Continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**RECONCILIATION OF OPERATING INCOME (LOSS) TO  
NET CASH PROVIDED BY OPERATING ACTIVITIES**

	<u>2019</u>	<u>2018</u>
Income (loss) from operations	\$ 2,121,249	\$ (304,790)
Adjustments to reconciliation of income from operations to net cash provided (used) by operating activities:		
Depreciation	639,406	643,863
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Accounts receivable	(3,263)	103,857
Prepaid items and deposits	(10,156)	437
Deferred outflow-pension	(101,347)	176,689
Deferred outflow-OPEB	7,997	443
Net pension liabilities	117,830	393,798
Net OPEB liabilities	(20,714)	(18,530)
Accounts payable and accrued liabilities	(1,259,511)	1,328,753
Grants payable	1,155,256	(794,939)
Deposits payable	-	4,478
Compensated absences	(8,675)	(7,050)
Long-term disability claims reserve	(11,117)	(10,472)
Deferred inflow - pension	(578,447)	(1,019,871)
Net cash provided by operating activities	<u>\$ 2,048,508</u>	<u>\$ 496,666</u>

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION**

**DESERT HEALTHCARE FOUNDATION**

**JUNE 30, 2019**

**WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018**

	Private- Purpose Trust Fund	
	2019	2018
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 945,995	\$ 3,447,997
Grants receivable	1,000,000	1,030,829
Prepaid items	3,500	3,540
Accrued interest and dividend receivable	17,732	13,787
Total current assets	1,967,227	4,496,153
<b>OTHER ASSETS</b>		
Contributions receivable - charitable remainder trusts	189,239	188,929
Investments	5,853,791	2,499,286
Total other assets	6,043,030	2,688,215
<b>TOTAL ASSETS</b>	8,010,257	7,184,368
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	70,955	83,980
Grants payable - current portion	3,384,450	3,621,167
Total current liabilities	3,455,405	3,705,147
Long-term liabilities:		
Grants payable - long-term	2,260,000	1,200,000
Total long-term liabilities	2,260,000	1,200,000
Total liabilities	5,715,405	4,905,147
<b>NET POSITION</b>	\$ 2,294,852	\$ 2,279,221

The accompanying notes are an integral part of these financial statements

**DESERT HEALTHCARE DISTRICT**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**DESERT HEALTHCARE FOUNDATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>Private-Purpose Trust Fund</u>	
	<u>2019</u>	<u>2018</u>
<b>ADDITIONS</b>		
Contributions	\$ 30,748	\$ 226,403
Grants	1,266,188	5,339,347
Interest and dividends	115,058	65,341
Investment gains and losses	386,648	(49,499)
Change in value - charitable trusts	310	3,506
	<u>1,798,952</u>	<u>5,585,098</u>
<b>DEDUCTIONS</b>		
Grants and services	1,536,658	5,314,610
Management and general	246,663	286,762
	<u>1,783,321</u>	<u>5,601,372</u>
<b>INCREASE (DECREASE) IN NET POSITION</b>	15,631	(16,274)
<b>NET POSITION, BEGINNING OF FISCAL YEAR</b>	<u>2,279,221</u>	<u>2,295,495</u>
<b>NET POSITION, END OF FISCAL YEAR</b>	<u>\$ 2,294,852</u>	<u>\$ 2,279,221</u>

The accompanying notes are an integral part of these financial statements



**DESERT HEALTHCARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Desert Healthcare District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Financial Reporting Entity**

The District was organized on December 14, 1948, by a Resolution adopted by the Board of Supervisors, County of Riverside, under the provisions of The Local Hospital District Law (Sections 32000-32314 of the California Health and Safety Code) to provide and operate health care facilities within the area known as the Western Coachella Valley.

Each of the five members of the District's Board of Directors holds office for a four-year term, which is staggered against the other terms. Elections are by popular vote of the constituents within the District's boundaries.

Effective June 29, 1986, the District transferred control of Desert Hospital and all related assets and liabilities to Desert Health Systems, Inc. (System) under the terms of a master lease agreement. The purpose of the transfer was to permit the hospital to operate more competitively and efficiently by becoming a private not-for-profit entity. On December 8, 1988, the System merged with Desert Hospital Corporation (Corporation), the surviving entity. This transaction had no impact with respect to the District.

Until June 1, 1997, the District served as a pass-through entity between the Corporation and the trustee of Hospital Revenue Certificates of Participation issued in 1990 and 1992 and as a recipient of District tax revenues. The District annually pledged the tax revenues it received to the Corporation to be utilized for general corporate purposes. Historically, tax revenues were used to support capital improvement programs.

Effective May 30, 1997, the District entered into a 30-year lease of Desert Hospital with Tenet Health System Desert, Inc. (Tenet). Terms of the lease included payment by Tenet of the Hospital Revenue Certificates of Participation issued in 1990 and 1992 (approximately \$80,000,000) as prepaid rent. Tenet also paid the District \$15,400,000 cash, representing additional prepaid rent. (See Note 2)

As a result of AB2414 and a vote of the residents of the Eastern Coachella Valley in November 2019, the District expanded its boundaries and service area to encompass the broader Coachella Valley. The District has and continues to assess the healthcare needs of the Coachella Valley. The District makes grants to healthcare providers who provide needed healthcare services.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Financial Reporting Entity — Continued**

As required by U.S. GAAP, these financial statements present the District and its component unit entity for which the District is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the District's operations and so data from these units are combined with data of the District. Component units should be included in the reporting entity financial statement using blending method if either of the following criteria are met:

- The component unit's governing body is the same as the governing body of the District.
- The component unit provides services entirely, or almost entirely, to the District or otherwise exclusively, or almost exclusively, benefits the District even though it does not provide services directly to the District.

Included within the reporting entity as a blended component unit is the following:

***Desert Healthcare Foundation (Foundation)***

The Foundation is a health and welfare organization created to identify the health care needs of the Desert Healthcare District and to work toward alleviating those needs through various programs and services. The Foundation operates primarily in the Coachella Valley area of Southern California and, as such, is subject to market conditions, which could affect charitable giving and the realization of recorded assets values at various times.

The foundation's condensed financial statements are included in these financial statements as a Private-Purpose Trust Fund fiduciary fund type.

Complete financial statements of the Foundation can be requested from the District, 1140 North Indian Canyon Drive, Palm Springs, California 92262.

**Basis of Accounting and Measurement Focus**

***Business-Type Activities***

The basic financial statements include a Statement of Net Position, Statement of Revenues, Expenditures, and Changes in Net Position, and a Statement of Cash Flows. These statements present summaries of business-type activities for the District.

**DESERT HEALTHCARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Basis of Accounting and Measurement Focus – Continued**

These basic financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents changes in net position for the fiscal year. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. All proprietary funds are accounted for on a cost of services of "*economic resources*" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with the activity are included on the Statement of Net Position. Their reported fund equity presents total net position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. The Statement of Cash Flows is presented with cash, cash equivalents and investments.

***Fiduciary Fund Financial Statements***

Fiduciary Fund Financial Statements include a Statement of Net Position and a Statement of Changes in Fiduciary Net Position. The District's Fiduciary fund includes Private Purpose Trust Funds, which account for resources that are being held for the benefit of the District. The Fiduciary fund is accounted for using the accrual basis of accounting.

**Use of Restricted/Unrestricted Net Position**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Foundation's policy is to apply restricted net assets first.

**Cash, Cash Equivalent and Investments**

All cash and cash equivalents are considered to be demand deposits, money market funds and short-term investments with original maturities of three months or less from the date of acquisition. Investments are stated at fair value. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

**Prepaid Items and Deposits**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Capital Assets**

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair value on the date donated. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings and Improvements	40 – 50 years
Furniture and Equipment	3 – 7 years

**Compensated Absences**

Employees have vested interests in varying levels of vacation and sick leave based on their length of employment. Sick leave is payable only when an employee is unable to work due to personal or family illness. Unused sick leave does not vest and is forfeited upon termination.

**Property Tax**

The County of Riverside (the County) bills and collects property taxes on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year's taxes are received through periodic apportionments from the County.

The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Since the passage of California's Proposition 13, beginning with fiscal year 1978-79 general property taxes are based either on a flat 1% rate applied to the 1975-1976 full value of the property or on 1% of the sales price of any property sold or of the cost of any new construction after the 1975-1976 valuation. Taxable values on properties (exclusive of increases related to sales and new construction) can rise at a maximum of 2% per year.

The Proposition 13 limitation on general property taxes does not apply to taxes levied to pay the debt service on any indebtedness approved by the voters prior to June 6, 1978 (the date of passage of Proposition 13).

Property tax revenue is recognized in the fiscal year for which the taxes have been levied. Property taxes received after this date are subject to accrual and considered available as a resource that can be used to finance the current year operations of the District.

**Income Taxes**

The District is a political subdivision of the State of California and, as such, is exempt from federal and state income taxes.

**DESERT HEALTHCARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value Measurement

The District and Foundation apply Generally Accepted Accounting Principles (U.S. GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis in accordance with GASB Statement Nos. 31 and 40.

Net Assets

*Net Investment in Capital Assets* — this amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

*Restricted Net Position* — This amount is restricted by external creditors, grantors, contributors, or laws of regulations of other governments.

*Unrestricted Net Position* — This amount is all net assets that do not meet the definition of “net investment in capital assets”, or “restricted net position”.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 65, the District recognizes deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. Refer to Notes 9 and 14 for a detailed listing of the deferred outflow of resources that the District has recognized.

Pursuant to GASB Statement No. 65, the District recognizes deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of fund balance/net position by the government that is applicable to a future reporting period. Refer to Note 154 for a detailed listing of the deferred inflow of resources that the District has recognized.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**2. LEASE AGREEMENT — TENET HEALTH SYSTEM DESERT, INC.**

The District, as described in Note 1, entered into a thirty (30) year lease agreement for Desert Regional Medical Center (Hospital) with Tenet Health System Desert, Inc. (Tenet). In the event that Tenet or the District decide to terminate the lease, the District would be responsible for operating the Hospital, which would require upfront operating capital of approximately \$125,000,000 to maintain the operations without interruption during the transition period. The District, recognizing this obligation, established an investment fund, with a net value of \$58,231,372 as of June 30, 2019, identified as the Facility Replacement Fund. The lease agreement contains provisions in the event the lease terminates prior to May 30, 2021. If the lease terminates for reasons such as default by the lessor to perform obligations within a sixty day period or the premises are totally destroyed and repairs are not feasible between the dates of June 1, 2018 and May 30, 2021, the District may be obligated to repay Tenet beginning June 1, 2018 the unamortized prepaid rent as defined in the lease agreement which decreases annually through May 2021. However, the District does not expect these conditions to occur during the term of the lease and therefore, recorded the full amount of the payments received to income in fiscal year ended June 30, 1997. The lease agreement was previously amended to allow the District to provide the funding for the cost of preapproved capital improvements that will reduce the amount of the prepaid rent schedule by a ratio of \$3 for each \$1 spent, and in some cases a ratio of \$3.50 for each \$1 spent.

The \$4,680,743 construction cost and credit received from Desert Regional Medical Center for lower electrical costs of the hospital parking lot provided for a \$3 for \$1 reduction amounting to \$14,042,229 to the prepaid rent schedule. An additional \$4,589,200 reduction to the prepaid lease schedule was due to a \$3.50 for \$1 reduction per a 10 year facility lease agreement between the District and Hospital for facility space at the District's medical office building to be occupied by the Hospital.

As of June 30, 2019, the prepaid lease balance is \$5,901,897. This amount will decrease annually by \$3,066,667 per terms of the lease agreement. Should the lease terminate early, the prepaid lease repayment may be made in full or over a period of five years.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**3. CASH AND INVESTMENTS**

The cash and investments are classified in the financial statements as shown below:

	<u>June 30, 2019</u>	<u>June 30, 2018</u>
District's Statement of Net Position:		
Cash and cash equivalents	\$ 12,052,794	\$ 2,004,735
Investments	48,228,320	54,326,412
Fiduciary Statement of Net Position:		
Cash and cash equivalents	945,995	3,447,997
Investments	<u>5,853,791</u>	<u>2,499,286</u>
 Total Cash and Investments	 <u><u>\$ 67,080,900</u></u>	 <u><u>\$ 62,278,430</u></u>

Cash and Investments consist  
of the following:

Cash on Hand	\$ 700	\$ 700
Cash in Bank-District	2,049,242	985,741
Cash in Bank-Foundation	810,227	3,421,500
Money Market Funds	10,138,620	1,044,791
Investments	<u>54,082,111</u>	<u>56,825,698</u>
 Total Cash and Investments	 <u><u>\$ 67,080,900</u></u>	 <u><u>\$ 62,278,430</u></u>

**Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the Desert Healthcare District (District) by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.



**DESERT HEALTHCARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**3. CASH, AND INVESTMENTS - Continued**

**Investments Authorized by the California Government Code and the District's Investment Policy (Continued)**

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
Local Agency Investment Fund (State Pool)	N/A	None	\$65 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Repurchase Agreements	1 year	None	None
Bankers' Acceptance (must be dollar denominated)	180 days	40%	30%
Commercial Paper - Pooled Funds	270 days	40%	10%
Commercial Paper - Non-Pooled Funds	270 days	25%	10%
Negotiable Time Certificates of Deposit	5 years	30%	None
Non-negotiable Time Certificates of Deposit	5 years	None	None
State of California and Local Agency Obligations	5 years	None	None
Placement Service Certificates of Deposit	5 years	30%	None
Medium-Term Notes	5 years	30%	None
Mutual Funds and Money Market Mutual Funds	N/A	20%	None
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	None
Voluntary Investment Program Fund	N/A	None	None
Supranational Obligations	5 years	30%	None

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming closer to maturity evenly over time as necessary to provide the cash flow and liquidity needed for distributions.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**3. CASH, AND INVESTMENTS - Continued**

**Disclosures Relating to Interest Rate Risk (Continued)**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity:

**As of June 30, 2019**

Investment Type	Carrying Amount	Remaining Maturity (in Months)				
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	More than 49 Months
Corporate Bonds*	\$ 1,410,937	\$ 50,074	\$ 73,371	\$ 70,047	\$ 251,864	\$ 965,581
U.S. Government Agencies	22,160,590	7,486,335	5,519,485	7,066,850	2,087,920	
U.S. Government Agencies*	867,003		105,004	173,290	109,954	478,755
U.S. Treasury Notes	26,067,730	6,005,440	7,064,840	7,868,280	5,129,170	
U.S. Treasury Notes*	418,965	62,881	101,210		52,612	202,262
Mutual Funds-Open Ended*	1,204,392	1,204,392				
Domestic Common Stock*	1,952,494	1,952,494				
Total	<u>\$ 54,082,111</u>	<u>\$ 16,761,616</u>	<u>\$ 12,863,910</u>	<u>\$ 15,178,467</u>	<u>\$ 7,631,520</u>	<u>\$ 1,646,598</u>

\* Held by Foundation

**As of June 30, 2018**

Investment Type	Carrying Amount	Remaining Maturity (in Months)				
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	More than 49 Months
Corporate Bonds*	\$ 999,329	\$ 89,873	\$ -	\$ 41,882	\$ 19,265	\$ 848,309
U.S. Government Agencies	24,864,624	4,055,362	7,515,586	5,417,235	6,858,290	1,018,151
U.S. Treasury Notes	30,015,893	6,010,220	2,991,450	7,960,870	7,658,902	5,394,451
Municipal Bonds	205,182	10,000	19,876	39,920	14,859	120,527
Domestic Common Stock*	740,670	740,670				
Total	<u>\$ 56,825,698</u>	<u>\$ 10,906,125</u>	<u>\$ 10,526,912</u>	<u>\$ 13,459,907</u>	<u>\$ 14,551,316</u>	<u>\$ 7,381,438</u>

\* Held by Foundation

**DESERT HEALTHCARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**3. CASH AND INVESTMENTS - Continued**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the District's investment policy, and the actual rating as of fiscal year end for each investment type.

**As of June 30, 2019:**

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA/AA	A	BBB/BB	Not Rated
Corporate Bonds*	\$ 1,410,937	N/A	\$ -	\$ 242,228	\$ 464,545	\$ 704,164	\$ -
U.S. Government Agencies	22,160,590	A		22,160,590			
U.S. Government Agencies*	867,003	N/A		867,003			
U.S. Treasury Notes	26,067,730	N/A	26,067,730				
U.S. Treasury Notes*	418,965	N/A	418,965				
Mutual Funds-Open Ended*	1,204,392	N/A					1,204,392
Domestic Common Stock*	1,952,494	N/A					1,952,494
Total	<u>\$ 54,082,111</u>		<u>\$ 26,486,695</u>	<u>\$ 23,269,821</u>	<u>\$ 464,545</u>	<u>\$ 704,164</u>	<u>\$ 3,156,886</u>

\* Held by Foundation. No Foundation policy establishing minimum legal rating.

**As of June 30, 2018:**

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA/AA	A	BBB/BB	Not Rated
Corporate Bonds*	\$ 999,329	N/A	\$ -	\$ 131,966	\$ 867,363	\$ -	\$ -
U.S. Government Agencies	24,864,624	A		24,864,624			
U.S. Treasury Notes	30,015,893	N/A	30,015,893				
Municipal Bonds	205,182	N/A		57,737	147,445		
Domestic Common Stock*	740,670	N/A					740,670
Total	<u>\$ 56,825,698</u>		<u>\$ 30,015,893</u>	<u>\$ 25,054,327</u>	<u>\$ 1,014,808</u>	<u>\$ -</u>	<u>\$ 740,670</u>

\* Held by Foundation. No Foundation policy establishing minimum legal rating.

