



TAHOE FOREST HOSPITAL DISTRICT

2019-07-25 Regular Meeting of the Board of Directors

Thursday, July 25, 2019 at 4:00 p.m.

Tahoe Forest Hospital - Eskridge Conference Room

10121 Pine Avenue, Truckee, CA 96161

Meeting Book - 2019-07-25 Regular Meeting of the Board of Directors

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No related materials.

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REGULAR MEETING OF THE BOARD OF DIRECTORS AGENDA

Thursday, July 25, 2019 at 4:00 p.m.
Tahoe Forest Hospital – Eskridge Conference Room
10121 Pine Avenue, Truckee, CA 96161

1. CALL TO ORDER

2. ROLL CALL

3. DELETIONS/CORRECTIONS TO THE POSTED AGENDA

4. INPUT AUDIENCE

This is an opportunity for members of the public to comment on any closed session item appearing before the Board on this agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Clerk of the Board 24 hours prior to the meeting to allow for distribution.

5. CLOSED SESSION

5.1. Hearing (Health & Safety Code § 32155) ♦

*Subject Matter: Second Quarter 2019 Corporate Compliance Report
Number of items: One (1)*

5.2. Conference with Real Property Negotiator (Gov. Code § 54956.8) ♦

*Property Address: 10175 Levon Avenue, Truckee, CA 96161
Agency Negotiator: Judith Newland
Negotiating Parties: Steven Thompson M.D. and Peter Taylor M.D.
Under Negotiation: Price & Terms of Payment*

5.3. Conference with Labor Negotiator (Government Code § 54957.6)

*Name of District Negotiator(s) to Attend Closed Session: Alex MacLennan
Employee Organization(s): Employees Association and Employees Association of Professionals*

5.4. Conference with Legal Counsel; Anticipation of Litigation (Gov. Code § 54956.9 (d)(2) & (d)(3))

*A point has been reached where, in the opinion of the District Board, on the advice of its legal counsel, based on the below-described existing facts and circumstances, there is a significant exposure to litigation against the District. Facts and circumstances that might result in litigation but which the District believes are not yet known to potential plaintiff or plaintiffs.
(Gov. Code § 54956.9(e)(1))*

5.5. Conference with Legal Counsel; Initiation of Litigation (Gov. Code § 54956.9(d)(4))

Number of Potential Cases: One (1)

5.6. Approval of Closed Session Minutes ♦

06/27/2019

5.7. TIMED ITEM – 5:30PM - Hearing (Health & Safety Code § 32155) ♦

Subject Matter: Medical Staff Credentials

APPROXIMATELY 6:00 P.M.

6. DINNER BREAK

7. OPEN SESSION – CALL TO ORDER

8. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

9. DELETIONS/CORRECTIONS TO THE POSTED AGENDA

10. INPUT – AUDIENCE

This is an opportunity for members of the public to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes. Written comments should be submitted to the Board Clerk 24 hours prior to the meeting to allow for distribution. Under Government Code Section 54954.2 – Brown Act, the Board cannot take action on any item not on the agenda. The Board President may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

11. INPUT FROM EMPLOYEE ASSOCIATIONS

This is an opportunity for members of the Employee Associations to address the Board on items which are not on the agenda. Please state your name for the record. Comments are limited to three minutes.

12. SAFETY FIRST

12.1. July Safety First Topic

13. ACKNOWLEDGMENTS

13.1. July 2019 Employee of the MonthATTACHMENT
13.2. Town Hall video

14. MEDICAL STAFF EXECUTIVE COMMITTEE ♦

14.1. Medical Executive Committee (MEC) Meeting Consent AgendaATTACHMENT
MEC recommends the following for approval by the Board of Directors:
Policy Review (with changes): Service Animals & Pet Assisted Therapy, AGOV-1901, Expiring Documents Policy, MSGEN-3
Privilege Form (with changes): Dental Assistant Privilege Form

15. CONSENT CALENDAR ♦

These items are expected to be routine and non-controversial. They will be acted upon by the Board without discussion. Any Board Member, staff member or interested party may request an item to be removed from the Consent Calendar for discussion prior to voting on the Consent Calendar.

15.1. Approval of Minutes of Meetings

15.1.1. 06/27/2019 – Special Meeting.....ATTACHMENT
15.1.2. 06/27/2019 – Regular Meeting.....ATTACHMENT

15.2. Financial Reports

15.2.1. Financial Report – June 2019ATTACHMENT

15.3. Staff Reports

15.3.1. CEO Board ReportATTACHMENT
15.3.2. COO Board Report.....ATTACHMENT
15.3.3. CNO Board Report.....ATTACHMENT
15.3.4. CIIO Board ReportATTACHMENT
15.3.5. CMO Board Report.....ATTACHMENT

15.4. Strategic Plan Update

15.4.1. Quarterly Strategic Plan UpdateATTACHMENT

16. ITEMS FOR BOARD ACTION ♦

16.1. Resolution 2019-06 ♦ATTACHMENT

The Board of Directors will review and consider approval of Resolution 2019-06 that would authorize the issuance and sale of the District’s 2019 General Obligation (GO) Refunding Bonds.

16.2. Memorandum of Understanding ♦ATTACHMENT

The Board of Directors will review and consider approval of a Memorandum of Understanding between Tahoe Forest Hospital District and Tahoe Forest Hospital District Employees’ Association.

16.3. Memorandum of Understanding ♦ATTACHMENT

The Board of Directors will review and consider approval of a Memorandum of Understanding between Tahoe Forest Hospital District and Tahoe Forest Hospital District Employees’ Association of Professionals.

16.4. Corporate Compliance Report ♦ATTACHMENT

The Board of Directors will review and consider approval of a Second Quarter 2019 Corporate Compliance Report.

16.5. Resolution 2019-07 ♦ATTACHMENT*

The Board of Directors will review and consider for approval a resolution regarding the General Obligation (GO) Bond Property Tax Rate Calculation.

16.6. Resolution 2019-08 ♦ATTACHMENT

The Board of Directors will review and consider approval of a resolution that authorizes a change of address for the Pediatric Rural Health Clinic.

17. ITEMS FOR BOARD DISCUSSION

17.1. Board Education

17.1.1. Cyber Security

The Board of Directors will receive board education on cyber security.

18. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY

19. BOARD COMMITTEE REPORTS

20. BOARD MEMBERS REPORTS/CLOSING REMARKS

21. CLOSED SESSION CONTINUED, IF NECESSARY

22. OPEN SESSION

23. REPORT OF ACTIONS TAKEN IN CLOSED SESSION, IF NECESSARY

24. ADJOURN

Regular Meeting of the Board of Directors of Tahoe Forest Hospital District
July 25, 2019 AGENDA – Continued

The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is August 22, 2019 at Tahoe Forest Hospital, 10121 Pine Avenue, Truckee, CA, 96161. A copy of the board meeting agenda is posted on the District's web site (www.tfhd.com) at least 72 hours prior to the meeting or 24 hours prior to a Special Board Meeting.

*Denotes material (or a portion thereof) may be distributed later.

Note: It is the policy of Tahoe Forest Hospital District to not discriminate in admissions, provisions of services, hiring, training and employment practices on the basis of color, national origin, sex, religion, age or disability including AIDS and related conditions. Equal Opportunity Employer. The meeting location is accessible to people with disabilities. Every reasonable effort will be made to accommodate participation of the disabled in all of the District's public meetings. If particular accommodations for the disabled are needed (i.e., disability-related aids or other services), please contact the Executive Assistant at 582-3481 at least 24 hours in advance of the meeting.



EMPLOYEE OF THE MONTH, JULY 2019
EMILY PEREZ, CONTRACTS & CREDENTIALING SPECIALIST,
MANAGED CARE

We are honored to announce Emily Perez, Contracts & Credentialing Specialist,
as our July 2019 Employee of the Month!

Emily has been with Tahoe Forest for nearly ten years.

Whenever anyone needs help, Emily does not hesitate. Her dedication and good attitude makes those around her want to do better. Emily truly believes in teamwork and that we can all achieve greatness. Emily is always positive, no matter what is going on she has a smile on her face.

In every situation, Emily does what is best for the patient & right for the District. She goes out of her way to fight for appeals for the best reimbursement. She is always more than happy to explain processes to patients. Emily is always willing to take the time to educate & empower others.

Emily is an amazing human being! She is such a vital asset to the District.

Please join us in congratulating all of our Terrific Nominees!

Blanca Lopez
Cora Killian
Fabiola Herrera Perez
Linda Esparza
Michael Adamski
Michelle Majors
Sandy Jones
Sheila Sims

AGENDA ITEM COVER SHEET

ITEM	Medical Executive Committee Consent Agenda
RESPONSIBLE PARTY	Brad Thomas, MD, Vice Chief of Staff
ACTION REQUESTED?	For Board Action
<p>BACKGROUND: During the July 18, 2019 Medical Executive Committee meeting, the committee made the following consent agenda item recommendations to the Board of Directors.</p>	
<p>SUMMARY/OBJECTIVES:</p> <p>Approval of the following consent agenda items:</p> <p><u>Policy Review (with changes)</u></p> <ol style="list-style-type: none"> 1. Service Animals & Pet Assisted Therapy, AGOV-1901 2. Expiring Documents Policy, MSGEN-3 <p><u>Privilege Form (with changes)</u></p> <ol style="list-style-type: none"> 3. Dental Assistant Privilege Form 	
<p>SUGGESTED DISCUSSION POINTS:</p> <p>None.</p>	
<p>SUGGESTED MOTION/ALTERNATIVES:</p> <p>Move to approve the Medical Executive Committee Consent Agenda as presented.</p>	
<p>LIST OF ATTACHMENTS:</p> <ul style="list-style-type: none"> • Service Animals & Pet Assisted Therapy, AGOV-1901 • Expiring Documents Policy, MSGEN-3 • Dental Assistant Privilege Form 	



TAHOE FOREST HEALTH SYSTEM

Origination Date:	05/2019
Last Approved:	06/2019
Last Revised:	06/2019
Next Review:	06/2022
Department:	Governance - AGOV
Applies To:	

Service Animals & Pet Assisted Therapy, AGOV-1901

PURPOSE:

To define the organization-wide process followed for Service Animals, Pet Assisted Therapy (PAT) Animals, and pet visitation, which complies with Americans with Disabilities Act (ADA), along with nationally-recognized safety and infection prevention guidelines.

POLICY:

- A. Persons with disabilities are entitled to bring their certified service animals (nonhuman primates and reptiles excluded) onto the Tahoe Forest Hospital District (TFHD) campuses and receive reasonable accommodation. Service animal is a legal term defined by the Americans with Disabilities (ADA) as any animal that assists a person with one or more daily activities.
- B. Pet-assisted therapy (PAT) animals are allowed for the benefit of patients. PAT sessions consist of one dog handler (Truckee-Tahoe Humane Society (TTHS) trained volunteer animal handler) and one approved dog spending time with one patient at a time who agrees to PAT and is a candidate for PAT on the day of the visit.

Personal pets and Emotional Support Animals are NOT permitted in the hospital or other health system locations unless designated as service animals or therapy animals, or unless prior approval has been obtained by the Risk Manager or respective Director/Manager/Supervisor

Definitions:

- A. **Service Animal** – A dog, or miniature horse, specifically trained to do work or perform tasks for the benefit of a person with a disability(s). If an animal meets this definition, it is considered a Service Animal under the Americans with Disabilities Act, regardless of whether it has been licensed or certified. This category may include Service Animals in training. A Service Animal is not considered a pet.
- B. **Disability** – The consequence of an impairment that may be physical, cognitive, mental, sensory, emotional, developmental, or some combination of these.
- C. **Emotional Support Animal** – An animal, usually a personal pet, that provides therapeutic benefits to its owner through companionship and affection. Emotional Support animals are not specifically trained to perform tasks for a person who suffers from emotional disabilities. Emotional Therapy animals are not considered service animals and are not included in the Americans with Disabilities Act.

- D. **Pet-Assisted Therapy (PAT) Animal** – An animal, usually a personal pet, that with their owner, has successfully completed training and maintains certification as a Therapy Animal by an approved, accreditation organization. PAT animals are not considered service animals and are not included in the Americans with Disabilities Act.
- E. **Pet** – a domestic animal kept for pleasure or companionship, and/or an animal not recognized as a PAT Dog or Service Animal.

PROCEDURE:

A. Service Animals

1. Under the ADA, an employee may ask two distinct questions to determine if the animal in question is a Service Animal:
 - a. Is the animal required because of a disability?
 - b. What work or task is the animal trained to perform?
2. **IMPORTANT:** Under the ADA, staff may not request any documentation for the dog, may not inquire about the nature of the person's disability, or require proof that the dog is trained.
3. Individuals with a Service Animal must be allowed to go anywhere in the facility that patients and the general public are allowed to go. An employee with a service animal must be granted the same access as an employee in the same job title without a service animal.
4. A Service Animal is not required to wear a harness, tags, or other information indicating that it is a Service Animal. Staff may not require proof of certification or other such evidence of Service Animal status before permitting the Service Animal to accompany the person with a disability.
5. Persons who use Service Animals are entitled to be accompanied by their Service Animals during the course of visits to this facility regardless of whether the animals are working or performing services at all times, and regardless of whether health care staff could perform essentially the same services provided by the Service Animal.
6. In addition to ensuring the independence of the person with a disability, keeping an animal and handler together helps to maintain the animal's training and the bond.
7. Tahoe Forest Health District (TFHD) will permit a person with a disability to be accompanied by his/her Service Animal in all areas of the facility in which that person would otherwise be allowed.
 - a. Areas from which Service Animals may be excluded would include those areas not accessible to the general public. This could include any area where visitors need to take protective infection control measures, e.g., using gloves, wearing gowns, and masks, wearing protective equipment, paying strict attention to hand hygiene and being free of dermatologic conditions, and no similar infection control measures could be reasonably imposed on a Service Animal.
 - b. Service Animals may generally be excluded from the following restricted access specialty care units:
 - i. Operating rooms
 - ii. Labor and Delivery
 - iii. Intensive Care Unit
 - iv. Those areas in which transmission based precautions are in place, e.g., rooms or units that require special ventilation for high-risk immunocompromised patients, patients with open

sores or exposed areas of skin, neutropenia (neutrophils less than 1000), all airborne infection isolation rooms and for all patients with airborne infections.

8. Procedures for Decisions Regarding Service Animals:

- a. Risk Management, in conjunction with Infection Control, is responsible for designating all restricted access areas of the facility and will review this on a regular basis. Risk Management and/or the respective Director/Manager/Supervisor may make individual decisions regarding Service Animals in accordance with this policy, the relevant provisions of the ADA, and any other relevant law.
- b. Other than the "Restricted Access Areas" listed above, Service animals should not be automatically excluded from any area of the facility, unless the appropriate analysis and determination has been made. For example, if certain immunocompromised patients are able to receive visitors who are not required to adhere to any special infection control measures, it likely will be appropriate for a staff member, employee, volunteer, patient or visitor who uses a Service Animal to enter that care area.
- c. In the event that a question or dispute arises about whether a Service animal can accompany its owner in a particular area of this facility, Risk Management and/or the respective Director/Manager/Supervisor, in conjunction with Infection Control, must make that decision on a case-by case basis and take into account:
 - i. The particular Service Animal
 - ii. The needs of the affected person(s) and patient(s)
 - iii. The health care situation

9. Consultation with Persons Who Use Service Animals:

- a. If a person who uses a Service Animal is expected to be admitted as a patient to this facility, admitting staff should determine what arrangements the patient wants to make regarding his/her Service Animal, including the patient's preference to be accompanied by the animal.
- b. All patients and visitors who use Service Animals must be advised that the care or supervision of a Service Animal is solely their responsibility and that facility personnel may not provide care, food, or a special location for the animal.
- c. The patient may designate a family member or other volunteer to care for the Service Animal.
- d. In the event that a patient decides to leave the Service Animal at home, a family member or volunteer may bring the animal in for visits with the patient to help maintain the bond between the person and the Service Animal.
- e. In those instances where it is not possible to discuss arrangements for a Service Animal prior to regular admission or emergency room treatment, every effort should be made to discuss the patient's preferences regarding his/her Service Animal at the earliest possible time.
- f. Facility staff will advise the owner of a Service Animal where the animal can be taken to toilet and to exercise on the grounds of the facility. Service Animals are to be accompanied by the owner or the owner's designated responsible party at all times. TFHD staff are not responsible for the care, feeding, exercising, or toileting of animals.
- g. The patient or his/her designee is responsible for the care and control of the service animal. TFHD reserves the right to have a service animal removed from the premises if it poses a threat to patients, visitors, or staff.

10. Separation of the Owner and the Service Animal:

- a. If, in accordance with this policy, it becomes necessary to separate the Service Animal from its owner, health care personnel will make all reasonable efforts to help facilitate the transfer of the animal to a designated person prior to the separation.
- b. In the event that a Service Animal must be separated from the handler, and no designee is presently available, health care personnel will contact the Humane Society of Truckee-Tahoe (HSTT) at 530-582-2472, to make temporary arrangements for the care and supervision of the animal.
- c. Efforts should be made to explain the particular rationale for the separation to the owner and to help the owner make alternative arrangements for the care of the animal.

11. Other Guidance:

- a. In the event someone has severe allergies to animals, or has asthma, facility staff will make a risk assessment in accordance with the criteria in the policy.
- b. Staff is expected to take reasonable steps to ensure that any potential harm is minimized by moving affected staff, patients, or visitors to other areas or rooms or making other reasonable modifications.
- c. Care must be taken to ensure that any relocation of patients are made without regard to disability, and that persons using Service Animals are not the individuals routinely asked to relocate.
- d. If any patient must be relocated to accommodate his/her or someone else's need to be accompanied by a Service Animal, neither person may be charged a higher rate than they would have been charged in their original location.
A Service Animal is permitted to accompany its owner to any area(s) where health care staff, visitors, and patients are permitted to enter without taking heightened infection control precautions.

12. Complaints Regarding Service Animals: Persons with disabilities who use Service Animals and any other individuals may file a complaint with the facility setting forth the nature of the complaint and the pertinent details and what action they wish taken. Persons who wish to file a complaint should follow procedures set forth in the "Patient/Family Grievance" policy. Persons with complaints may also file the complaints with federal or state agencies, if they wish.

B. Pet Assisted Therapy (PAT) Animals – General Provisions:

1. Typically, a PAT session consists of one dog handler (Humane Society trained volunteer animal handler) and one certified dog spending time with one patient/resident at a time who agrees to PAT, and is a candidate for PAT on the day of the visit.
 - a. The physician will notify the nursing station if PAT is not authorized or rely on the determination of the patient/resident nurse on appropriateness of PAT based on patient/resident ability for appropriate interaction with dog.
 - b. Dog handler agrees to abide by this policy and the Humane Society of Truckee-Tahoe's Pet Assisted Therapy program guidelines.
 - c. In selected locations (e.g. outpatient clinics or Long Term Care/Extended Care Center (ECC)), the presence of a PAT dog may result in interaction with more than one patient/resident and those accompanying patients/residents in the common areas. Before entering the common

area(s), volunteer dog handler must check with staff of the clinic or ECC if patients/residents and those accompanying them are agreeable to the PAT visit.

2. Volunteers (animal handlers) of the Humane Society of Truckee-Tahoe may visit inpatients, outpatients, or residents for the purpose of PAT sessions after checking with approved nursing station, outpatient reception, or Cancer Center main desk, and infusion area nursing station.
 - a. For inpatients, the designated entrances are: first floor main entrance, 2nd floor South entrance, or the entrance to Long-term Care.
 - b. Sign in is required at approved PAT nursing units and other locations.
 - c. PAT Volunteers are instructed to visit the Cancer Center first when multiple PAT visits are planned for the same day.
 - d. PAT visits are on a voluntary basis and not during animal handlers work hours.
3. The dog must be appropriately identified as a therapy dog by wearing a TFHD ID badge and a clean therapy dog vest. The dog must be:
 - a. Certified by the AKC Canine Good Citizen Test (includes temperament evaluation);
 - b. At least one year of age;
 - c. Spayed or neutered.
4. Dogs must have current rabies vaccination, be free of ectoparasites (e.g. fleas, ticks) and have no sutures, open wounds, or obvious dermatologic lesions that could be associated with bacterial, fungal, viral or parasitic infestations.
 - a. Special testing may be indicated if the dog is epidemiologically linked to an outbreak of an infectious disease.
5. Pet Therapy dogs and their approved handler are welcomed to visit patients who desire PAT, are able to interact with PAT dog appropriately, and have no open uncovered wounds in the following locations after checking in with nursing station first:
 - a. Cancer Center: infusion, scheduling, radiation waiting areas only;
 - b. Long-term Care: common areas or individual resident's rooms;
 - c. Multi-Specialty Clinics (MSC), except procedure rooms.
6. A pet therapy dog visit is defined as a short length of time (e.g. usually a few minutes to an hour), with a patient that has requested the interaction, for the purpose of providing affection and comfort.
7. Pet Therapy dogs are not allowed in:
 - a. Surgical Services, including Operating Rooms, Procedure Rooms, Sterile Processing Department, Ambulatory Surgery, Post-Anesthesia Recovery Unit (PACU)
 - b. Radiology Special Procedures Room
 - c. Emergency Department
 - d. Medical-Surgical Department
 - e. Intensive Care Unit (ICU)
 - f. Women & Family Center
 - g. Laboratory or lab draw areas

- h. Food service e.g. cafe, food preparation, or food storage areas
 - i. Medication storage or preparation areas
8. All PAT volunteers will attend an orientation session by the PAT Coordinators at TFHD prior to beginning Pet Therapy and a PAT Coordinator will accompany volunteers and their dogs on their first visit to the health system.
 9. TFHD reserves the right to have a PAT animal removed from the premises if it poses a threat to patients, visitors, or staff.

C. Pets – General Provisions:

1. Pets, as defined above, are generally NOT permitted in the facility. Generally only patients who have a life-threatening or terminal illness, and have requested a visit with their personal pet, are allowed pet visits.
2. Exceptions to this pet policy are on a case-by-case basis. Risk Management and the respective Director/Manager/Supervisor, as well as the patient and family, will be involved in making pet visitation decisions.
3. Animals participating in pet visitation sessions should be current and complete with regard to recommended immunizations and should be in good health.
4. Pet visits must be supervised by a handler who knows the animal and their behavior, and the area must be cleaned after visits according to standard cleaning procedures.
5. TFHD reserves the right to restrict pets on any TFHD property.

D. Documentation requirements for all animals in the health care facility: If requested, the handler/partner of a service/therapy animal or pet must show proof that the animal has met the following regulations:

1. Licensing: As appropriate, the animal must meet the licensing requirement of Nevada County, CA and wear the tags designated by the city. (For nonresidents, home city or state tags will be accepted in lieu of Nevada County, CA tags.)
2. Health Records: As appropriate, the animal must have a health statement, including vaccinations from a licensed veterinarian, dated within the past year. Preventative measures must be taken for flea and odor control. Animals should be routinely screened for enteric parasites and should have no obvious dermatologic lesions that could be associated with bacterial, fungal, or viral infections. Animals should be clean and well groomed.
3. Animals that are ill or in poor health must not be taken into public areas.

E. General provisions applicable to all animals:

1. Infection Prevention and Control:
 - a. The most important infection control measure to prevent potential disease transmission is strict enforcement of hand washing or hand hygiene measures (using alcohol-based agents when a sink is not available) for all patients, staff, and residents after handling the animals.
 - b. Staff is expected to follow standard infection control and environmental surface cleaning procedures following visitation by a Service or PAT Animal.
 - c. Care should also be taken to avoid direct contact with animal's urine and feces. Clean-up of these substances from environmental surfaces requires gloves and the use of leak-resistant (e.g., "zip-lockable") plastic bags to discard absorbent material used in the process of the clean-

- up (similar to the disposal of diapers).
 - d. The area of the spill should be cleaned with a facility-approved disinfectant.
 - e. Relief areas include the nearest grassy areas outdoors, such as the spaces outside the external doors.
2. Behavior/etiquette of handlers and animals in the health care facility:
- a. The handler will provide the animal with an opportunity to relieve itself outside before entry to the PAT visit area.
 - b. The animal must be under partner/handler control at all times with a non-retractable leash that is 4-6 feet or less in length.
 - c. The animals will not be allowed to wear choke collar or chain, only clean standard cloth or leather collar will be allowed.
 - d. The animal may be asked to leave the premises if it exhibits aggressive or threatening behaviors or in any way poses a risk to patients, residents, staff, or visitors.
 - e. The animal must not display any disruptive behaviors such as barking, whining, growling, or pawing.
 - f. The animal must not sniff people, food, or the belongings of others.
 - g. The animal must not initiate contact with others without the partner/handler's permission.
 - h. The animal must not block an aisle or passageway.
 - i. No food will be provided/available for the animal at the visit location.
 - j. No animal bedding or toys will be allowed at the visit location.
3. Grooming requirements:
- a. The animal's coat will be brushed or combed before a visit to remove loose hair, dander, and other debris.
 - b. The animal's nails will be kept short and free of sharp edges.

F. Education and Training of Staff Regarding the Policy: TFHD will conduct periodic training on the issue of animals in the healthcare facility and ensure that employees are advised about the policy and the procedures for handling questions about animals in this health care facility.

