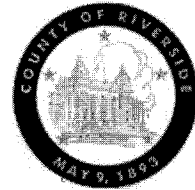


**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM
3.41
(ID # 6783)

MEETING DATE:
Tuesday, April 10, 2018

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Desert Healthcare District Lease Amendment, 4th District. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Review item 3.8 from the March 27, 2018 Board meeting.

ACTION: Policy



Brian Nestande 4/5/2018

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Jeffries and duly carried by unanimous vote, IT WAS ORDERED that the above matter was approved as recommended with the inclusion of full signature of the Desert Healthcare District Board; the Board of Supervisors adopted Resolution No. 2018-084 supporting the annexation of the Eastern Coachella Valley into the boundaries of the Desert Healthcare District with no exchange of property tax revenue; and that the Board further directed the Clerk of the Board to certify passage of the resolution and to send a certified copy along with the Minute Order to the Executive Officer of Local Area Formation Commission (LAFCO).

Ayes: Jeffries, Tavaglione, Washington, Perez and Ashley
Nays: None
Absent: None
Date: April 10, 2018
xc: EO

Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$	\$	\$	\$
NET COUNTY COST	\$	\$	\$	\$
SOURCE OF FUNDS:			Budget Adjustment:	
			For Fiscal Year:	

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Item 3.8 heard by the Board on March 27, 2018, was amended as follows; Approval of the agreement between the Desert Healthcare District and County of Riverside relating to LAFCO annexation application is contingent upon the removal of the non-complete clause contained within the lease agreement between Tenet and Desert Healthcare District.

2
3 RESOLUTION NO. 2018-084

4 RESOLUTION OF THE COUNTY OF RIVERSIDE DETERMINING THAT NO PROPERTY
5 TAX REVENUES SHALL BE EXCHANGED BETWEEN THE COUNTY AND THE DESERT
6 HEALTHCARE DISTRICT RELATING TO THE EAST COACHELLA VALLEY
7 ANNEXATION

8
9 **WHEREAS**, on September 21, 2016, Governor Jerry Brown signed AB 2414 (Garcia) into law
10 which added §32499 et seq., to the California Health & Safety Code; and

11 **WHEREAS**, AB 2414 provides for the annexation of approximately 1,760 square miles of the
12 Eastern Coachella Valley into the boundaries of the Desert Healthcare District (District); and

13 **WHEREAS**, on January 5, 2017, the District submitted the Application and Proposed Plan of
14 Service to the Riverside Local Agency Formation Commission (LAFCO) for the annexation of the Eastern
15 Coachella Valley into the boundaries of the District, LAFCO 2017-01-04 (Eastern Coachella Valley
16 Annexation); and

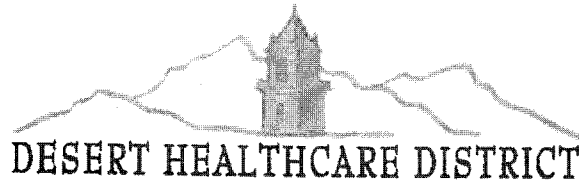
17 **WHEREAS**, After review, on April 19, 2017, the County of Riverside (County) determined that
18 Revenue & Taxation Code section 99 and its applicable procedures apply to the Eastern Coachella Valley
19 Annexation; and

20 **WHEREAS**, Revenue & Taxation Code section 99(b) provides that upon the filing of an application
21 of a jurisdictional change, but prior to the issuance of a certificate of filing by LAFCO, the local agencies
22 must first attempt to negotiate a mutually acceptable exchange of property tax revenues; and

23 **WHEREAS**, on May 8, 2017, good faith negotiations commenced between representatives of the
24 County and representatives of the District. After negotiations, representatives of the County determined
25 that there would be no exchange of property tax revenues; and

26 //

27 //



April 9, 2018

Supervisor Chuck Washington
Chairman, Board of Supervisors
Riverside County
County Administrative Center
4080 Lemon Street, 5th Floor
Riverside, CA 92501

Dear Chairman Washington:

At its March 27, 2018 Regular Board meeting, the Desert Healthcare District (DHCD) Board of Directors directed its CEO and General Counsel, following the Board of Supervisor's action of March 27, 2018, to take all actions necessary to negotiate an amendment to the current lease which removes the non-compete clause as it applies to the expanded territory. **We are pleased to inform you that we have successfully negotiated an amendment with our Desert Regional Medical Center/Tenet Healthcare partners.**

We greatly appreciate the overall leadership role taken by our Fourth District Supervisor, V. Manuel Perez, who has worked tirelessly over the last 20 years to ensure that the residents of the Eastern Coachella Valley have an opportunity to vote to join the DHCD. His energy and passion to ensure the connection to and delivery of, vitally needed programs and services for those most in need was a critical factor in the elimination of the non-compete clause in the contract.