## **DESERT HEALTHCARE DISTRICT**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

#### **3. CASH AND INVESTMENTS - Continued**

##### **Concentration of Credit Risk**

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are three investments at June 30, 2019 that represent 5% or more of total District investments (other than U.S. Treasury Notes). These investments are:

- Federal Home Loan Banks: \$6,615,025 with various maturity dates through June 30, 2023, and interest rates of 1.375-4.500%.
- Federal Home Loan Mortgage Corporation: \$5,058,980 with various maturity dates through June 30, 2023, and interest rates of 1.250-2.750%.
- Federal National Mortgage Association: \$10,486,585 with various maturity dates through June 30, 2022, and interest rates of 1.250-2.000%.

There are three investments at June 30, 2018 that represent 5% or more of total District investments (other than U.S. Treasury Notes). These investments are:

- Federal Home Loan Banks: \$7,544,505 with various maturity dates through June 30, 2023, and interest rates of 1.375-4.500%.
- Federal Home Loan Mortgage Corporation: \$4,953,650 with various maturity dates through June 30, 2022, and interest rates of 1.250-3.750%.
- Federal National Mortgage Association: \$12,263,445 with various maturity dates through June 30, 2022, and interest rates of 1.250-2.000%.

##### **Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2019 and 2018, the District's deposits with financial institutions in excess of federal depository insurance limits are legally required by the California Government Code, to collateralize the District's deposits as noted above.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**3. CASH AND INVESTMENTS – Continued**

Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active;
- Level 3: Investments reflect prices based upon unobservable sources.

The District has the following recurring fair value measurements;

**As of June 30, 2019**

Investments by fair value	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Corporate Bonds	\$ 1,410,937	\$ 1,410,937	\$ -	\$ -
U.S. Government Agencies	23,027,593	23,027,593		
U.S. Treasury Notes	26,486,695	26,486,695		
Mutual Funds-Open Ended	1,204,392	1,204,392		
Domestic Common Stock	1,952,494	1,952,494		
	<u>\$ 54,082,111</u>	<u>\$ 54,082,111</u>	<u>\$ -</u>	<u>\$ -</u>

**As of June 30, 2018**

Investments by fair value	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities				
Corporate Bonds	\$ 999,329	\$ 999,329	\$ -	\$ -
U.S. Government Agencies	24,864,624	24,864,624		
U.S. Treasury Notes	30,015,893	30,015,893		
Municipal Bonds	205,182	205,182		
Domestic Common Stock	740,670	740,670		
	<u>\$ 56,825,698</u>	<u>\$ 56,825,698</u>	<u>\$ -</u>	<u>\$ -</u>

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**4. CAPITAL ASSETS**

Business-Type Activities

At June 30, 2019 and 2018, the capital assets of the business-type activities consisted of the following:

<u>June 30, 2019</u>				
	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Non-depreciable assets				
Land	\$ 3,988,650	\$ -	\$ -	\$ 3,988,650
Total non-depreciable assets	<u>3,988,650</u>			<u>3,988,650</u>
Depreciable assets:				
Buildings and improvements	17,955,981	222,077	(500)	18,177,558
Furniture and equipment	<u>176,546</u>	<u>8,449</u>	<u>(2,258)</u>	<u>182,737</u>
Total	<u>18,132,527</u>	<u>230,526</u>	<u>(2,758)</u>	<u>18,360,295</u>
Less accumulated depreciation	<u>(9,739,013)</u>	<u>(639,405)</u>	<u>2,031</u>	<u>(10,376,387)</u>
Total depreciable assets, net	<u>8,393,514</u>	<u>(408,879)</u>	<u>(727)</u>	<u>7,983,908</u>
Total Capital Assets, Net	<u>\$ 12,382,164</u>	<u>\$ (408,879)</u>	<u>\$ (727)</u>	<u>\$ 11,972,558</u>

Depreciation expense consists of operating expense depreciation of \$193,276 and rental expense depreciation of \$446,129.

<u>June 30, 2018</u>				
	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Non-depreciable assets				
Land	\$ 3,988,650	\$ -	\$ -	\$ 3,988,650
Total non-depreciable assets	<u>3,988,650</u>			<u>3,988,650</u>
Depreciable assets:				
Buildings and improvements	17,779,595	228,320	(51,934)	17,955,981
Furniture and equipment	<u>171,623</u>	<u>4,923</u>		<u>176,546</u>
Total	<u>17,951,218</u>	<u>233,243</u>	<u>(51,934)</u>	<u>18,132,527</u>
Less accumulated depreciation	<u>(9,147,084)</u>	<u>(643,863)</u>	<u>51,934</u>	<u>(9,739,013)</u>
Total depreciable assets, net	<u>8,804,134</u>	<u>(410,620)</u>		<u>8,393,514</u>
Total Capital Assets, Net	<u>\$ 12,792,784</u>	<u>\$ (410,620)</u>	<u>\$ -</u>	<u>\$ 12,382,164</u>

Depreciation expense consists of operating expense depreciation of \$194,483 and rental expense depreciation of \$449,380.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**5. RESTRICTED NET POSITION**

The District had \$0 of restricted net position at June 30, 2019 and 2018.

**6. SPLIT INTEREST AGREEMENTS – FOUNDATION**

At June 30, 2019 and 2018, the split interest agreements of the fiduciary fund consisted of the following:

	<u>2019</u>	<u>2018</u>
Contributions receivable - charitable remainder trusts	\$ 189,239	\$ 188,929
Total	<u>\$ 189,239</u>	<u>\$ 188,929</u>

**Charitable Remainder Trusts**

The Foundation was named beneficiary to two additional charitable remainder unitrusts (whose trustees are someone other than the Foundation), all of which are recorded at fair market value. The general terms of the two trusts are as follows:

Trust 4 (dated October 3, 1989): The lesser of the trust income or 8% of the net fair market value of trust assets is to be distributed to the life beneficiary annually. Upon the death of the life beneficiary, 50% of the principal and income not required to have been distributed to the life beneficiary shall become the property of the Foundation, to be used for cancer treatment, or for general purposes if a cure for cancer has been found. At December 31, 2018 and 2017, which is the most current information available, the estimated present value of future cash flows was \$126,022 and \$122,540, respectively.

Trust 7 (dated May 17, 1990): 8.5% of the net fair market value of trust assets is to be distributed to the life beneficiary annually. Upon the death of the life beneficiary, all of the principal and income not required to have been distributed to the life beneficiary shall become the property of the Foundation, to be used for general purposes. The estimated present value of future cash flows at June 30, 2019 and 2018 was \$63,217 and \$66,389, respectively.

**7. GRANTS**

The District has granted awards to various healthcare providers that provide needed healthcare services. Awards not fully funded in the current fiscal year are carried over to the subsequent fiscal year. At June 30, 2019 and 2018, the total grant awards payable were \$12,809,355 and \$11,654,099, respectively. Total grant expense for the fiscal years ended June 30, 2019 and 2018 amounted to \$3,626,871 and \$5,076,039, respectively.

The Foundation has granted awards to various healthcare providers that provide needed healthcare services. At June 30, 2019 and 2018, the total grant awards payable were \$5,644,450 and \$4,821,167, respectively. Total grants and services expense for the years ended June 30, 2019 and 2018 amounted to \$1,536,658 and \$5,314,610, respectively.



**DESERT HEALTHCARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**8. LONG-TERM DISABILITY CLAIMS RESERVE**

Long-term disability claims were self-insured by the District. Claimants' payments are administered internally and made pursuant to the plan. Claimants are paid either to age 65 or until they return to work. At June 30, 2019 and 2018, the long-term disability claims reserves were as follows:

	Balance at July 1, 2018	Claims Paid	Changes in Estimates	Balance at June 30, 2019	Due Within One Year
Claims payable	\$ 66,546	\$ (14,803)	\$ 3,686	\$ 55,429	\$ 14,803

	Balance at July 1, 2017	Claims Paid	Changes in Estimates	Balance at June 30, 2018	Due Within One Year
Claims payable	\$ 77,018	\$ (14,803)	\$ 4,331	\$ 66,546	\$ 14,803

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**9. POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS**

A. General Information about the OPEB Plan

*Plan Description* – The District’s defined benefit OPEB plan, provides OPEB for the two retired Board of Directors of the District. The plan is a single employer defined benefit OPEB plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Benefits Provided* – Following is a description of the current retiree benefit plan:

	<b><u>Board Members</u></b>
Benefit types provided	Medical and dental
Duration of benefits	Lifetime
Dependent coverage	Yes
District contribution %	100%
District cap	None

*Employees Covered by Benefit Terms* – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees receiving benefits	2
Inactive employees entitled to but not yet receiving benefits payments	0
Active employees	0

B. Total OPEB Liability

The District’s total OPEB liability of \$87,973 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

<i>Inflation</i>	2.75 percent
<i>Investment return/discount rate</i>	3.80 percent net of expenses. Based on the Bond Buyer 20 Bond Index
<i>Healthcare cost trend rates</i>	4.00 percent
<i>Payroll increase</i>	2.75 percent
<i>The mortality assumptions</i>	Based on the 2009 CalPERS Mortality for Retired Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables. This table incorporates mortality projection as deemed appropriate based on CalPERS analysis.
<i>Cost for retiree coverage</i>	Based on actual employer contribution. Liabilities for active participants are based on the first year costs. Subsequent years’ costs are based on first year costs adjusted for trend and limited by any District contribution caps.

**DESERT HEALTHCARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**9. POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED)**

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	\$ 108,687
<u>Changes for the fiscal year</u>	
Service cost	-
Interest	3,684
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(908)
Benefit payments	<u>(23,490)</u>
Net changes	<u>(20,714)</u>
Balance at June 30, 2019	<u>\$ 87,973</u>

No plan assets at June 30, 2019

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	Discount Rate <u>1% Lower</u>	Valuation <u>Discount Rate</u>	Discount Rate <u>1% Higher</u>
Net OPEB liability	\$90,160	\$87,973	\$85,855

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	Trend <u>1% Lower</u>	Valuation <u>Trend</u>	Trend <u>1% Higher</u>
Net OPEB liability	\$84,901	\$87,973	\$91,114

D. OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$1,705. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows Of Resources</u>
Benefit payments subsequent to measurement date	\$ 14,147

There were no amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses in the future.

**DESERT HEALTHCARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**10. INSURANCE**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters for which the District carries commercial insurance. The District purchases commercial insurance to cover the risk of loss for property, business liability, and medical payments.

**11. RENTAL INCOME**

The District rents commercial office suites subject to lease terms ranging from three to five years. Rental income includes the base monthly rental payments plus the common area maintenance fee. Rental income consisted of the following for the fiscal years ended June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Base rent	\$ 863,595	\$ 798,450
Common area maintenance	<u>340,345</u>	<u>314,791</u>
Total Rental Income	<u>\$ 1,203,940</u>	<u>\$ 1,113,241</u>

The five year fiscal year minimum rental schedule follows:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Base rent	\$ 770,966	\$ 684,077	\$ 705,797	\$ 594,856	\$ 251,198
Common area maintenance	297,456	260,221	260,221	215,871	90,613

**12. COMMITMENT AND CONTINGENCIES**

**Earthquake Retrofit**

Senate Bill 1953 imposes certain requirements that acute care hospitals would be required to meet within a specified time. These requirements include conducting seismic evaluations. The deadline was extended to January 1, 2030. After January 1, 2030, all hospitals must be determined to be in compliance.

**Litigation**

In the ordinary course of operations, the District is subject to other claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters will not materially affect its financial condition.

**DESERT HEALTHCARE DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**13. 401(K) RETIREMENT PLAN**

The District converted from a 401(k) retirement plan to a 457(B) and 401(A) retirement plans. A 457(B) (employee contribution) and 401(A) (employer contribution) retirement plans were determined to be more appropriate for a governmental agency. The 401(K) plan was terminated during the fiscal year and the 457(B) and 401(A) retirement plans became effective October 1, 2014.

The District contributes a dollar for dollar match for the first 4% of employee salary deferral and two dollars match for each additional dollar of the next 2% of employee salary deferral. The District's match contribution for the fiscal years ended June 30, 2019 and 2018 were \$47,285 and \$55,242, respectively.

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

Effective July 1, 1971, Desert Hospital Corporation (Corporation) established a defined benefit pension plan (Plan) covering eligible employees of Desert Hospital. The Corporation was dissolved as of May 31, 1997 and the Plan has been frozen as of that date. The Desert Healthcare District (the "District") has assumed sponsorship of the Plan. Refer to the Plan's separate financial statements for more detailed information.

**Vesting**

All participants of the Plan have been 100% vested since May 31, 1997.

**Account Balances**

All participants of the Plan are eligible to request a distribution or rollover of their account balance upon retirement or termination of their employment from Desert Regional Medical Center.

**Contributions**

There have been no contribution requirements by the District since May 31, 1997. Participant contributions to the Plan are not permitted. In the most recent actuarial valuation (dated as of June 30, 2019), the Plan's independent actuary determined that the actuarial value of the Plan's net pension liability was \$3,395,623 at June 30, 2019 and \$3,277,793 at June 30, 2018. In the report it was recommended that an actuarially determined contribution of \$366,275 as of June 30, 2019 and \$288,378 as of June 30, 2018, should be made. The District's board of directors elected not to fund the Plan during 2019. The plan was funded in the amount of \$0 during 2019 and 2018.

**Administration and Trustee**

The Plan is administered by the District's Finance and Administrative Committee (the Committee). The Committee is selected by the District's board of directors. All administrative expenses are paid by the Plan or at the discretion of the District.

Pursuant to the terms of the Plan, the District entered into a trust agreement with US Bank N.A. to provide for the investment, reinvestment, administration and distribution of contributions made under the Plan.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN – Continued**

**Schedule of Funding Progress**

Actuarial Valuation Date (1)	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
6/30/2006	\$ 5,236,383	\$ 9,566,663	\$(4,330,280)	55%	N/A	N/A
6/30/2007	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2008	4,552,074	9,312,581	(4,760,507)	49%	N/A	N/A
6/30/2009	3,351,366	9,141,403	(5,790,037)	37%	N/A	N/A
6/30/2010	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2011	3,522,125	7,921,342	(4,399,217)	45%	N/A	N/A
6/30/2012	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2013	2,797,614	7,357,700	(4,560,086)	38%	N/A	N/A
6/30/2014	2,656,607	10,603,012	7,946,405	25%	N/A	N/A
6/30/2015	2,405,256	10,149,205	7,743,949	24%	N/A	N/A
6/30/2016	1,924,238	11,568,940	9,644,702	17%	N/A	N/A
6/30/2017	5,344,173	8,219,294	2,875,121	65%	N/A	N/A
6/30/2018	5,189,834	8,467,627	3,277,793	61%	N/A	N/A
6/30/2019	4,913,907	8,309,530	3,395,623	59%	N/A	N/A

No actuarial report or estimation using actuarial methodology was prepared for June 30, 2012, 2010, and 2007.

***General Information about the Desert Hospital Retirement Protection Plan (Plan) Pension Plan***

**Plan Description**

The Plan was originally established in 1971 as a defined benefit plan covering all eligible employees of Desert Hospital. The plan has been frozen since May 31, 1997.

**Employees Covered**

At June 30, 2019 and 2018, the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>	
	<u>2019</u>	<u>2018</u>
Inactive plan members if beneficiaries currently receiving benefits	8	16
Inactive plan members entitled to but not yet receiving benefits	61	60
Active plan members	114	141
Total Employees Covered	<u>183</u>	<u>217</u>

**Contributions**

There have been no contribution requirements by the District since May 31, 1997. Participant contributions to the Plan are not permitted.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN – Continued**

***General Information about the Desert Hospital Retirement Protection Plan (Plan) Pension Plan (continued)***

**Net Pension Liability**

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions**

The total pension liability in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions:

Inflation	2.75%
Discount rate	4.56%, net of pension plan investment expense, including inflation.
Measurement date	June 30, 2019, based on a valuation date of June 30, 2019.
Ad hoc cost-of-living increases	Not applicable
Mortality	Pre-Retirement: None      Post-Retirement: Pub G Sex distinct mortality tables projected generationally with Scale MP-2018
Experience study	Given the size of the plan, there is not enough data available to conduct a credible experience study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions. The plan is frozen to new participants and benefit accruals.
Retirement	100% retirement at age 65.
Termination	Participants* are assumed to work for the Desert Regional Medical Center operated by Tenet Health System Desert, Inc. until Normal Retirement Age.
Other assumptions	See actuarial assumptions provided in the June 30, 2019 funding valuation for other relevant assumptions.

\* Former Desert Hospital employees employed with Tenet Health System Desert, Inc.