G. Reasonable Modification of Policies, Practices, and Procedures: On occasion, there may be situations not addressed in this policy where this facility will need to make certain changes to accommodate a person with a disability who uses a Service Animal or a patient requesting a pet visit. This facility will make reasonable modifications to its policies, practices, and procedures to ensure that persons with disabilities enjoy the full protection of the ADA.

Related Policies/Forms:

References:

Additional Resource Information: Regulations pertaining to Title III of the Americans with Disabilities Act prohibiting discrimination on the basis of disability by public accommodations and commercial facilities, 28 C.F.R. §36.101 et seq. See in Particular: the ADA 2010 revised requirements for service animals.

https://www.ada.gov/service_animals_2010.htm

All revision dates:

06/2019, 06/2019, 05/2019

Attachments:

No Attachments

Approval Signatures

Step Description	Approver	Date
	Harry Weis: CEO	06/2019
	Sarah Jackson: Executive Assistant	06/2019

COPY

Expiring Documents Policy, MSGEN-3

PURPOSE:

The purpose of this policy is to define a process to assure that practitioners maintain current, valid, and unrestricted medical licenses (CA/NV), DEA certificate(s) (CA/NV), Nevada State Pharmacy Certificate (if applicable), malpractice insurance, board certification, and other special certifications (if applicable), or as required by requested privileges.

POLICY:

All members of the Medical Staff must maintain current, valid and unrestricted licenses and maintain DEA(s) and Nevada State Pharmacy Certificate (if applicable), medical malpractice insurance, board certification, and special certification (if applicable, i.e. fluoroscopy/fluoroscopy/radiography permit, ATLS, ACLS, or BLS), or as required by selected privileges.

- A. According to the Medical Staff Bylaws, automatic suspension or limitation will occur in the following circumstances:
- B. Whenever a member's license or other legal credential authorizing practice in either Nevada or California lapses, is revoked or suspended;
- C. Whenever a member's DEA certificate is revoked, limited or suspended;
- D. Whenever a member's medical malpractice insurance lapses or expires;
- E. Other special certifications (if applicable).

PROCESS:

- A. Upon initial appointment all licenses are verified via primary source verification and maintained in the practitioner's credentialing file.
- B. One month prior to the end of each month, a computer-generated alert report for upcoming expiring licenses, medical malpractice, DEA, Board Certification, as appropriate, and any special certifications including fluoroscopy/radiography, ATLS, ACLS and/or BLS is generated.
- C. Medical Staff Services will primary source verify via the Internet for license(s), DEA(s), Nevada State Pharmacy Certification and fluoroscopy/radiography (if applicable). The CA and/or NV licenses are primary source verified by the Medical Staff Office directly with the licensing agencies. Any other state licenses are primary source verified by the Medical Staff Office directly with the AMA or AOA Profile. Any sanctions indication identified will be followed up with the licensing agencies. The documentation is maintained in the practitioner's credentialing file. The Medical Staff Services will notify the physician-provider via email of any expirable expiring documents that have not been renewed.
- D. Within 48-10 business days prior hours of to expiration, if information has not been received by Medical Staff Services, the Medical Staff Coordinator telephones the physieian's-practitioner's offices to remind them and to have them fax the required information. Additionally, the Medical Staff Coordinator will notify the Director of Medical Staff and the appropriate Department Chair of the expiring licensure, medical malpractice, DEA, Board Certification, and any special certifications including fluoroscopy/radiography, ATLS, ACLS, and/or BLS.
- E. If the information has not been received and the required information has expired, according to the Medical Staff Bylaws, the practitioner's privileges will automatically be suspended or considered lapsed.
- F. A certified letter is forwarded to the practitioner, and an additional courtesy phone call is made.
- G. Copies of the suspension are routed to Chief of the Department, Chief of Staff, and directors of the appropriate departments (i.e. Director of Pharmacy, Scheduling, Health Information Management,

Director of Operating Room, and Chief Nursing Officer and/or the Directors and Managers email distribution list). Documentation of the suspension will be maintained in the practitioner's credentialing file.

- H. Unless loss of license or certification is due to suspension or revocation, upon receipt/verification of required documents, the ~~physician's~~ practitioner's privileges will be reinstated. Copies of the reinstatement are routed to Chief of the Department, Chief of Staff, and directors of the appropriate departments (i.e. Director of Pharmacy, Scheduling, Health Information Management, Director of Operating Room, and Chief Nursing Officer and/or the Directors and Managers email distribution list). Documentation of the reinstatement will be maintained in the practitioner's credentialing file.

Delineation Of Privileges DENTAL ASSISTANT

Provider Name:

Privilege	Estimate # of Procedures in past 24 months	Check Privileges Requesting	This column for Board Approval of Privileges Requested
Tahoe Forest Hospital (TFH)	—	—	—
Incline Village Community Hospital (IVCH)	—	—	—

To be eligible to request these clinical privileges, the applicant must meet the following threshold criteria:

For All Unlicensed Dental Assistants:

Business and Professional Code, Section 1750.

A dental assistant is an individual who, without a license, may perform basic supportive dental procedures, as authorized by Section 1750.1 and by regulations adopted by the board, under the supervision of a licensed dentist. “Basic supportive dental procedures” are those procedures that have technically elementary characteristics, are completely reversible, and are unlikely to precipitate potentially hazardous conditions for the patient being treated.

The supervising licensed dentist shall be responsible for determining the competency of the dental assistant to perform the basic supportive dental procedures, as authorized by Section 1750.1.

The employer of a dental assistant shall be responsible for ensuring that the dental assistant who has been in continuous employment for 120 days or more, has already successfully completed, or successfully completes, all of the following within a year of the date of employment:

A board-approved course in the Dental Practice Act.

A board-approved 8-hour course in infection control.

A course in basic life support offered by an instructor approved by the American Red Cross or the American Heart Association, or any other course approved by the board as equivalent and that provides the student the opportunity to engage in hands-on simulated clinical scenarios.

The employer of a dental assistant shall be responsible for ensuring that the dental assistant maintains certification in basic life support.

Basic Education, Training, Licensure, and Experience: A high school diploma is required.

California licensure as a Registered Dental Assistant (RDA) is required within six (6) months of appointment.

Certification: Maintenance of certification as a Certified Dental Assistant-.

Clinical Competency References: (required for new applicants) Previous experience as a dental assistant.

Initial applicants must provide documentation of the number of patients seen/treated during the past 24 months

Proctoring/Evaluation: Completion of the OR orientation. Observation of the first 3 cases.

Other: Malpractice insurance in the amount of \$1m/\$3m

~~Initial applicants must provide documentation of the number of patients seen/treated during the past 24 months.~~

Delineation Of Privileges DENTAL ASSISTANT

Provider Name:

Privilege	Estimate # of Procedures in past 24 months	Check Privileges Requesting	This column for Board Approval of Privileges Requested
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CORE PRIVILEGES (may perform the following duties under the direct supervision of a supervising licensed dentist):

- Organizing and laying out instruments for dentist's use.
- Handling instruments and other materials to dentist during procedures.
- Attends to the procedure with the dentist.
- Using suction and swabs to keep patient's mouths clear and dry during procedure.
- Applying non aerosol and noncaustic topical anesthesia to patients' mouth.
- Implements infection control procedures required for the OR including: attire, surgical scrub, aseptic techniques, isolation, contaminated cases and post case cleanup.
- Communicates relative information to the circulating nurse.

REMOVAL FROM CORE PRIVILEGES:

Should applicant's current practice limitations or current competence EXCLUDE performance of any of the core privileges above, please indicate here.

ADDITIONAL PRIVILEGES: A request for any additional privileges not included on this form must be submitted to the Medial Staff Office and will be forwarded to the appropriate review committee to determine the need for development of specific criteria, personnel & equipment requirements.

EMERGENCY: In the case of an emergency, any individual who has been granted clinical privileges is permitted to do everything possible within the scope of license, to save a patient's life or to save a patient from serious harm, regardless of staff status or privileges granted.

I certify that I meet the minimum threshold criteria to request the above privileges and have provided documentation to support my eligibility to request each group of procedures requested. I understand that in making this request I am bound by the applicable bylaws and/or policies of the hospital and medical staff.

_____ Date

_____ Applicant Signature

Delineation Of Privileges DENTAL ASSISTANT

Provider Name:

Privilege	Estimate # of Procedures in past 24 months	Check Privileges Requesting	This column for Board Approval of Privileges Requested

Supervising Dentist Attestation:

I certify that the dental assistant will remain employed by me as the supervising dentist. I will notify Medical Staff Services immediately if employee is terminated or resigns their employment. The supervising dentist is responsible for their employee at all times.

Date

Supervisor Signature

DEPARTMENT CHAIR REVIEW

I certify that I have reviewed and evaluated this individual's request for clinical privileges, the verified credentials, quality data and/or other supporting information. Based on the information available and/or personal knowledge, I recommend the practitioner be granted:

privileges as requested privileges with modifications (see modifications below) do not recommend (explain)

Date

Department Chair Signature

INTERDISCIPLINARY CHAIR REVIEW

I certify that I have reviewed and evaluated this individual's request for clinical privileges, the verified credentials, quality data and/or other supporting information. Based on the information available and/or personal knowledge, I recommend the practitioner be granted:

privileges as requested privileges with modifications (see modifications below) do not recommend (explain)

Date

Chair Signature

Delineation Of Privileges

DENTAL ASSISTANT

Provider Name:

Privilege	Estimate # of Procedures in past 24 months	Check Privileges Requesting	This column for Board Approval of Privileges Requested
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___ privileges as requested ___ privileges with modifications (see modifications below) ___ do not recommend (explain)

Medical Executive Committee: _____ (date of Committee review/recommendation)

___ privileges as requested ___ privileges with modifications (see modifications below) ___ do not recommend (explain)

Board of Directors: _____ (date of Board review/recommendation)

Department Review Dates: 2010, 7.2019
 IDPC Review Dates: 2010, 7.2019
 Department of ~~Medicine~~Surgery: 2010, 7.2019
 Medical Executive Committee: 2010, 7.2019
 Board of Directors: 2010, 7.2019



SPECIAL MEETING OF THE BOARD OF DIRECTORS

DRAFT MINUTES

Thursday, June 27, 2019 at 2:30 p.m.
Eskridge Conference Room – Tahoe Forest Hospital
10121 Pine Avenue, Truckee, CA 96161

1. CALL TO ORDER

Meeting was called to order at 2:31 p.m.

2. ROLL CALL

Board: Alyce Wong, Board Chair; Mary Brown, Vice President; Dale Chamblin, Treasurer; Randy Hill, Board Member; Sarah Wolfe, Incoming Board Member

Staff in attendance: Harry Weis, Chief Executive Officer; Crystal Betts, Chief Financial Officer; Jaye Chasseur, Controller; Martina Rochefort, Clerk of the Board

Other: David Ruderman, Assistant General Counsel

3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA

No changes were made to the agenda.

4. INPUT – AUDIENCE

No public comment was received.

5. OATH OF OFFICE

5.1. Board Member Oath of Office

Sarah Wolfe was sworn in.

6. BOARD OFFICER ELECTION

6.1. Election of Board Secretary

ACTION: Motion made by Director Brown, seconded by Director Hill, to nominate Director Wolfe to Board Secretary.

AYES: Directors Wolfe, Hill, Chamblin, Brown and Wong

Abstention: None

NAYS: None

Absent: None

7. ITEMS FOR BOARD ACTION

7.1. TFHD Fiscal Year 2020 Budget

CFO presented the Fiscal Year 2020 budget for approval.

Discussion was held.

No public comment was received.

ACTION: Motion made by Director Chamblin, seconded by Director Hill, to approve the TFHD Fiscal Year 2020 Budget inclusive of a 5% increase in aggregate effective August 1, 2019 as presented.

AYES: Directors Wolfe, Hill, Chamblin, Brown and Wong

Abstention: None

NAYS: None

Absent: None

7.2. TFHD 3 Year Capital Plan – FY2021-2023

Board of Directors reviewed and considered the Fiscal Year 2021-2023 Capital Plan for approval.

Discussion was held.

ACTION: Motion made by Director Brown, seconded by Director Hill, to approve the TFHD Three Year Capital Plan (FY2021-2023) as presented.

AYES: Directors Wolfe, Hill, Chamblin, Brown and Wong

Abstention: None

NAYS: None

Absent: None

8. ADJOURN

Meeting adjourned at 3:45 p.m.



REGULAR MEETING OF THE BOARD OF DIRECTORS **DRAFT MINUTES**

Thursday, June 27, 2019 at 4:00 p.m.
Tahoe Forest Hospital – Eskridge Conference Room
10121 Pine Avenue, Truckee, CA 96161

1. CALL TO ORDER

Meeting was called to order at 4:01 p.m.

2. ROLL CALL

Board: Alyce Wong, Board Chair; Mary Brown, Vice President; Sarah Wolfe, Secretary; Dale Chamblin, Treasurer; Randy Hill, Board Member

Staff in attendance: Harry Weis, Chief Executive Officer; Judy Newland, Chief Operations Officer; Crystal Betts, Chief Financial Officer; Shawni Coll, Chief Medical Officer; Matt Mushet, In-house Counsel; Janet Van Gelder, Director of Quality; Martina Rochefort, Clerk of the Board

Other: David Ruderman, Assistant General Counsel

3. DELETIONS/CORRECTIONS TO THE POSTED AGENDA

No changes were made to the agenda.

4. INPUT AUDIENCE

No public comment was received.

5. CLOSED SESSION

5.1. Hearing (Health & Safety Code § 32155)

Subject Matter: 2018 Annual Employee Health Report

Number of items: One (1)

Discussion was held on a privileged item.

5.2. Hearing (Health & Safety Code § 32155)

Subject Matter: Third Quarter Fiscal Year 2019 Board Quality Report

Number of items: One (1)

Discussion was held on a privileged item.

5.3. Hearing (Health & Safety Code § 32155)

Subject Matter: SCORE Survey Report

Number of items: One (1)

Discussion was held on a privileged item.

5.4. Hearing (Health & Safety Code § 32155)

Subject Matter: Quality Assurance Report

Number of items: One (1)

Discussion was held on a privileged item.

5.5. Conference with Labor Negotiator (Government Code § 54957.6)

Name of District Negotiator(s) to Attend Closed Session: Alex MacLennan

Employee Organization(s): Employees Association and Employees Association of Professionals

Discussion was held on a privileged item.

5.6. Conference with Legal Counsel; Initiation of Litigation (Gov. Code § 54956.9(d)(4))

Number of Potential Cases: One (1)

Discussion was held on a privileged item.

5.7. Approval of Closed Session Minutes

05/23/2019

Discussion was held on a privileged item.

5.8. TIMED ITEM – 5:30PM - Hearing (Health & Safety Code § 32155)

Subject Matter: Medical Staff Credentials

Discussion was held on a privileged item.

6. DINNER BREAK

7. OPEN SESSION – CALL TO ORDER

Meeting reconvened at 6:01 p.m.

8. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

General Counsel reported there were no reportable actions on items 5.1.-5.6. Items 5.7. and 5.8. were both approved on 5-0 vote.

9. DELETIONS/CORRECTIONS TO THE POSTED AGENDA

No changes were made to the agenda.

10. INPUT – AUDIENCE

No public comment was received.

11. INPUT FROM EMPLOYEE ASSOCIATIONS

No public comment was received.

12. SAFETY FIRST

12.1. Karen Baffone, Chief Financial Officer, presented the June Safety First Topic on using everyday language instead of jargon and acronyms.

13. ACKNOWLEDGMENTS

13.1. Tobriah Van Diepen was named June 2019 Employee of the Month.

13.2. Crystal Jefferson and Shana Kennon were congratulated for their completion of the North Lake Tahoe-Truckee Leadership Program.

13.3. Dan Coll named national liaison to American Academy of Orthopaedic Surgeons.

13.4. Jake Dorst named Becker's Hospital Review Community Hospital CIOs to Know.

14. MEDICAL STAFF EXECUTIVE COMMITTEE

14.1. Medical Executive Committee (MEC) Meeting Consent Agenda

MEC recommends the following for approval by the Board of Directors:

- Privilege Form Review (no changes): Pediatric Privileges
- Privilege Form Review (with changes): Procedural Sedation Privilege Form (Requirement to complete the sedation competency was removed), Emergency Medicine Privilege Form (ATLS requirement was added)
- New Policies: Neonate – Late Preterm Newborn, DWFC-1486
- Annual Policy Review (no changes): Non-Medical Staff CME Attendance, MSGEN-1602

Discussion was held.

Medical Staff will revise “Clinical Nurse Specialist” to “Clinical Resource Nurse” under EZ IO on the Pediatric Privilege Form.

ACTION: Motion made by Director Chamblin, seconded by Director Brown, to approve the Medical Executive Committee (MEC) Meeting Consent Agenda with the modification noted.

AYES: Directors Wolfe, Hill, Chamblin, Brown and Wong

Abstention: None

NAYS: None

Absent: None

15. CONSENT CALENDAR

These items are expected to be routine and non-controversial. They will be acted upon by the Board without discussion. Any Board Member, staff member or interested party may request an item to be removed from the Consent Calendar for discussion prior to voting on the Consent Calendar.

15.1. Approval of Minutes of Meetings

15.1.1. 05/23/2019

15.1.2. 06/03/2019

15.2. Financial Reports

15.2.1. Financial Report – May 2019

15.3. Staff Reports

15.3.1. CEO Board Report

15.3.2. COO Board Report

15.3.3. CNO Board Report

15.3.4. CIIO Board Report

15.3.5. CMO Board Report

15.4. Approve updated policies

15.4.1. ABD-02 Chief Executive Officer Compensation

15.4.2. ABD-12 Guidelines for Business by TFHD Board of Directors

15.5. Approve Revised Committee Charter

15.5.1. Governance Committee Charter

15.6. Approve Tahoe Forest Health System Foundation Board Nominees

15.6.1. Alicia Barr

15.6.2. Rich Molsby

ACTION: Motion made by Director Hill, seconded by Director Wolfe, to approve the Consent Calendar as presented.

AYES: Directors Wolfe, Hill, Chamblin, Brown and Wong

Abstention: None

NAYS: None

Absent: None

16. ITEMS FOR BOARD ACTION

16.1. Resolution 2019-05

Discussion was held on Resolution 2019-05 that would allow refinancing of the District's 2012 Series C General Obligation (GO) Bond.

ACTION: Motion made by Director Hill, seconded by Director Brown, to approve Resolution 2019-05 as presented. Roll call vote taken.

Wolfe – AYE

Hill – AYE

Chamblin – AYE

Brown – AYE

Wong – AYE

16.2. Truckee Tahoe Workforce Housing Joint Powers Agency – Term Sheet

Discussion was held on approving the Joint Powers Agency Term Sheet.

No public comment was received.

ACTION: Motion made by Director Wolfe, seconded by Director Brown, to authorize formation of the Joint Powers Agency documents.

AYES: Directors Wolfe, Hill, Chamblin, Brown and Wong

Abstention: None

NAYS: None

Absent: None

16.3. Truckee Tahoe Workforce Housing Joint Powers Agency – Seed Funding

Discussion was held on approving seed funding for the Truckee Tahoe Workforce Housing Joint Powers Agency.

ACTION: Motion made by Director Chamblin, seconded by Director Wolfe, to approve up to \$250,000 in seed funding.

AYES: Directors Wolfe, Hill, Chamblin, Brown and Wong

Abstention: None

NAYS: None

Absent: None

16.4. Truckee Surgery Center Board of Managers

Discussion was held on approving an additional member to the Truckee Surgery Center Board of Managers.

ACTION: Motion made by Director Brown, seconded by Director Chamblin, to amend the operating agreement and approve Dr. Jeff Dodd as an additional member to the Truckee Surgery Center Board of Managers.

AYES: Directors Wolfe, Hill, Chamblin, Brown and Wong

Abstention: None

NAYS: None

Absent: None

17. ITEMS FOR BOARD DISCUSSION

17.1. PRIME Update

Karen Baffone, Chief Nursing Officer, provided an update on the PRIME program.

17.2. Board Education

17.2.1. Impact of Market Disruptors

Harry Weis, Chief Executive Officer, provided board education on market disruptors.

Public comment was received by Jim Hook of The Fox Group.

18. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY

Not applicable.

19. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION

19.1. Governance Committee Meeting – 06/19/2019

Director Wong provided an update on the recent Governance Committee meeting.

19.2. Finance Committee Meeting – No meeting in June.

19.3. Quality Committee Meeting – No meeting held in June.

19.4. Executive Compensation Committee Meeting – No meeting held in June.

20. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

None.

21. ITEMS FOR NEXT MEETING

None.

22. BOARD MEMBERS REPORTS/CLOSING REMARKS

None.

23. CLOSED SESSION CONTINUED, IF NECESSARY

Not applicable.

24. OPEN SESSION

25. REPORT OF ACTIONS TAKEN IN CLOSED SESSION, IF NECESSARY

26. ADJOURN

Meeting adjourned at 8:24 p.m.

DRAFT

**TAHOE FOREST HOSPITAL DISTRICT
JUNE 2019 FINANCIAL REPORT - PRELIMINARY
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Board of Directors
Of Tahoe Forest Hospital District
JUNE 2019 FINANCIAL NARRATIVE - PRELIMINARY

The following is the financial narrative analyzing financial and statistical trends for the preliminary twelve months ended June 30, 2019.

Activity Statistics

- ❑ TFH acute patient days were 462 for the current month compared to budget of 372. This equates to an average daily census of 15.4 compared to budget of 12.4.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Home Health visits, Surgical Services, Anesthesia, Medical Supplies Sold to Patients, Oncology Lab tests, Diagnostic & Vascular Imaging, Mammography, Briner Ultrasound, Cat Scan, Oncology Drugs Sold to Patients, Respiratory Therapy, Gastroenterology, Tahoe City Occupational Therapy, Physical Therapy-Aquatic, Speech Therapy and Occupational Therapy.

Financial Indicators

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 49.2% in the current month compared to budget of 53.8% and to last month's 63.5%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 52.2%, compared to budget of 53.8% and prior year's 55.3%.
- ❑ EBIDA was \$177,790 (.6%) for the current month compared to budget of \$855,416 (3.3%), or \$(677,626) (-2.7%) below budget. Year-to-date EBIDA was \$29,358,835 (8.2%) compared to budget of \$9,189,339 (3.1%), or \$20,169,496 (5.1%) above budget.
- ❑ Net Income was \$234,967 for the current month compared to budget of \$553,996 or \$319,029 below budget. Year-to-date Net Income was \$24,275,093 compared to budget of \$5,384,798 or \$18,890,294 above budget.
- ❑ Cash Collections for the current month were \$16,566,205 which is 102% of targeted Net Patient Revenue.
- ❑ EPIC Gross Accounts Receivables were \$70,033,954 at the end of June compared to \$73,756,502 at the end of May.

Balance Sheet

- ❑ Working Capital is at 48.6 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 185.2 days. Working Capital cash increased a net \$2,585,000. Cash collections exceeded target by 2%. Accounts Payable increased \$1,310,000, and Accrued Payroll & Related Costs increased \$1,206,000.
- ❑ Net Patient Accounts Receivable increased approximately \$440,000 and Cash collections were 102% of target. EPIC Days in A/R were 68.8 compared to 72.4 at the close of May, a 3.60 days decrease.
- ❑ Other Receivables decreased a net \$1,011,000 after recording receipt of Property Tax revenues received from Nevada and Placer counties, receipt from the Foundation for GUGC and BOTC event expense advancements, and the preliminary year-end true-up of Property Tax Revenues receivable.
- ❑ GO Bond Receivables increased \$1,026,000 after recording recording receipt of Property Tax revenues and performing the preliminary year-end true-up to the receivable.
- ❑ Inventories increased \$356,000 after adjusting the balances based on final year-end inventory count reports.
- ❑ Municipal Lease 2018 decreased \$1,622,000 after recording receipt of our reimbursement request.
- ❑ Investment in TSC, LLC decreased after reclassifying cash advancements to a receivable.
- ❑ An adjustment was made to the derivative asset and offsetting derivative liability to reflect the fair value of the Piper Jaffray swap transaction at the close of June.
- ❑ Accounts Payable increased \$1,310,000 due to the timing of the final check run in June.
- ❑ Accrued Payroll & Related Costs increased \$1,206,000 as a result of increased accrued payroll days and adjustments to the Employer's portion of Deferred Comp.

- ❑ Estimated Settlements Medi-Cal & Medicare increased a net \$2,056,000 after booking an amount due to the Medicare program for overpayments on our outpatient claims and we finalized our FY17 Medicare Cost Report desk audit resulting in an amount due to the District which decreased the liability we were carrying on the Balance Sheet.
- ❑ Comprehensive Liability Insurance Plan IBNR decreased after performing the year-end calculations of the liability.