We also greatly appreciated that all the other Supervisors at the March 27 Meeting agreed that annexation of the Eastern Coachella Valley into the DHCD was needed to address the significant health disparities that exist as well as the immediate and critical need for access to healthcare programs and services.

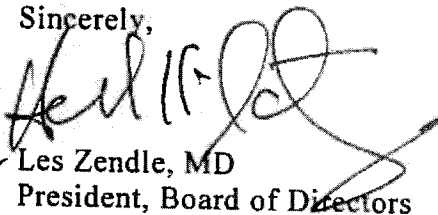
Our letter (combined with the attached Amendment 5 to Article XIII in our DHCD-Desert Regional Medical Center/Tenet Healthcare May 30, 1997 lease) satisfies the District Board's direction and the March 27, 2018 action and motion of the Board of Supervisors. Tenet Healthcare has signed this amendment, and given that the final language of the agreement between the DHCD and Tenet Healthcare was just reached today, and because it is entirely consistent with the DHCD's Board and Board of Supervisors' actions at their March 27 meetings, we expect approval by the DHCD Board as soon as a quorum can be gathered as opposed to the next Regular Meeting on April 24.

On behalf of the Board of Directors of the DHCD, it is respectfully requested that the Board of Supervisors approve Item 3.41, the Tax Exchange Resolution, and direct the Clerk of the Board to certify the passage of the resolution and send a certified copy to the Executive Officer of LAFCO.

With the Board's immediate support, we will move expeditiously to an April 26 LAFCO Hearing and subsequent annexation vote this year.

Thank you and the Board of Supervisors for your consideration of this request. Please contact our CEO, Herb K. Schultz, if you have any questions or need additional information. He can be reached via email at hschultz@dhcd.org or on cell at (760) 219-5619. Further, Mr. Schultz and DHCD Board Vice-President Carole Rogers will attend your meeting tomorrow, Tuesday, April 10.

Sincerely,



for Les Zendle, MD
President, Board of Directors

cc: Vice Chairman, Supervisor Kevin Jeffries, Third District, Riverside County
Supervisor John F. Tavaglione, Second District, Riverside County
Supervisor V. Manuel Perez, Fourth District, Riverside County
Supervisor Marion Ashley, Fifth District, Riverside County
George A. Johnson, County Executive Officer, Riverside County

**AMENDMENT NO. 5
TO
HOSPITAL LEASE AGREEMENT**

THIS AMENDMENT NO. 5 to HOSPITAL LEASE AGREEMENT (“Fifth Amendment”) is made and entered into as of April 9, 2018, (the “Effective Date”) by and between **DESERT HEALTHCARE DISTRICT** (formerly known as Desert Hospital District), a political subdivision of the State of California (the “District”), and **DESERT REGIONAL MEDICAL CENTER, INC.** (formerly known as Tenet HealthSystem Desert, Inc.), a California corporation (“Tenet”), with reference to the following facts:

A The District and Tenet are parties to that certain Pre-Lease Agreement dated as of April 1, 1997 (the “Pre-Agreement”), and that certain Hospital Lease Agreement dated May 30, 1997 which has been amended by that certain First Amendment dated as of January 14, 2002, that certain Second Amendment dated as of May 12, 2005, that certain Amendment No. 3 To Hospital Lease Agreement dated as of January 8, 2010, and by that certain Amendment No. 4 To Hospital Lease Agreement dated as of August 1, 2013 (collectively the “Lease Agreement”).

B. Effective as of May 30, 1997 (the “Closing Date”), the transactions contemplated by the Pre-Lease Agreement and Hospital Lease Agreement were consummated with the result that Tenet leased from the District the Leased Premises pursuant to the Hospital Lease and acquired from the District, the Desert Businesses. Tenet has operated the Desert Businesses continuously since the Closing Date.

C. The District is interested in pursuing an expansion of its geographical boundaries to include the remainder of Palm Desert, Indian Wells, La Quinta, Indio, Coachella, Bermuda Dunes, Mecca, Thermal, Oasis, North Shore and Vista Santa Rosa and unincorporated areas of Riverside County, all as described in the annexation application submitted by the District to the Riverside County Local Agency Formation Commission, dated January 5, 2017 (the “Expanded Geography”), through a public vote in 2018 and the parties wish to clarify certain terms of the Lease Agreement with respect to the Expanded Geography.

NOW, THEREFORE, in consideration of the foregoing recitals and the agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, do hereby agree as follows.

1. Definitions.

Unless otherwise defined in this Fifth Amendment, all capitalized terms used herein shall have the meanings given to them in the Pre-Lease and Lease Agreements.

2. Article XIII – Additional Covenant of Lessor. The following provisions are hereby added to the end of Article XIII of the Lease Agreement.