**Discount Rate**

The discount rate used to measure the total pension liability was 4.56 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, the Plan stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 4.56 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.82 percent is applied to all plans in the Plan. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at the Districts' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 4.56 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 4.71 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. The Plan checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN – Continued**

***General Information about the Desert Hospital Retirement Protection Plan (Plan) Pension Plan (continued)***

**Net Pension Liability (Continued)**

The Plan expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through the 2019-20 fiscal year. The Plan will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**Expected Rate of Return**

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-term expected real rate of return</b>
Domestic fixed income securities	36.0%	2.50%
Domestic equities	45.0	5.50
International equities	15.0	6.50
International Fixed Income Securities	2.0	2.50
Cash	2.0	0.00



**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN – Continued**

***Changes in the Net Pension Liability***

The changes in the Net Pension Liability for the Plan follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Position Liability/(Asset) (c) = (a) - (b)
<b>Balance, June 30, 2018</b>	\$ 8,467,627	\$ 5,189,834	\$ 3,277,793
Changes in Recognized for the Measurement Period:			
Employer Contributions			
Interest on the Total Pension Liability	385,951		385,951
Differences between Expected and Actual Experience	(802,110)		(802,110)
Changes in Assumptions	769,854		769,854
Net Investment Income **		268,701	(268,701)
Benefit Payments, including Refunds of			
Employee Contributions	(511,792)	(511,792)	-
Administrative Expenses		(32,836)	32,836
Net Changes during 2018-19	(158,097)	(275,927)	117,830
<b>Balance, June 30, 2019 *</b>	<b>\$ 8,309,530</b>	<b>\$ 4,913,907</b>	<b>\$ 3,395,623</b>

\* The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expenses. This may differ from the plan assets reported in the funding actuarial valuation report.

\*\* Net of administrative expenses.

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate***

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 4.56 percent, as well as what the net pension liability/(asset) would be if it were calculated using a discount rate that is 1 percentage-point lower (3.56 percent) or 1 percentage-point higher (5.56 percent) than the current rate:

	<b><u>1% Decrease (3.56%)</u></b>	<b><u>Current Discount Rate (4.56%)</u></b>	<b><u>1% Increase (5.56%)</u></b>
Net pension liability	\$ 4,614,511	\$ 3,395,623	\$ 2,396,408

***Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in the separately issued financial reports.

**DESERT HEALTHCARE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**14. DESERT HOSPITAL RETIREMENT PROTECTION PLAN – Continued**

*Changes in the Net Pension Liability (Continued)*

*The Plan's Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*

For the fiscal year ended June 30, 2019, the District recognized pension expense of \$(561,964). At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ (742,705)
Net differences between projected and actual earnings on pension plan investments	99,177	(187,998)
Changes in assumptions	1,060,012	(713,040)
Total	<u>\$ 1,159,189</u>	<u>\$ (1,643,743)</u>

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

<b>Fiscal Year Ended June 30,</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2020	\$ (509,777)
2021	3,633
2022	1,464
2023	20,126
Total	<u>\$ (484,554)</u>

**15. RELATED PARTY TRANSACTIONS**

The Desert Healthcare District and the Desert Healthcare Foundation are related parties. The Foundation is organized to provide health and welfare assistance to Coachella Valley residents in need. The District donates funds (\$1,136,000) to the Foundation, to help fulfill their purpose. The District also provides the Foundation with office space and personnel (\$212,016).

**REQUIRED SUPPLEMENTARY INFORMATION**

**DESERT HEALTHCARE DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2019**

**Prepared for the Desert Healthcare District, a Single-Employer Defined Benefit Pension Plan as of June 30, 2019**

**Note 1 – Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years\***

	2019	2018	2017	2016	2015
Measurement Period	2018-2019	2017-2018	2016-2017	2014-2015	2013-2014
<b>Total Pension Liability</b>					
Interest on total pension liability	\$ 385,951	\$ 399,298	\$ 321,990	\$ 397,980	\$ 418,035
Differences between expected and actual experience	(802,110)		(437,093)	(493,455)	(537,276)
Changes in assumptions	769,854	315,705	(2,852,163)	1,944,607	
Benefit payments, including refunds of employee contributions	(511,792)	(466,670)	(382,380)	(459,397)	(304,566)
<b>Net change in total pension liability</b>	<b>(158,097)</b>	<b>248,333</b>	<b>(3,349,646)</b>	<b>1,389,735</b>	<b>(423,807)</b>
<b>Total pension liability - beginning</b>	<b>8,467,627</b>	<b>8,219,294</b>	<b>11,568,940</b>	<b>10,179,205</b>	<b>10,603,012</b>
<b>Total pension liability - ending (a)</b>	<b>8,309,530</b>	<b>8,467,627</b>	<b>8,219,294</b>	<b>11,568,940</b>	<b>10,179,205</b>
Plan fiduciary net position					
Employer contributions			3,400,000		
Net investment income	268,701	347,969	426,828	(6,638)	71,101
Benefit payments	(511,792)	(466,670)	(382,380)	(459,397)	(304,566)
Administrative expenses	(32,836)	(35,638)	(24,513)	(14,983)	(17,886)
Net change in plan fiduciary net position	(275,927)	(154,339)	3,419,935	(481,018)	(251,351)
Plan fiduciary net position - beginning	5,189,834	5,344,173	1,924,238	2,405,256	2,656,607
<b>Plan fiduciary net position - ending (b)</b>	<b>4,913,907</b>	<b>5,189,834</b>	<b>5,344,173</b>	<b>1,924,238</b>	<b>2,405,256</b>
<b>Net pension liability - ending (a) - (b)</b>	<b>\$ 3,395,623</b>	<b>\$ 3,277,793</b>	<b>\$ 2,875,121</b>	<b>\$ 9,644,702</b>	<b>\$ 7,773,949</b>
Plan fiduciary net position as a percentage of the total pension liability	59.14%	61.29%	65.02%	16.63%	23.63%
Covered - employee payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered - employee payroll	N/A	N/A	N/A	N/A	N/A

**Notes to Schedule**

*Changes in Assumptions:*

2017 to 2018 Investment rate of return, including inflation, and net of investment expenses changed from 5.00 % to 4.70%.

2017 to 2018 Discount Rate changed from 5.00% to 4.70%.

2018 to 2019 Discount Rate changed from 4.70% to 4.56%.

2018 to 2019 Investment rate of return, including inflation, and net of investment expenses changed from 4.70 % to 4.56%.

\*Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

**DESERT HEALTHCARE DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2019**

**Note 2 – Schedule of Changes in Net OPEB Liability and Related Ratios – Last 10 Fiscal Years\***

Measurement period	<u>06/30/18</u>	<u>06/30/17</u>
<b>Total OPEB Liability</b>		
Service Cost	\$ -	\$ -
Changes in assumptions	(908)	-
Interest on the Total Pension Liability	3,684	4,057
Benefit Payments	<u>(23,490)</u>	<u>(22,587)</u>
<b>Net Change in Total Pension Liability</b>	<u>(20,714)</u>	<u>(18,530)</u>
<b>Total OPEB Liability - Beginning</b>	<u>108,687</u>	<u>127,217</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 87,973</u>	<u>\$ 108,687</u>
 <b>Plan Fiduciary Net Position</b>		
Contribution from the Employer	\$ 23,490	\$ 22,587
Net investment income	-	-
Benefit Payments	(23,490)	(22,587)
Administrative Expenses	<u>-</u>	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	<u>-</u>	<u>-</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>-</u>	<u>-</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ -</u>	<u>\$ -</u>
 Net OPEB Liability - Ending (a)-(b)	<u><u>\$ 87,973</u></u>	<u><u>\$ 108,687</u></u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.00%</u>	<u>0.00%</u>
 Covered - Employee Payroll	<u>N/A</u>	<u>N/A</u>
 Net OPEB Liability as Percentage of Covered- Employee Payroll	<u>N/A</u>	<u>N/A</u>

Notes to Schedule:

Changes of Assumption: Investment/Discount rate changed from 3.50% to 3.80% from 2017 to 2018 measurement period.

\*Fiscal year 2018 was the first year of implementation, therefore only two years are shown.

**DESERT HOSPITAL**  
**RETIREMENT PROTECTION PLAN**

**PALM SPRINGS, CALIFORNIA**

**INDEPENDENT AUDITOR'S REPORT,**  
**FINANCIAL STATEMENTS, AND**  
**SUPPLEMENTARY INFORMATION**

**JUNE 30, 2019**



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Desert Healthcare District  
Palm Springs, California

We have audited the accompanying financial statements of Desert Hospital Retirement Protection Plan (the Plan) which comprise the statements of net assets available for benefits and of accumulated plan benefits as of June 30, 2019 and the related statements of changes in accumulated plan benefits the fiscal year then ended and the related notes to the financial statements, which collectively comprise the Plan's financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with generally accepted auditing standards accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

## **Basis for Qualified Opinion**

Due to the Plan's status as a "frozen plan" as of May 31, 1997 (Note 1), certain disclosures and supplemental schedules required for the financial statements to be in accordance with generally accepted accounting principles in the United States of America are not included in the accompanying financial statements.

## **Qualified Opinion**

In our opinion, except for the omission of the information discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial status of the Plan as of June 30, 2019, and the changes in financial status for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

## **Other Matters**

### *Other Report Required by Government Auditing Standards*


In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2019 on our consideration of the Plan's internal control over financial reporting and on our tests of compliance with laws and regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require the Schedule of Funding Progress be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial statements, for placing the financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Report on Comparative Summarized Information*

We have previously audited the Plan's 2018 financial statements, and our report dated October 1, 2018 expressed a qualified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the fiscal year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Moss, Levy & Hartzheim, LLP  
Culver City, California  
October 1, 2019



**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AND OF ACCUMULATED  
PLAN BENEFITS**

**JUNE 30, 2019**

**WITH COMPARATIVE TOTALS FOR JUNE 30, 2018**

	<u>2019</u>	<u>2018</u>
<b><u>ASSETS</u></b>		
Cash	\$ 63,564	\$ 47,112
Investments, at fair value		
U.S. Government securities	852,161	947,425
Corporate equity securities	405,507	377,175
Corporate debt securities	716,638	899,038
Mutual funds	<u>2,872,938</u>	<u>2,911,510</u>
Total investments	<u>4,847,244</u>	<u>5,135,148</u>
Interest and dividends receivable	<u>11,287</u>	<u>16,220</u>
<b><u>LIABILITIES</u></b>		
Accrued trustee fees	<u>8,189</u>	<u>8,645</u>
<b><u>NET POSITION RESTRICTED FOR PENSION</u></b>		
Net position restricted for pension	<u>\$ 4,913,906</u>	<u>\$ 5,189,835</u>

(The accompanying notes are an integral part of these financial statements)

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**  
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS AND CHANGES**  
**IN ACCUMULATED PLAN BENEFITS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**  
**WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>2019</u>	<u>2018</u>
<b><u>ADDITIONS:</u></b>		
Contributions	\$ -	\$ -
Investment income:		
Net appreciation in fair value of Plan assets	125,149	226,431
Interest, dividends, and other investment income	<u>143,550</u>	<u>130,184</u>
Net income	<u>268,699</u>	<u>356,615</u>
<b><u>DEDUCTIONS:</u></b>		
Distributions of benefits	511,792	466,670
Administrative expenses	<u>32,836</u>	<u>35,409</u>
Total deductions	<u>544,628</u>	<u>502,079</u>
NET INCREASE (DECREASE) IN NET POSITION	(275,929)	(145,464)
NET POSITION RESTRICTED FOR PENSION:		
BEGINNING OF THE FISCAL YEAR	<u>5,189,835</u>	<u>5,335,299</u>
END OF THE FISCAL YEAR	<u><u>\$ 4,913,906</u></u>	<u><u>\$ 5,189,835</u></u>

(The accompanying notes are an integral part of these financial statements)

# **DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

### **1. PLAN STATUS**

From June 1986 to May 1997, the Desert Hospital Corporation (the Corporation), a California not for profit public benefit corporation, operated Desert Hospital under a lease agreement with the Desert Healthcare District (the District). The District is a hospital district under California law, created under California's Health and Safety Code.

On May 31, 1997, after the Corporation and the District discontinued their lease agreement for the operation of Desert Hospital, the Corporation dissolved, and the District entered into a lease agreement with Tenet Health System Desert, Inc., concerning the operation of Desert Hospital, which is now known as Desert Regional Medical Center. As part of the dissolution process, the Corporation transferred certain assets and liabilities to the District, and the District assumed sponsorship of the Desert Hospital Retirement Protection Plan (the Plan). The Plan has been frozen since May 31, 1997.

The District is a political subdivision of the State of California, as identified in section 4021(b)(2) of the Employee Retirement Income Savings Act (ERISA). Accordingly, the Plan is excluded from coverage under section 4021(b)(2) of ERISA.

A final Form 5500 was filed for the fiscal year ended June 30, 1998.

The Plan has reported to the California State Controller's Office beginning with the fiscal year ended June 30, 1999.

### **2. PLAN DESCRIPTION**

#### **General**

As discussed in Note 1 above, the Plan has been frozen since May 31, 1997. The Plan was originally established in 1971 as a defined benefit plan covering all eligible employees of Desert Hospital.

#### **Vesting**

All participants of the Plan have been 100% vested since May 31, 1997.

#### **Account Balances**

All participants of the Plan are eligible to request a distribution or rollover of their account balance upon retirement or termination of their employment from Desert Regional Medical Center.

## **DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

#### **2. PLAN DESCRIPTION (Continued)**

##### Contributions

There have been no contribution requirements by the District since May 31, 1997. Participant contributions to the Plan are not permitted. The most recent actuarial valuation as of June 30, 2019 by the Plan's independent actuary determined that the actuarial value of the Plan's net pension liability was \$3,395,624 at June 30, 2019 and \$3,277,792 at June 30, 2018 and recommended to the District an actuarially determined contribution of \$366,275 as of June 30, 2019 and \$288,378 as of June 30, 2018.

##### Administration and Trustee

The Plan is administered by the District's Finance and Administrative Committee (the Committee). The Committee is selected by the District's board of directors. All administrative expenses are paid by the Plan or at the discretion of the District.

Pursuant to the terms of the Plan, the District entered into a trust agreement with U.S. Bank N. A. to provide for the investment, reinvestment, administration and distribution of contributions made under the Plan.

#### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In that respect, the statements are presented on an accrual basis.

##### Use of Estimates

The preparation of the Plan's financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and when applicable, disclosures of contingent assets and liabilities. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

##### Federal Income Taxes

The Committee obtained an updated determination letter in March 2007 from the Internal Revenue Service stating that the Plan and its amendments are exempt from Federal income taxes under section 410(a) of the Internal Revenue Code (the IRC) as a qualified plan. Therefore, no provision for income taxes has been provided in the Plan's financial statements.

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Reporting

Due to the Plan's status as a "Frozen Plan", certain disclosures and supplemental schedules have been omitted from the accompanying financial statements.

**4. CASH AND INVESTMENTS**

Cash and securities held in the investment portfolio are in the custody of U.S. Bank, N.A., the Plan's trustee. State statute and Board policies allow investments consisting of government, corporate and international bonds, domestic and international equities, mutual funds and other investments.

Investments of the Plan are stated at fair value as confirmed by the trustee as of the date of the statement of plan net assets.

The Plan's investments are categorized below:

<u>Investment Type</u>	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash	<u>\$ 63,564</u>	<u>\$ 63,564</u>	<u>\$ 47,112</u>	<u>\$ 47,112</u>
Investments				
U.S. Government securities	848,667	852,161	973,848	947,425
Corporate equity securities	307,796	405,507	307,499	377,175
Corporate debt securities	722,751	716,638	929,318	899,038
Mutual funds	<u>2,412,793</u>	<u>2,872,938</u>	<u>2,494,392</u>	<u>2,911,510</u>
Investments total	<u>4,292,007</u>	<u>4,847,244</u>	<u>4,705,057</u>	<u>5,135,148</u>
Total cash and investments	<u><u>\$ 4,355,571</u></u>	<u><u>\$ 4,910,808</u></u>	<u><u>\$ 4,752,169</u></u>	<u><u>\$ 5,182,260</u></u>

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in the market interest rates. One of the ways that the Plan manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming closer to maturity evenly over time as necessary to provide the cash flow and liquidity needed for distributions.

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**4. CASH AND INVESTMENTS (Continued)**

Disclosures Relating to Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Plan's investments by maturity:

**As of June 30, 2019**

Investment Type	Carrying Amount	Remaining Maturity (in Months)				
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	More than 49 Months
Equity Based Mutual Funds	\$ 2,673,134	\$ 2,673,134	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds	199,804	199,804				
Corporate Bonds	716,638	100,257	202,170	154,292	50,682	209,237
U.S. Government Agencies	597,094			50,739		546,355
U.S. Treasury Note	255,067	49,948	50,420	50,496		104,203
Foreign Stock	30,812	30,812				
Domestic Common Stock	374,695	374,695				
Total	<u>\$ 4,847,244</u>	<u>\$ 3,428,650</u>	<u>\$ 252,590</u>	<u>\$255,527</u>	<u>\$ 50,682</u>	<u>\$ 859,795</u>

**As of June 30, 2018**

Investment Type	Carrying Amount	Remaining Maturity (in Months)				
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	More than 49 Months
Equity Based Mutual Funds	\$ 2,722,118	\$ 2,722,118	\$ -	\$ -	\$ -	\$ -
Fixed Income Mutual Funds	189,392	189,392				
Corporate Bonds	899,038	99,863	99,376	300,808	149,646	249,345
U.S. Government Agencies	648,935	1,170			49,344	598,421
U.S. Treasury Note	298,490	50,017	49,578	49,500	49,434	99,961
Foreign Stock	18,185	18,185				
Domestic Common Stock	358,990	358,990				
Total	<u>\$ 5,135,148</u>	<u>\$ 3,439,735</u>	<u>\$ 148,954</u>	<u>\$350,308</u>	<u>\$ 248,424</u>	<u>\$ 947,727</u>

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**4. CASH AND INVESTMENTS (Continued)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code and the Plan's investment policy, and the actual rating as of fiscal year end for each investment type.