Operating Revenue

- ❑ Current month’s Total Gross Revenue was \$30,578,630, compared to budget of \$25,851,859 or \$4,726,772 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$7,955,756, compared to budget of \$6,876,753 or \$1,079,003 above budget.
- ❑ Current month’s Gross Outpatient Revenue was \$22,622,874 compared to budget of \$18,975,106 or \$3,647,768 above budget.
- ❑ Current month’s Gross Revenue Mix was 41.6% Medicare, 13.1% Medi-Cal, .0% County, 4.4% Other, and 40.9% Insurance compared to budget of 37.0% Medicare, 16.1% Medi-Cal, .0% County, 3.6% Other, and 43.3% Insurance. Last month’s mix was 37.6% Medicare, 16.6% Medi-Cal, .0% County, 2.4% Other, and 43.4% Insurance. Year-to-date Gross Revenue Mix was 37.9% Medicare, 15.8% Medi-Cal, .0% County, 3.1% Other, and 43.2% Insurance compared to budget of 36.4% Medicare, 17.4% Medi-Cal, .0% County, 3.7% Other, and 42.5% Commercial.
- ❑ Current month’s Deductions from Revenue were \$15,546,222 compared to budget of \$11,954,836 or \$3,591,386 above budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 4.55% increase in Medicare, a 3.04% decrease to Medi-Cal, County at budget, a .79% increase in Other, and Commercial was under budget 2.30%, 2) Revenues exceeded budget by 18.3%, and 3) the District received notice from the Medicare program of overpayment on its outpatient claims and booked \$3.4m due to the program.

DESCRIPTION	June 2019 Actual	June 2019 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	5,143,240	4,999,332	(143,907)	Increased volumes across the District coupled with the onboarding of our first physicians as employees and adjustments to the year-end accrued payroll liability created a negative variance in Salaries & Wages.
Employee Benefits	2,244,190	1,799,096	(445,094)	An adjustment to the year-end Employer’s Deferred Comp created a negative variance in Employee Benefits.
Benefits – Workers Compensation	44,998	255,821	210,823	An amount was budgeted in June to account for potential movement in the WorkComp IBNR. The actuarial reports were not complete by the initial close but we expect to see an increase to the liability recorded on the Balance Sheet.
Benefits – Medical Insurance	2,440,261	715,509	(1,724,752)	We continue to see an increase in employee medical claims processed through our Third Party Administrator (TPA) along with a reduction to the initial calculation of our Stop Loss reimbursement received by our TPA in May.
Medical Professional Fees	2,028,629	2,085,381	56,752	We saw negative variances in IVCH and TFH Outpatient therapist fees, however, this was offset with positive variances in our Multi-Specialty Clinics as physicians migrate to the employment model. We also saw a positive variance in IVCH Emergency physician fees.
Other Professional Fees	191,966	155,348	(36,618)	Negative variance related to consulting services provided to I/T for the EPIC system conversions and services provided to TIRHR.
Supplies	1,812,548	1,934,314	121,766	Medical Supplies Sold to Patients, Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget, however, adjustments to our inventories after the completion of the year-end inventory counts created a positive variance in Supplies.
Purchased Services	1,915,538	1,195,050	(720,488)	Outsourced billing and collection services to assist with reducing the aged accounts receivable arising from our system conversion and Pre-Employment and Employee Health Screenings created a negative variance in Purchased Services.
Other Expenses	486,561	734,716	248,155	Negative variances in Equipment Rent and Marketing were offset by positive variances in the remaining Other Expenses categories.
Total Expenses	16,307,932	13,874,568	(2,433,364)	

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
JUNE 2019 - PRELIMINARY

ASSETS	Jun-19	May-19	Jun-18	
CURRENT ASSETS				
* CASH	\$ 22,820,350	\$ 20,235,458	\$ 16,905,411	1
PATIENT ACCOUNTS RECEIVABLE - NET	26,704,915	26,264,650	24,724,297	2
OTHER RECEIVABLES	6,462,734	7,474,277	5,265,958	3
GO BOND RECEIVABLES	204,000	(821,656)	(156,735)	4
ASSETS LIMITED OR RESTRICTED	7,493,072	5,182,439	6,360,727	
INVENTORIES	3,484,526	3,128,933	3,125,792	5
PREPAID EXPENSES & DEPOSITS	2,468,964	2,320,843	1,738,572	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	7,529,974	7,412,704	6,996,234	
TOTAL CURRENT ASSETS	<u>77,168,536</u>	<u>71,197,649</u>	<u>64,960,257</u>	
NON CURRENT ASSETS				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	64,211,838	64,209,805	53,900,135	1
MUNICIPAL LEASE 2018	3,497,294	5,119,709	-	6
TOTAL BOND TRUSTEE 2017	20,286	20,251	19,925	
TOTAL BOND TRUSTEE 2015	1,300,670	1,161,735	1,411,381	
GO BOND PROJECT FUND	-	-	-	
GO BOND TAX REVENUE FUND	3,539,879	3,537,767	3,576,818	
DIAGNOSTIC IMAGING FUND	3,286	3,286	3,217	
DONOR RESTRICTED FUND	1,134,903	1,134,903	1,125,237	
WORKERS COMPENSATION FUND	23,688	23,567	20,206	
TOTAL	<u>73,731,844</u>	<u>75,211,023</u>	<u>60,056,918</u>	
LESS CURRENT PORTION	<u>(7,493,072)</u>	<u>(5,182,439)</u>	<u>(6,360,727)</u>	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	<u>66,238,771</u>	<u>70,028,583</u>	<u>53,696,191</u>	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	451,785	701,785	-	7
PROPERTY HELD FOR FUTURE EXPANSION	845,257	837,909	841,020	
PROPERTY & EQUIPMENT NET	176,406,428	173,095,232	164,467,062	
GO BOND CIP, PROPERTY & EQUIPMENT NET	<u>1,791,406</u>	<u>1,876,799</u>	<u>1,804,225</u>	
TOTAL ASSETS	<u>322,902,183</u>	<u>317,737,956</u>	<u>285,768,755</u>	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	426,674	429,906	465,462	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	1,370,780	1,137,905	1,063,457	8
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	5,698,631	5,722,336	5,983,087	
GO BOND DEFERRED FINANCING COSTS	444,873	446,807	468,087	
DEFERRED FINANCING COSTS	<u>174,767</u>	<u>175,807</u>	<u>187,250</u>	
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u>\$ 8,115,724</u>	<u>\$ 7,912,761</u>	<u>\$ 8,167,343</u>	
LIABILITIES				
CURRENT LIABILITIES				
ACCOUNTS PAYABLE	\$ 7,404,719	\$ 6,095,081	\$ 6,850,877	9
ACCRUED PAYROLL & RELATED COSTS	11,163,990	9,957,891	11,552,844	10
INTEREST PAYABLE	488,376	441,259	493,602	
INTEREST PAYABLE GO BOND	1,832,225	1,346,198	1,542,031	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	3,182,918	1,126,533	638,574	11
HEALTH INSURANCE PLAN	1,463,491	1,463,491	1,312,436	
WORKERS COMPENSATION PLAN	1,888,539	1,888,341	1,886,163	
COMPREHENSIVE LIABILITY INSURANCE PLAN	1,172,232	1,184,419	1,184,419	12
CURRENT MATURITIES OF GO BOND DEBT	1,330,000	1,330,000	860,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	2,543,904	2,545,824	1,409,645	
TOTAL CURRENT LIABILITIES	<u>32,470,394</u>	<u>27,379,037</u>	<u>27,730,590</u>	
NONCURRENT LIABILITIES				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	36,503,009	36,681,597	26,967,372	
GO BOND DEBT NET OF CURRENT MATURITIES	100,830,088	100,843,509	102,606,137	
DERIVATIVE INSTRUMENT LIABILITY	<u>1,370,780</u>	<u>1,137,905</u>	<u>1,063,457</u>	8
TOTAL LIABILITIES	<u>171,174,271</u>	<u>166,042,049</u>	<u>158,367,556</u>	
NET ASSETS				
NET INVESTMENT IN CAPITAL ASSETS	158,708,732	158,473,765	134,443,305	
RESTRICTED	<u>1,134,903</u>	<u>1,134,903</u>	<u>1,125,237</u>	
TOTAL NET POSITION	<u>\$ 159,843,635</u>	<u>\$ 159,608,668</u>	<u>\$ 135,568,542</u>	

* Amounts included for Days Cash on Hand calculation











TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF NET POSITION
JUNE 2019 - PRELIMINARY

1. Working Capital is at 48.6 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 185.2 days. Working Capital cash increased a net \$2,585,000. Accounts Payable increased \$1,310,000 (See Note 9), Accrued Payroll & Related Costs increased \$1,206,000 (See Note 10), and cash collections exceeded target by 2%.
2. Net Patient Accounts Receivable increased approximately \$440,000 and cash collections were 102% of target. EPIC Days in A/R were 68.8 compared to 72.4 at the close of May, a 3.60 days decrease.
3. Other Receivables decreased a net \$1,011,000 after recording receipt from the Foundation for expenses advanced for the 2018 GUGC Tournament and 2019 Best of Tahoe Chefs events, receipt of Property Tax revenues from Nevada and Placer counties and the preliminary true-up of Property Tax Revenues receivable.
4. GO Bond Receivables increased a net \$1,026,000 after recording receipt of Property Tax revenues and the preliminary true-up of GOB Property Tax Revenues receivable.
5. Inventories increased \$356,000 after recording adjustments based on the year-end inventory counts.
6. Municipal Lease 2018 decreased \$1,622,000 after receiving receipt of our reimbursement request.
7. Investment in TSC, LLC decreased after reclassifying cash advancements to a receivable.
8. To comply with GASB No. 63, the District has booked an adjustment to the asset and offsetting liability to reflect the fair value of the Piper Jaffray swap transaction at the close of June.
9. Accounts Payable increased \$1,310,000 due to the timing of the final check run in the month.
10. Accrued Payroll & Related Costs increased \$1,206,000 as a result of increased month-end accrued payroll days and adjustments to the Employer's portion of Deferred Comp.
11. Estimated Settlements, Medi-Cal & Medicare increased a net \$2,056,000. The District received notice from the Medicare program of an overpayment on our Outpatient claims and the Medicare FY17 cost report desk audit was finalized resulting in an amount due from the program which decreased the liability we were carrying on the Balance Sheet.
12. Comprehensive Liability Insurance Plan IBNR was adjusted at year-end, creating a decrease in the liability.

**Tahoe Forest Hospital District
Cash Investment
June 2019**

WORKING CAPITAL			
US Bank	\$ 21,540,610		
US Bank/Kings Beach Thrift Store	14,917		
US Bank/Truckee Thrift Store	253,049		
US Bank/Payroll Clearing	-		
Umpqua Bank	<u>1,011,774</u>	0.75%	
Total			\$ 22,820,350
 BOARD DESIGNATED FUNDS			
US Bank Savings	\$ -	0.02%	
Capital Equipment Fund	<u>-</u>		
Total			\$ -
Building Fund	\$ -		
Cash Reserve Fund	<u>64,211,838</u>	2.57%	
Local Agency Investment Fund			\$ 64,211,838
Municipal Lease 2018			\$ 3,497,294
Bonds Cash 2017			\$ 20,286
Bonds Cash 2015			\$ 1,300,670
GO Bonds Cash 2008			\$ 3,539,879
DX Imaging Education	\$ 3,286		
Workers Comp Fund - B of A	23,688		
Insurance			
Health Insurance LAIF	-		
Comprehensive Liability Insurance LAIF	<u>-</u>		
Total			\$ <u>26,974</u>
TOTAL FUNDS			\$ 95,417,290
 RESTRICTED FUNDS			
Gift Fund			
US Bank Money Market	\$ 8,360	0.02%	
Foundation Restricted Donations	34,641		
Local Agency Investment Fund	<u>1,091,902</u>	2.57%	
TOTAL RESTRICTED FUNDS			\$ <u>1,134,903</u>
TOTAL ALL FUNDS			\$ <u><u>96,552,193</u></u>

**TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF NET POSITION
KEY FINANCIAL INDICATORS
JUNE 2019 - PRELIMINARY**

	Current Status	Desired Position	Target	<u>Bond Covenants</u>	<u>FY 2019</u> Jul 18 to June 2019	<u>FY 2018</u> Jul 17 to June 2018	<u>FY 2017</u> Jul 16 to June 2017	<u>FY 2016</u> Jul 15 to June 16	<u>FY 2015</u> Jul 14 to June 15	<u>FY 2014</u> Jul 13 to June 14	<u>FY 2013</u> Jul 12 to June 13
Return On Equity: <u>Increase (Decrease) in Net Position</u> Net Position		↑	3.7%		15.2%	5.1%	14.4%	10.9%	2.19%	.001%	-4.0%
EPIC Days in Accounts Receivable (excludes SNF) <u>Gross Accounts Receivable</u> 90 Days		↓	FYE 63 Days		69	68	55	57	60	75	97
<u>Gross Accounts Receivable</u> 365 Days					71	73	55	55	62	75	93
Days Cash on Hand Excludes Restricted: <u>Cash + Short-Term Investments</u> (Total Expenses - Depreciation Expense)/ by 365	 	↑	Budget FYE 146 Days Budget 4th Qtr 146 Days Projected 4th Qtr 186 Days	60 Days A- 214 Days BBB- 129 Days	185	176	191	201	156	164	148
EPIC Accounts Receivable over 120 days (excludes payment plan, legal and charitable balances)		↓	13%		35%	22%	17%	19%	18%	22%	29%
EPIC Accounts Receivable over 120 days (includes payment plan, legal and charitable balances)		↓	18%		42%	25%	18%	24%	23%	25%	34%
Cash Receipts Per Day (based on 60 day lag on Patient Net Revenue)	 	↑	FYE Budget \$431,753 End 4 th Qtr Budget \$431,753 End 4th Qtr Actual \$473,890		\$473,890	\$333,963	\$348,962	\$313,153	\$290,776	\$286,394	\$255,901
Debt Service Coverage: Excess Revenue over Exp + <u>Interest Exp + Depreciation</u> Debt Principal Payments + Interest Expense		↑	Without GO Bond 7.42 With GO Bond 1.65	1.95	22.90 4.54	9.27 2.07	6.64 3.54	6.19 2.77	3.28 1.59	2.18 1.29	.66 .89

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
JUNE 2019 - PRELIMINARY

CURRENT MONTH				YEAR TO DATE				PRIOR YTD JUNE 2018
ACTUAL	BUDGET	VAR\$	VAR%	ACTUAL	BUDGET	VAR\$	VAR%	
OPERATING REVENUE								
\$ 30,578,630	\$ 25,851,859	\$ 4,726,772	18.3%	\$ 358,355,252	\$ 300,382,949	\$ 57,972,302	19.3%	1 \$ 268,736,366
Total Gross Revenue								
Gross Revenues - Inpatient								
\$ 3,080,935	\$ 2,561,657	\$ 519,278	20.3%	\$ 35,823,807	\$ 29,586,585	\$ 6,237,222	21.1%	\$ 27,486,491
4,874,821	4,315,096	559,725	13.0%	59,157,733	50,819,727	8,338,006	16.4%	45,510,889
7,955,756	6,876,753	1,079,003	15.7%	94,981,540	80,406,312	14,575,229	18.1%	72,997,380
Total Gross Revenue - Inpatient								
22,622,874	18,975,106	3,647,768	19.2%	263,373,711	219,976,638	43,397,074	19.7%	195,738,986
22,622,874	18,975,106	3,647,768	19.2%	263,373,711	219,976,638	43,397,074	19.7%	195,738,986
Total Gross Revenue - Outpatient								
Deductions from Revenue:								
17,286,959	10,848,045	(6,438,914)	-59.4%	162,826,296	125,899,811	(36,926,485)	-29.3%	2 115,272,267
(1,200,000)	-	1,200,000	0.0%	-	-	-	0.0%	2 -
1,289,952	808,401	(481,551)	-59.6%	13,478,925	9,443,988	(4,034,937)	-42.7%	2 8,545,489
-	-	-	0.0%	-	-	-	0.0%	2 264,928
(1,519,434)	298,390	1,817,824	609.2%	2,302,051	3,557,106	1,255,055	35.3%	2 1,667,850
(311,255)	-	311,255	0.0%	(7,164,187)	-	7,164,187	0.0%	2 (5,750,904)
15,546,222	11,954,836	(3,591,386)	-30.0%	171,443,085	138,900,905	(32,542,180)	-23.4%	119,999,631
104,389	90,353	(14,036)	-15.5%	1,109,020	1,055,144	53,876	5.1%	830,018
1,348,925	742,609	606,316	81.6%	11,558,719	9,169,110	2,389,609	26.1%	3 10,379,346
16,485,722	14,729,985	1,755,737	11.9%	199,579,905	171,706,298	27,873,607	16.2%	159,946,098
TOTAL OPERATING REVENUE								
OPERATING EXPENSES								
5,143,240	4,999,332	(143,907)	-2.9%	59,992,115	60,970,480	978,365	1.6%	4 53,754,825
2,244,190	1,799,096	(445,094)	-24.7%	20,181,482	18,571,662	(1,609,820)	-8.7%	4 19,774,509
44,998	255,821	210,823	82.4%	742,551	869,846	127,295	14.6%	4 832,275
2,440,261	715,509	(1,724,752)	-241.1%	11,917,421	7,297,926	(4,619,495)	-63.3%	4 6,818,064
2,028,629	2,085,381	56,752	2.7%	24,698,739	24,372,200	(326,539)	-1.3%	5 21,625,929
191,966	155,348	(36,618)	-23.6%	2,280,880	2,290,630	9,750	0.4%	5 2,647,777
1,812,548	1,934,314	121,766	6.3%	25,290,201	23,555,413	(1,734,788)	-7.4%	6 21,411,305
1,915,538	1,195,050	(720,488)	-60.3%	16,737,819	15,687,975	(1,049,844)	-6.7%	7 14,593,477
486,561	734,716	248,155	33.8%	8,379,861	8,900,827	520,966	5.9%	8 8,590,649
16,307,932	13,874,568	(2,433,364)	-17.5%	170,221,070	162,516,959	(7,704,111)	-4.7%	150,048,809
177,790	855,416	(677,626)	-79.2%	29,358,835	9,189,339	20,169,496	219.5%	9,897,289
NET OPERATING REVENUE (EXPENSE) EBIDA								
NON-OPERATING REVENUE/(EXPENSE)								
278,784	552,605	(273,821)	-49.6%	6,388,454	6,660,355	(271,901)	-4.1%	9 6,207,204
1,027,715	374,886	652,829	174.1%	5,151,458	4,498,629	652,829	14.5%	3,869,465
199,024	128,056	70,968	55.4%	1,778,502	1,544,865	233,637	15.1%	10 982,275
-	-	-	0.0%	-	-	-	0.0%	-
(11,455)	93,711	(105,166)	-112.2%	927,330	1,070,533	(143,203)	-13.4%	11 730,166
-	-	-	0.0%	-	-	-	0.0%	12 -
-	-	-	0.0%	(538,384)	-	(538,384)	0.0%	12 -
-	-	-	0.0%	18,969	-	18,969	0.0%	13 10,844
-	-	-	0.0%	-	-	-	0.0%	14 -
(776,520)	(1,059,977)	283,457	26.7%	(13,373,700)	(12,719,724)	(653,977)	-5.1%	15 (11,308,706)
(162,125)	(87,091)	(75,035)	-86.2%	(1,316,891)	(1,045,091)	(271,800)	-26.0%	16 (1,170,586)
(498,245)	(303,611)	(194,634)	-64.1%	(4,119,479)	(3,814,108)	(305,371)	-8.0%	(3,849,775)
57,177	(301,421)	358,598	119.0%	(5,083,742)	(3,804,540)	(1,279,202)	-33.6%	(4,529,113)
TOTAL NON-OPERATING REVENUE/(EXPENSE)								
\$ 234,967	\$ 553,996	\$ (319,029)	-57.6%	\$ 24,275,093	\$ 5,384,798	\$ 18,890,294	350.8%	\$ 5,368,176
INCREASE (DECREASE) IN NET POSITION								
NET POSITION - BEGINNING OF YEAR				135,568,542				
NET POSITION - AS OF JUNE 30, 2019				\$ 159,843,635				
0.6%	3.3%	-2.7%		8.2%	3.1%	5.1%		3.7%
RETURN ON GROSS REVENUE EBIDA								

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
JUNE 2019 - PRELIMINARY

1) Gross Revenues

Acute Patient Days were above budget 24.2% or 90 days. Swing Bed days were above budget 17.8% or 8 days. Inpatient Ancillary revenues were above budget by 13.0% as a result of increased patient days.

Outpatient volumes were above budget in the following departments: Emergency Department visits, Home Health visits, Surgery cases, Anesthesia, Laboratory tests, Oncology Lab tests, Diagnostic Imaging, Mammography, Nuclear Medicine, MRI, Briner Ultrasound, Cat Scans, Oncology Drugs Sold to Patients, Respiratory Therapy, Gastroenterology, Tahoe City Physical and Occupational Therapy, Physical Therapy, Physical Therapy-Aquatic, Speech Therapy, and Occupational Therapy.

	Variance from Budget	
	Fav / <Unfav>	
	JUNE 2019	YTD 2019
Gross Revenue -- Inpatient	\$ 1,079,003	\$ 14,575,229
Gross Revenue -- Outpatient	3,647,768	43,397,074
Gross Revenue -- Total	<u>\$ 4,726,772</u>	<u>\$ 57,972,302</u>

2) Total Deductions from Revenue

The payor mix for June shows a 4.55% increase to Medicare, a 3.04% decrease to Medi-Cal, .79% increase to Other, County at budget, and a 2.30% decrease to Commercial when compared to budget. Contractual Allowances were above budget as a result of revenues exceeding budget by 18.3% and the District received notice of overpayment on our Outpatient reimbursement from the Medicare program in the amount of \$3.4m and booked the liability in June.

Based on conversations with our Managed Care Payors, the District has reversed the Managed Care Reserve.

We received notice from the State of an additional amount owed to us on our FY18 SNF Supplemental, creating a positive variance in Prior Period Settlements.

Contractual Allowances	\$ (6,438,914)	\$ (36,926,485)
Managed Care Reserve	1,200,000	-
Charity Care	(481,551)	(4,034,937)
Charity Care - Catastrophic	-	-
Bad Debt	1,817,824	1,255,055
Prior Period Settlements	311,255	7,164,187
Total	<u>\$ (3,591,386)</u>	<u>\$ (32,542,180)</u>

3) Other Operating Revenue

Retail Pharmacy revenues exceeded budget by 24.7%.

Negative variance in Hospice Thrift Store revenues related to the IVCH (formerly Kings Beach) Thrift store still remaining closed until final occupancy is obtained.

Children's Center revenues exceeded budget by 14.4%.

We recorded an amount due from the FY19 PRIME program resulting in a positive variance in Miscellaneous.

Retail Pharmacy	\$ 51,496	\$ 532,645
Hospice Thrift Stores	(4,558)	55,043
The Center (non-therapy)	677	(4,196)
IVCH ER Physician Guarantee	(1,411)	189,572
Children's Center	11,338	84,061
Miscellaneous	535,396	1,455,672
Oncology Drug Replacement	-	-
Grants	13,378	76,811
Total	<u>\$ 606,316</u>	<u>\$ 2,389,609</u>

4) Salaries and Wages

Salaries and Wages exceeded budget as a result of increased volumes and our initial physicians converting to employment. The District also performed its year-end accrued payroll calculations leading to the negative variance.

Total	<u>\$ (143,907)</u>	<u>\$ 978,365</u>
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Employee Benefits

Positive variance in PL/SL partially offset the negative variance in Salaries and Wages.

The year-end accrued payroll and FICA calculations created a negative variance in Non-Productive.

Negative variance in Pension/Deferred Comp is a result of the year-end true-up of the employer's portion of Deferred Comp.

PL/SL	\$ 56,271	\$ (126,114)
Nonproductive	(30,507)	(669,381)
Pension/Deferred Comp	(489,928)	(388,028)
Standby	2,631	(94,880)
Other	16,438	(331,417)
Total	<u>\$ (445,094)</u>	<u>\$ (1,609,820)</u>

Employee Benefits - Workers Compensation

The District budgeted an amount in June to cover potential movement in the year-end WorkComp IBNR. The actuarial studies were not completed at the time of the initial close of June but we expect to see an increase in the liability recorded on our Balance Sheet.

Total	<u>\$ 210,823</u>	<u>\$ 127,295</u>
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Employee Benefits - Medical Insurance

The District's health insurance plan is self-funded. We are witnessing an increased amount of claims being processed by our Third Party Administrator (TPA). Our TPA calculated a Stop Loss reimbursement in May which was recorded as a receivable. The receivable was decreased when recalculated at the close of June, aiding in the negative variance in Medical Insurance.