“Notwithstanding the foregoing, in the event the District obtains all of the required approvals to expand its geographical boundaries to include the entire Expanded Geography by December 1, 2018,

all of the above restrictions on the Lessor or any Affiliate including the Foundation in this Article XIII shall not apply to activities that solely relate to the Expanded Geography. Should the District fail to obtain all required approvals to expand its geographical boundaries by December 1, 2018, or should the District abandon, modify, amend or withdraw its annexation application prior to December 1, 2018, the terms of this Fifth Amendment shall be of no force and effect. For the avoidance of doubt, the foregoing shall not modify any restrictions related to the existing geographic boundaries of the District as of the date of this Fifth Amendment.”

3. Effect on Lease Agreement; General Provisions


Except as set forth in this Fifth Amendment, the terms and provisions of the Lease Agreement are hereby ratified and declared to be in full force and effect. This Fifth Amendment shall be governed by the provisions of the Pre-Lease and Lease Agreement regarding choice of law, attorneys’ fees, and successors and assigns. This Fifth Amendment shall become effective upon its execution, which may occur in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Caption and paragraph headings are used herein for convenience only, are not a part of this Fifth Amendment or the Lease Agreement as amended by this Fifth Amendment and shall not be used in construing either document. Each reference to the Lease Agreement in any agreement contemplated thereby or executed in connection therewith, whether or not accompanied by reference to this Fifth Amendment, shall be deemed a reference to the Lease Agreement as amended by this Fifth Amendment. Should the District fail to obtain all required approvals by, or should the District abandon or withdraw its annexation application prior to December 1, 2018, this Fifth Amendment shall be of no force and effect.

IN WITNESS WHEREOF, the parties have executed this Fifth Amendment as of the Effective Date.

DESERT HEALTHCARE DISTRICT

By: _____
Name: _____
Title: _____

DESERT REGIONAL MEDICAL CENTER, INC.

By:  _____
Name: Michael T. Maloney
Title: Senior Vice President

Riverside County Board of Supervisors
Request to Speak

1

Submit request to Clerk of Board (right of podium),
Speakers are entitled to three (3) minutes, subject
Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: Carole Rogers

Address: _____
(only if follow-up mail response requested)

City: _____ **Zip:** _____

Phone #: 510-772-1669

Date: 4/10/18 **Agenda #** 3.4

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:

Support **Oppose** **Neutral**

Note: If you are here for an agenda item that is filed
for "Appeal", please state separately your position on
the appeal below:

Support **Oppose** **Neutral**

I give my 3 minutes to: _____

BOARD RULES

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You may request to be heard on a published agenda item. Requests to be heard must be submitted to the Clerk of the Board before the scheduled meeting time.

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Power Point Presentations/Printed Material:

Speakers who intend to conduct a formalized Power Point presentation or provide printed material must notify the Clerk of the Board's Office by 12 noon on the Monday preceding the Tuesday Board meeting, insuring that the Clerk's Office has sufficient copies of all printed materials and at least one (1) copy of the Power Point CD. Copies of printed material given to the Clerk (by Monday noon deadline) will be provided to each Supervisor. If you have the need to use the overhead "Elmo" projector at the Board meeting, please insure your material is clear and with proper contrast, notifying the Clerk well ahead of the meeting, of your intent to use the Elmo.

Individual Speaker Limits:

Individual speakers are limited to a maximum of three (3) minutes. Please step up to the podium when the Chairman calls your name and begin speaking immediately. Pull the microphone to your mouth so that the Board, audience, and audio recording system hear you clearly. Once you start speaking, the "green" podium light will light. The "yellow" light will come on when you have one (1) minute remaining. When you have 30 seconds remaining, the "yellow" light will begin flash, indicating you must quickly wrap up your comments. Your time is up when the "red" light flashes. The Chairman adheres to a strict three (3) minutes per speaker. **Note: If you intend to give your time to a "Group/Organized Presentation", please state so clearly at the very bottom of the reverse side of this form.**

Group/Organized Presentations:

Group/organized presentations with more than one (1) speaker will be limited to nine (9) minutes at the Chairman's discretion. The organizer of the presentation will automatically receive the first three (3) minutes, with the remaining six (6) minutes relinquished by other speakers, as requested by them on a completed "Request to Speak" form, and clearly indicated at the front bottom of the form.

Addressing the Board & Acknowledgement by Chairman:

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**Riverside County Board of Supervisors
Request to Speak**

2

Submit request to Clerk of Board (right of podium),
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Board Rules listed on the reverse side of this form.

SPEAKER'S NAME: Michelle Tibney

Address: _____
(only if follow-up mail response requested)

City: _____ **Zip:** _____

Phone #: 760 323-6574

Date: 4-10-18 **Agenda #** 341

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:

Support **Oppose** **Neutral**

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I give my 3 minutes to: _____

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3

Riverside County Board of Supervisors Request to Speak

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SPEAKER'S NAME: Herb Schultz

Address: _____
(only if follow-up mail response requested)

City: _____ **Zip:** _____

Phone #: ~~800~~ 760-219-5669

Date: 4/10/18 **Agenda #** 3.41

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