**As of June 30, 2019:**

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
Equity Based Mutual Funds	\$ 2,673,134	N/A	\$ -	\$ -	\$ -	\$ -	\$ 2,673,134
Fixed Income Mutual Funds	199,804	N/A					199,804
Corporate Bonds	716,638	A			358,632	358,006	
U.S. Government Agencies	597,094	A		50,739		546,355	
U.S. Treasury Note	255,067	N/A	255,067				
Foreign Stock	30,812	N/A					30,812
Domestic Common Stock	374,695	N/A					374,695
Total	<u>\$ 4,847,244</u>		<u>\$ 255,067</u>	<u>\$ 50,739</u>	<u>\$ 358,632</u>	<u>\$ 904,361</u>	<u>\$ 3,278,445</u>

**As of June 30, 2018:**

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
Equity Based Mutual Funds	\$ 2,722,118	N/A	\$ -	\$ -	\$ -	\$ -	\$ 2,722,118
Fixed Income Mutual Funds	189,392	N/A					189,392
Corporate Bonds	899,038	A			350,225	548,813	
U.S. Government Agencies	648,935	A				648,935	
U.S. Treasury Note	298,490	N/A	298,490				
Foreign Stock	18,185	N/A					18,185
Domestic Common Stock	358,990	N/A					358,990
Total	<u>\$ 5,135,148</u>		<u>\$ 298,490</u>	<u>\$ -</u>	<u>\$ 350,225</u>	<u>\$ 1,197,748</u>	<u>\$ 3,288,685</u>

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**4. CASH AND INVESTMENTS (Continued)**

**Concentration of Credit Risk**

The investment policy of the Plan contains limitations on the amount that can be invested in any one issuer. There are three investments at June 30, 2019 that represent 5% or more of total Plan investments. These investments are:

1,695 Shares of IShares S&P 500 Growth Etf valued at \$303,812  
3,245 Shares of IShares S&P 500 Value Etf valued at \$378,270  
4,275 Shares of IShares Msci Eafe Etf valued at \$280,996

There are three investments at June 30, 2018 that represent 5% or more of total Plan investments. These investments are:

1,695 Shares of IShares S&P 500 Growth Etf valued at \$275,624  
3,245 Shares of IShares S&P 500 Value Etf valued at \$357,372  
4,615 Shares of IShares Msci Eafe Etf valued at \$309,067

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Plan's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

As of June 30, 2019, there were no District deposits with financial institutions in excess of federal depository insurance limits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Plan's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.



# DESERT HOSPITAL RETIREMENT PROTECTION PLAN

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

### 4. CASH AND INVESTMENTS (Continued)

#### Fair Value Measurements

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The Plan has the following recurring fair value measurements as of June 30, 2019:

		<u>Fair Value Measurement Using</u>		
<u>Investment by fair value</u>	<u>Total</u>	<u>Quoted prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Debt Securities				
US Government Issues	\$ 852,161	\$ 255,067	\$ 597,094	\$ -
Corporate Issues	716,638		716,638	
Mutual Funds- Equity	2,673,134	2,673,134		
Mutual Funds- Fixed Income	199,804		199,804	
Domestic Common Stock	374,695	374,695		
Foreign Stock	30,812	30,812		
Total	<u>\$ 4,847,244</u>	<u>\$ 3,333,708</u>	<u>\$ 1,513,536</u>	<u>\$ -</u>

The Plan has the following recurring fair value measurements as of June 30, 2018:

		<u>Fair Value Measurement Using</u>		
<u>Investment by fair value</u>	<u>Total</u>	<u>Quoted prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Debt Securities				
US Government Issues	\$ 947,425	\$ 298,490	\$ 648,935	\$ -
Corporate Issues	899,038		899,038	
Mutual Funds- Equity	2,722,118	2,722,118		
Mutual Funds- Fixed Income	189,392		189,392	
Domestic Common Stock	358,990	358,990		
Foreign Stock	18,185	18,185		
Total	<u>\$ 5,135,148</u>	<u>\$ 3,397,783</u>	<u>\$ 1,737,365</u>	<u>\$ -</u>

## **DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

### **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

#### **5. ACTUARIAL ASSUMPTIONS**

The total pension liability as of June 30, 2019 was determined using the following actuarial assumptions:

Inflation	2.75%
Discount rate	4.56%, net of pension plan investment expense, including inflation.
Measurement date	June 30, 2019, based on a valuation date of June 30, 2019.
Ad hoc cost-of-living increases	Not applicable
Mortality	Pre-Retirement: None      Post-Retirement: Pub G - 2010 Sex distinct mortality tables projected generationally with Scale MP-2018
Experience study	Given the size of the plan, there is not enough data available to conduct a credible study. The assumptions are not anticipated to produce significant cumulative actuarial gains or losses over time. The liabilities and data are analyzed each year in order to identify any trends of experience deviating from the actuarial assumptions. The plan is frozen to new participants and benefit accruals.
Retirement	100% retirement at age 65.
Termination	Participants* are assumed to work for the Desert Regional Medical Center operated by Tenet Health System Desert, Inc. until Normal Retirement Age.
Other assumptions	See actuarial assumptions provided in the June 30, 2019 funding valuation for other relevant assumptions.

\* Former Desert Hospital employees employed with Tenet Health System Desert, Inc.

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**6. NET PENSION LIABILITY OF THE PLAN**

**Schedule of Changes in Net Pension Liability and Related Ratios**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Total pension liability:</b>		
Service cost	\$ -	\$ -
Interest	385,951	399,298
Changes of benefit terms		
Differences between expected and actual experience	(802,110)	
Changes of assumptions	769,854	315,705
Benefit payments, including refunds of member contributions	(511,792)	(466,670)
<b>Net change in total pension liability</b>	<b>(158,097)</b>	<b>248,333</b>
<b>Total pension liability - beginning</b>	<b>8,467,627</b>	<b>8,219,294</b>
<b>Total pension liability - ending (a)</b>	<b><u>\$ 8,309,530</u></b>	<b><u>\$ 8,467,627</u></b>
<b>Plan fiduciary net position</b>		
Contributions - employer	\$ -	\$ -
Net investment income	268,699	356,615
Benefit payments, including refunds of member contributions	(511,792)	(466,670)
Administrative expenses	(32,836)	(35,409)
<b>Net change in plan fiduciary net position</b>	<b>(275,929)</b>	<b>(145,464)</b>
<b>Plan fiduciary net position - beginning</b>	<b>5,189,835</b>	<b>5,335,299</b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>4,913,906</u></b>	<b><u>5,189,835</u></b>
<b>Net pension liability - ending (a) - (b)</b>	<b><u>\$ 3,395,624</u></b>	<b><u>\$ 3,277,792</u></b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>59.14%</b>	<b>61.29%</b>
<b>Covered - employee payroll</b>	<b>N/A</b>	<b>N/A</b>
<b>Net pension liability as percentage of covered - employee payroll</b>	<b>N/A</b>	<b>N/A</b>

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**6. NET PENSION LIABILITY OF THE PLAN (Continued)**

**Discount Rate and Net Pension Liability Sensitivity**

**1. Discount Rate**

The discount rate used to measure the total pension liability was 4.56%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between the actuarially determined contribution rates and the member rate. Professional judgement on future contributions has been applied in those cases where contribution patterns deviate from the actuarially determined rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be depleted for current members during the 2037 fiscal year. Therefore, the long-term expected rate of return 6.82% was used to discount funded projected benefit payments and the municipal bond rate 3.15% was used to discount unfunded projected benefit payments to determine the total pension liability. The single effective discount rate was 4.56%.

**2. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

The following presents the net pension liability, calculated using the discount rate of 4.56%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.56%) or 1-percentage-point higher (5.56%) than the current rate:

	<b><u>1% Decrease (3.56%)</u></b>	<b><u>Current Discount Rate (4.56%)</u></b>	<b><u>1% Increase (5.56%)</u></b>
Net pension liability	\$ 4,614,511	\$ 3,395,624	\$ 2,396,408

**Summary**

**Plan membership**

The total pension liability was determined based on the plan membership as of June 30,

	<b><u>2019</u></b>	<b><u>2018</u></b>
Inactive plan members if beneficiaries currently receiving benefits	8	16
Inactive plan members entitled to but not yet receiving benefits	61	60
Active plan members*	114	141
	<b><u>183</u></b>	<b><u>217</u></b>

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2019**

**6. NET PENSION LIABILITY OF THE PLAN (Continued)**

**Summary (Continued)**

**Net Pension Liability**

The components of the net pension liability at June 30,

	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 8,309,530	\$ 8,467,627
Plan fiduciary net position	<u>(4,913,906)</u>	<u>(5,189,835)</u>
Net pension liability	<u>\$ 3,395,624</u>	<u>\$ 3,277,792</u>
Plan fiduciary net position as a % of the total pension liability	59.14%	61.29%

**Actuarial Assumptions**

The total pension liability was determined using the following actuarial assumptions.

	<u>2019</u>	<u>2018</u>
Inflation	2.75%	2.75%
Salary increases	NA	NA
Investment rate of return	6.82%	6.82%
Discount rate	4.56%	4.70%

**SUPPLEMENTARY INFORMATION**

**DESERT HOSPITAL RETIREMENT PROTECTION PLAN**

**SCHEDULE OF FUNDING PROGRESS**

**JUNE 30, 2019**

Actuarial Valuation Date (1)	Actuarial Value of Assets (a)	Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll ( c)	as a % of Covered Payroll ((b-a)/c)
6/30/2006	\$ 5,236,383	\$ 9,566,663	\$ (4,330,280)	55%	N/A	N/A
6/30/2007	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2008	4,552,074	9,312,581	(4,760,507)	49%	N/A	N/A
6/30/2009	3,351,366	9,141,403	(5,790,037)	37%	N/A	N/A
6/30/2010	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2011	3,522,125	7,921,342	(4,399,217)	45%	N/A	N/A
6/30/2012	N/A	N/A	N/A	N/A	N/A	N/A
6/30/2013	2,797,614	7,357,700	(4,560,086)	38%	N/A	N/A
6/30/2014	2,656,607	10,603,012	7,946,405	25%	N/A	N/A
6/30/2015	2,405,256	10,149,205	7,743,949	24%	N/A	N/A
6/30/2016	1,924,238	11,568,940	9,644,702	17%	N/A	N/A
6/30/2017	5,344,173	8,219,294	2,875,121	65%	N/A	N/A
6/30/2018	5,189,835	8,467,627	3,277,792	61%	N/A	N/A
6/30/2019	4,913,906	8,309,530	3,395,624	59%	N/A	N/A

No actuarial report or estimation using actuarial methodology was prepared for June 30, 2012, 2010, and 2007.



**DESERT HEALTHCARE DISTRICT  
PROGRAM COMMITTEE MEETING  
MEETING MINUTES  
October 8, 2019**

<b>Directors Present</b>		<b>District Staff Present</b>	<b>Absent</b>
Chair, Carole Rogers, RN Vice-President Leticia De Lara Director Evett PerezGil Nicolas Behrman, Community Member Luciano Crespo, Community Member Thomas Smith, Community Member Thomas Thetford, Community Member		Conrado E. Bárzaga, MD, Chief Executive Officer Chris Christensen, Chief Administration Officer Donna Craig, Chief Program Officer Meghan Kane, Community Health Analyst Andrea S. Hayles, Clerk of the Board	Alejandro Espinoza, Program Officer and Outreach Director  Allen Howe, Community Member
<b>AGENDA ITEMS</b>	<b>DISCUSSION</b>	<b>ACTION</b>	
<b>I. Call to Order</b>	The meeting was called to order at 12:10 p.m. by Chair Rogers.		
<b>II. Approval of Agenda</b>	Chair Rogers asked for a motion to approve the agenda.	<b>Moved and seconded by Director PerezGil and Vice-President De Lara to approve the agenda.</b> <b>Motion passed unanimously.</b>	
<b>III. Meeting Minutes</b> <b>1. July 09, 2019</b>	Chair Rogers asked for a motion to approve the July 9, 2019, minutes.	<b>Moved and approved to approve the July 9, 2019 meeting minutes.</b> <b>Motion passed unanimously.</b>	
<b>IV. Public Comment</b>	Monica Telles, Senior Development Specialist, Riverside County Economic Development Agency, explained the county's Letter of Intent submission and request for funding to the Oasis Mobile Home Park in Thermal. Ms. Telles described the residents' health and mental health needs who provided feedback at the September Board meeting, and respectfully wanted to provide additional comments related to the denial of their funding request. The mobile homes are located on tribal land; thus, there are some grants Oasis does		



**DESERT HEALTHCARE DISTRICT  
PROGRAM COMMITTEE MEETING  
MEETING MINUTES  
October 8, 2019**

	<p>not qualify to apply for such as AB 2056 state funding.</p> <p>Chair Rogers explained that staff considered Ms. Telles' remarks, the District is aware of the conditions and concerns in Oasis, and the CEO and staff have toured the Oasis Mobile Home Park community.</p>	
<p><b>V. Old Business</b></p> <p><b>1. Progress and Final Reports Update</b></p> <p><b>2. Community Health Needs Assessment Update</b></p>	<p>Chair Rogers provided details of the progress and final reports inquiring on any questions of the committee members.</p> <p>Conrado E. Bárzaga, MD, CEO, explained the results of the Strategic Plan Committee and the request of the committee to commence the first steps to advance the assessment. The first phase is understanding the available data to avoid any duplications. The District has an outreach plan, has met with the county and explored opportunities for data, and comparisons of the health status of the population in the Coachella Valley.</p>	
<p><b>VI. New Business</b></p> <p><b>1. Letters of Interest and Pending Applications</b></p>	<p>Donna Craig, Chief Program Officer, explained the current letters of interest and pending applications.</p> <p>Vice-President De Lara inquired on Coachella Parks and Recreation and the use of the</p>	

**DESERT HEALTHCARE DISTRICT  
PROGRAM COMMITTEE MEETING  
MEETING MINUTES  
October 8, 2019**

<p><b>2. Consideration to approve Grant #1023 – Coachella Valley Rescue Mission (CVRM) – Transportation for Seniors and Homeless Hospital Discharge Referrals - \$216,200</b></p>	<p>facilities. Ms. Craig explained the grant award is contingent on funding from Proposition 68 for the development of a new park and enhancing an existing a park in the city of Coachella. A site visit can be scheduled for any interested committee members.</p> <p>Donna Craig, Chief Program Officer, detailed CVRM’s request for funding to purchase three (3) seven- (7) passenger vans, 25 stackable beds, and the salary of additional staff to work in the multipurpose room where the new beds will be placed. The room will assist with the increase of numerous seniors and homeless hospital referrals.</p> <p>Darla Burke, Executive Director, explained that in addition to other services, the vans will transport homeless discharge patients, seniors, and vulnerable populations to follow-up medical appointments. Ms. Burke also described their services and the need for additional vans.</p> <p>The committee discussed various ways that CVRM can acknowledge the District, such as a van wrap.</p>	<p><b>Moved and seconded by community member Behrman and community member Thetford to approve Grant #1023 – Coachella Valley Rescue Mission (CVRM) - \$216,200 and forward to the Board for approval. Motion passed 6-1.</b></p>
<p><b>VII. Committee Member Comments</b></p>	<p>Chair Rogers distributed a 2017 Behavioral Health Needs Assessment for committee members to review for informational purposes. Chair Rogers also explained that a link will be provided to committee and community members with a</p>	

DESERT HEALTHCARE DISTRICT  
PROGRAM COMMITTEE MEETING  
MEETING MINUTES  
October 8, 2019

	list of grantees that have been awarded in the past.	
V. Adjournment	Chair Rogers adjourned the meeting at 1:04 p.m.	<b>Audio recording available on the website at <a href="http://dhcd.org/Agendas-and-Documents">http://dhcd.org/Agendas-and-Documents</a></b>

ATTEST: \_\_\_\_\_  
Carole Rogers, RN, Chair/Director  
Program Committee

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

Progress Reports			
Applicant	Staff Notes	Status	
<b>Mizell Senior Center</b> #938: Senior Falls Prevention Program 2017-2019	<b>Grant term 8/1/17 – 7/31/19</b> <b>Original Approved Amount: \$400,300</b> 4 <sup>th</sup> six-month progress report covering the time period from 2/1/19 – 7/31/19	<p>Overall the A Matter Of Balance project is on track. It was an active, busy season and A Matter of Balance courses were quite popular during this period. We definitely have made a name for ourselves as spreading the word about AMOB and educating prospective participants is essential to the success of this program.</p> <p>During this report period in the West Valley, seven Host Sites completed 15 courses, with 135 graduates, bringing the two-year total to 54 courses completed, with 451 graduates. We also completed 95 home safety assessments representing 70% of the graduates. In that group 57 safety changes were made and 18 sets of grabs bars, night lights and shower mats were installed to our underserved participants. After two years, 214 home safety assessments were completed, 124 safety changes and 66 sets of grab bars, night lights and shower mats were distributed.</p>	District
<b>FIND Food Bank #979:</b> FIND's Healthy Food First/Pathways Out of Hunger Pilot	<b>Grant term 1/1/19 – 12/31/19</b> <b>Original Approved Amount: \$396,345</b> 2 <sup>nd</sup> progress report covering the time period from 4/1/19 – 6/30/19	<p>During the second quarter of the grant period, the following milestones were achieved:</p> <p>(a) FIND distributed 1,299,798 pounds of fresh produce across its service area, for a total of 2,498,239 pounds distributed year to date (49.9% of goal). Within the District, FIND distributed 562,879 pounds, for a total</p>	District