Total	<u>\$ (1,724,752)</u>	<u>\$ (4,619,495)</u>
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TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
JUNE 2019 - PRELIMINARY

		<u>Variance from Budget</u>	
		<u>Fav / <Unfav></u>	
		<u>JUNE 2019</u>	<u>YTD 2019</u>
5) Professional Fees			
Outpatient Therapy revenues exceeded budget by 3.1%, creating a negative variance in The Center (includes OP Therapy).	The Center (includes OP Therapy)	\$ (45,845)	\$ (309,871)
Outsourced therapy services created a negative variance in Home Health/Hospice.	TFH/IVCH Therapy Services	(1,415)	(287,388)
Consulting services for the EPIC conversions created a negative variance in Information Technology.	Home Health/Hospice	(28,437)	(183,667)
Consulting services provided to TIRHR for the mTBI project and tax return preparation created a negative variance in Miscellaneous.	Human Resources	4,854	(68,789)
	Information Technology	(39,291)	(37,891)
	Multi-Specialty Clinics	60,389	(34,190)
	Sleep Clinic	(2,686)	(3,092)
	Patient Accounting/Admitting	-	-
	Respiratory Therapy	-	-
	IVCH ER Physicians	1,753	1,117
	Administration	9,514	1,843
	Multi-Specialty Clinics Administration	4,174	15,496
	Marketing	367	17,708
	Financial Administration	24,848	22,960
	Medical Staff Services	2,471	32,030
	Corporate Compliance	17,674	51,294
	Managed Care	1,122	61,330
	Miscellaneous	(33,785)	84,975
	Oncology	23,949	118,175
	TFH Locums	20,479	201,173
	Total	\$ 20,134	\$ (316,789)
6) Supplies			
Medical Supplies Sold to Patients revenues exceeded budget by 66.0%, creating a negative variance in Patient & Other Medical Supplies. The negative variance was partially offset by an adjustment made to inventory after the final year-end inventory count reports were received.	Patient & Other Medical Supplies	\$ (36,490)	\$ (1,392,927)
Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget by 5.3%, however, the adjustment to inventory based on the final year-end inventory count reports created a positive variance in this category.	Pharmacy Supplies	157,260	(243,098)
	Minor Equipment	(5,576)	(112,821)
	Food	(3,717)	(69,340)
	Other Non-Medical Supplies	(2,992)	(22,879)
	Imaging Film	44	610
	Office Supplies	13,236	105,667
	Total	\$ 121,766	\$ (1,734,788)
7) Purchased Services			
Outsourced billing and collection services contracted to assist in reducing the aged accounts receivable from the system conversion created a negative variance in Patient Accounting.	Patient Accounting	\$ (352,449)	\$ (463,430)
During the efforts to reduce the aged accounts receivable it was discovered the Employee Health and Pre-Employment vendor contracts in EPIC were not auto closing. The vendor accounts for the fiscal year were adjusted creating a negative variance in Human Resources.	Human Resources	(384,662)	(288,945)
Outsourced Laboratory testing created a negative variance in this category.	Laboratory	(12,560)	(185,010)
	Multi-Specialty Clinics	(8,720)	(107,346)
	Miscellaneous	(6,208)	(67,421)
	Home Health/Hospice	800	(42,221)
	Pharmacy IP	5,458	(39,031)
	Community Development	(878)	(2,573)
	Medical Records	(8,126)	(402)
	Information Technology	-	-
	Diagnostic Imaging Services - All	14,745	23,346
	The Center	(5,503)	32,068
	Department Repairs	37,614	91,121
	Total	\$ (720,488)	\$ (1,049,844)
8) Other Expenses			
Equipment rent for Surgical cases and oxygen tank rentals created a negative variance in Equipment Rent.	Equipment Rent	\$ (23,483)	\$ (108,780)
An adjustment was made at year-end to the Comprehensive Liability IBNR, creating a positive variance in Insurance.	Other Building Rent	(1,028)	(32,948)
Positive variance in Miscellaneous related to Physician recruitment, TIRHR other expense advancements coming in below budget, and a reclassification of expense advancements to Truckee Surgery Center to a receivable on the Balance Sheet.	Outside Training & Travel	53,742	(24,690)
	Multi-Specialty Clinics Equip Rent	(436)	(6,023)
	Physician Services	1,276	13,188
	Multi-Specialty Clinics Bldg Rent	10,358	31,873
	Dues and Subscriptions	185	44,015
	Insurance	10,718	53,729
	Human Resources Recruitment	18,375	106,985
	Marketing	(21,721)	108,281
	Miscellaneous	192,829	127,309
	Utilities	7,339	208,027
	Total	\$ 248,155	\$ 520,966
9) District and County Taxes			
A preliminary true-up of our Property Tax receivable created a negative variance in District and County Taxes.	Total	\$ (273,821)	\$ (271,901)
10) Interest Income			
	Total	\$ 70,968	\$ 233,637

TAHOE FOREST HOSPITAL DISTRICT
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
JUNE 2019 - PRELIMINARY

		Variance from Budget	
		Fav / <Unfav>	
		JUNE 2019	YTD 2019
11) <u>Donations</u>	IVCH	\$ (55,769)	\$ (281,436)
	Operational	(49,397)	138,233
	Capital Campaign	-	-
	Total	\$ (105,166)	\$ (143,203)
12) <u>Gain/(Loss) on Joint Investment</u>	Total	\$ -	\$ -
13) <u>Gain/(Loss) on Sale or Disposal of Assets</u>	Total	\$ -	\$ (519,415)
15) <u>Depreciation Expense</u>	Total	\$ 283,457	\$ (653,977)
The preliminary true-up of year-end depreciation created a positive variance in this category.			
16) <u>Interest Expense</u>	Total	\$ (75,035)	\$ (271,800)
The addition of the new, unbudgeted Municipal Lease and acquisition of the Old Gateway Building is creating a negative variance in Interest Expense.			

**TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
KEY FINANCIAL INDICATORS
JUNE 2019 - PRELIMINARY**

	Current Status	Desired Position	Target	<u>FY 2019</u> Jul 18 to June 19	<u>FY 2018</u> Jul 17 to June 18	<u>FY 2017</u> Jul 16 to June 17	<u>FY 2016</u> Jul 15 to June 16	<u>FY 2015</u> Jul 14 to June 15	<u>FY 2014</u> Jul 13 to June 14	<u>FY 2013</u> Jul 12 to June 13
Total Margin: <u>Increase (Decrease) In Net Position</u> Total Gross Revenue		↑	FYE 1.7% 4th Qtr 1.7%	6.8%	2.6%	7.4%	5.5%	1.0%	.01%	-2.2%
Charity Care: <u>Charity Care Expense</u> Gross Patient Revenue		↓	FYE 3.1% 4th Qtr 3.1%	3.8%	3.3%	3.1%	3.4%	3.1%	3.2%	3.2%
Bad Debt Expense: <u>Bad Debt Expense</u> Gross Patient Revenue		↓	FYE 1.2% 4th Qtr 1.2%	.1%	.1%	-0%	-.2%	1.6%	1.6%	4.6%
Incline Village Community Hospital: EBIDA: Earnings before interest, Depreciation, amortization <u>Net Operating Revenue <Expense></u> Gross Revenue		↑	FYE 8.3% 4th Qtr 8.3%	9.4%	4.8%	7.9%	11.3%	9.1%	4.9%	11.5%
Operating Expense Variance to Budget (Under<Over>)		↑	-0-	\$(7,704,111)	\$1,061,378	\$(9,700,270)	\$(7,548,217)	\$(6,371,653)	\$2,129,279	\$(1,498,683)
EBIDA: Earnings before interest, Depreciation, amortization <u>Net Operating Revenue <Expense></u> Gross Revenue		↑	FYE 3.1% 4th Qtr 3.1%	8.2%	4.5%	7.9%	7.3%	3.5%	2.0%	.9%

INCLINE VILLAGE COMMUNITY HOSPITAL
STATEMENT OF REVENUE AND EXPENSE
JUNE 2019 - PRELIMINARY

CURRENT MONTH				YEAR TO DATE				PRIOR YTD JUNE 18		
ACTUAL	BUDGET	VAR\$	VAR%	ACTUAL	BUDGET	VAR\$	VAR%			
				OPERATING REVENUE						
\$ 2,168,673	\$ 1,730,382	\$ 438,292	25.3%	Total Gross Revenue	\$ 23,964,801	\$ 22,189,332	\$ 1,775,469	8.0%	1	\$ 18,324,368
				Gross Revenues - Inpatient						
\$ -	\$ -	\$ -	0.0%	Daily Hospital Service	\$ 73,173	\$ 80,894	\$ (7,721)	-9.5%		\$ 101,764
-	9,552	(9,552)	-100.0%	Ancillary Service - Inpatient	54,812	77,521	(22,710)	-29.3%		99,003
-	9,552	(9,552)	-100.0%	Total Gross Revenue - Inpatient	127,985	158,415	(30,430)	-19.2%	1	200,767
2,168,673	1,720,830	447,843	26.0%	Gross Revenue - Outpatient	23,836,817	22,030,917	1,805,899	8.2%		18,123,601
2,168,673	1,720,830	447,843	26.0%	Total Gross Revenue - Outpatient	23,836,817	22,030,917	1,805,899	8.2%	1	18,123,601
				Deductions from Revenue:						
1,130,521	667,381	(463,140)	-69.4%	Contractual Allowances	9,569,949	8,671,565	(898,384)	-10.4%	2	7,347,788
92,559	60,636	(31,924)	-52.6%	Charity Care	1,075,385	819,986	(255,399)	-31.1%	2	647,239
-	-	-	0.0%	Charity Care - Catastrophic Events	-	-	-	0.0%	2	52,631
(86,889)	57,175	144,064	252.0%	Bad Debt	1,126,439	775,170	(351,269)	-45.3%	2	660,985
(19,784)	-	19,784	0.0%	Prior Period Settlements	55,089	-	(55,089)	0.0%	2	(268,723)
1,116,407	785,192	(331,215)	-42.2%	Total Deductions from Revenue	11,826,863	10,266,721	(1,560,142)	-15.2%	2	8,439,920
74,679	72,419	2,260	3.1%	Other Operating Revenue	1,122,082	920,281	201,801	21.9%	3	998,565
1,126,945	1,017,609	109,336	10.7%	TOTAL OPERATING REVENUE	13,260,020	12,842,892	417,128	3.2%		10,883,013
				OPERATING EXPENSES						
297,091	267,605	(29,486)	-11.0%	Salaries and Wages	3,621,448	3,838,321	216,874	5.7%	4	3,457,986
135,928	100,011	(35,917)	-35.9%	Benefits	1,315,926	1,160,803	(155,123)	-13.4%	4	1,159,468
3,285	17,366	14,082	81.1%	Benefits Workers Compensation	42,748	71,402	28,654	40.1%	4	41,812
25,932	42,144	16,212	38.5%	Benefits Medical Insurance	643,044	429,853	(213,192)	-49.6%	4	423,875
264,772	276,186	11,414	4.1%	Medical Professional Fees	3,287,274	3,279,861	(7,413)	-0.2%	5	2,913,824
(2,019)	2,104	4,123	196.0%	Other Professional Fees	21,350	25,250	3,900	15.4%	5	25,880
42,018	66,079	24,061	36.4%	Supplies	644,187	840,672	196,485	23.4%	6	522,548
40,124	49,328	9,204	18.7%	Purchased Services	586,966	546,336	(40,630)	-7.4%	7	502,075
63,158	71,989	8,831	12.3%	Other	843,736	814,554	(29,182)	-3.6%	8	784,607
870,288	892,813	22,525	2.5%	TOTAL OPERATING EXPENSE	11,006,680	11,007,052	372	0.0%		9,832,074
256,657	124,796	131,861	105.7%	NET OPERATING REV(EXP) EBIDA	2,253,340	1,835,840	417,500	22.7%		1,050,939
				NON-OPERATING REVENUE/(EXPENSE)						
(12,058)	43,711	(55,769)	-127.6%	Donations-IVCH	189,097	470,533	(281,436)	-59.8%	9	447,800
-	-	-	0.0%	Gain/ (Loss) on Sale	-	-	-	0.0%	10	-
(91,156)	(59,302)	(31,854)	53.7%	Depreciation	(769,666)	(711,625)	(58,041)	-8.2%	11	(688,144)
(103,214)	(15,591)	(87,623)	-562.0%	TOTAL NON-OPERATING REVENUE/(EXP)	(580,569)	(241,092)	(339,477)	-140.8%		(240,345)
\$ 153,443	\$ 109,205	\$ 44,239	40.5%	EXCESS REVENUE(EXPENSE)	\$ 1,672,771	\$ 1,594,748	\$ 78,023	4.9%		\$ 810,594
11.8%	7.2%	4.6%		RETURN ON GROSS REVENUE EBIDA	9.4%	8.3%	1.1%			5.7%

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
JUNE 2019 PRELIMINARY**

		<u>Variance from Budget</u>	
		<u>Fav<Unfav></u>	
		<u>JUNE 2019</u>	<u>YTD 2019</u>
1) <u>Gross Revenues</u>			
Acute Patient Days were at budget at 0 and Observation Days were at budget at 1.	Gross Revenue -- Inpatient	\$ (9,552)	\$ (30,430)
	Gross Revenue -- Outpatient	447,843	1,805,899
		<u>\$ 438,292</u>	<u>\$ 1,775,469</u>
Outpatient volumes exceeded budget in Surgical cases, Diagnostic Imaging, Cat Scans, Respiratory Therapy procedures, Occupational Therapy, and Sleep Clinic visits.			
2) <u>Total Deductions from Revenue</u>			
We saw a shift in our payor mix with a 3.82% decrease in Commercial Insurance, a 6.28% increase in Medicare, a 1.86% decrease in Medicaid, a .60% decrease in Other, and County was at budget. We saw a negative variance in Contractual Allowances due to revenues exceeding budget by 25.3% and the shift from Commercial to Medicare.	Contractual Allowances	\$ (463,140)	\$ (898,384)
	Charity Care	(31,924)	(255,399)
	Charity Care-Catastrophic Event	-	-
	Bad Debt	144,064	(351,269)
	Prior Period Settlement	19,784	(55,089)
	Total	<u>\$ (331,215)</u>	<u>\$ (1,560,142)</u>
The District completed its FY17 Medicare cost report desk audit and the Final Notice to Provider resulted in an amount due from the program, creating a variance in Prior Period Settlements.			
3) <u>Other Operating Revenue</u>			
Medically Managed Fitness consults exceeded budget, creating a positive variance in Miscellaneous.	IVCH ER Physician Guarantee	\$ (1,411)	\$ 189,572
	Miscellaneous	3,671	12,229
	Total	<u>\$ 2,260</u>	<u>\$ 201,801</u>
4) <u>Salaries and Wages</u>			
	Total	<u>\$ (29,486)</u>	<u>\$ 216,874</u>
<u>Employee Benefits</u>			
Negative variance in Pension/Deferred Comp related to the year-end true-up of the employer's portion of Deferred Comp.	PL/SL	\$ (17,753)	\$ (86,135)
	Standby	1,369	(17,660)
	Other	(6,107)	(12,074)
	Nonproductive	-	(15,673)
	Pension/Deferred Comp	(13,426)	(23,580)
	Total	<u>\$ (35,917)</u>	<u>\$ (155,123)</u>
<u>Employee Benefits - Workers Compensation</u>			
	Total	<u>\$ 14,082</u>	<u>\$ 28,654</u>
<u>Employee Benefits - Medical Insurance</u>			
	Total	<u>\$ 16,212</u>	<u>\$ (213,192)</u>
5) <u>Professional Fees</u>			
Occupational Therapy revenues were above budget by 6.70%, creating a negative variance in Therapy Services.	Therapy Services	\$ (2,248)	\$ (138,489)
	Sleep Clinic	(2,686)	(3,092)
	Administration	-	-
	IVCH ER Physicians	1,753	1,117
	Miscellaneous	80	3,320
	Foundation	4,123	3,900
	Multi-Specialty Clinics	14,515	129,730
	Total	<u>\$ 15,537</u>	<u>\$ (3,513)</u>
Sleep Clinic professional fees are tied to collections which exceeded budget in June.			
Multi-Specialty Clinic professional fees came in below budget in Health Clinic, Primary Care, and IM/Pediatrics.			
6) <u>Supplies</u>			
Positive variances in Patient & Other Medical Supplies and Pharmacy Supplies is a result of adjusting the year-end inventory based on final count reports.	Minor Equipment	\$ 229	\$ (7,976)
	Non-Medical Supplies	84	(5,179)
	Imaging Film	-	-
	Office Supplies	(75)	4,897
	Food	(4,642)	6,877
	Patient & Other Medical Supplies	10,276	82,097
	Pharmacy Supplies	18,189	115,768
	Total	<u>\$ 24,061</u>	<u>\$ 196,485</u>

**INCLINE VILLAGE COMMUNITY HOSPITAL
NOTES TO STATEMENT OF REVENUE AND EXPENSE
JUNE 2019 PRELIMINARY**

		<u>Variance from Budget</u>	
		<u>Fav<Unfav></u>	
		<u>JUNE 2019</u>	<u>YTD 2019</u>
7) <u>Purchased Services</u>			
Negative variance in Multi-Specialty Clinics related to office cleanings.	Multi-Specialty Clinics	\$ (1,648)	\$ (22,675)
	EVS/Laundry	(376)	(10,932)
	Department Repairs	6,705	(8,898)
Negative variance in Laboratory associated with outsourced lab testing.	Engineering/Plant/Communications	1,125	(5,458)
	Laboratory	(3,074)	(5,076)
	Miscellaneous	2,231	(1,237)
	Surgical Services	-	-
	Pharmacy	-	-
	Diagnostic Imaging Services - All	1,491	6,527
	Foundation	2,750	7,118
	Total	<u>\$ 9,204</u>	<u>\$ (40,630)</u>
8) <u>Other Expenses</u>			
Negative variance in Outside Training & Travel is a result of employee educational reimbursements.	Miscellaneous	\$ 1,029	\$ (53,453)
	Outside Training & Travel	(1,733)	(18,961)
	Other Building Rent	(273)	(1,366)
	Physician Services	-	-
An adjustment was made at year-end to the Comprehensive Liability IBNR, creating a positive variance in Insurance.	Equipment Rent	(553)	1,070
	Multi-Specialty Clinics Bldg Rent	-	3,493
	Insurance	4,935	4,160
	Marketing	3,635	7,528
	Dues and Subscriptions	556	9,415
	Utilities	1,237	18,931
	Total	<u>\$ 8,831</u>	<u>\$ (29,182)</u>
9) <u>Donations</u>			
	Total	<u>\$ (55,769)</u>	<u>\$ (281,436)</u>
10) <u>Gain/(Loss) on Sale</u>			
	Total	<u>\$ -</u>	<u>\$ -</u>
11) <u>Depreciation Expense</u>			
A true-up of Depreciation through June created a negative variance in Depreciation Expense.	Total	<u>\$ (31,854)</u>	<u>\$ (58,041)</u>

TAHOE FOREST HOSPITAL DISTRICT
STATEMENT OF CASH FLOWS - PRELIMINARY

	AUDITED FYE 2018		BUDGET FYE 2019	PRELIMINARY FYE 2019	PRELIMINARY JUNE 2019	PROJECTED JUNE 2019	DIFFERENCE	ACTUAL 1ST QTR	ACTUAL 2ND QTR	ACTUAL 3RD QTR	PRELIMINARY 4TH QTR
Net Operating Rev/(Exp) - EBIDA	\$ 9,897,289		\$ 8,876,838	\$ 29,358,835	\$ 177,790	\$ (3,740,556)	\$ 3,918,346	\$ 7,158,158	\$ 5,194,676	\$ 6,482,881	\$ 10,523,120
Interest Income	667,478		1,232,724	1,322,573	-	-	-	231,207	334,416	357,861	399,089
Property Tax Revenue	6,938,847		6,965,000	7,435,543	7,350	-	7,350	442,497	91,633	4,001,065	2,900,349
Donations	1,449,325		800,000	682,123	14,071	100,000	(85,929)	-	101,348	323,398	257,377
Debt Service Payments	(2,078,463)		(3,058,371)	(3,938,422)	(427,687)	(1,010,450)	582,763	(1,012,051)	(885,417)	(906,773)	(1,134,181)
Property Purchase Agreement	-		-	(270,643)	(67,661)	(67,661)	0	-	-	(67,661)	(202,982)
2018 Municipal Lease	(103,515)		-	(1,148,646)	(143,111)	(143,111)	-	-	(289,982)	(429,333)	(429,332)
Copier	(11,482)		(11,520)	(24,163)	(5,378)	(5,380)	2	(2,714)	(2,633)	(2,680)	(16,135)
2017 VR Demand Bond	(319,664)		(1,401,687)	(853,995)	(74,440)	(657,199)	582,759	(598,045)	(181,510)	-	(74,440)
2015 Revenue Bond	(1,643,802)		(1,645,164)	(1,640,975)	(137,097)	(137,097)	(0)	(411,292)	(411,292)	(407,099)	(411,292)
Physician Recruitment	(160,536)		(187,500)	(145,863)	-	-	-	(145,863)	-	-	-
Investment in Capital											
Equipment	(2,766,680)		(2,911,369)	(3,302,261)	(1,028,559)	(100,000)	(928,559)	(936,378)	(630,052)	(103,652)	(1,632,179)
Municipal Lease Reimbursement	219,363		-	4,530,323	1,650,032	500,000	1,150,032	-	2,181,136	669,155	1,680,032
IT/EMR/Business Systems	(4,182,129)		(3,986,507)	(3,015,995)	(88,474)	(400,000)	311,526	(844,873)	(320,860)	(1,286,552)	(563,710)
Building Projects/Properties	(4,415,940)		(15,438,772)	(12,443,364)	(1,935,583)	(2,200,000)	264,417	(1,819,774)	(3,259,281)	(3,569,345)	(3,794,963)
Capital Investments	(475,000)		(452,000)	(916,898)	-	-	-	-	-	(916,898)	-
Change in Accounts Receivable	(6,540,593)	N1	3,103,131	(1,980,619)	(440,265)	2,266,312	(2,706,577)	(8,013,339)	(21,877)	2,428,518	3,626,080
Change in Settlement Accounts	6,898,578	N2	1,609,698	1,850,705	1,939,116	180,000	1,759,116	853,760	(1,592,487)	(1,425,097)	4,014,529
Change in Other Assets	(6,700,275)	N3	(2,812,500)	(3,355,312)	168,269	1,324,838	(1,156,569)	(1,651,139)	(931,178)	1,001,739	(1,774,734)
Change in Other Liabilities	(857,461)	N4	375,000	147,772	2,550,864	4,999,061	(2,448,197)	694,254	(1,008,230)	1,346,995	(885,247)
Change in Cash Balance	(2,106,197)		(5,884,628)	16,229,142	2,586,924	1,919,205	667,718	(5,043,542)	(746,172)	8,400,795	13,615,561
Beginning Unrestricted Cash	72,911,743		70,805,546	70,805,546	84,445,264	84,445,264	-	70,805,546	65,762,004	65,015,832	73,416,627
Ending Unrestricted Cash	70,805,546		64,920,918	87,034,688	87,032,188	86,364,470	667,718	65,762,004	65,015,832	73,416,627	87,032,188
Expense Per Day	414,300		448,115	469,967	469,967	463,803	6,164	432,620	454,586	456,698	469,967
Days Cash On Hand	171		145	185	185	186	(1)	152	143	161	185

Footnotes:

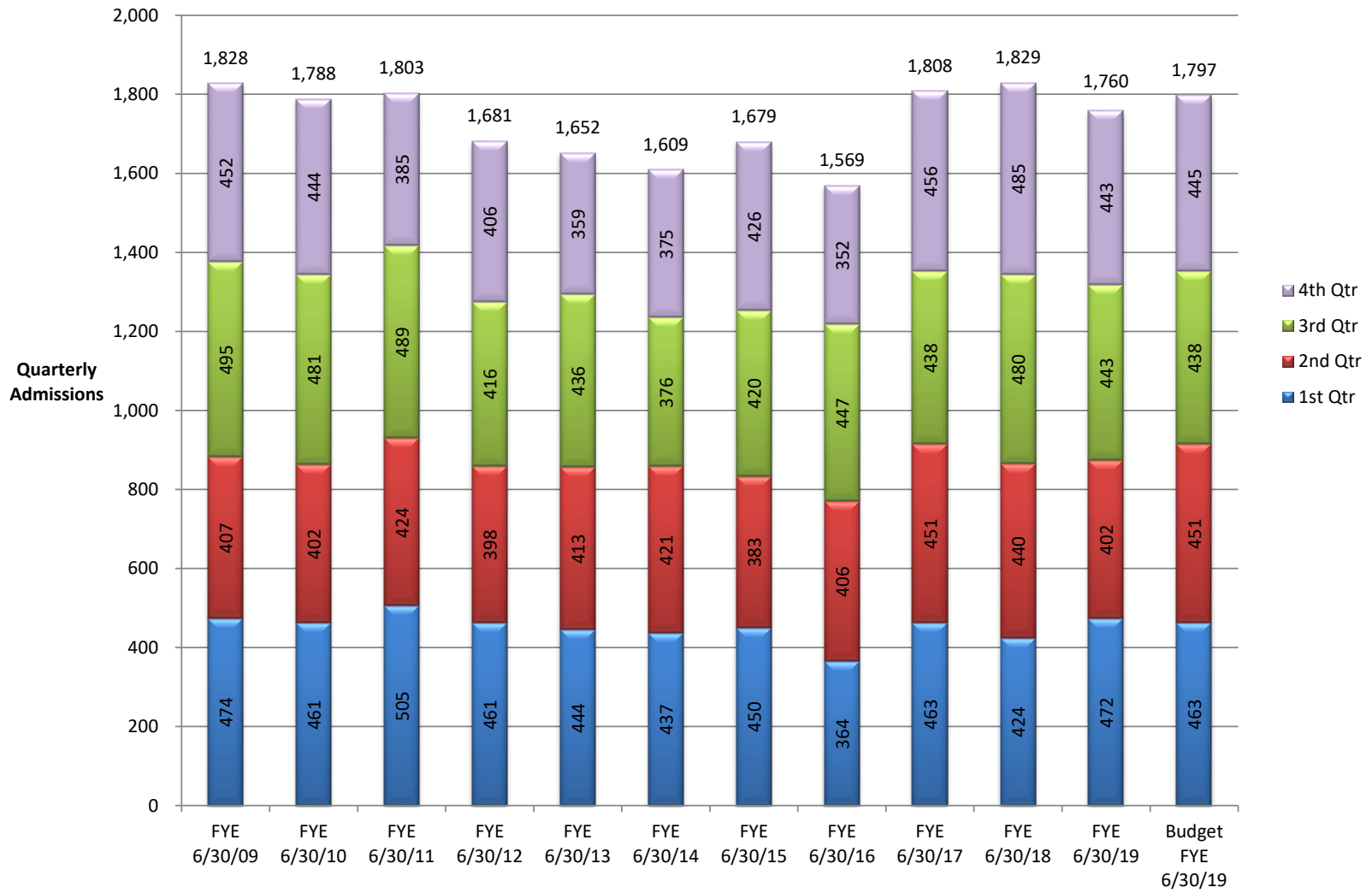
N1 - Change in Accounts Receivable reflects the 60 day delay in collections.

N2 - Change in Settlement Accounts reflect cash flows in and out related to prior year and current year Medicare and Medi-Cal settlement accounts.

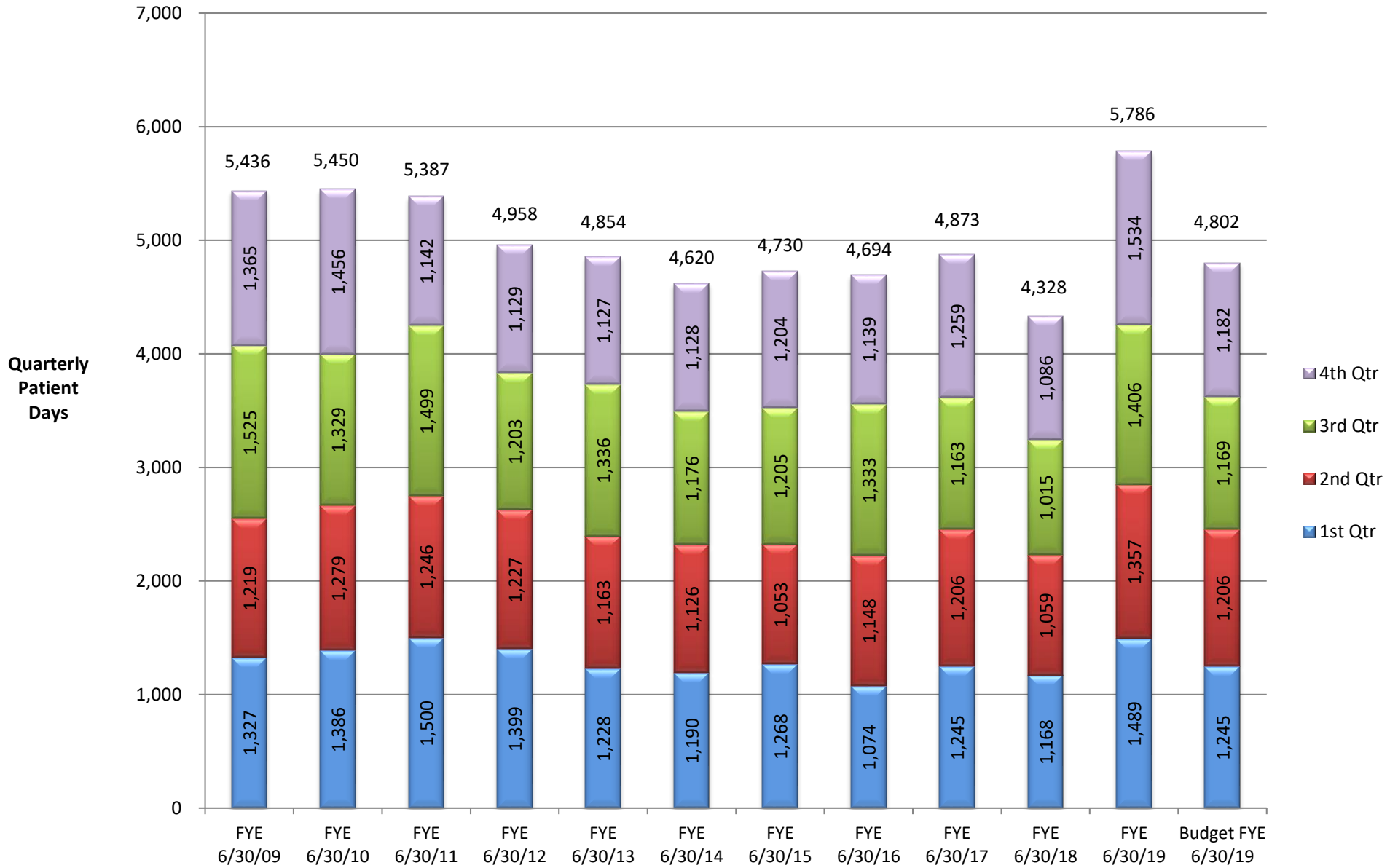
N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.

N4 - Change in Other Liabilities reflect fluctuations in liability accounts on the Balance Sheet that effect cash. For example, an increase in accounts payable effects EBIDA but not cash.