		<p>of a 1,195,955 pounds distributed (or 48% of the stated 2.5 million pounds goal during the one-year grant period) so far.</p> <p>(b) Two (2) new Community Health Workers ("CHW's") were hired and trained;</p> <p>(c) FIND developed a healthcare needs and financial literacy survey, in partnership with Loma Linda University; and</p> <p>(d) Five hundred and five (505) client needs assessment surveys were conducted at both pilot sites.</p>	
<b>Final Grant Reports</b>			
<b>Applicant</b>	<b>Staff Notes</b>	<b>5 things to be done differently</b>	
<b>City of Desert Hot Springs #967: DHS Public Safety Emergency Response Program</b>	<p><b>Grant term 7/1/18 – 6/30/19</b></p> <p><b>Original Approved Amount: \$3,000</b></p> <p>FINAL RESULTS TO BE ACHIEVED</p> <p>All 17 marked units of the DHS Police Department will be equipped 24 hours a day with AEDs.</p> <p>One AED will be installed at police headquarters.</p> <p>All officers and sergeants will be trained in the use of the equipment.</p> <p>When police personnel are first to arrive at the scene of an accident or medical emergency requiring resuscitation, they will be able to deliver initial treatment while they await paramedics.</p> <p>FINAL RESULTS WERE ACHIEVED</p>	<ol style="list-style-type: none"> <li>1. Invite more city workers to the training.</li> <li>2. Buy more than the amount needed, after purchasing the devices we encountered different sites that have requested more devices.</li> <li>3. Provide media coverage of the devices and the reasons why they are needed.</li> <li>4. Purchase replacement pads during initial purchase.</li> <li>5. Besides having protocol as to the reasons to use the device also have protocol to tract the results of the usage.</li> </ol>	District

	<p><b>FINAL RESULTS IMPEDIMENTS</b></p> <p>The only impediment that has occurred thus far is replacement pads needed once the device is used. After an initial slow response in acquiring the needed replacements, we have a few replacement pads. We are working on acquiring additional pads so that we do not have an AED that is idle due to not having the right replacement equipment.</p>		
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## FUNDING REQUESTS UPDATE

**Information only – status update of new letters of interest and pending applications**

Letters of Interest			
Agency	Staff Notes	Status & Staff Notes	Funding Allocation
<b>Coachella Parks and Recreation Foundation</b>	LOI – Stage 1 received requesting \$120,578 to fund the purchase of 2 outdoor fitness gyms, 2 shade structures, and 8 drinking and water bottle-refilling stations at 2 public parks.	The request, if approved, will not begin until February 2020. This is contingent on Coachella being awarded grant funding under the Statewide Park Program (Prop. 68). <b>Next step: Staff has requested a site visit.</b>	Foundation
<b>Riverside Community Housing Corporation</b>	LOI – Stage received requesting \$2,103,822 as seed money as the organization applies for, and obtains, additional funding. The request includes the purchase of 22 mobile home units; testing of the surrendered dilapidated, unsafe mobile home for lead and asbestos; demolition of the surrendered mobile home; and staffing costs. The requested funding would be utilized to initiate relocation of families to the Mountain View Estates mobile home park and into a new mobile home.  Assembly Bill 2056 (signed into law 9/26/18) authorizes the Department of Housing Community Development to make loans from the Mobile Home Park Rehabilitation and Purchase Fund and would authorize the department to make	Staff will not generate Stage 2 — the grant application — and will notify Riverside Community Housing Corporation a denial of the LOI request for funds as there are funds available through AB 2056 for the purpose specific to the request: to purchase/renovate/remove mobile home units.  Financial concerns: The Chief Administration Officer's <b>financial review</b> : the current ratio is 1.7:1 (preferred to see 2:1). Concerns that the organization has a net loss reducing its net position by (\$1.1M) and (\$714K) 2018 and 2019 respectively.	

	loans from the fund to a qualified nonprofit housing sponsor or a local public entity <i>to acquire or rehabilitate a mobile home park</i> and authorize the department to make loans or grants from the fund to a resident organization, nonprofit housing sponsor, or public local entity <i>to assist park residents with needed repairs or accessibility upgrades.</i>		
<b>Coachella Valley Association of Governments (CVAG)</b>	LOI — Stage 1 — received to begin the process of finalizing a grant contract related to the executed MOU dated September 16, 2013 for \$10 million toward the CV Link project	<p>Stage 2 of the process has been generated. This is a necessary step as it will ascertain the deliverables and a payment schedule when the contract is written.</p> <p>A future study session of the project (where no action will be taken) will be scheduled.</p>	District
<b>Mizell Senior Center</b>	LOI — Stage 1 — received requesting \$450,000 for two years towards the continuation of the Matter of Balance Falls Prevention program, expanding the program to include the East Valley (Phase 3)	<p>DHCD has been sustaining this program since 2015, starting with funding for the start-up. Total dollars granted to the Matter of Balance program equals \$808,450. With this request, total funding by DHCD would equal \$1,125,450.</p> <p><b>Next step: Site Visit and Proposal meeting</b></p>	
<b>Desert Ability Center MINI GRANT</b>	LOI — Stage 1 received requesting \$5,000 towards the acquisition of adaptive equipment including, but not limited to, trainers upon which handcycles are placed, handcycles, wheelchair accessible rowing machines and strength trainers. Residents with spinal cord injuries, other neurological	Waiting for project budget to be submitted before generating Stage 2, the application.	District



	disorders and amputations will have the ability to train at Kirkfit. Initial training offerings will include indoor cycling, rowing and strength training.		
<b>Lift To Rise</b>	Stage 1 — LOI received to reflect the Health CAN & Healthy Eating/Active Living health outcomes	Stage 2 — the application — generated	District
<b>Desert AIDS Project</b>	Stage 1— LOI received requesting \$188,419 towards Homeless Testing Outreach for HIV/HCV/STI. This is a pilot program, now through October, at Well in the Desert and PS Library	<p>Advised DAP to review CVAG’s RFP for CV Housing First (specifically for the Focused Street Outreach service goal), which DAP has done and have determined DAP does not have the necessary resources to apply. Staff feels this is a siloed and duplicative effort, being that numerous agencies have established outreach teams and programs with the knowledge of locations and encampments where homeless individuals gather as well as developing case management wraparound services with access to medical homes.</p> <p>Staff will be a reader of the CVAG RFP proposals and will review those that have submitted for Focused Street Outreach to determine if DAP could align their program with those organizations.</p> <p><b>UPDATE: In an email response to DAP staff regarding the status of the LOI - The submitted LOI has been under review with staff and as you read in our Proposals Under Development, we are evaluating DAP’s program as a component of one or more of the CVAG RFP proposals. In</b></p>	District

		<p><i>addition, there are many organizations with established focused outreach programs that could be considered as a collaborative partner in your efforts – Well In The Desert; Martha’s Village; Path of Life; Coachella Valley Rescue Mission; The City of Palm Springs Mental Health Crisis teams; UCR School of Medicine’s Street Medicine program, &amp; CV Volunteers in Medicine’s street medicine program. All of these organizations have the knowledge of all of the homeless locations and encampments and offer complete wraparound services with access to housing.</i></p> <p><i>Staff is recommending that DAP reach out to any or all of these organizations for a partnership opportunity rather than an individual/siloed effort. The District’s matching funds to CV Housing First is a collective model that includes and facilitates complete services for the homeless.</i></p>	
<b>Hidden Harvest</b>	LOI received requesting \$50,000 for low-income senior markets.	Grant request on hold (per grantee’s decision) until more current audited financials are completed.	<b>District</b> – could increase grant request to cover senior markets in East Valley through Foundation

<b>Palm Springs Cultural Center</b>	LOI received requesting \$50,000 to conduct a Mobile Farmers Market feasibility study.	<p>PS Cultural Center audited financials received and reviewed by CFO. His review is based on the Current Ratio (Current Assets/Current Liabilities). Out of a preferred strong ratio of 2:1 or better, the Cultural Center of .8:1, indicating a weak liquidity position. Additionally, the organization has been operating at a net loss for the past 2 years. The CFO <b>would not recommend</b> the PS Cultural Center as a sound investment of public taxpayer dollars.</p> <p>In such, there are numerous feasibility studies on Mobile Farmers markets that have been conducted and are available to replicate for free online. The PS Cultural Center will be referred to these feasibility studies.</p> <p>Note: Currently, throughout the Coachella Valley, FIND Food Bank's mobile food pantry serves underserved and low-income communities at 22 sites; Hidden Harvest serves low income and seniors at 7 locations.</p> <p><b>UPDATE: Staff has declined this request for funds based on the above information.</b></p>	<b>Foundation</b>
<b>Pending Applications</b>			
<b>Grantee</b>	<b>Staff Notes</b>	<b>Status</b>	
<b>Neurovitality Center</b>	LOI received requesting \$143,787 to cover a year of new staffing & consultants start-up costs in the	These new positions are mandated by the state and county to be in place before licensure and certification can be conducted.	District

	development of a Community Based Adult Services (CBAS) program and an Adult Day Health Care (ADHC) program. This is a collaborative effort with Regional Access Project Foundation, who is being requested to fund the gap in start-up costs.	<p>Stage 2 — application — received</p> <p><b>UPDATE: as this is a collaborative effort with RAP, staffs of both organizations are working with the grant writer to coordinate timing of application and scoring review by RAP &amp; DHCD. NVC is expected to have full licensure and accreditation by the end of October.</b></p>	
<b>Coachella Valley Rescue Mission</b>	LOI received requesting \$216,200 for assistance with transportation services for hospital-discharged homeless patients & seniors.	Stage 2 — application received and under review due to some inconsistencies in the narrative — for review at the 10/8/19 Program Committee	½ District/ ½ Foundation



**Date:** October 22, 2019

**To:** Board of Directors

**Subject:** Grant # 1023 Coachella Valley Rescue Mission

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**Grant Request:** Transportation for Seniors and Hospital Referrals

**Amount Requested:** \$216,200.00

**Project Period:** 11/1/2019 to 10/31/2020

**Project Description and Use of District Funds:** CVRM will purchase additional 25 beds that will be added to our Multi-Purpose Room to increase the capacity from 50 beds to 75 beds, which will increase our overall capacity to 150 beds between the Annex and Multi-Purpose Room. The Multi-Purpose Room staffing requirements are two supervisors one female and one male, and one female staff and one male staff to cover part of the 24 hours a day. The Beds requested are designed for our general clients but assist with hospital referrals and seniors as they can be stacked five beds on top of each other which make the beds the same height as a regular bed. This configuration will allow for an easier transfer from walkers or wheelchairs. We do have five hospital beds on our campus that are currently being used. CVRM's average stays for a senior is 90 days. An essential component to the care of Seniors and the homeless hospital referrals is that CVRM provides transportation to their doctor's and behavioral health appointments off-campus. We are in a transition period with our current on-campus provider Health to Hope who now has been replaced by SAC Healthcare System (SACHS). During the transition, CVRM vehicles transport our clients to the off-campus appointments. Intake physicals and TB test that are normally done on CVRMs campus are now done in the SACHS office in Indio. Three of CVRMs vans are over 9 years old and were purchased used so they already had some miles. These vans are at the end of their useful life and are in the repair shop more than they are on the road. The CVRM van provide transportation that is critical to the care of our homeless clients staying here at CVRM. CVRMs current 15 passenger vans are difficult for seniors or disabled clients to climb into or exit and they are not fuel-efficient. The new seven (7) passenger vans will allow us to transport clients to their appointments all over the Coachella Valley safely and with increased fuel efficiency.

CVRM is requesting funding for the purchase of three (3) seven (7)-passenger vehicles, 25 stackable beds, and additional staff to work one shift in our Multi-Purpose Room to help the growing numbers of Seniors and Homeless Hospital Referrals that stay here at CVRM. This project will allow our Multi-Purpose Room shelter expansion to be operational full time.



The first eight months of 2019, we received 194 homeless hospital referrals. Of the 194 referrals, 52 were 55 or older. Homeless senior's numbers are rising, and we need to be prepared for the increased. 791 seniors have received CVRM services so far in 2019.

CVRM is transitioning from Health to Hope to SACHS who will provide medical and behavioral health care on campus. During this transition before December 1, 2019, SACHS has asked CVRM to transport our clients to their facility in Indio for clients' medical or behavioral health appointments. CVRM clients are transported to medical and behavioral health appointments all over the Coachella Valley. Clients are also transported to government office such as SSN, Disability Offices, and to low income senior housing offices to fill out applications and to be placed on waiting lists at each complex.

**Strategic Plan Alignment:** Homelessness

**Geographic Area(s) Served:** All District Areas

**Action by Program Committee: (Please select one)**

- Full recommendation and forward to the Board for consideration with the Committee's recommendation that a grant amount of \$216,200.00 be approved.
- Recommendation with modifications
- Deny

## 2019 Grant Request Summary

### Coachella Valley Rescue Mission, Grant #1023

#### About the Organization

Coachella Valley Rescue Mission  
47-470 Van Buren St.  
Indio, CA 92202-2564  
Tel: 760-347-3512  
<http://www.cvrn.org>

#### **Organization Type:**

501(c)(3) \Homeless Services

#### **Primary Contact:**

Darla Burkett  
Tel: 760-347-3512 ext. 222  
[dburkett@cvrm.org](mailto:dburkett@cvrm.org)

#### Historical (approved Requests)

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

2010	COACHELL A VALLEY RESCUE MISSION MEAL PROGRAM	\$5,000	Food Assistance	3/15/2011	Grant budget
2011	Coachella Valley Rescue Mission Meal Program	\$5,000	Food Assistance	7/15/2011	Grant budget
2011	Operation "Family Food Boxes"	\$5,000	Food Assistance	5/21/2012	Grant budget
2014	CVRM Overnight Annex - First Aid & Disaster Recovery Supplies / Equipment	\$5,000	Mini-Grant	7/25/2014	Grant budget
2015	Emergency Annex Food & Shelter Program	\$5,000	Mini-Grant	11/30/2015	Grant budget
2016	Ice maker for CVRM Annex Overnight Shelter and Clinic	\$1,802	Mini-Grant	8/8/2016	Grant budget
2016	12 Panel Drug Screen Kits	\$2,880	Mini-Grant	5/25/2017	Grant budget
2017	Emergency Food, Shelter with Wrap - Around Services for West Coachella Valley Homeless	\$100,000	Achievemen t Building	11/28/2017	Grant budget

**Proposal****Project Title:** Transportation for Seniors and Hospital Referrals**Total Project Budget:** \$584,099**Requested Amount:** \$216,200



**Length of Project:** 10 months

**Start Date:** 11/1/2019

**End Date:** 10/31/2020

**Background:**

Background

SACs Healthcare will be CVRM's new healthcare provider. During the transition period, clients will be transported to their facility in Indio. CVRM is down three vans, which is creating a waiting list for the clients to be transported to SAC's facility.

CVRM has funding for an additional 50 beds in the Multi-Purpose Room. We need an additional 25 beds and four staff members to keep it open full time. These beds can be used for our Seniors and Hospital Referrals by stacking the beds five high to provide easy access from wheelchairs and walkers.

**Community Health Focus Area**

Homelessness

**Community Need:**

CVRM is requesting the purchase of additional 25 beds that will be added to our Multi-Purpose Room to increase the capacity from 50 beds to 75 beds, which will increase our overall capacity to 150 beds between the Annex and Multi-Purpose Room. The Multi-Purpose Room staffing requirements are two supervisors one female and one male, and three female staff and three male staff to cover 24 hours a day. The Beds requested are designed for our general clients but assist with hospital referrals and seniors as they can be stacked five bed on top of each other which make the beds the same height as a regular bed. This configuration will allow for an easier transfer from walkers or wheelchairs. CVRM's average stays for a senior is 90 days.

An essential component to the care of Seniors and the Hospital referrals is to provide transportation to doctor's and behavioral health appointment off-campus. We are in a transition period with our current on-campus provider Health to Hope who now has been replaced by SAC Healthcare System. During the transition, we must transport our all clients to the off-campus appointments in our vans. Our three vans are over 11 years old and were purchased used so they already had some miles. The vans are at the end of their useful life and are in the repair shop more than they are on the road. The vans provide transportation that is critical to the care of our homeless clients staying here at CVRM. Our current vehicles are 15 passenger vans and are difficult for seniors or disabled clients to climb into or exit and they are more fuel-efficient. The seven (7) passenger vans will allow us to transport clients to their appointments all over the Coachella Valley safely.

CVRM is requesting funding for the purchase of three (3) seven (7)-passenger vehicles, 25 stackable beds, and additional staff to work one shift in our Multi-Purpose Room to help the growing numbers of Seniors and Hospital Referrals that stay here at CVRM. This project will allow our Multi-Purpose Room shelter expansion to be operational full time.

The first six months of 2019, we received 68 homeless hospital referrals. Of the 68 referrals, 42 were 55 or older. Homeless senior's numbers are rising this year. 791 seniors have received CVRM services so far in 2019.

CVRM is transitioning from Health to Hope to SAC Healthcare System who will provide medical and behavioral health care on campus. During this transition, SAC has asked CVRM to transport our clients to their facility in Indio for clients' medical or behavioral health appointments.

CVRM has three 15-passenger vans that are over 11 years old and were purchased used. The vans are at the end of their useful life and are in the repair shop more than they are on the road.

The vans provide transportation that is critical to the care of our homeless clients staying here at CVRM. When a van is in the repair shop, the clients are added to a waitlist until a vehicle becomes available. CVRM is requesting three Ford Flex vehicles or similar seven (7) passenger vehicles, which will allow better mileage, fuel efficiency, ease of access and dependability for our client's care.

Our hospital referrals and seniors would have 25 Stack-a-Bunk beds designated for them. This will provide five individuals easy access from walkers or wheelchairs when our hospital beds are full. The additional staff will fill the last shift that needs to be covered to allow our Multi-Purpose Room to be open full-time.

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### **Program Area**

Direct Services\Homeless Services ;Direct Services\Emergency Services

### **Project Description:**

CVRM uses the HMIS Tracking System to track each individual client that comes to us for emergency shelter, or limited services such as meals or showers. When a client checks in to our Emergency Shelter, their vital information is entered into our HMIS Tracking System, after which they are provided services. Case management begins upon arrival, connecting clients with local services if applicable, such as emergency medical, mental health and addiction rehabilitation providers. Each month data is added to our monthly tally in categories such as Age Group, Ethnicity, Gender, Race, HMIS CT Barriers, Domestic Violence, Human Trafficking, Veterans and Hospital Referrals.

CVRM maintains a Daily Phone/Vehicle Check Out/In Log where staff can call to reserve a vehicle for providing client transportation services. Each vehicle maintains a Use Log with Date, Driver, Destination, Miles, Fuel, and Comments. Our surrounding community takes part in

Public Services, which include: Meals, Public Showers, Clothing distribution, Toiletries; Food Boxes, and "Bread Run"; individuals are given a public service identification card that is scanned for services.

We track Volunteer hours in these areas: Administration, Annex, Clinic, Interns, Kitchen, Library, Maintenance, Mentors, Pastors/Teachers, Special Events, Thrift Store, and Tutor/GED Instructors.

We track Program Clients job skills training hours, Administration, Security, Landscaping, Food Preparation, Housekeeping, Retail Sales, and Transportation.

CVRM is a County Designated cooling center and is now managing cooling centers in Desert Hot Springs, Cathedral City, and Palm Springs. We are tracking data in regards to the above at these centers as well.

### **Proposed Program / Project Evaluation Plan**

CVRM uses the HMIS Tracking System to track each individual client that comes to us for emergency shelter, or limited services such as meals or showers. When a client checks in to our Emergency Shelter, their vital information is entered into our HMIS Tracking System, after which they are provided services. Case management begins upon arrival, connecting clients with local services if applicable, such as emergency medical, mental health and addiction rehabilitation providers. Each month data is added to our monthly tally in categories such as Age Group, Ethnicity, Gender, Race, HMIS CT Barriers, Domestic Violence, Human Trafficking, Veterans and Hospital Referrals.

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The first six months of 2019, we received 168 hospital referrals. CVRM is a designated cooling center and is now managing cooling centers in Desert Hot Springs, Cathedral City, and Palm Springs. We are tracking data in regards to the above at these centers as well. We have created a Client Service Form to individualize and track each person needs. CVRM is able to provide information on all data collected through these monthly reporting practices.

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### **Program/Project Goals and Evaluation**

<p><b>Goal #1:</b> Our goal is to acquire three new seven-passenger vehicles. We are looking at Ford Flex, Ford Explorer and the Honda Odyssey models to replace existing vehicles. When new vehicles are purchased, they will dramatically increase efficiency in providing transportation for our provided services. This will allow us to provide more services to more clients as we expand our client base. Upon grant award, vehicle purchased with funding within budget; we can be operational in less than two weeks.</p> <p>Our goal is to acquire three new seven-passenger vehicles. We are looking at Ford Flex, Ford Explorer and the Honda Odyssey models to replace existing vehicles. When new vehicles are purchased, they will dramatically increase efficiency in providing transportation for our provided services. This will allow us to provide more services to more clients as we expand our client base. Upon grant award, vehicle purchased with funding within budget; we can be operational in less than two weeks.</p>	<p><b>Evaluation #1:</b> New vehicles will allow our growing client population to make their scheduled appointments on time. We will use updated and current tracking policies and procedures, effectively tracking results for reporting purposes. Such as our Daily Phone and Vehicle Check Out/In Log and our individual Vehicle Log. Each log tracks, maintenance, date, driver, destination, leave time, miles, return time, miles, fuel and a section for comments.</p> <p>New vehicles will allow our growing client population to make their scheduled appointments on time. We will use updated and current tracking policies and procedures, effectively tracking results for reporting purposes. Such as our Daily Phone and Vehicle Check Out/In Log and our individual Vehicle Log. Each log tracks, maintenance, date, driver, destination, leave time, miles, return time, miles, fuel and a section for comments.</p>
<p><b>Goal #2:</b> Our goal is to purchase 25 additional XL Norix Stack-a-Bunk Bed Platforms. The fabrication and material are rotationally molded, specially formulated, fire-retardant, high-impact polyethylene with ultraviolet light stabilizers (to reduce fading). Chemically resistant to blood, vinegar, urine, feces, salt solution, and chlorine solution. Norix recommends the use of Simple Green® or an equivalent cleaning product. These beds can be stacked five high for ease of transfer for our Seniors and Hospital Referrals.</p>	<p><b>Evaluation #2:</b> Beginning January 1, 2019, we began tracking our hospital referrals and have been monitoring these individuals along with our seniors. We track through our HMIS system from intake through our program and ultimately into stable housing or care.</p> <p>Beginning January 1, 2019, we began tracking our hospital referrals and have been monitoring these individuals along with our seniors. We track through our HMIS system from intake</p>

<p>They Warranty 10 year limited replacement warranty.</p> <p>Our goal is to purchase 25 additional XL Norix Stack-a-Bunk Bed Platforms. The fabrication and material are rotationally molded, specially formulated, fire-retardant, high-impact polyethylene with ultraviolet light stabilizers (to reduce fading). Chemically resistant to blood, vinegar, urine, feces, salt solution, and chlorine solution. Norix recommends the use of Simple Green® or an equivalent cleaning product. These beds can be stacked five high for ease of transfer for our Seniors and Hospital Referrals. They Warranty 10 year limited replacement warranty.</p>	<p>through our program and ultimately into stable housing or care.</p>
<p><b>Goal #3:</b> Providing support for two supervisors and two staff for our Multi-Purpose Room will provide enough staff for one shift. Because both men and women will be in our Multi-Purpose Room we require a Male Supervisor and one Male Staff member and a Female Supervisor and a Female Staff person to be on each shift. This shift will be at night and duties include completing intake forms. Taking the client to showers, clean clothing, a meal and then to bed. One Staff to assist in the intake and one to monitor the sleeping quarters. While the clients are asleep, the staff members begin scheduling an appointment in the clinic, their TB test, and behavioral appointments for the next day. At dawn, the clients are woken and instructed how to put their beds away and then taken to breakfast. After breakfast, the clients are walked to the Annex, where their case managers work the clients to get them to their appointments that were scheduled during the night.</p> <p>Providing support for two supervisors and two staff for our Multi-Purpose Room will provide enough staff for one shift. Because both men and women will be in our Multi-Purpose Room we require a Male Supervisor and one Male Staff member and a Female Supervisor and a Female Staff person to be on each shift. This shift will be at night and duties include completing intake forms. Taking the client to showers, clean clothing, a meal and then to bed. One Staff to assist in the intake and one to monitor the sleeping quarters. While the clients are asleep, the staff members begin scheduling an appointment in the clinic, their TB test, and</p>	<p><b>Evaluation #3:</b> We track each client in our HMIS system, intake, and outcomes. We track the city they come from, gender, race, ethnicity, age, and length of stay. Senior statistics from 2018, 360 homeless individuals 55 + sheltered at CVRM; 219 had a disabling condition; 86 were permanently sheltered out of CVRM, 58 left CVRM to live with family; 12 left CVRM moving into their own rental, 7 moved into CVRM's off-site transitional housing; 5 were rapid re-Housed (RRH); 3 left CVRM moving into Permanent Supportive Housing (PSH) and 1 went into a client-owned home. (as an example)</p> <p>We track each client in our HMIS system, intake, and outcomes. We track the city they come from, gender, race, ethnicity, age, and length of stay. Senior statistics from 2018, 360 homeless individuals 55 + sheltered at CVRM; 219 had a disabling condition; 86 were permanently sheltered out of CVRM, 58 left CVRM to live with family; 12 left CVRM moving into their own rental, 7 moved into CVRM's off-site transitional housing; 5 were rapid re-Housed (RRH); 3 left CVRM moving into Permanent Supportive Housing (PSH) and 1 went into a client-owned home. (as an example)</p>

behavioral appointments for the next day. At dawn, the clients are woken and instructed how to put their beds away and then taken to breakfast. After breakfast, the clients are walked to the Annex, where their case managers work the clients to get them to their appointments that were scheduled during the night.	
<b>Goal #4:</b>	<b>Evaluation #4:</b>
<b>Goal #5:</b>	<b>Evaluation #5:</b>

**Participants:****Population Served**

Homeless

**Geographical Area Served**

All District Areas

**Age Group**

(06-17) Children

(18-24) Youth

(25-64) Adults

(65+) Seniors

**Number Served Per Age Group****0-5:** 94**6-17:** 85**18-24:** 437**25-64:** 1,535**65 or more:** 330**Total:****Participant Community**

CVRM serves the homeless here in the Coachella Valley from Palm Springs to Blythe. In 2019 we served 2066 unduplicated men, women and children. CVRM is open 24/7 365 days a year providing Emergency Shelter all free of charge. We provide separate sleeping areas and showers/restrooms for men and women and we have 8 family rooms for mothers and children. Clients are given, clothing, toiletries, laundry services, three (3) meals daily, lockers, bus passes, State ID DMV Vouchers, assistance completing enrollment forms (i.e. MediCal, SNAP, CalWORKS, Section 8 and other housing programs such as Rapid Re-House and Permanent Supportive Housing.

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**Organizational Capacity and Sustainability**

**Organizational Capacity**

The Coachella Valley Rescue Mission emergency shelter program currently has 18 staff working various shifts to provide 24-hour coverage of this project. This is comprised of one (2) salaried shelter supervisor, three (3) case managers, and 14 shelter staff. These staff members serve a maximum capacity of 125 clients per cycle (day).

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**Organizational Sustainability:**

This project is permanent and ongoing. We continuously plan for the ongoing sustainability of this project and seek numerous avenues of funding to keep this project running 365 days a year. Providing for the emergency needs of the impoverished and destitute of the Coachella Valley through shelter and food services.

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**Partnerships:****Key Partners:**

We receive support from the City of Palm Desert, kitchen capital; Kaiser Foundation, new refrigerators; Bighorn Cares Family House Carpet and Tiles; Desert Classic Charities, Family Library Project; Scan Foundation, Senior Diversion; Seraphim Foundation, Family House Flex Room; Supervisor Manuel Perez, Veterans; Anderson Children's Foundation, Children Playground surface and sports equipment; HEAP (three years) 50 beds; City of La Quinta, Shelter; City of Indio, Shelter; City of Indian Wells, Shelter; City of Indio, Community Based Housing; In-Kind Donations some of our Community Partners are Banner Mattress; Contour Dermatology; Find Food Bank; Renaissance Indian Wells Resort; Nestle Waters, Solis Wealth Management; Fulton Distribution;

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**Line Item Budget - Sheet 1 Operational Costs**

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

<b>PROGRAM OPERATIONS</b>		<b>Total Program Budget</b>	<b>Funds from Other Sources <span style="color: red;">Detail on sheet 3</span></b>	<b>Amount Requested from DHCD</b>
<b>Total Labor Costs</b>	<b><span style="color: red;">Detail on sheet 2</span></b>	388,050	268200	122,850
<b>Equipment (itemize)</b>				
1	25 Norix Stack-a-Bunk Bed Platform	7,700		7,700
2	50 Norix Stack-a-Bed Platform	17900	17900	0
3		0		
4		0		
<b>Supplies (itemize)</b>				
1		32326	32326	0
2		0		
3		0		
4		0		
<b>Printing/Duplication</b>		0		
<b>Mailing/Postage/Delivery</b>		0		
<b>Travel</b>		0		
<b>Education/Training</b>		0		
<b>Facilities (Detail)</b>				
	Office/Rent/Mortgage	0		
	Meeting Room Rental	0		
	Telephone/Fax/Internet	0		
	Utilities			0
	Insurance	0		
	Maintenance/Janitorial			0
<b>Other Facility costs (itemize)</b>				
1				
2		0		
3		0		
4		0		
<b>Other Program Costs not described above (itemize)</b>				
1	Food	25000	25000	0
2	Admin	27,473	27473	
3	Three Ford Flex	85,650		85,650
4	Wrapping three vehicles			
<b>Total Program Budget</b>		584,099	370899	216200



Line Item Budget - Sheet 1 Operational Costs

<p>Budget Narrative</p>	<p>CVRM is requesting 25 x \$308.00 XL Norix Stack-a-Bunk Bed Platform beds designated for our hospital released clients. These beds will be stacked to an acceptable height, so transfers from wheel chairs or walkers are easier for the clients and seniors. Five of the Norix Stack-a-Bunks are about the same height as a bed. CVRM uses this Norix bed in our Annex and Multi-Purpose Rooms but as singles that sit about six inches off the floor the hospital releases will be hard pressed to get down to the floor and back up again. CVRM is a designated regional cooling center and with summer here in the Desert, we expect hospital released client's numbers to grow that have succumbed to the hot weather during our 90 days of summer. An essential component to the care of Seniors and the Hospital referrals is to provide transportation to doctor's and behavioral health appointment off campus, in addition to the medical and behavioral health care we have on our campus. We are in a transition period with our current on campus provider Health to Hope who now has been replaced by SAC Healthcare System. During the transition, we must transport our all clients to the off campus appointments in our vans. Our three vans are over 11 years old and were purchased used so they already had some miles. The vans are at the end of their useful life and are in the repair shop more than they are on the road. The vans provide transportation that is critical to the care of our homeless clients staying here at CVRM. Our current vehicles are 15 passenger vans and are difficult for seniors or disabed clients to climb into or exit and they are more fuel efficient. The 7 passenger vans will allow us to transport clients to their appointments all over the Coachella Valley safely.</p>
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**Line Item Budget**  
**Sheet 2 - Labor Costs**

<b>Staff Salaries</b>					
Employee Position/Title		Annual Salary	% of Time Allocated to Program	Actual Program Salary	Amount of Salary Paid by DHCD Grant
1	Female Supervisor	32,175	100%	32,175	32,175
2	Female Staff	29,250	100%	29,250	29,250
3	Male Supervisor	32,175	100%	32,175	32,175
4	Male Staff	29,250	100%	29,250	29,250
5					
6					
7					
8					
<b>Enter this amount in Section 1, Employee Salaries</b>				<b>Total &gt;</b>	122850
<b>Budget Narrative</b>	Additional coverage for the Annex during the hospital release hours from 7:00 a.m. -3:00 p.m. the first shift, intake and case management. Second shift from 3:00 p.m. -11:00 p.m. Intake and Case Management. The Assessment and Acceptance will be done on Monday through Friday 9:00a.m. - 5:00 p.m. One Female Supervisor and staff member and One Male Supervisor and one Male staff member which will cover on shift.				
<b>Consultants/Contractors</b>					
Consultant/Contractor Name		Hourly Rate	Hours/ Week	Monthly Fee	Amount of Salary Paid by DHCD Grant
1					
2					
3					
4					
5					
6					
7					
8					
<b>Enter this amount in Section 1, Professional Services/Consultants</b>				<b>Total &gt;</b>	0
<b>Budget Narrative</b>	Fully describe costs listed above in this cell (B24).				

Line Item Budget - Other Program Funds

Funding for this program received from other sources			Amount
Fees			
Donations			
Grants (List Organizations)			
	1	HEAP	167,436.00
	2	City of La Quinta	83,333.00
	3		
	4		
Fundraising (describe nature of fundraiser)			
Other Income, e.g., bequests, membership dues, in-kind services, investment income, fees from other agencies, etc. (Itemize)			
	1		
	2		
	3		
	4		
Total funding in addition to DHCD request			250769
Budget Narrative	The HEAP, we have signed our contracts and the City of La Quinta is a long term MOU between CVRM and the City of La Quinta.		