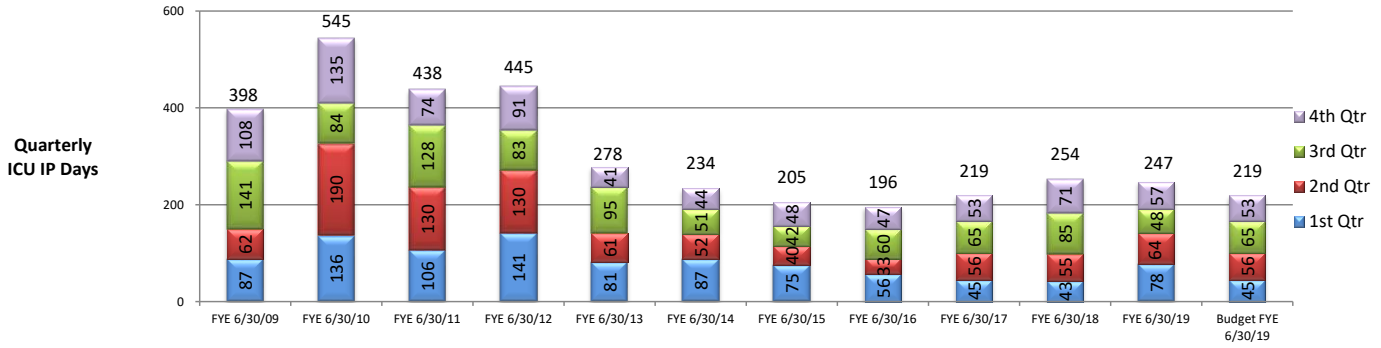
TOTAL TFH ADMISSIONS



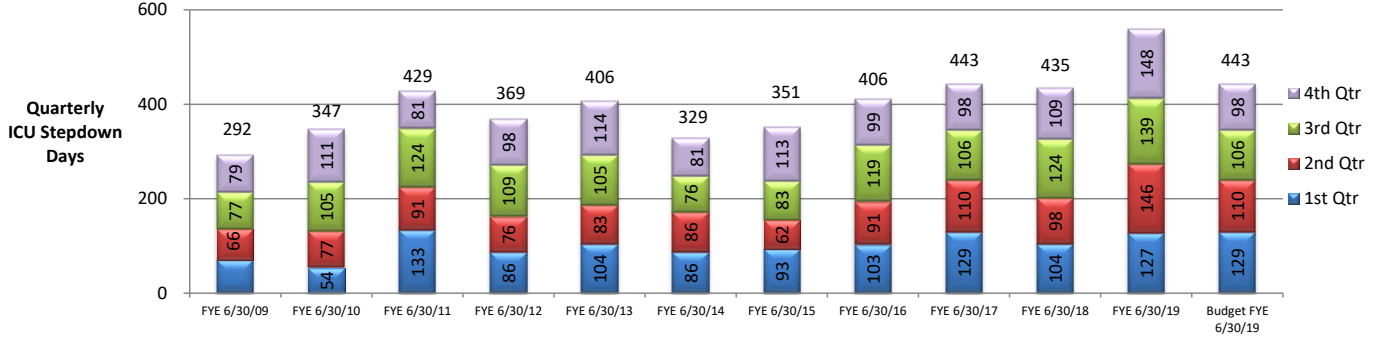
TOTAL TFH PATIENT DAYS



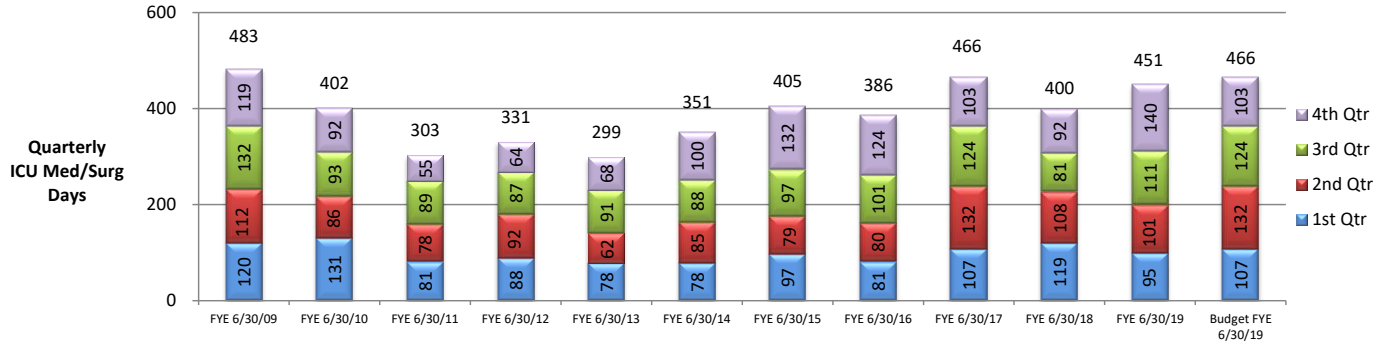
TOTAL TFH ICU INPATIENT DAYS



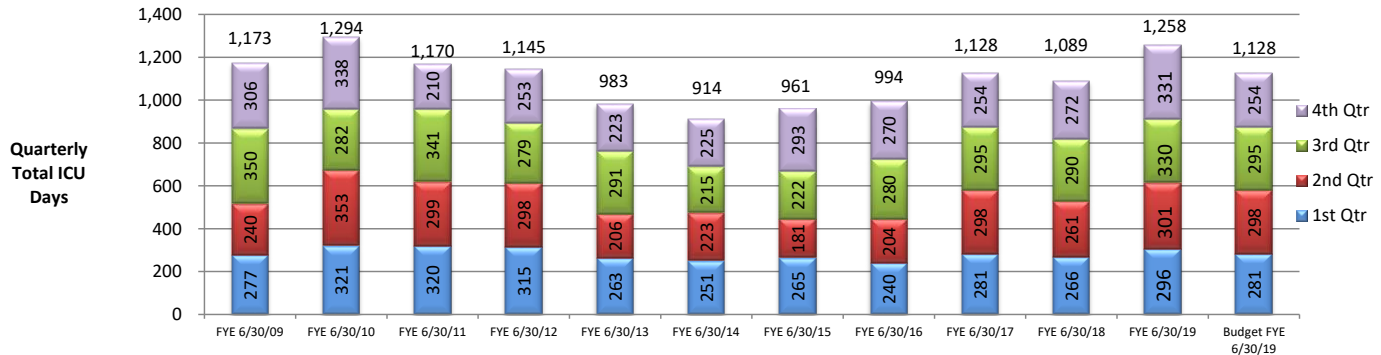
TOTAL TFH ICU STEPDOWN DAYS



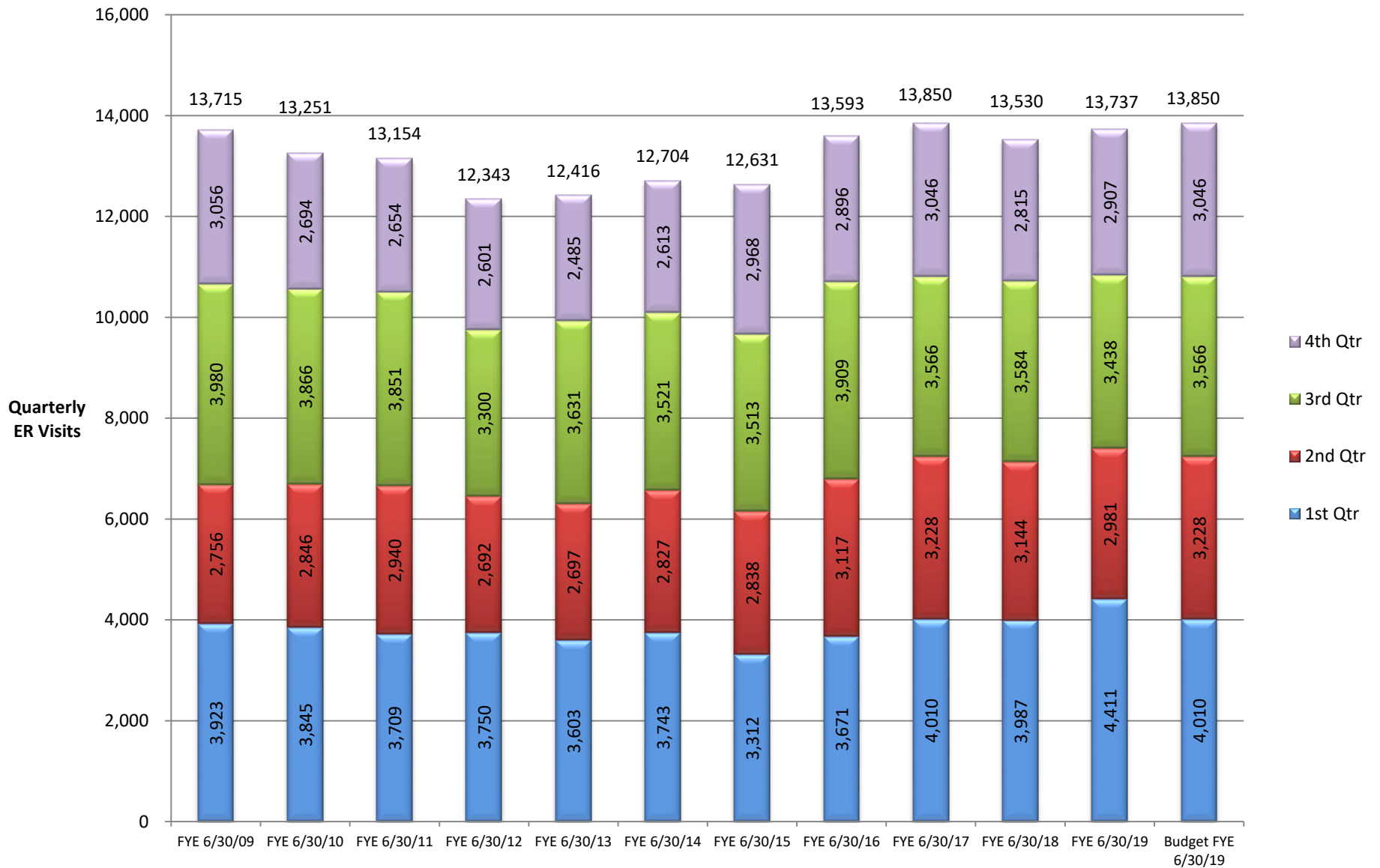
TOTAL TFH ICU MED/SURG DAYS



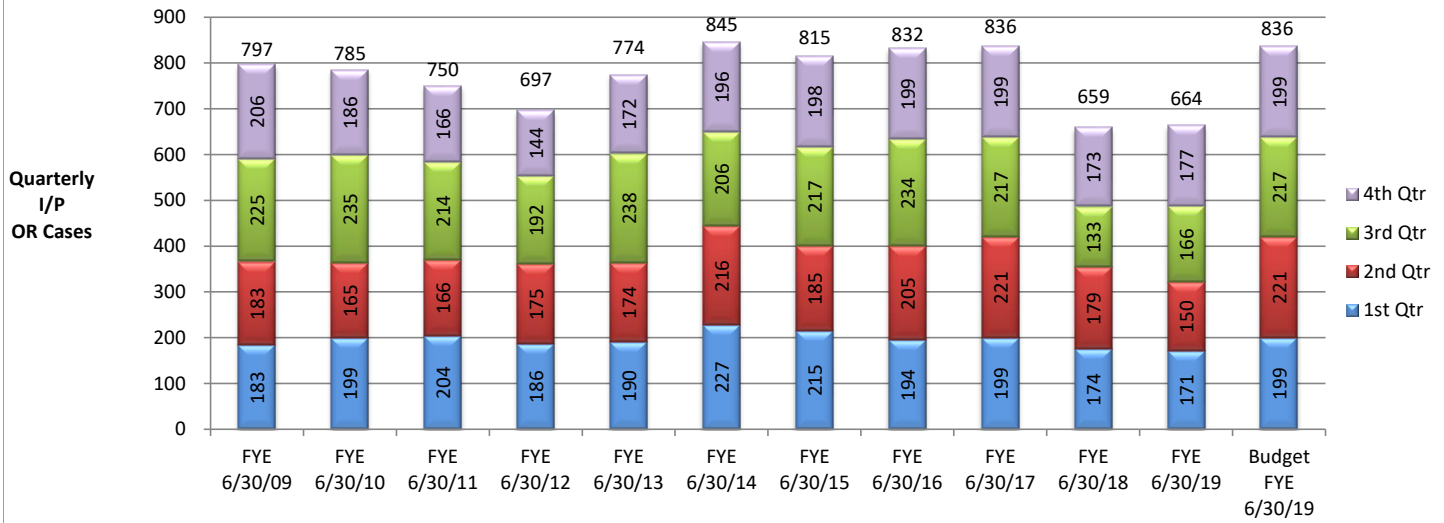
TOTAL TFH ICU DAYS



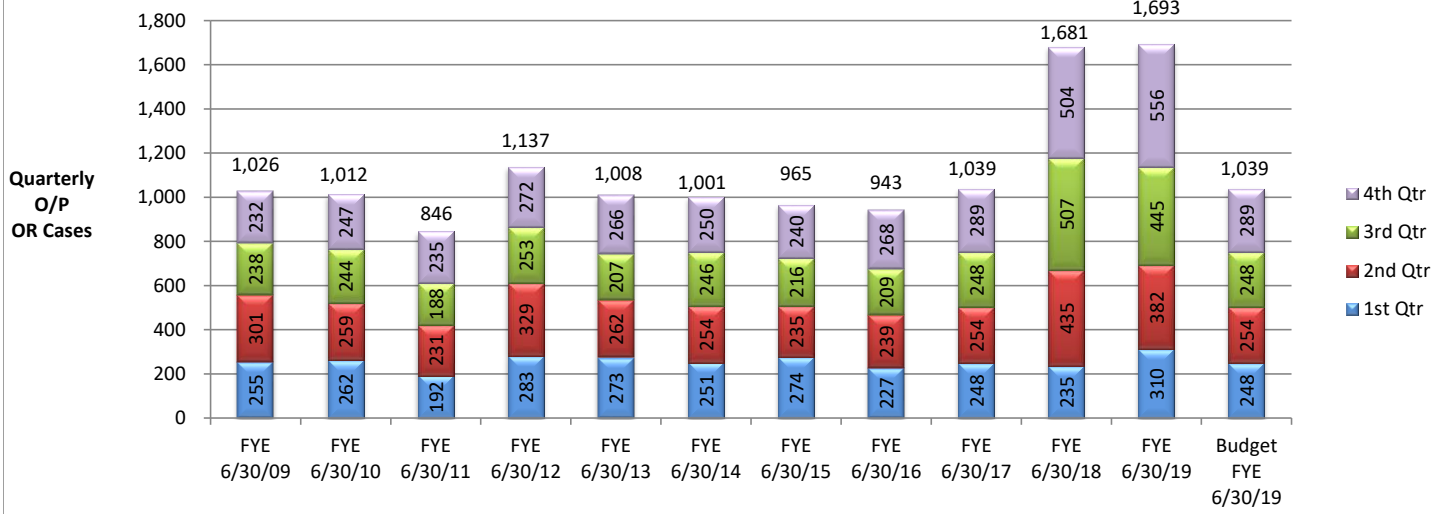
TOTAL TFH ER VISITS



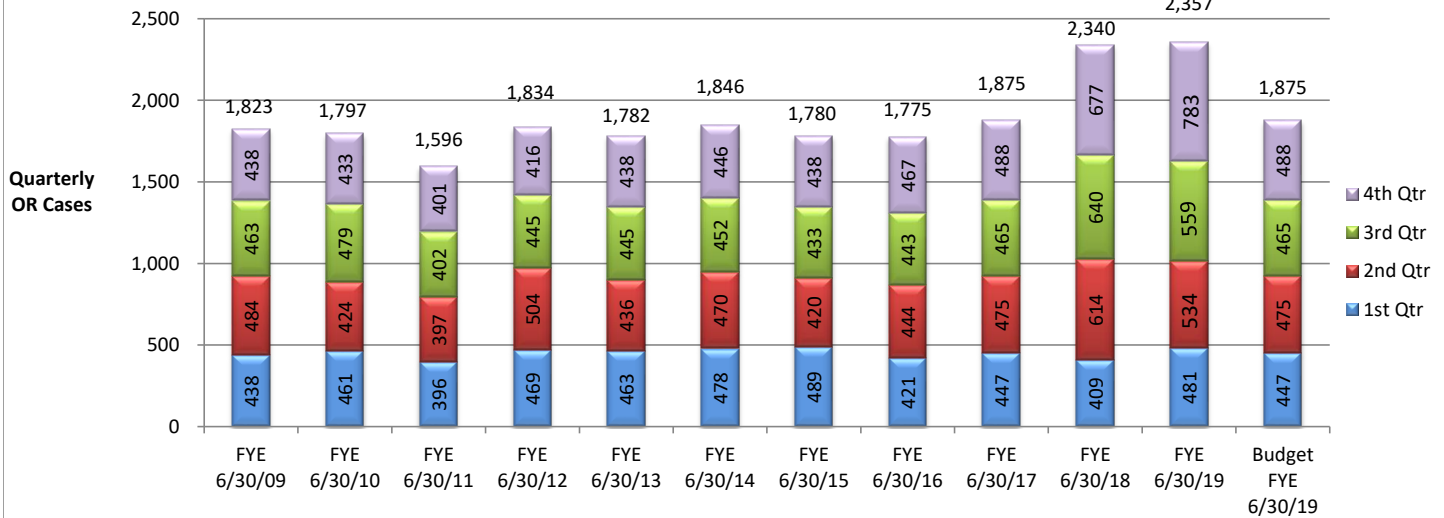
TOTAL TFH INPATIENT OR CASES



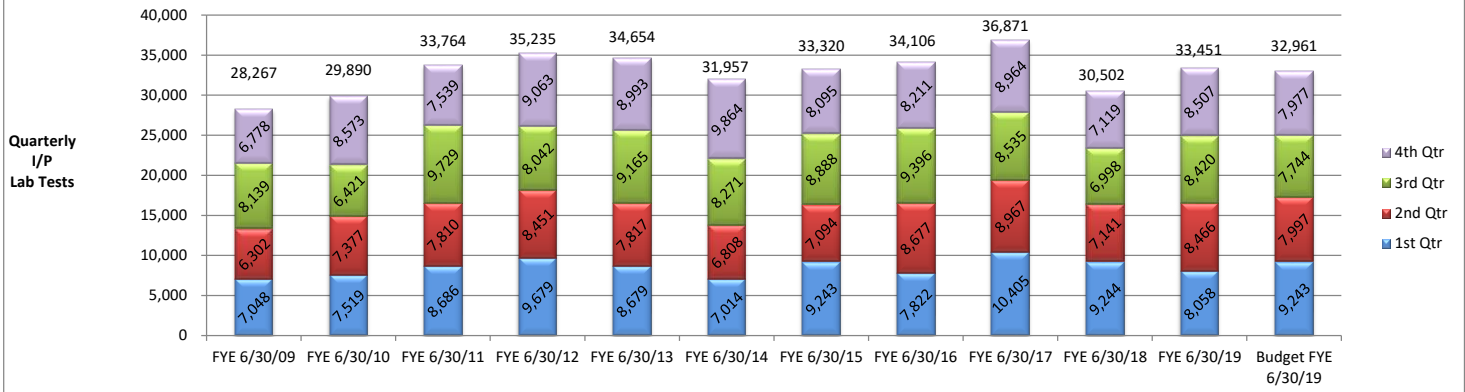
TOTAL TFH OUTPATIENT OR CASES



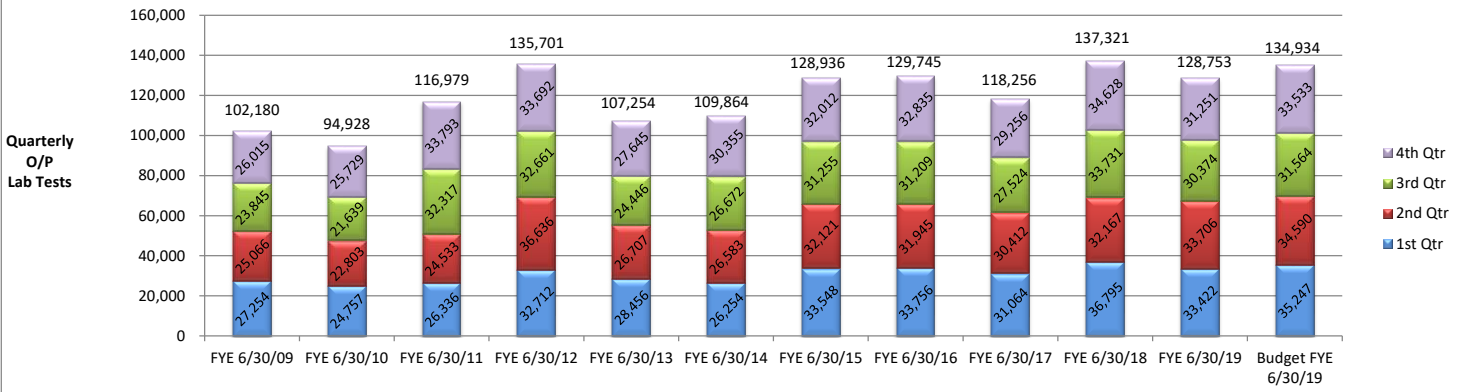
TOTAL TFH OR CASES



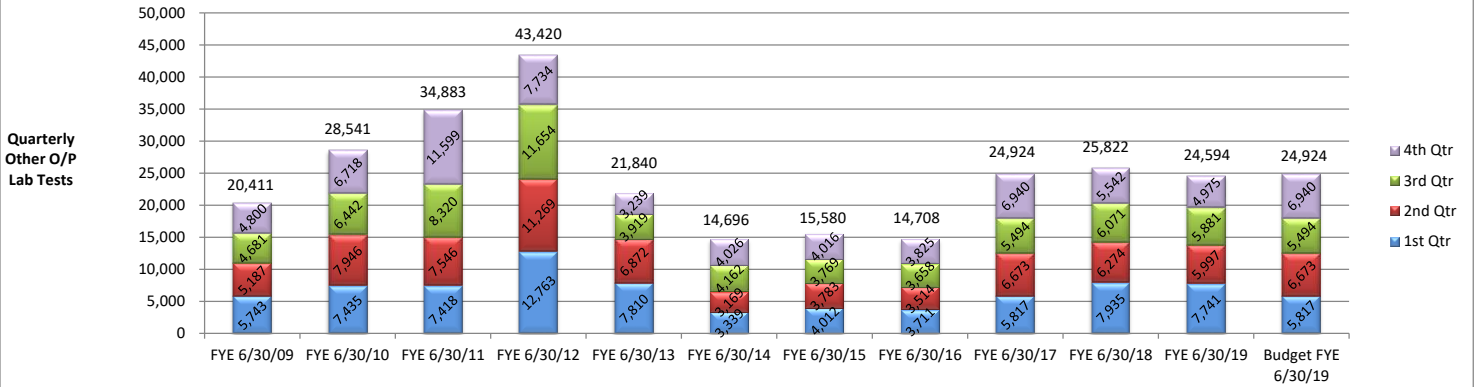
TOTAL TFH INPATIENT LAB TESTS



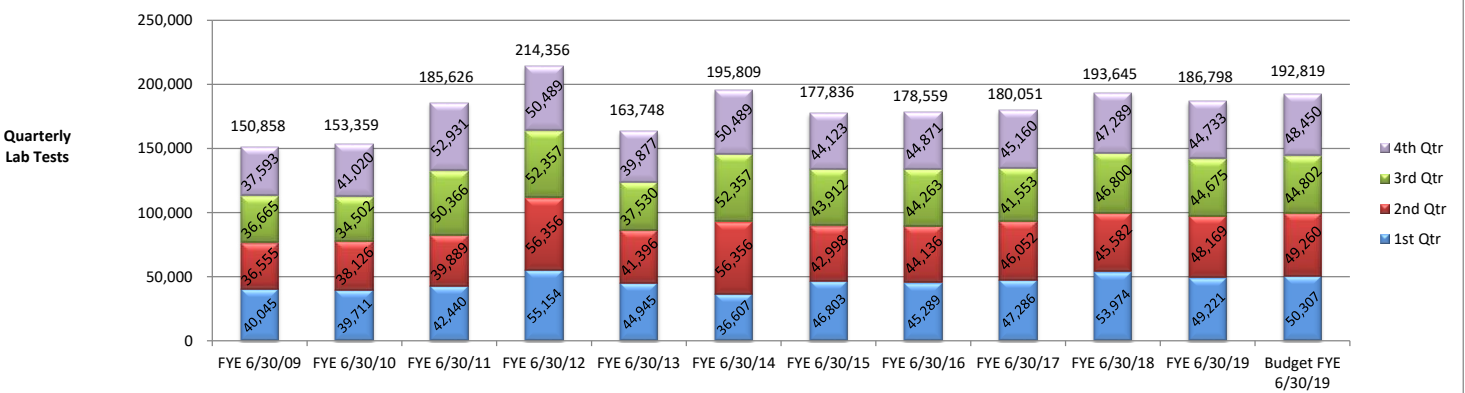
TOTAL TFH OUTPATIENT LAB TESTS



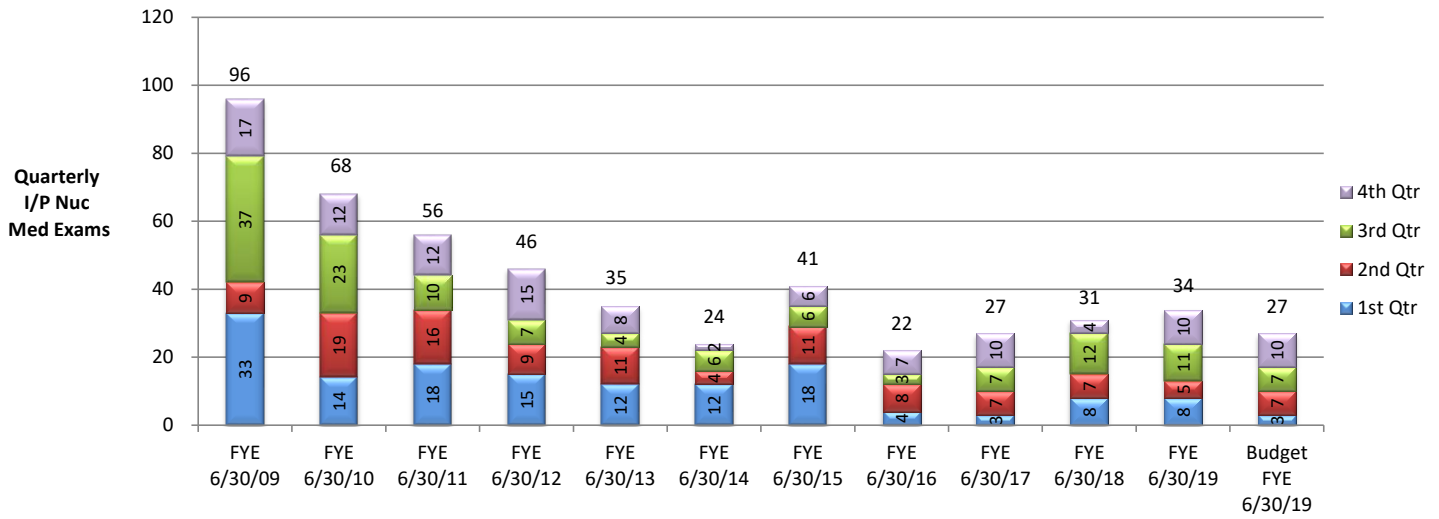
TOTAL TFH OTHER OUTPATIENT LAB TESTS



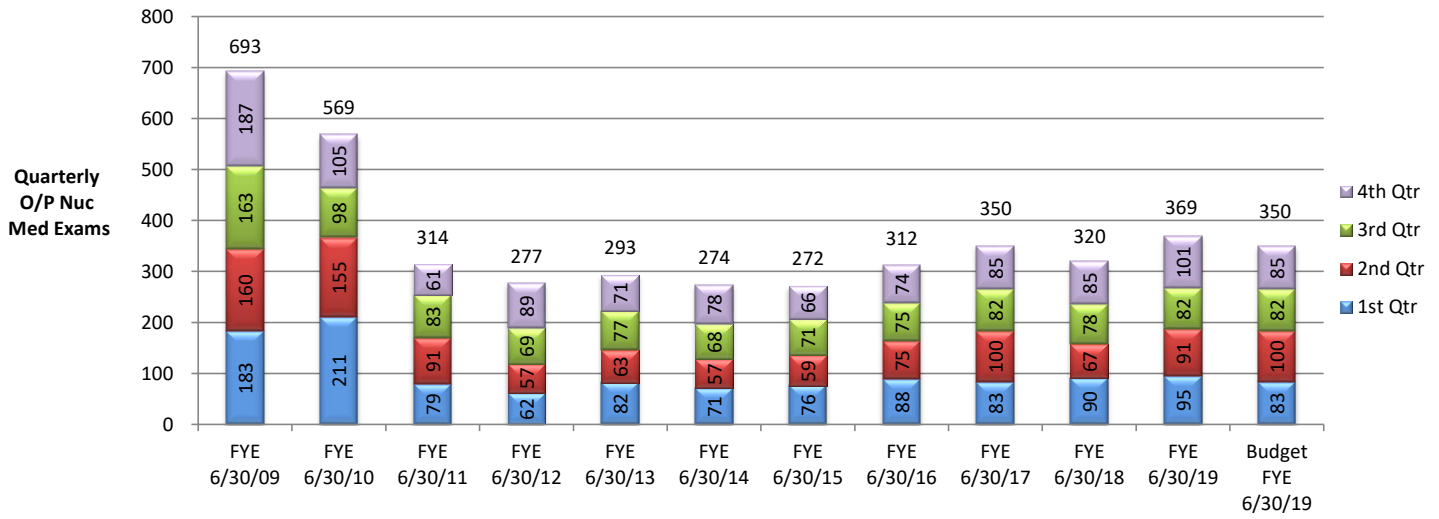
TOTAL TFH LAB TESTS



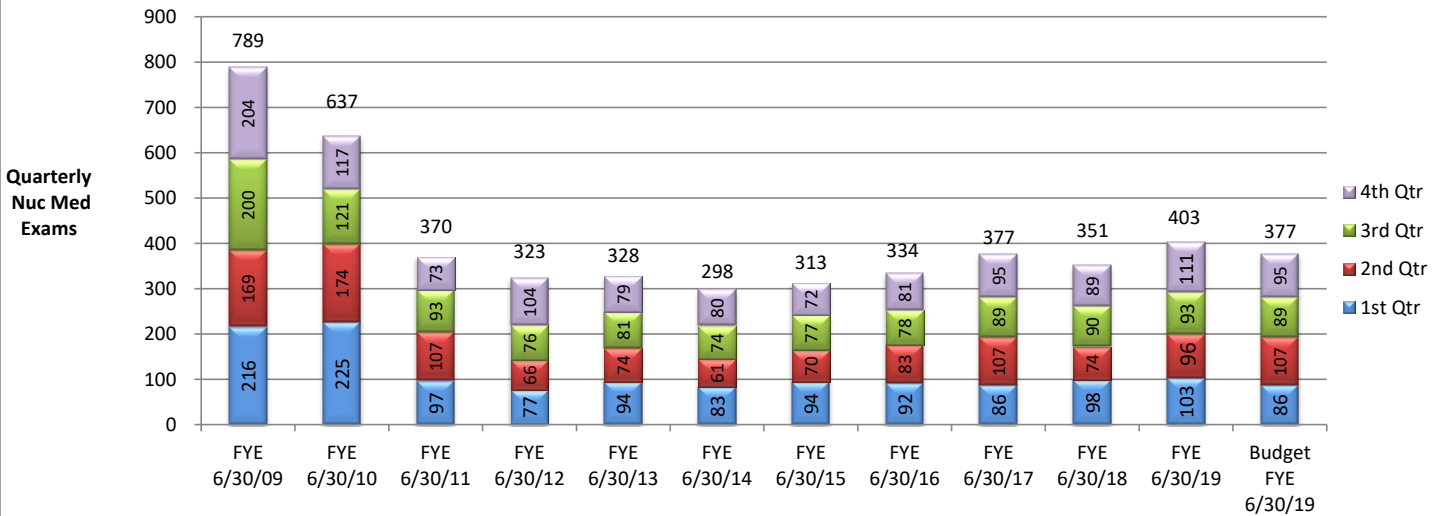
TOTAL TFH NUCLEAR MEDICINE INPATIENT EXAMS



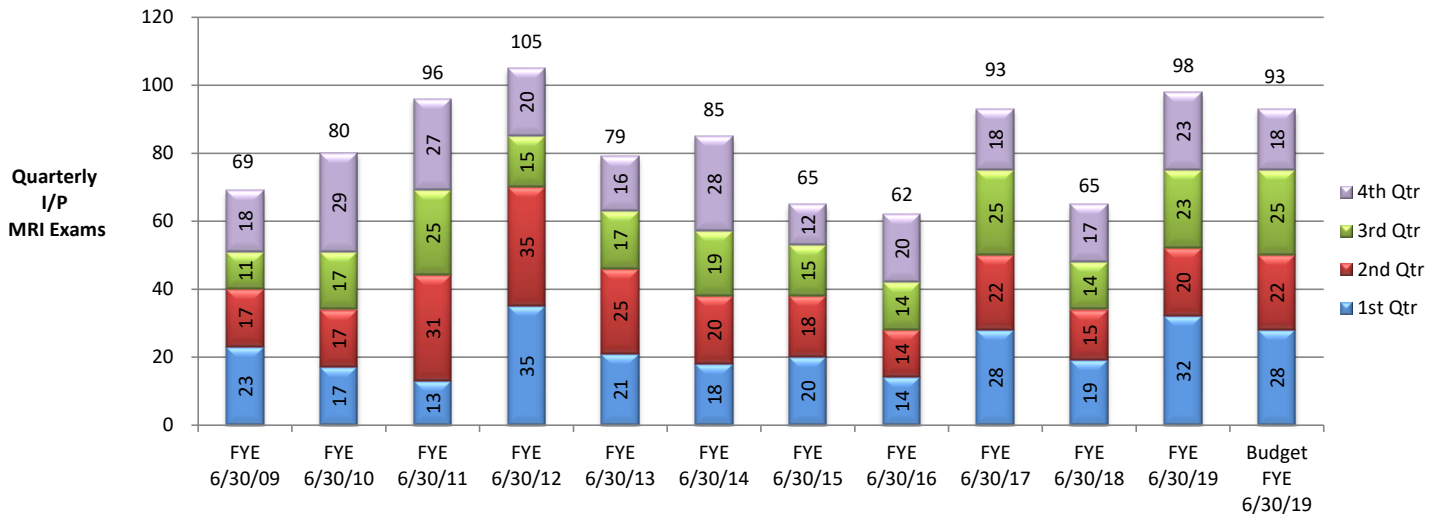
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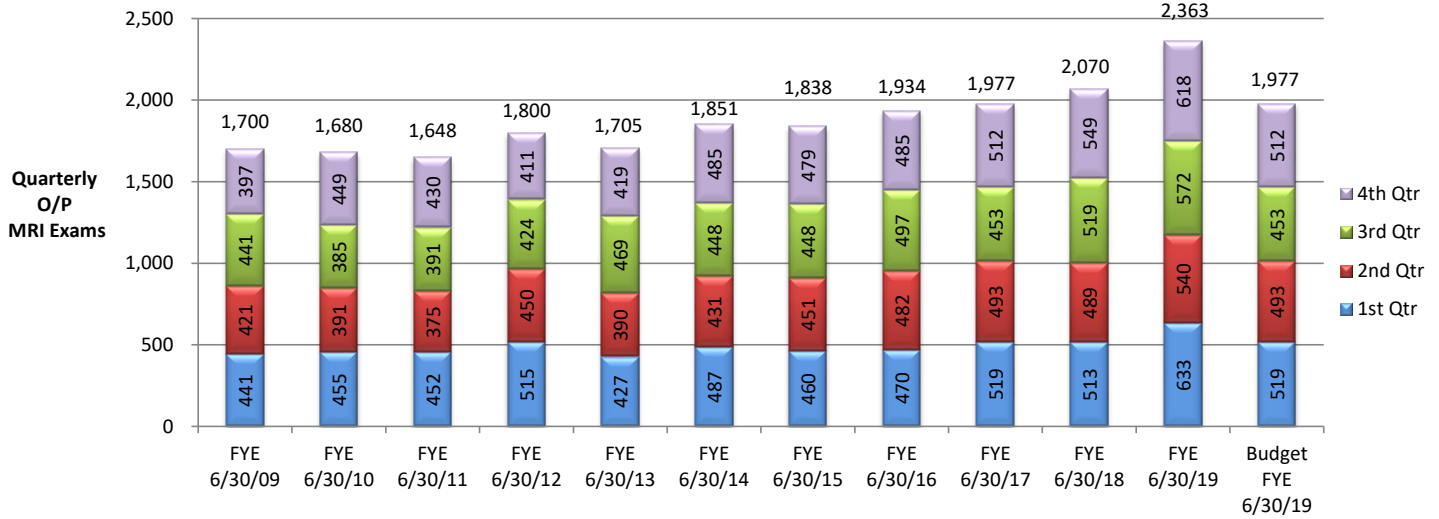
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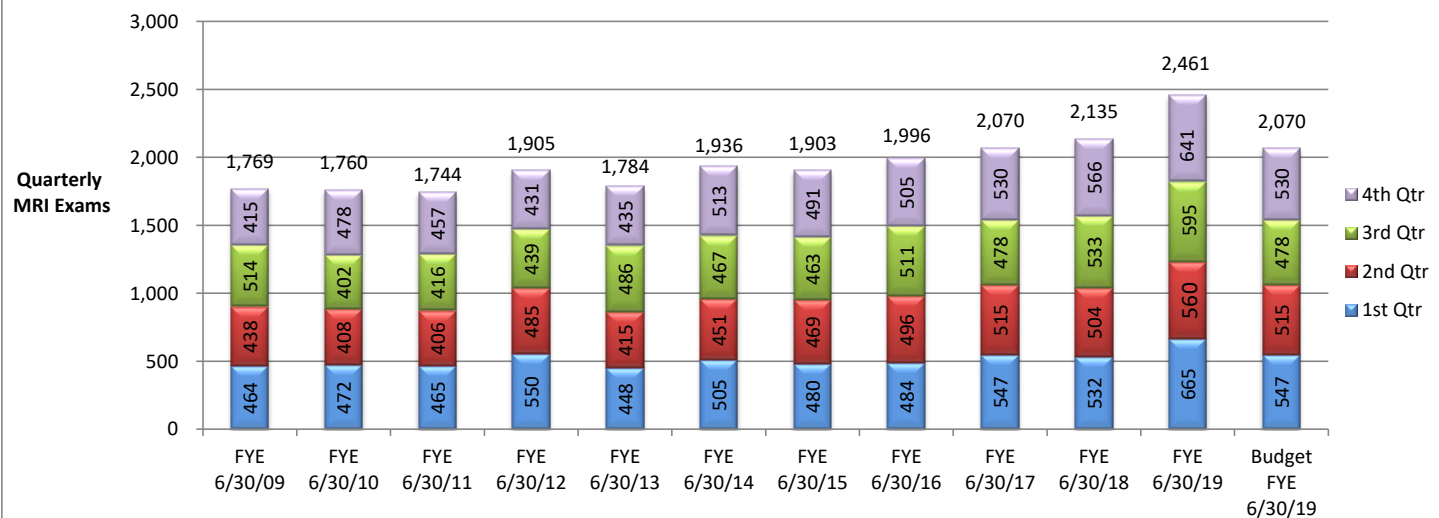
TOTAL TFH MRI INPATIENT EXAMS



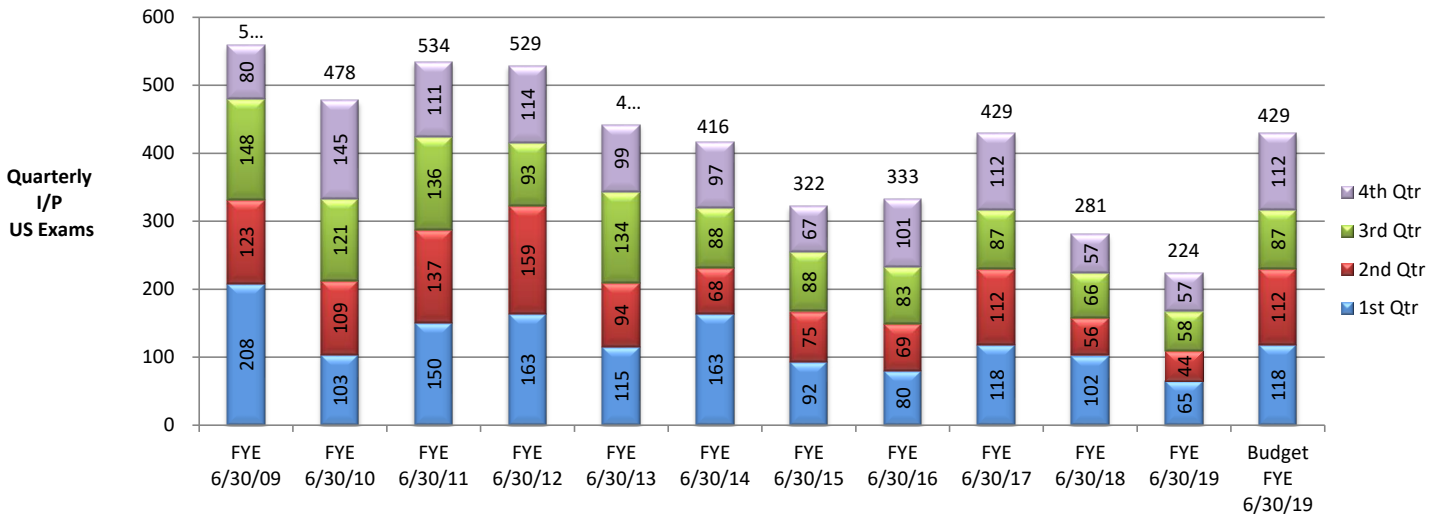
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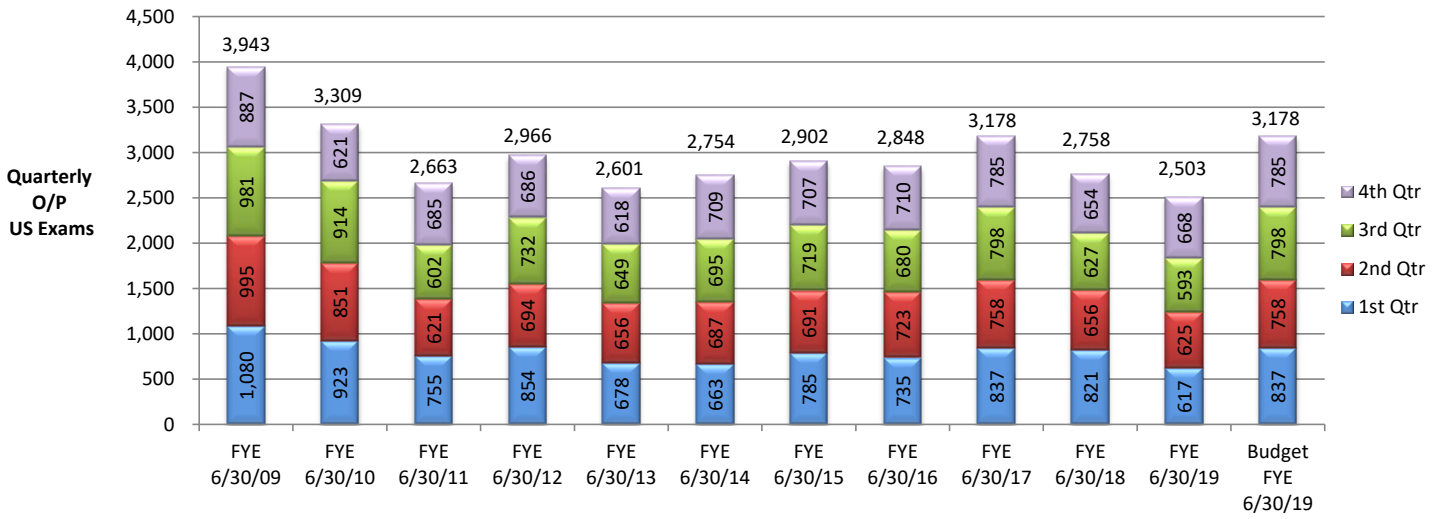
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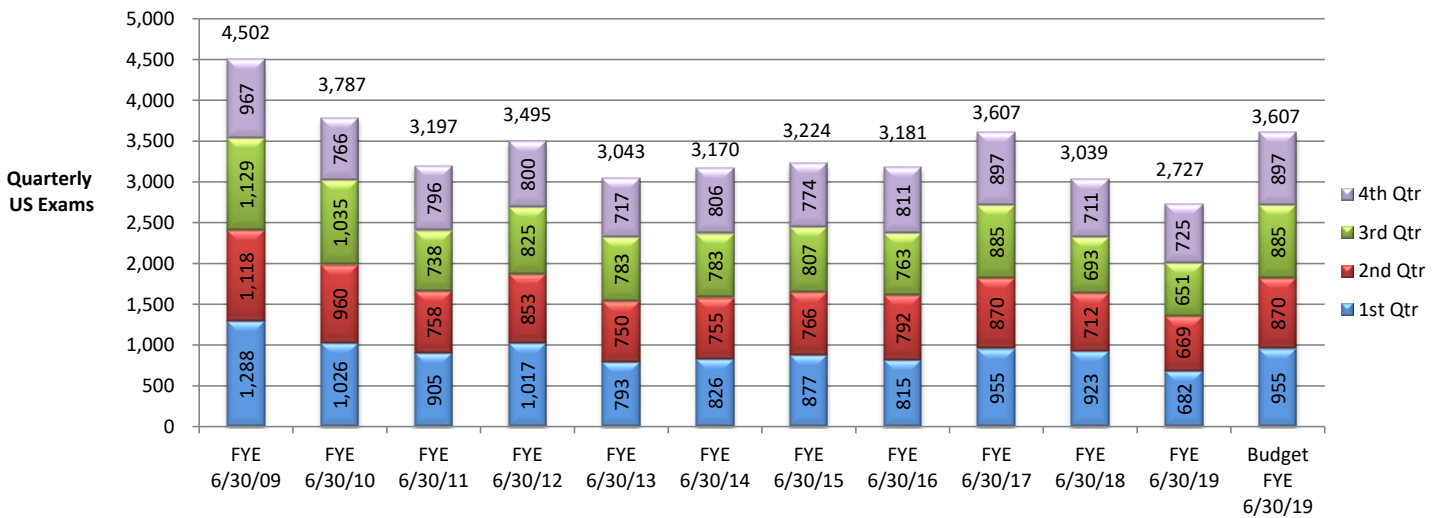
TOTAL TFH ULTRASOUND INPATIENT EXAMS



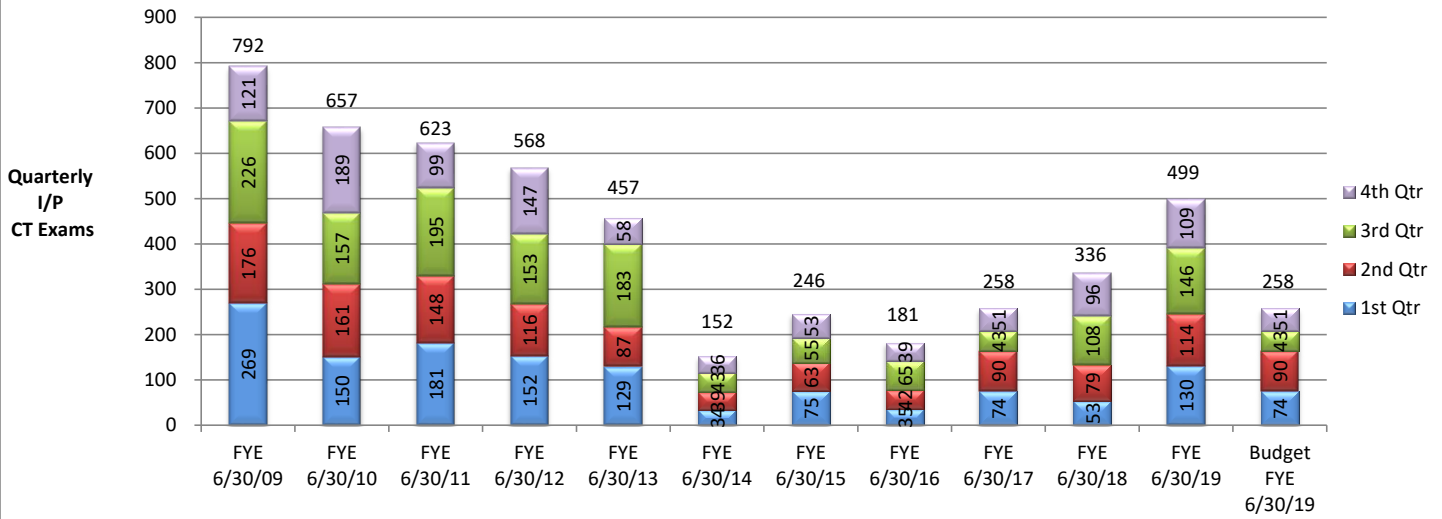
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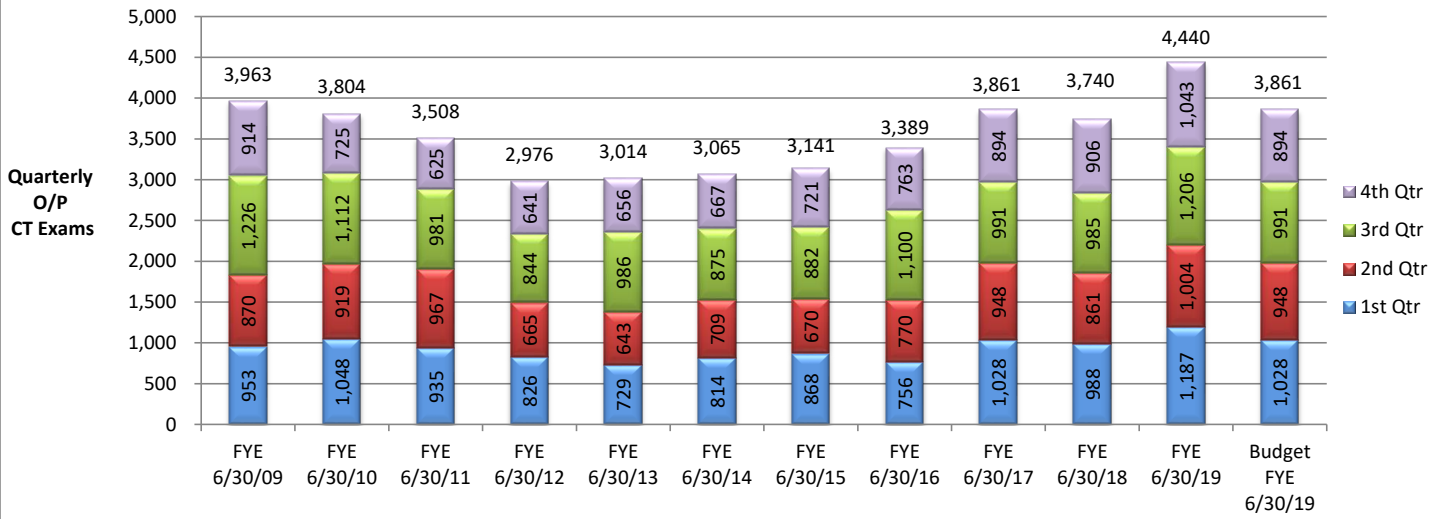
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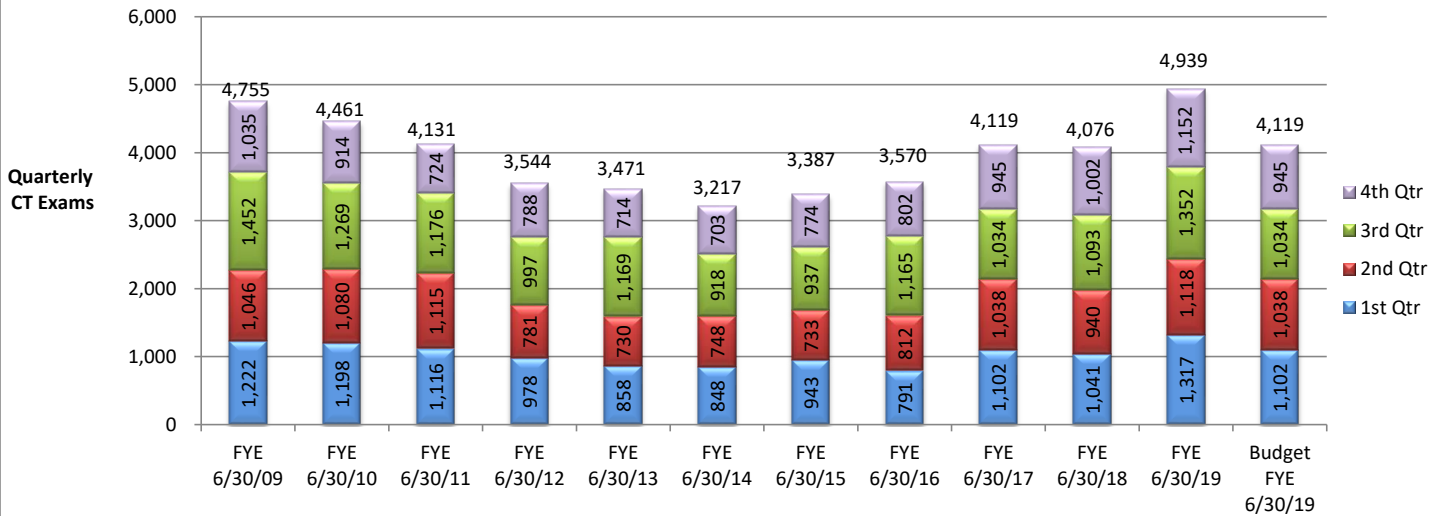
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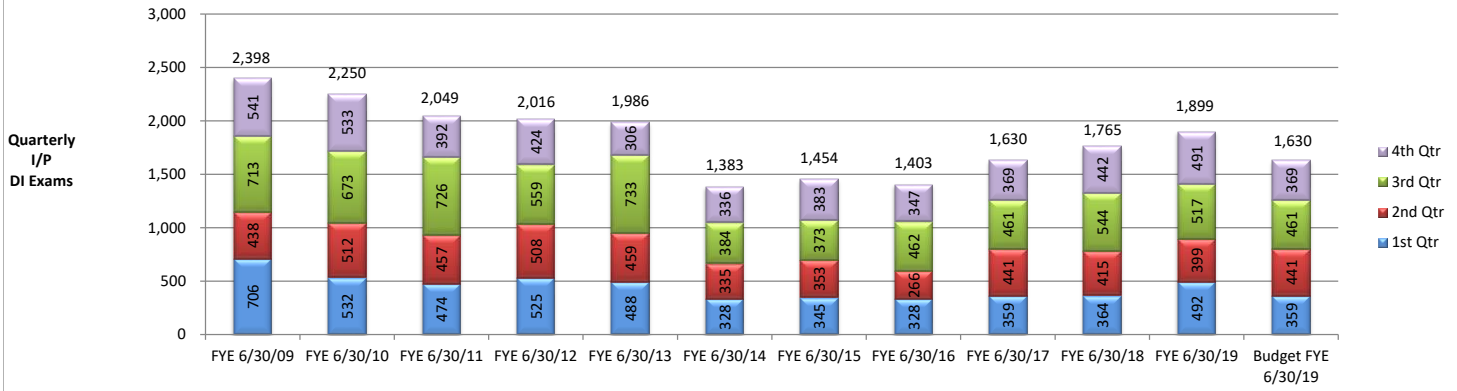
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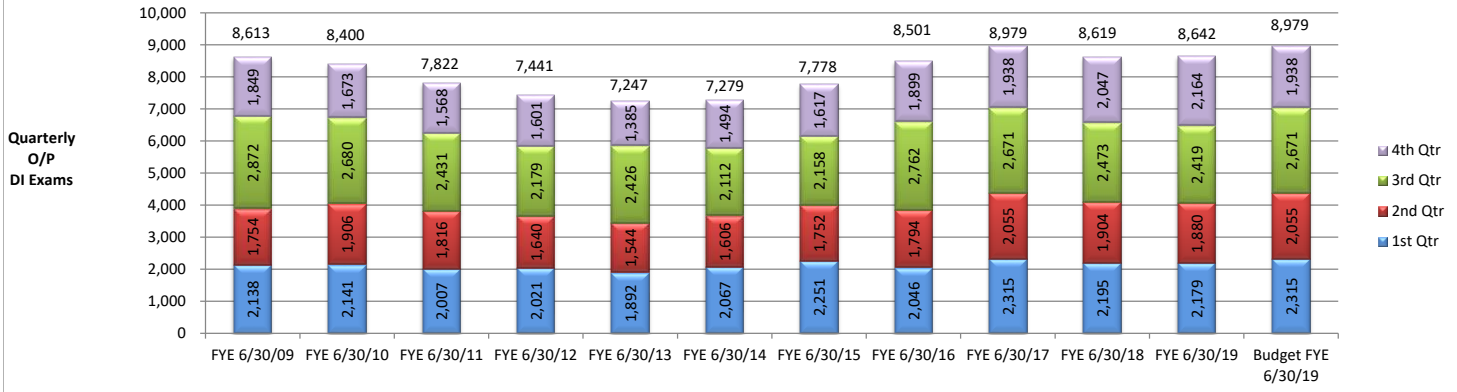
TOTAL TFH CT EXAMS



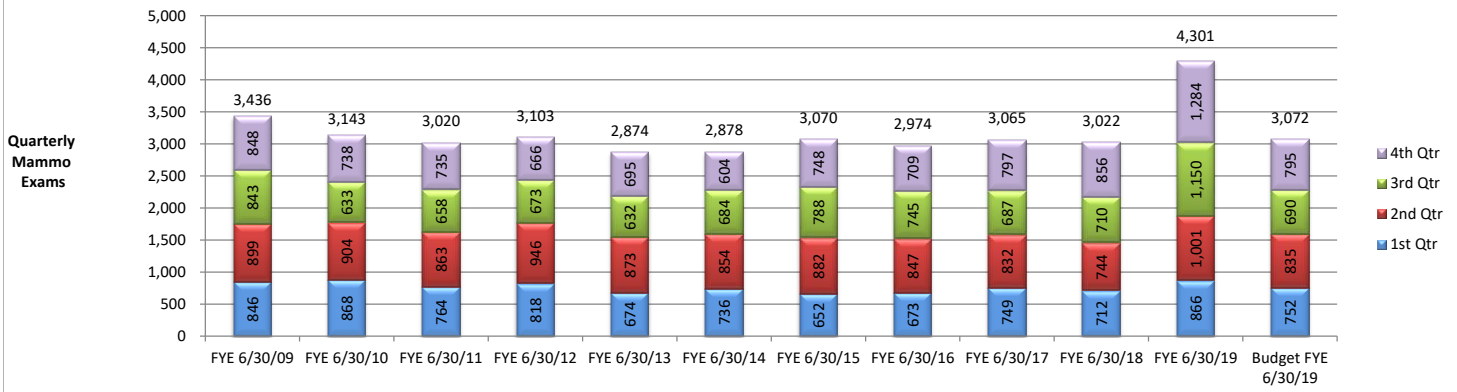
TOTAL TFH INPATIENT DIAGNOSTIC IMAGING EXAMS



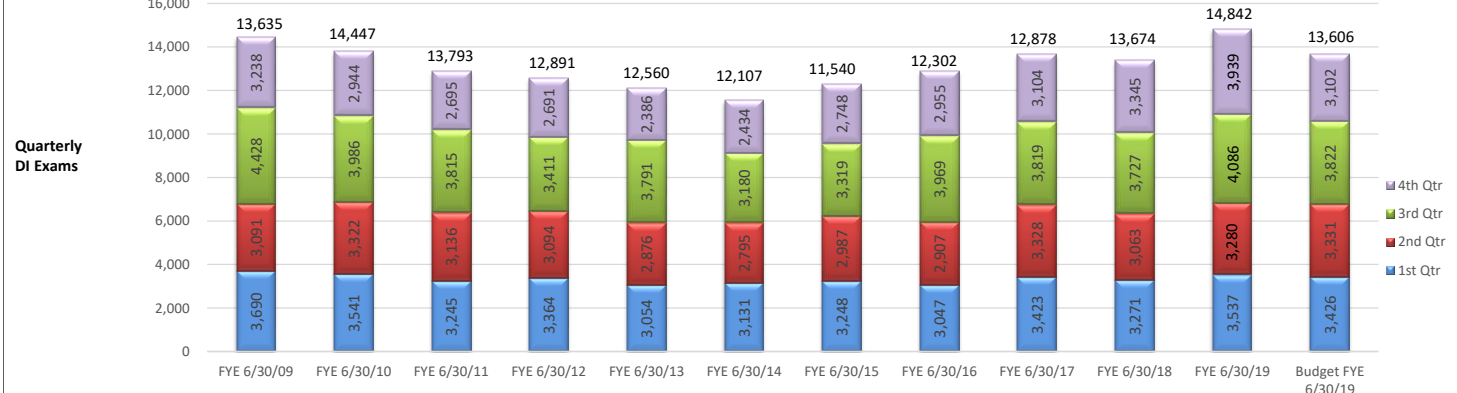
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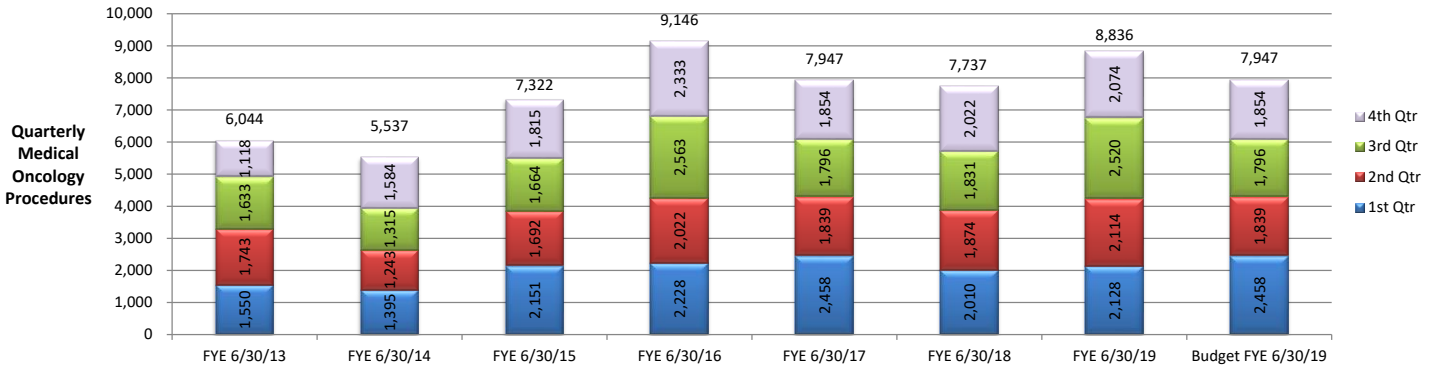
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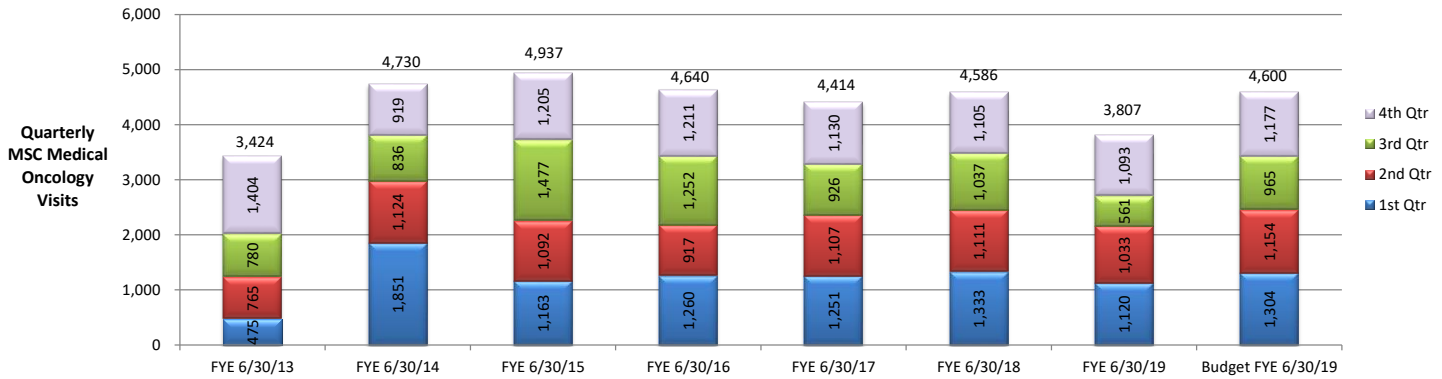
TOTAL TFH DIAGNOSTIC IMAGING EXAMS