## Grant Application Scoring Rubric

Category	Exceeds expectations (7-10 points)	Meets expectations (3-6 points)	Does not meet expectations (0-2 points)
<b>Executive Summary</b> (10 points)	The applicant <b>includes and effectively describes</b> the project's mission and vision, the specific population the project will serve, the expected benefits to the community, the support for applicant's project in the community with evidence based proposed methods, approaches and strategies are realistic, reasonable, effective, outcome-oriented.	The applicant <b>includes and describes</b> the project's mission and vision, the population the project will serve, the expected benefits to the community, the support for applicant's project in the community with evidence based proposed methods, approaches and strategies are realistic, reasonable, effective, outcome-oriented.	The applicant is unclear or does not <b>include or describe</b> the project's mission and vision, the general population the project will serve, the expected benefits to the community, the support for applicant's project in the community with proposed methods, approaches and strategies are realistic, reasonable, effective, outcome-oriented.
<b>Need &amp; Alignment and Demonstrate</b> (10 points)	The applicant <b>explicitly defines a specific</b> need for the project within the identified community and <b>effectively describes</b> the alignment of that need to one of the Community Focus Areas of the District/Foundation's Strategic Plan by using data, case studies, interviews, focus group results, media attention, etc.	The applicant <b>identifies</b> a need within the identified community for the project and <b>describes</b> the alignment of that need to one of the Community Focus Areas of the District/Foundation's Strategic Plan by using data, case studies, interviews, focus group results, media attention, etc.	The applicant <b>does not clearly describe</b> a need for the project that its alignment to one of the Community Focus Areas of the District/Foundation's Strategic Plan by using data, and/or case studies, and/or interviews/focus group results, and/or media attention, etc.
<b>Goals</b> (10 points)	The applicant has provided SMART goals with an evaluation plan that is <b>fully developed</b> . The <b>SMART</b> goals are <b>specific, measurable, ambitious, realistic and time-bound</b> , and the evaluation plan will <b>accurately</b> measure the project's effectiveness.	The applicant has provided SMART goals with an evaluation plan. The <b>SMART</b> goals are <b>mostly specific, measurable, ambitious, realistic, and time-bound</b> , and the evaluation plan will measure <b>the aspects</b> of the project's effectiveness.	The applicant has provided very limited goals and evaluation plan. The goals are not specific, measurable, timebound and will weakly measure the project's effectiveness.

<b>Proposed Program/Project Evaluation Plan</b> (10 points)	The applicant describes a <b>specific detailed plan of action for</b> evaluation, that includes both qualitative and quantitative assessment of the project that is well-defined with data reporting mechanisms and narrative that are clear and transparent. Evaluation is in alignment with Goals of the project.	The applicant describes a <b>plan of action for evaluation</b> that includes both qualitative and/or quantitative assessment of the project that is well-defined with data reporting mechanisms and /or narrative that are clear and transparent. Evaluation is in alignment with the Goals of the project.	The applicant <b>does not describe, or vaguely describes a reasonable plan of action</b> that can be completed during the grant period, involves some identified partners appropriately, and might make the project a reality.
<b>% of Funding Requested – Leveraging of Outside Funds</b> (10 points)	<b>0-50%</b> Budget shows mostly committed funds, in-kind funds for professional services and balance is from proposed funds have been identified and in place	<b>51-70%</b> Budget shows some committed funds, in-kind funds for professional services and proposed funds making up the majority, have been identified.	<b>71 - 100%</b> Budget shows limited to no committed funds, balance is made up of mostly identified proposed funds
<b>Applicant Capacity and Infrastructure to Execute Proposal</b> (10 points)	<p>The applicant includes concrete examples that <b>strongly demonstrate</b> that the human resource allocation to this project is appropriate (internal staff expertise, use of external consultants, advisory committee, etc.)</p> <p>The <b>applicant strongly demonstrates</b> credibility for this kind of work (strength, name recognition, a history or track record of achievements, related mission and letters of support)</p>	<p>The applicant includes solid examples that <b>demonstrate</b> that the human resource allocation to this project is appropriate (internal staff expertise, use of external consultants, advisory committee, etc.).</p> <p>The <b>applicant demonstrates</b> credibility for this kind of work (strength, name recognition, a history or track record of achievements, related mission and letters of support)</p>	<p>The applicant <b>does not include</b> examples that would demonstrate the human resource allocation to this project is appropriate (internal staff expertise, use of external consultants, advisory committee, etc.).</p> <p>The <b>applicant is limited in its ability to demonstrate</b> credibility for this kind of work (strength, name recognition, a history or track record of achievements, related mission and letters of support.</p>

<b>Organizations Sustainability</b> (10 Points)	The applicant <b>strongly demonstrates that it</b> has a current strategic plan and/or business plan with measurable outcomes. Strong board engagement and governance. The proposed program is <b>identified within</b> the strategic plan.	The applicant <b>demonstrates</b> that it has a current strategic plan and/or business plan with measurable outcomes Shows Board engagement and governance. Applicant has clearly identified that the program is <b>supported by</b> the strategic plan	The applicant does not <b>demonstrate</b> that it has a strategic plan and/or business plan. The program only reflects the applicant’s mission.
<b>Budget</b> (10 points)	The budget is <b>specific</b> and <b>reasonable</b> , and all items <b>strongly align</b> with the described project. The budget <b>strongly demonstrates</b> financial clarity/value and tells the same story as the proposal narrative. There are no unexplained amounts. The overall value of the project (the relationship of benefits and/or participants) to costs is <b>effective</b> . Additional leveraged funding sources and in-kind services are included. Staff FTE is identified clearly. Budget includes \$XXX amounts and how these ties to staff time.	The budget is clear and <b>reasonable</b> , with the items <b>aligned</b> with the described project. There are no unexplained amounts. The overall value of the project (the relationship of benefits and/or participants to costs) is <b>reasonable</b> and/or <b>some</b> additional funding sources and/or in-kind services are included.	The budget is <b>not specific</b> and/or <b>reasonable</b> , and the items are <b>somewhat aligned</b> with the described project. The budget somewhat <b>demonstrates</b> financial clarity. There are no unexplained amounts.
<b>Fiduciary Compliance</b> (10 Points)	The applicant <b>strongly demonstrates</b> a financial history that shows a continuous cycle of fiduciary responsibility of the Board through unmodified audited financials produced in a timely fashion, positive cash flow at the end of each fiscal year, asset ratio meets required debt load, and the Board reviews financials on a regular basis.	The applicant <b>demonstrates</b> a financial history that shows a continuous cycle of fiduciary responsibility of the Board through unmodified audited financials produced in a timely fashion, and the board reviews financials on a regular basis.	<b>The applicant demonstrates</b> a financial history that shows a continuous cycle of fiduciary responsibility of the Board through audited financials produced. A positive cash flow at the end of each fiscal year is not consistent. and the Board does not review financials on a regular basis.

<b>Financial Stability</b> (10 Points)	Funding sources for operations and programs are coming from multiple sources and is driven by a <b>strategic plan</b> for stability for both short- and long-term growth.	Source of funds for operations and programs are coming from multiple sources. There is a <b>limited plan</b> in place for stability for short term only.	Source of funds for operations and programs are coming from limited sources. There is <b>no plan</b> for stability in place currently.
<b>Key Partners / Collaboration</b> (10 points)	The applicant <b>strongly demonstrates</b> solid partnerships and collaborative approach with letters of commitment or an MOU that includes a scope of work.	The applicant <b>demonstrates</b> partnerships and collaborative approach with letters of commitment.	The applicant <b>demonstrates</b> limited or no partnerships and has not included any letters of commitment.
<b>Comments/Notes:</b>			

Total Score:    \_\_\_\_/ 110    = \_\_\_\_%

Exceeds expectations:

Meets expectations:

Does not meet expectations:

77% or Higher

50%- 76%

49% or Lower

Fully Funded

Full to Partial – Possible restrictions/conditions

No funding to Partial funding with restrictions/conditions

## **Grant Scoring Review**

**Reviewer:** Donna Craig

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**Executive Summary:** 9

**Need and Alignment:** 8

**Goals:** 8

**Evaluation:** 8

**Organizational Capacity:** 9

**Organizational Sustainability:** 2

**Budget:** 8

**Percent of Funding Requested:** 8

**Fiduciary Compliance:** 8

**Financial Stability:** 8

**Key Partners/Collaborations:** 10

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**Total Score:** 84.00

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**Reviewer Comments:** Coachella Valley Rescue Mission serves a unique purpose for the homeless. Wrap around services and case management are excellent with a high percent of success and low recidivism. Follow up health care is important for these vulnerable individuals and the need for new vans to transport is dire.

**Response Notes:**

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**Average Review Score:** Staff Review Stage: 85.5 (2 of 2)

**Sum of all Reviews:** Staff Review Stage: 171 (2 of 2)



## **Grant Scoring Review**

**Reviewer:** Alejandro Espinoza

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**Executive Summary:** 8

**Need and Alignment:** 9

**Goals:** 8

**Evaluation:** 9

**Organizational Capacity:** 8

**Organizational Sustainability:** 5

**Budget:** 7

**Percent of Funding Requested:** 8

**Fiduciary Compliance:** 7

**Financial Stability:** 7

**Key Partners/Collaborations:** 10

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**Total Score:** 87.00

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**Reviewer Comments:** CVRM has a long proven track record of addressing the complex homelessness problem. By providing this grant, CVRM will be able to address an emerging problem with our homeless population in need of medical services and transportation.

**Response Notes:**

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**Average Review Score:** Staff Review Stage: 85.5 (2 of 2)

**Sum of all Reviews:** Staff Review Stage: 171 (2 of 2)

**Grant #1023 – Coachella Valley Rescue Mission****EXHIBIT B****PAYMENT SCHEDULE, REQUIREMENTS & DELIVERABLES**

<u>Project Title</u>	<u>Start/End</u>
<i>Transportation for Homeless Seniors and Hospital Discharge Referrals</i>	11/01/2019 10/31/2020

**PAYMENTS:**

(4) Payments: \$48,645.00  
10% Retention: \$21,620.00

**Total request amount:** \$216,200.00

**GRANT AND PAYMENT SCHEDULE REQUIREMENTS:**

<b>Scheduled Date</b>	<b>Grant Requirements for Payment</b>	<b>Payment</b>
11/01/2019	Signed Agreement submitted & accepted	Advance of \$48,645.00 for time period 11/01/2019 – 01/31/2020
02/01/2020	1 <sup>st</sup> quarter (11/01/2019 – 01/31/2020) progress report, budget reports and receipts submitted & accepted	Advance of \$48,645.00 for time period 02/01/2020 – 04/30/2020
05/01/2020	2 <sup>nd</sup> quarter (02/01/2020 – 04/30/2020) progress report, budget reports and receipts submitted & accepted	Advance of \$48,645.00 for time period 05/01/2020 – 07/31/2020
08/01/2020	3 <sup>rd</sup> quarter (05/01/2020 – 07/31/2020) progress report, budget reports and receipts submitted & accepted	Advance of \$48,645.00 for time period 08/01/2020 – 10/31/2020
11/01/2020	4 <sup>th</sup> quarter (08/01/2020 – 10/31/2020) progress report, budget reports and receipts submitted & accepted	\$0
11/30/2020	Final report (11/01/2019 – 10/31/2020) and final budget report submitted & all receipts are accepted	\$21,620.00 (10 % retention)

**TOTAL GRANT AMOUNT:**  
**\$216,200.00**

**DELIVERABLES:****Program/Project Goals and Evaluation**

<p><b>Goal #1:</b> Our goal is to acquire three new seven-passenger vehicles in order to assist and expedite patient services for clients, most specifically for seniors and follow up appointments for seniors and hospital discharge clients. By September 1, 2020 100% of individuals will be driven to healthcare service provider locations for healthcare services not available on the CVRM campus until December 1, 2019. Then the number will be about 50%.</p>	<p><b>Evaluation #1:</b> New vehicles will allow our growing client population, especially seniors and hospital discharge clients, to make their scheduled appointments on time. We will use updated and current tracking policies and procedures, effectively tracking results for reporting purposes. Such as our Daily Phone and Vehicle Check Out/In Log and our individual Vehicle Log. Each log tracks, maintenance, date, driver, destination, leave time, miles, return time, miles, fuel and a section for comments.</p>
<p><b>Goal #2:</b> By September 30, 2020 100% of individuals (seniors and hospital discharge referrals) will have stayed in the Multi-Purpose room and utilized the 25 additional XL Norix Stack-a-Bunk Bed Platforms. The fabrication and material are rotationally molded, specially formulated, fire-retardant, high-impact polyethylene with ultraviolet light stabilizers (to reduce fading). Chemically resistant to blood, vinegar, urine, feces, salt solution, and chlorine solution. Norix recommends the use of Simple Green® or an equivalent cleaning product. These beds can be stacked five beds high for ease of transfer for our Seniors and Hospital Referrals. They Warranty 10-year limited replacement warranty.</p>	<p><b>Evaluation #2:</b> Beginning January 1, 2019, we began tracking our hospital referrals and have been monitoring these individuals along with our seniors. We track through our HMIS system from intake through our program and ultimately into stable housing or care.</p>
<p><b>Goal #3:</b> By September 30, 2020, the hiring of two supervisors and two staff for our Multi-Purpose Room will allow enough staff to cover one shift and perform the following duties to ease client services: Because both men and women will be in our Multi-Purpose Room we require a Male Supervisor and one Male Staff member and a Female Supervisor and a Female Staff person to be on each shift. This shift will be at night and duties include completing intake forms. Taking the client to showers, clean clothing, a meal and then to bed. One Staff to assist in the intake and one to monitor the</p>	<p><b>Evaluation #3:</b> We track each client in our HMIS system, intake, and outcomes. We track the city they come from, gender, race, ethnicity, age, and length of stay. Senior statistics from 2018, 360 homeless individuals 55 + sheltered at CVRM; 219 had a disabling condition; 86 were permanently sheltered out of CVRM, 58 left CVRM to live with family; 12 left CVRM moving into their own rental, 7 moved into CVRM's off-site transitional housing; 5 were rapid re-Housed (RRH); 3 left CVRM moving into Permanent Supportive Housing (PSH) and 1 went into a client-owned home. (as an example)</p>

sleeping quarters. While the clients are asleep, the staff members begin scheduling an appointment in the clinic, their TB test, and behavioral appointments for the next day. At dawn, the clients are woken and instructed how to put their beds away and then taken to breakfast. After breakfast, the clients are walked to the Annex, where their case managers work the clients to get them to their appointments that were scheduled during the night.	
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**DESERT HEALTHCARE DISTRICT  
STRATEGIC PLANNING COMMITTEE  
MEETING MINUTES  
September 23, 2019**

<b>Directors Present</b>	<b>District Staff Present</b>	<b>Absent</b>
President/Chair Les Zendle, MD Director Karen Borja Director Arthur Shorr	Conrado E Bárzaga, MD, CEO Chris Christensen, CFO Donna Craig, Senior Program Officer Meghan Kane, Community Health Analyst Andrea S. Hayles, Clerk to the Board	

<b>AGENDA ITEMS</b>	<b>DISCUSSION</b>	<b>ACTION</b>
<b>I. Call to Order</b>	Chair Zendle called the meeting to order at 10:31 a.m.	
<b>II. Approval of Agenda</b>	Chair Zendle asked for a motion to approve the Agenda.  Chair Zendle explained the goals of the standing committee created three years ago, initially as an ad hoc committee. The Board explored the bylaws, and the Strategic Planning Committee standing committee was formed.	<b>It was moved by President Zendle and seconded by Director Shorr to approve the agenda. Motion passed unanimously.</b>
<b>III. Public Comment</b>	There was no public comment.	
<b>IV. New Business</b> <b>1. Community Needs Assessment RFP – NTE \$300,000</b>	Conrado E. Bárazga, MD, CEO, provided an overview of the presentation on the community listening forums, 2017-2020 Strategic Plan focus areas and the Association for Community Health Improvement's community health assessment nine-step guide.  Meghan Kane, Community Health Analyst, provided a presentation on the District's expansion, community listening forums, priority issues, forum challenges, what was learned, where we are now, strategic	



**DESERT HEALTHCARE DISTRICT  
STRATEGIC PLANNING COMMITTEE  
MEETING MINUTES  
September 23, 2019**

	<p>plan focus area funding, next steps, and the necessity of an RFP.</p> <p>President Zendle explained that while the East Valley has an immense disparity, the District should examine the entire Coachella Valley.</p> <p>Donna Craig, Senior Program Officer, explained the Strategic Plan public forums and the community health and wellness-focused areas. An overview of the grants provided to each agency since the inception of the strategic plan focus areas totaling over \$9M was distributed.</p> <p>Dr. Barzaga, CEO, detailed the next steps with the current strategic plan, which will expire in the coming year, and the plan that was created does not currently exist. In order to create a new plan, it involves the current state of the District and determining the community's priorities. The perceptions versus the data will determine the community needs. Efforts to address the social determinants of health have been siloed and a built environment such as transportation, safety, and health outcomes, it is important for the District to identify our fit in the larger vision; further outlining the community engagement.</p>	
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**DESERT HEALTHCARE DISTRICT  
STRATEGIC PLANNING COMMITTEE  
MEETING MINUTES  
September 23, 2019**

	<p>Director Borja explained that the Institute for Rural Studies and other organizations have spent millions of dollars on assessments in the Coachella Valley, and the Board needs to reflect on strategies to ensure the District is not duplicating services. Conversations with Inland Empire Health Plan (IEHP), which also has an assessment would be useful. Director Borja is also concerned with the monetary aspects.</p> <p>Dr. Bárzaga described the steps, obtaining an overview of the reports previously conducted, the existing information to inform the process, breaking down the barriers, and reaching out to the individual organizations.</p> <p>President Zendle explained that steps 1 -3 requires assistance with the RFP and another group to obtain separate data for the remaining steps to alleviate any concerns. Clarity is also necessary for agencies that completed needs assessments.</p> <p>The committee recommended that staff make the revisions such as recognizing the priorities before budgeting next year, as explained by Director Shorr, and presenting to the committee in October.</p> <p>Dr. Bárzaga, CEO, explained the Gap Funding of \$525K that has</p>	
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**DESERT HEALTHCARE DISTRICT  
STRATEGIC PLANNING COMMITTEE  
MEETING MINUTES  
September 23, 2019**

	<p>not been disbursed – detailing the funding announcement for East Valley non-profits.</p> <p>President Zendle stated that staff should present the funding announcement to the Program Committee, but no action is necessary from the Strategic Planning Committee.</p> <p>The next Strategic Planning Committee meeting is scheduled for Thursday, October 17, at 11 a.m.</p>	
<b>V. Adjournment</b>	Chair Zendle adjourned the meeting at 11:53 a.m.	<b>Audio recording available on the website at</b> <a href="https://www.dhcd.org/Agendas-and-Documents">https://www.dhcd.org/Agendas-and-Documents</a>

ATTEST: \_\_\_\_\_  
Les Zendle, MD, Chair/President, Strategic Planning Committee  
Desert Healthcare District Board of Directors

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





**DESERT HEALTHCARE DISTRICT  
STRATEGIC PLANNING COMMITTEE  
MEETING MINUTES  
October 17, 2019**

<b>Directors Present</b>	<b>District Staff Present</b>	<b>Absent</b>
President/Chair Les Zendle, MD Director Karen Borja Director Arthur Shorr	Conrado E Bárzaga, MD, CEO Chris Christensen, CFO Donna Craig, Senior Program Officer Meghan Kane, Community Health Analyst Andrea S. Hayles, Clerk to the Board	

<b>AGENDA ITEMS</b>	<b>DISCUSSION</b>	<b>ACTION</b>
<b>I. Call to Order</b>	Chair Zendle called the meeting to order at 11:00 a.m.	
<b>II. Approval of Agenda</b>	Chair Zendle asked for a motion to approve the Agenda.	<b>It was moved by Director Shorr and seconded by Director Borja to approve the agenda. Motion passed unanimously.</b>
<b>III. Public Comment</b>	There was no public comment.	
<b>IV. New Business</b> <b>1. Community Needs Assessment RFP – NTE \$300,000</b>	<p>Conrado E. Bárzaga, MD, CEO, explained the details of the prior meeting, and the feedback from the committee to revise the assessment and separate the process into two phases to access the feasibility and the second phase to include the completion of the work.</p> <p>Dr. Bárzaga , CEO, detailed his presentation describing the reasons for the community health needs assessment that includes the District’s LAFCO application Plan of Services illustrating a needs assessment after the voter-approved expansion, the new District is much larger, and the importance of understanding</p>	



**DESERT HEALTHCARE DISTRICT  
STRATEGIC PLANNING COMMITTEE  
MEETING MINUTES  
October 17, 2019**

	<p>the priorities of the Coachella Valley.</p> <p>Dr. Bárzaga explained the goals of the assessment and the nine-step toolkit. Phase One includes three steps – to reflect and strategize, identify and engage stakeholders, and to define the community. Phase Two includes six steps – collect and analyze data, prioritize community health issues, document and communicate results, plan implementation strategies, implement strategies, and evaluate progress.</p> <p>Dr. Bárzaga explained his meetings with Riverside County Health Systems and their data processes and sources that will be shared with the District, further describing an upcoming meeting with IEHP and Kaiser, and describing past meetings with Borrego Health and Desert Regional Medical Center that supports the assessment and agreed to provide some type of financial support.</p> <p>Director Shorr inquired if the data would incorporate undocumented families and if the data would also include 2020 Census statistics.</p> <p>Dr. Bárzaga explained that the assessment will examine undocumented families, and the census is lengthy, complex,</p>	
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**DESERT HEALTHCARE DISTRICT  
STRATEGIC PLANNING COMMITTEE  
MEETING MINUTES  
October 17, 2019**

	<p>and will not commence until April 2020.</p> <p>Dr. Zendle explained that as data becomes available, staff will present strategies to the Strategic Planning Committee; however, the assessment will lead to the Strategic Planning process of the District.</p> <p>President Zendle motioned for the committee to accept the assessment with a timeline.</p>	<p><b>It was moved by Director Shorr and seconded by Director Borja to approve the Community Needs Assessment RFP NTE - \$300,000 with a timeline.</b></p> <p><b>Motion passed unanimously.</b></p>
<b>V. Adjournment</b>	<p>Chair Zendle adjourned the meeting at 11:19 a.m.</p>	<p><b>Audio recording available on the website at</b> <a href="https://www.dhcd.org/Agendas-and-Documents">https://www.dhcd.org/Agendas-and-Documents</a></p>

ATTEST: \_\_\_\_\_  
Les Zendle, MD, Chair/President, Strategic Planning Committee  
Desert Healthcare District Board of Directors

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



**DESERT HEALTHCARE**  
**DISTRICT & FOUNDATION**

Date: October 22, 2019  
To: Strategic Planning Committee  
Subject: Request for Proposals (RFP) – Community Health Needs Assessment (CHNA)

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**Recommendation:**

Discussion on the future release of the Community Health Needs Assessment request for proposals (information only).

**Background:**

- On November 6, 2018, eastern Coachella Valley voters approved extending the District boundaries creating a new demographic and geographic landscape.
- Article V. of the LAFCO application Plan of Services that initiated the voter-approved boundary incorporates the development of a comprehensive needs analysis/assessment.
- On September 17, 2019, staff presented a draft CHNA RFP to the Strategic Planning Committee and received guidance to rework the proposal and develop a two-phase process that encompasses the nine-step guide from the Association for Community Health Improvement's Community Health Assessment Toolkit.
  1. Phase one would focus on the reflection of previous assessments that have been conducted in the Coachella Valley and identifying data gaps.
  2. Phase two would focus on collecting additional primary and secondary data, prioritizing health needs, developing implementation strategies, and creating benchmarks for monitoring.
  3. The Strategic Planning Committee approved the two-phased Community Health Needs Assessment with the inclusion of a timeline and recommendation to forward to the Board for approval.

**Information:**

- A comprehensive CHNA will help to effectively allocate and drive investments and resources to areas of the most prioritized community health needs and provide a basis for future decision-making and monitoring.
- A PowerPoint with an overview of the nine-step process and timeline is included for your review highlighting the purpose and key components of each step.

**Fiscal Impact:**

- Not to exceed \$300,000, not included in the current FY 19/20 budget.

# Strategic Planning Committee

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October 17, 2019

# Reasons for a Community Health Needs Assessment (CHNA)

Compliance with DHCD Plan of Services as submitted to LAFCo as part of its application to obtain approval for the annexation of eastern CV into the District's service area.

"...development of a comprehensive needs analysis and priority setting with public input and participation will ensure resources are allocated to services and programs..."

# Reasons for a Community Health Needs Assessment (CHNA)

Understand the priorities of the (One) Coachella Valley, in order to develop:

- A long-term vision
- An inclusive framework for action, and
- Clearly defined benchmarks, goals, and targets

Taking a comprehensive approach:

- Build on collaboration and partnerships
- Reflect on what has been done and assess gaps
- Data collection: quantitative and qualitative
- Health needs prioritized
- Create strategies and develop an action plan
- Provide a basis for future decision-making & monitoring

Update Strategic Plan focus areas based on data that represents the entire valley

# Goals of CHNA



Bridge siloed efforts and form a more collective, cross-sector approach to address the Valley's health needs



Better prioritize and more equitably distribute resources  
Improved transparency and accountability

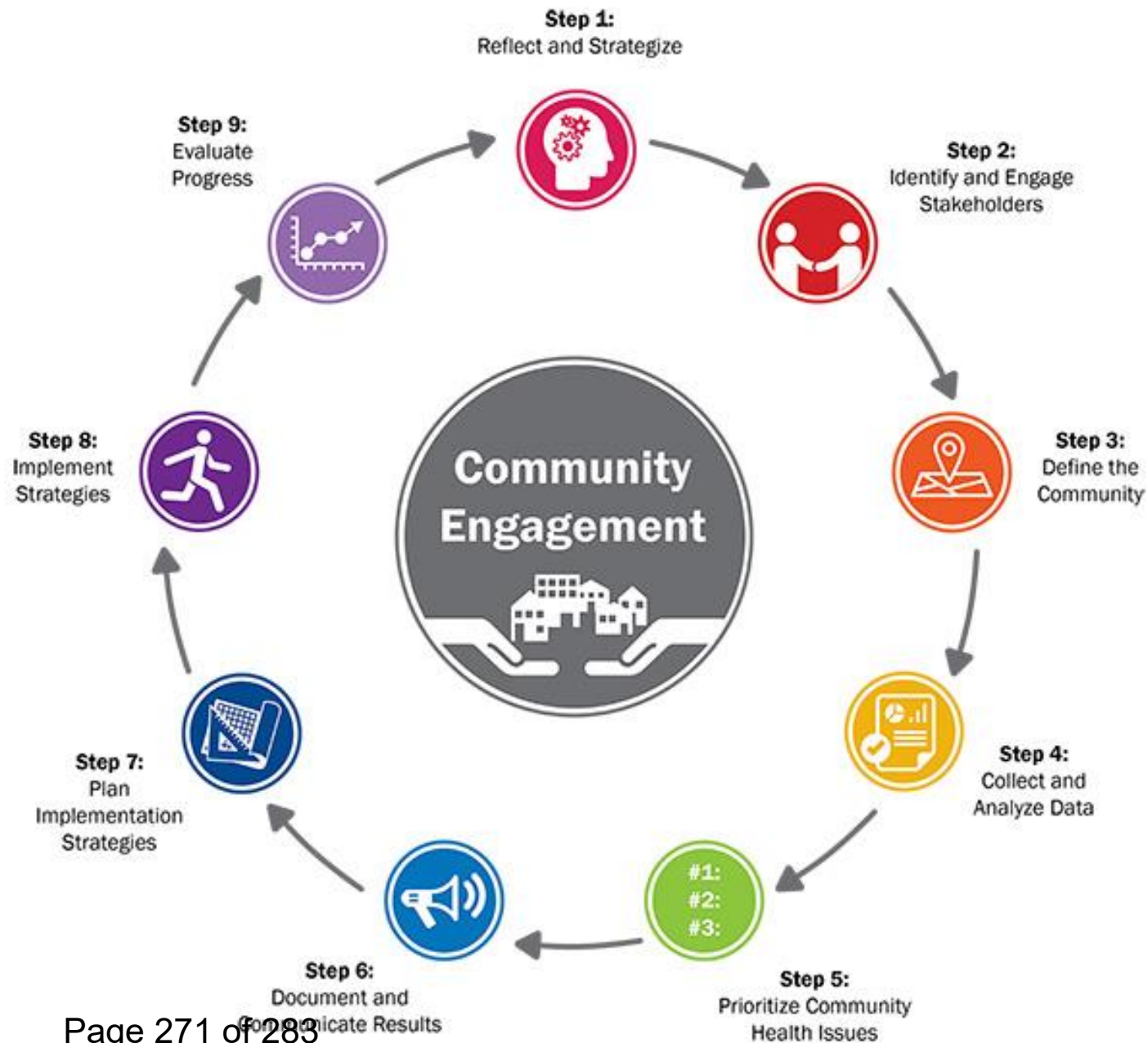


Create baseline data to provide a basis for future decision-making and monitoring (Clearly defined benchmarks, goals, and targets)



# Association for Community Health Improvement's Community Health Assessment Toolkit: Nine-Step Guide

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# Request for Proposal

## Phase One

Step 1: Reflect and Strategize

Step 2: Identify and Engage Stakeholders

Step 3: Define the Community

## Phase Two

Step 4: Collect and Analyze Data

Step 5: Prioritize Community Health Issues


Step 6: Document and Communicate Results

Step 7: Plan Implementation Strategies

Step 8: Implement Strategies

Step 9: Evaluate Progress

**Purpose:** before beginning an assessment, reflect on previous community health assessments to identify what's available, what elements worked well, and areas for process improvement.



### **Key Components:**

- Community mobilization
- Reflect on previous assessments
- Get feedback on previous assessments
- Review data sources – qualitative and quantitative
- Establish the assessment infrastructure (local org. buy-in and partnership, steering committee, etc.)
- Obtain leadership support
- Identify and obtain resources

Step 1: Reflect and strategize  
(Phase one)

**Purpose:** Establishing robust, trusting relationships with community stakeholders to foster an inclusive environment, creating a stronger sense of joint ownership of the community health assessment process.

While this is a discrete step, stakeholders should be engaged throughout the CHA process.


### **Key Components:**

- Develop a broad community engagement approach
- Map community assets that support health improvement
- Identify and partner with stakeholders



## Step 2: Identify and Engage Stakeholders (Phase one)

**Purpose:** specify the geographic focus and population characteristics to help determine the scope of assessment and any implementation strategies.



**Key Components:**

- Describe the geographic community
- Identify population groups
- Identify other organizations conducting health assessments (e.g. HARC, HASC, IEHP, KP, RivCo, EvalCorp, CIRS, USC)
- Identify secondary data sources (e.g. OSHPD, DHCS, CDC, BRFSS, NHANES)
- **Conclude phase 1 with a feasibility report to the Board**

## Step 3: Define the Community (Phase one)

**Purpose:** include a combination of quantitative demographic and health data as well as qualitative data that reflects the experiences and opinions of the community and stakeholders. Summarize and synthesize these data to develop a picture of overall community health and to prioritize health needs.



### **Key Components:**

- Identify considerations for data collection (ways to capture entire community)
- Apply research principles to the need's assessment process
- Develop a data strategy
- Select secondary data
- Collect community-engaged primary data

## Step 4: Collect and Analyze Data (Phase two)

**Purpose:** distinguish the most pressing community health needs based on the data collected and then address the identified priority health needs through the implementation strategies.



**Key Components:**

- Identify criteria for prioritization (Magnitude, severity, available resources, and community capacity to act on issue)
- Select community health priorities
- Describe needs not prioritized

## Step 5: Prioritize Community Health Issues (Phase two)

**Purpose:** share the results of assessment with both internal and external audiences. This step provides an opportunity for the many participating organizations and the community at large to see the final product. It serves as a reference point for future discussions and planning strategies to address community health needs.




### **Key Components:**

- Publish the CHNA process and results
- Present material in an accessible way
- Publicizing CHNA results
- Engage the community and stakeholders around results

## Step 6: Document and Communicate Results (Phase two)



**Purpose:** developing comprehensive, multifaceted strategies to address the community health needs prioritized in assessment.



**Key Components:**

- Engage strategic partnerships
- Align strategies of community stakeholders
- Collaborate on strategies to increase potential impact
- Determine community assets
- Identify the drives of community health improvement
- Select strategies to address priority needs with **benchmarks, goals, and targets**
- *This step informs DHCD Strategic Planning*

## Step 7: Plan Implementation Strategies (Phase two)

**Purpose:** this step puts into action the plan selected and developed in Step 7 to address prioritized community health needs. This is an ongoing process where you are working to improve health by turning strategies into concrete, actionable steps.



**Key Components:**

- Assemble an implementation committee
- Develop an action plan with goals and objectives
- *This step informs DHCD Strategic Planning*

## Step 8: Implement Strategies (Phase two)

**Purpose:** evaluation should be planned throughout the community health assessment process to assess the impact of strategies and progress toward goals. This step may be used as a starting point to tailor an evaluation for a particular community health improvement effort, at a particular point in time.

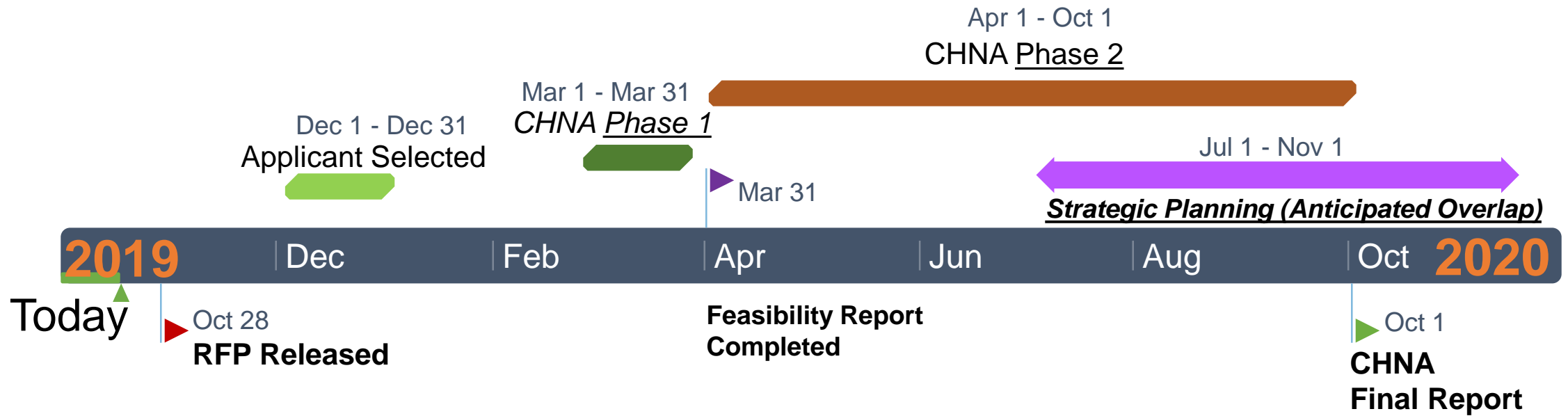


**Key Components:**

- Find your baseline
- Engage stakeholders
- Focus the evaluation design
- Define a **dashboard**
- Gather credible evidence

## Step 9: Evaluate Progress (Phase two)

# CHNA



## TIMELINE

# Community Health Needs Assessment

QUESTIONS?