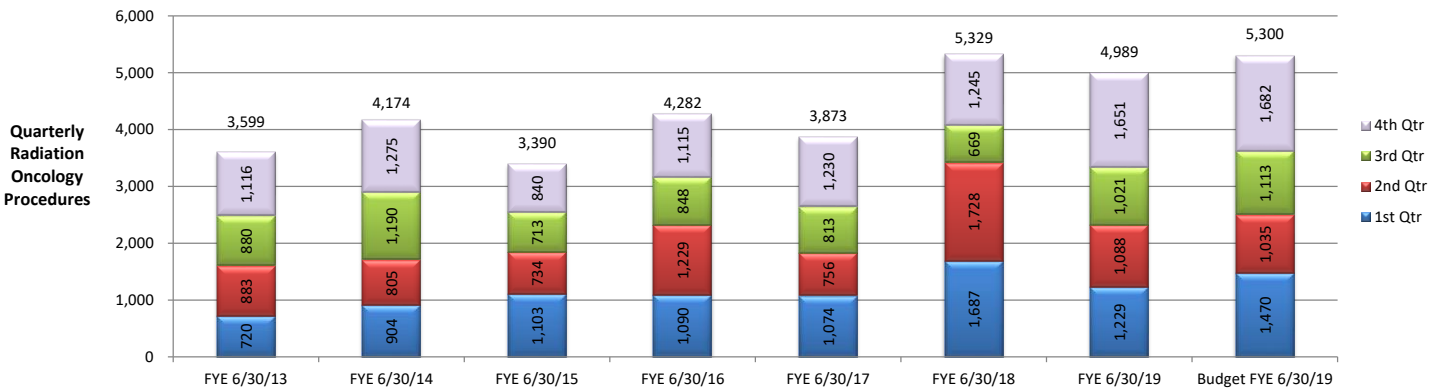
TOTAL TFH MEDICAL ONCOLOGY PROCEDURES



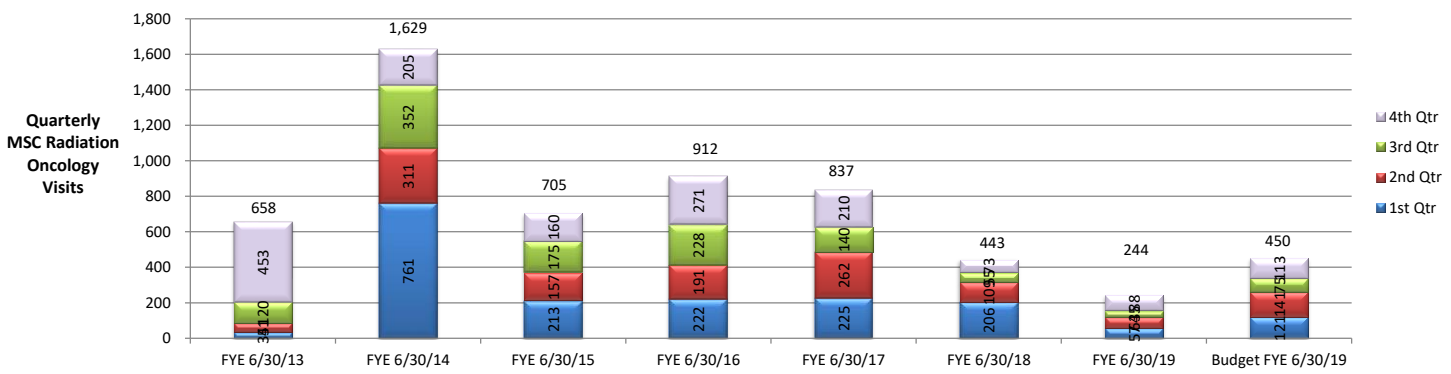
TOTAL TFH MSC MEDICAL ONCOLOGY VISITS



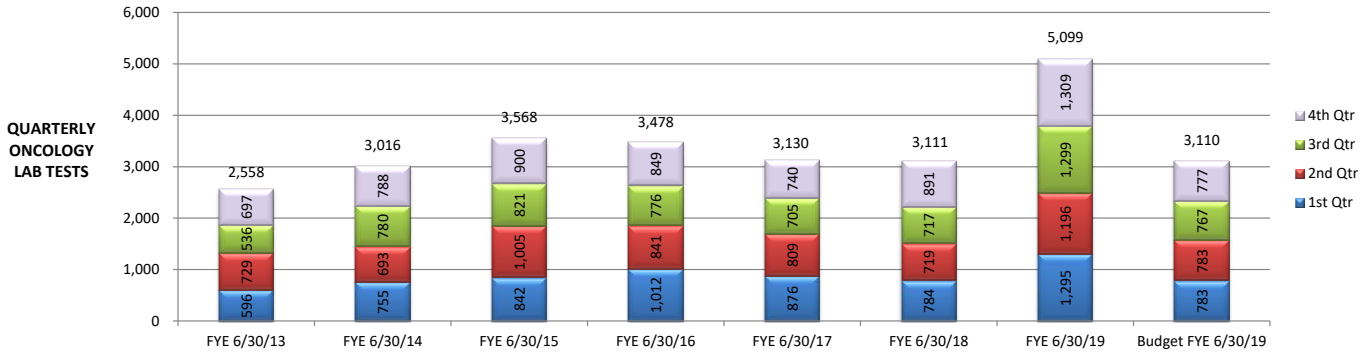
TOTAL TFH RADIATION ONCOLOGY PROCEDURES



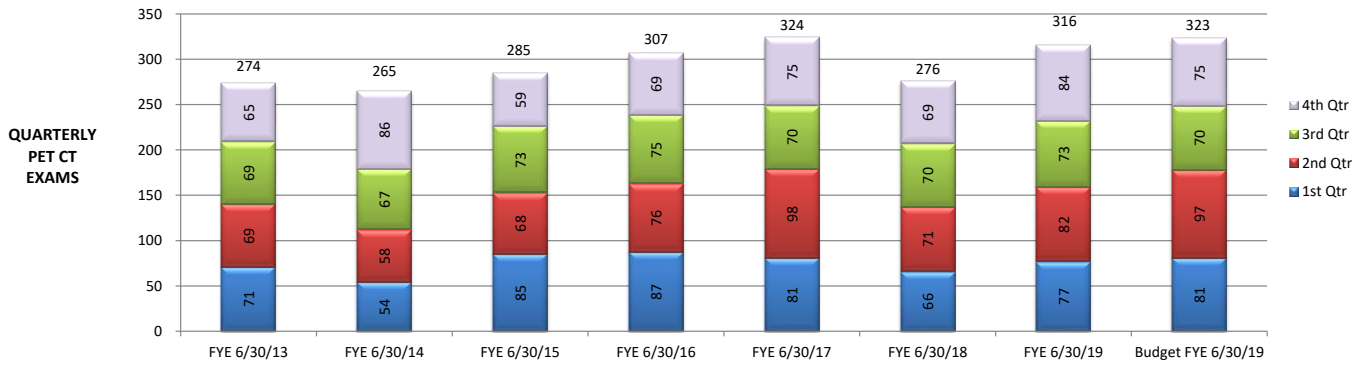
TOTAL TFH MSC RADIATION ONCOLOGY VISITS



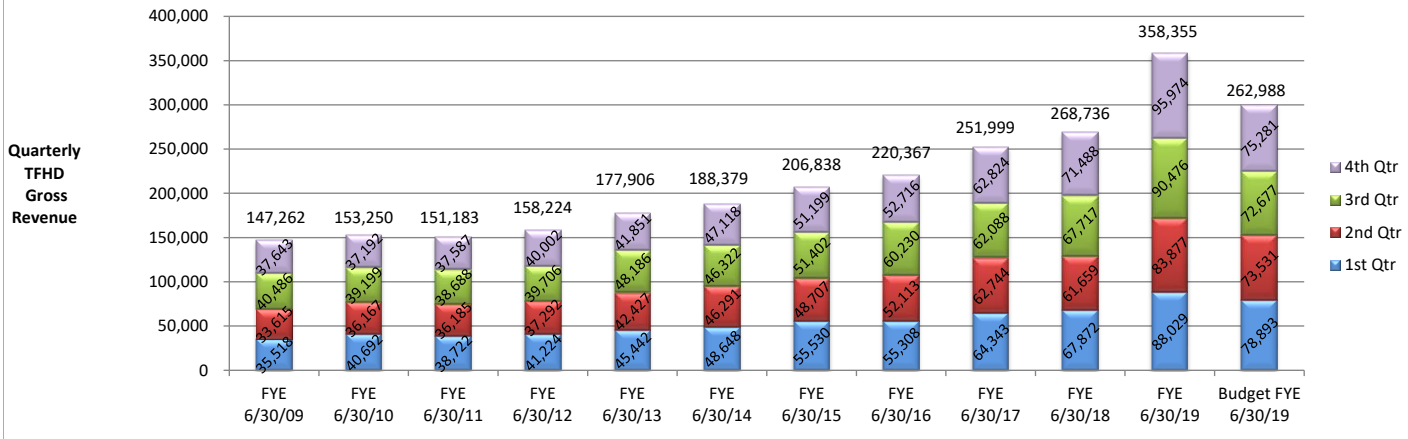
TOTAL TFH ONCOLOGY LABORATORY TESTS



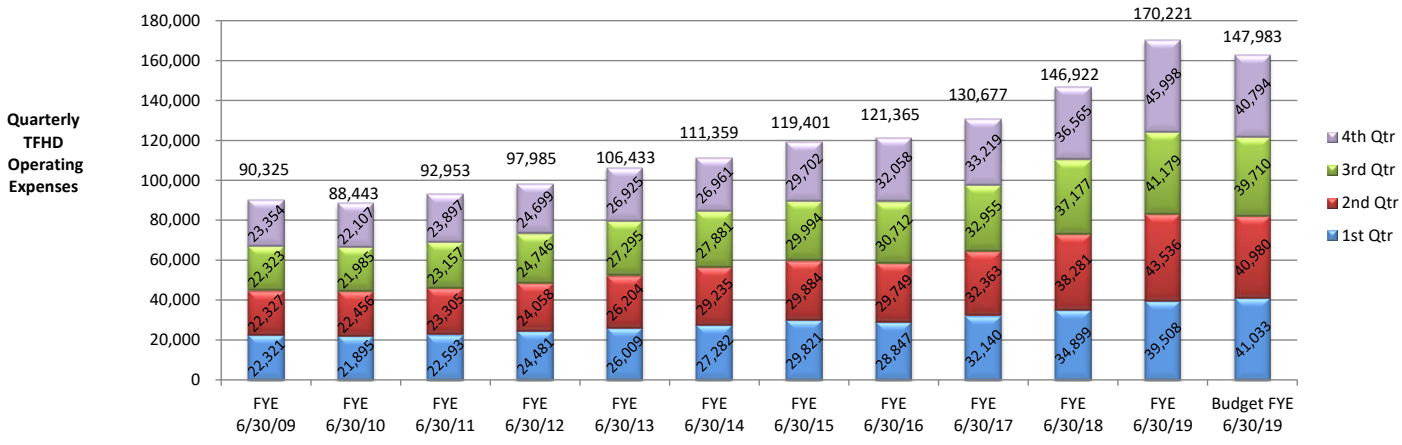
TOTAL TFH PET CT EXAMS



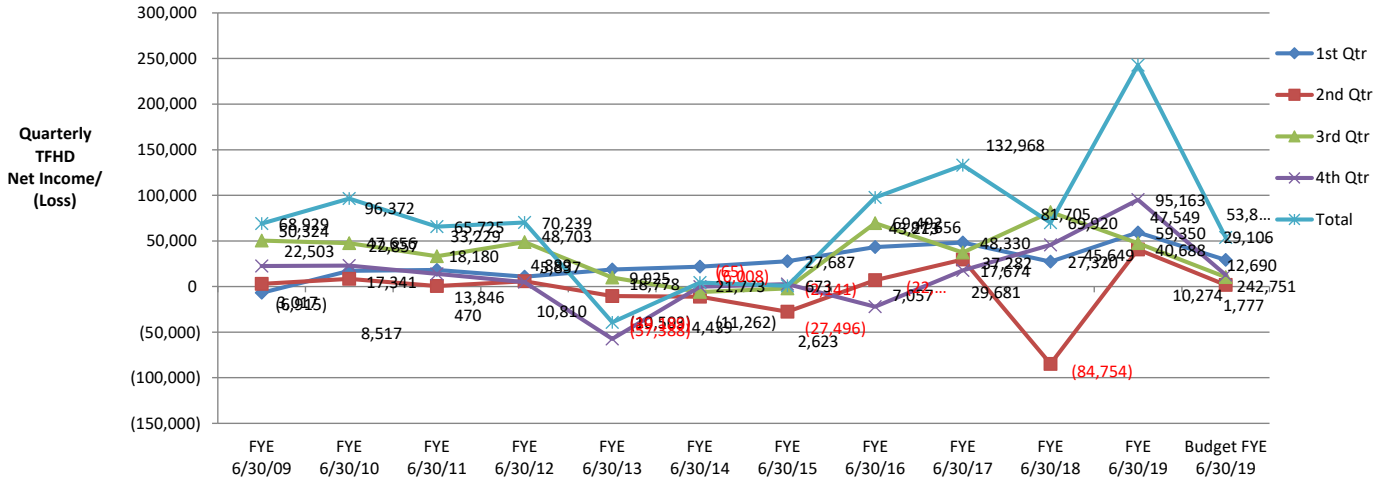
TAHOE FOREST HOSPITAL DISTRICT TOTAL GROSS REVENUE (In Thousands)



TAHOE FOREST HOSPITAL DISTRICT TOTAL OPERATING EXPENSES (In Thousands)



TAHOE FOREST HOSPITAL DISTRICT TOTAL NET INCOME/(LOSS) (In Hundreds)





Board Informational Report

By: Harry Weis
CEO

DATE: 7/15/19

Finance Strategies:

Our volumes continue to be very high against budget and prior year in the month of June. June volumes exceeded budget by an estimated 27%. Our health system overall had volume growth of 28% over the prior fiscal year performance.

We have talked in the past about broad based growth year over year, which we believe creates a very strong and lower risk platform for a steadier volume of patient care activities throughout the year in the future. It should lower seasonality fluctuations of distant years. We are expecting more modest year over year growth percentages in the future.

It appears 2019 could be the best fiscal year in our 70-year health system history. Previously, fiscal year 2017 was the record year in our history.

After year one, we will be significantly ahead of the 10 year forecast (provided last year). If we achieve and beat the board approved budget for fiscal year 2020, we will also be well ahead of the cumulative performance expected after completing two years of the original 10-year financial forecast when June 30, 2020 arrives.

People Strategies:

We have now completed 16 well received team member Town Hall meetings. We have three more scheduled in late July. Based on the questions our team members asked, we believe there is a noticeable positive climate change among our team members this year versus last year. We believe there is a positive improving trend each year we've held these Town Halls.

I would like to thank the entire senior leadership team for their leadership and active involvement in these Town Halls. I believe our staff really enjoyed getting to know us better as each senior leader shared about themselves and really provided an opportunity for the senior leadership to engage with staff.

Service Strategies:

Managing an ever improving patient satisfaction and patient experience is a very strong, "forever" journey our team is on. We are focusing on additional customer service training for our team this year. I am quite proud of the year over year improvements our team is making in patient satisfaction scores. We are in a very high patient satisfaction performance zone that

most hospitals in America never achieve and we do not take our present place for granted and keep working hard to continually improve it each year.

We have many detailed strategies underway which are shared in the monthly board reports of other C-Suite members. Again, we are rapidly moving towards a clinical model of care that is highly stable even if major external market force or regulatory changes occur.

Quality Strategies:

We have many specific strategy actions items we are managing to ever improve all aspects of Quality year over year. Please see other C-Suite leader's reports on this critical topic, which is the center of all that we do!

Growth Strategies:

We grew provider office visits from 67,609 in fiscal year 2018 to 80,848 office visits in fiscal year 2019. This change represents a 21% growth rate. Within 2 years, we should have doubled our provider office visits from where they were in fiscal year 2015.

Construction continues on schedule for the third floor of the medical office building and on the 2nd floor of the Cancer Center for new patient exams rooms and provider services space.

We are continuing our search to find new locations to lease for temporary staff parking, as parking will be one of our biggest challenges possibly for many years to come.

We also continue our strong focus on workforce housing. We are partnering with important, large community employers and are hopeful we will have something substantial to share in the next three years with our team members regarding new legitimate opportunities to live and work in Truckee. We appreciate the Board's support last month on the Joint Powers Agency Term Sheet and initial capitalization approval.

The Health System continues to be focused on federal, state and other regional legislative changes that could harm or help our health system, coupled with how we can improve both healthcare in America and the quality of life for all Americans.



Board COO Report

By: Judith B. Newland

DATE: July 2019

Quality: Pursue Excellence in Quality, Safety and Patient Experience

Focus on our culture of safety

The Reliability Management Team continues to meet monthly. The purpose of the multidisciplinary weekly huddle is to identify and discuss any safety concerns. Directors/Managers are now being educated on high reliability by reviewing High Reliability Modules in Health Stream. This program will continue to roll out to medical staff and staff during this fiscal year. The purpose of the program is to advance safety through implementation of processes and procedures.

The SCORE Survey performance improvement process continues with the Patient Safety Officer continuing to meet with staff to set-up goals for improvement.

With the feedback from the Town Hall sessions, we are bringing back our Environmental Stewardship team. This team is comprised of leadership and health system staff. The purpose of the committee is to recognize the importance of protecting the natural environment through conservation and sustainable practices. Some accomplishments that have occurred include greater than 80% of cardboard is recycled, greater than 90% of paper is recycled, and 54% of trash is recycled. Future initiatives are being planned.

Our Dietary Department has a unique opportunity to use its mission of healing to support and model healthy nutrition habits for our patients, employees, and community. They have taken into consideration customers' requests and comments they have received and are excited to be able to respond with changes. Some of the changes include more grab & go options, allergen and diet preference labeling, Tahoe Food Hub days that feature locally sourced vegetables and fruits, and increased options for people with special dietary needs.

Growth: Foster and Grow Community and Regional Relationships

Enhance and promote our value to the community

Health System staff are reminded that our Gateway Neighbors in Truckee are important to us. We all need to remember not to exit the backside of the campus on Spring Lane towards the Gateway community. A letter was recently sent to our Gateway Neighbors informing them of some of the campus improvement activities at Tahoe Forest Hospital.

Service: Optimize Deliver Model to Achieve Operational and Clinical Efficiency

Implement a focused master plan

Moves:

- No current moves at this time.

Projects in Progress:

Project: TFHD Pharmacy Clean Room, OSHPD S170926-29-00

Estimated Start of Construction: 4/30/2018

Estimated Completion: Fall 2019

Summary of Work: To meet new federal USP 800 regulations the surgical special procedures room will be reconstructed to house pharmacy compounding during construction, Phase 1. Phase 2 will be to reconstruct the Pharmacy to meet USP 800 requirements.

Update Summary: The Temporary room is in use. Construction of Pharmacy is completed. Approval process is in motion.

Project: 3rd Floor MOB Phase 1

Estimated Start of Construction: 11/19/2018

Estimated Completion: Fall 2019

Summary of Work: Phase 1 reconstruct the 3rd Floor MOB 2 western suites for increased flexibility and additional exam rooms.

Update Summary: Project is being punch listed. Licensing application has been submitted.

Project: Cancer Center 2nd Floor

Estimated Start of Construction: 10/18/2018

Estimated Completion: Fall 2019

Summary of Work: Construct the 2nd floor of the Cancer Center for expansion of Rural Health Clinic Services.

Update Summary: Finishes are completed; first floor entrance construction is commencing.

Project: Tahoe City Physical Therapy Expansion

Estimated Start of Construction: TBD

Estimated Completion: TBD

Summary of Work: Lease and renovate the remainder of the second floor of existing building.

Update Summary: Project is being sent out to bid the week of July 15th.

Project: Center for Health and Sports Performance Renovation

Estimated Start of Construction: TBD

Estimated Completion: TBD

Summary of Work: Transform existing center into open floor concept and provide additional treatment tables.

Update Summary: Project on Hold

Project: 2019 TFH Structure Demolition

Estimated Start of Construction: September 2019

Estimated Completion: November 2019

Summary of Work: Demolish Pat and Ollies, North and South Levon Apartment structures.

Update Summary: Project is out to bid.

Projects in Permitting:

Project: Campus Water Improvements

Estimated Start of Construction: TBD

Estimated Completion: TBD

Summary of Work: Move the PRV station to Donner Pass Rd allowing the Hospital campus to tie into the high pressure water line in Donner Pass Rd. This will allow for a higher average of water pressure throughout the campus.

Update Summary: Electrical has been approved, water improvements are under review.

Project: ECC Interior Upgrades

Estimated Start of Construction: Summer 2019

Estimated Completion: TBD

Summary of Work: Remodel all patient rooms and dining area of the 1985 building of the ECC

Update Summary: Project has been returned from OSHPD with second round comments, revisions are in progress.

Project: Security Upgrades

Estimated Start of Construction: Summer 2019

Estimated Completion: Winter 2019

Summary of Work: Make the necessary modifications to improve security in Surgery, Diagnostic Imaging and Emergency Departments.

Update Summary: The project is in permitting.

Projects in Design:

Project: Day tank and Underground Storage tank replacement.

Estimated Start of Construction: TBD

Estimated Completion: TBD

Summary of Work: Remove and replace the 30-year-old underground storage tank and existing day tank.

Update Summary: Project is in the process of being designed.

Project: 2nd Floor MOB

Estimated Start of Construction: TBD

Estimated Completion: TBD

Summary of Work: Remodel 3 suites of the 2nd floor of the MOB.

Update Summary: Project is in the process of being designed.

Project: Site Improvements Phase 2

Estimated Start of Construction: Summer 2019

Estimated Completion: Winter 2019

Summary of Work: Create additional parking to support the occupancy of the 2nd floor Cancer Center clinic.

Update Summary: Project is in the process of being designed.

Project: Gateway Temporary Parking

Estimated Start of Construction: Summer 2019

Estimated Completion: Winter 2019

Summary of Work: Create additional parking to MOB and Gateway parking demands.

Update Summary: Project is in the process of being designed.

Project: Pat and Ollies Demo/Parking Improvements

Estimated Start of Construction: Summer 2019

Estimated Completion: Winter 2019

Summary of Work: Create additional parking to support the occupancy of the 2nd floor Cancer Center clinic.

Update Summary: Project is in design.

Project: Levon Parking Structure

Estimated Start of Construction: Spring 2020

Estimated Completion: Winter 2020

Summary of Work: Create additional parking to support the District.

Update Summary: Predevelopment is commencing

Project: Gateway Medical Office Building

Estimated Start of Construction: Spring 2021

Estimated Completion: Winter 2024

Summary of Work: Create a new medical office building to house multiple hospital entities.

Update Summary: Procurement method is in development.

By: Karen Baffone, RN, MS
Chief Nursing Officer

DATE: July, 2019

Service: Optimize delivery model to achieve operational and clinical efficiency

Use technology to improve efficiencies

- Scope of Work executed for the Sepsis bundle that will increase capture rate.
- High Reliability continues to incorporate risks that are now addressed on a daily basis.
- First admission/discharge reports written and reviewed by the nursing clinical analyst that provides valuable information for census and productivity.

Quality: Provide clinical excellence in clinical outcomes

Identify and promote best practice and evidence-based medicine

- **Level III Trauma**
 - No full trauma patients to date. There have been 89 modified trauma patients.
 - Response time to transfer modified trauma patient to Renown under 2 hours (2 hours is the “urgent” standard time for trauma transfers).
 - Meeting with North Tahoe Fire Protection District to on board them with Image Trends, their reporting system.
 - Mock Trauma Activation Simulations completed for Radiology.
 - First Stop the Bleed training occurred with the Pediatric Clinic. The second class is being facilitated for Truckee Police Department.
 - Trauma Clinical Practice Guidelines presented at Medical Executive Committee.
 - Trauma Services Intranet in process.
 - The trauma grant through CARESTAR foundation has been escalated to their board of directors.
- **Behavioral Health**
 - 5150 populations have been extremely high over the last several weeks. There has been increased utilization of the security officers as a result.
 - Current behavioral health census in outpatient arena is 110 patients.

Growth: Meets the needs of the community

Enhance and promote our value to the community

- **Truckee Surgery Center**
 - Manager hired – Starts July 24
 - Facility improvements continue
 - Interviewing staff
 - Awaiting Licensure
- Anticipate Sept 1 completion of the project – Currently 72% complete



Board CIO Report

By: Jake Dorst, MBA
Chief Information and Innovation Officer

DATE: July 2019

Service: Optimize delivery model to achieve operational and clinical efficiency
Use technology to improve efficiencies

- Epic Secure Chat/Secure Text went live June 27.
- Epic classes created for Reporting Workbench/Radar dashboards. Will be held in August.
- CVS Wellpartner 340B Data Files set up and all historical files sent. 7/1/19
- Cancer Center Epic-Workflow sign off. Mercy team on site for a week.
- Interfaces for Epic Cancer Center to Varian integration project in build phase.
- Cancer LinQ Data Extract work begun for move to Epic data. 16 Data Extracts
- Dietary new software/DFM Interfaces to Epic in testing. Go live in July.
- NV Health Information Exchange Interfaces live June 20, 2019. The final CCD interface July.
- Nihon Kohden Monitors deployment planning and telemetry network work is starting.
- Philips PACs upgrade go live June 15-16
- Trauma Navigator and Trauma orders build for ASAP-Jen Ingalls
- Cancer Center Ambulatory Build-Thank you to Kris Stotts
- Prime Reports, very large work effort- Thank you to Jen Tirdel
- Seeking Interface/Data transfer/Report resource.

By: Shawni Coll, D.O., FACOG
Chief Medical Officer

DATE: July 12, 2019

People: Strengthen a highly-engaged culture that inspires teamwork

Build Trust

- Medical staff members have been forth coming with disclosures and a team approach occurs when discussing with patient and family. This has helped to increase trust with Medical Staff and Administration.

Build a culture based on the foundations of our values

- The executive team is working on improving physician engagement through a new Quality Bonus program.

Attract, develop, and retain strong talent and promote great careers

- We continue to pursue succession planning for Dr. Jerry Schaffer, gastroenterologist and continue to engage with neurologist to fill our current gap.

Service: Optimize delivery model to achieve operational and clinical efficiency

Develop integrated, standardized and innovative processes across all services

- Pilot program on Primary Care Clinic Templates are being tested this coming month. If it is successful, Primary Care Clinic schedules will become standardized, making it easier for Centralized Scheduling and clinic operations.

Use technology to improve efficiencies

- Roll out of Secure Texting through Epic went without issues. This new tool is HIPPA compliant and easy for the end user.

Implement a focused master plan

- Preparing for the Pediatric Office to move to the 3rd floor of the Medical Office Building (MOB) in August. They are moving into a more appropriately sized (larger) area and will be also bringing on their new partner, Dr. Ali Fiamengo.

Growth: Meets the needs of the community

Explore and engage potential collaborations and partnerships

- Working with Squaw Valley ski team to finalize an agreement to provide clinical support for the ski team athletes in exchange for marketing/branding of ski team events and material (ski team care, clothing, etc)

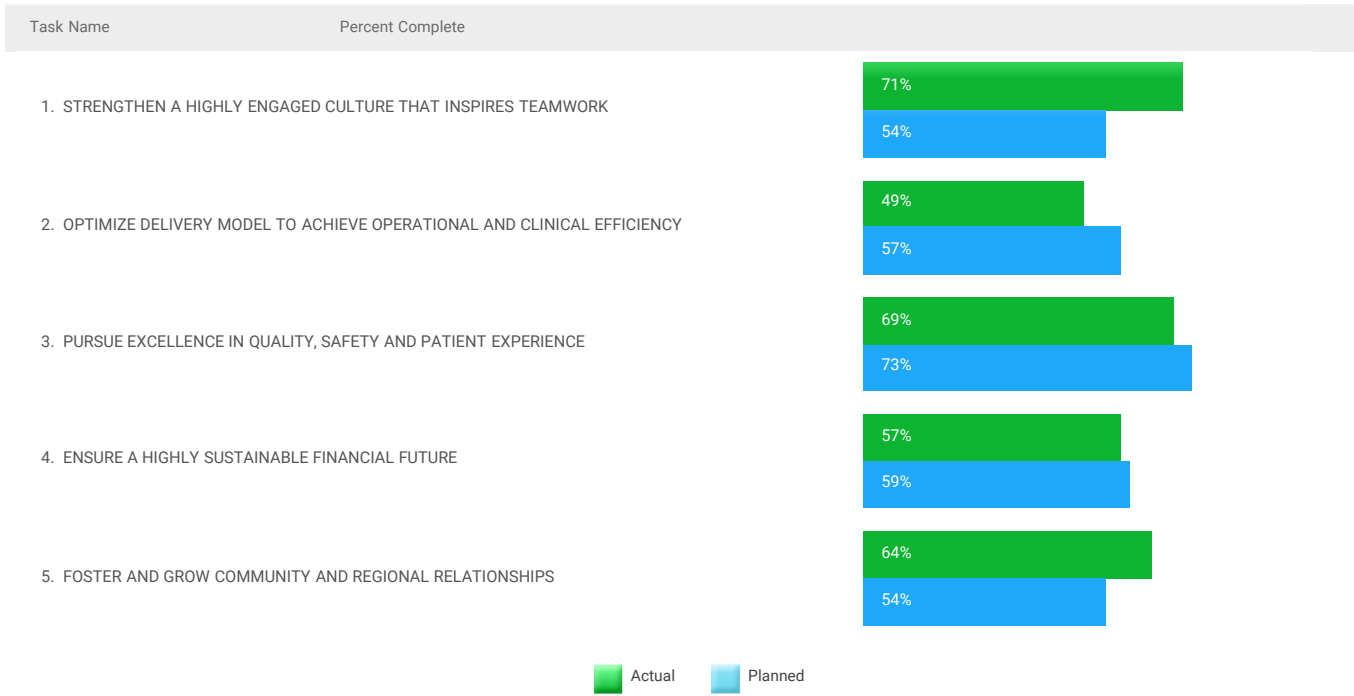
Define opportunities for growth and recapture outmigration

- Continuing to recruit for critical specialty areas to reduce outmigration. Several interviews for Neurology and GI on going.

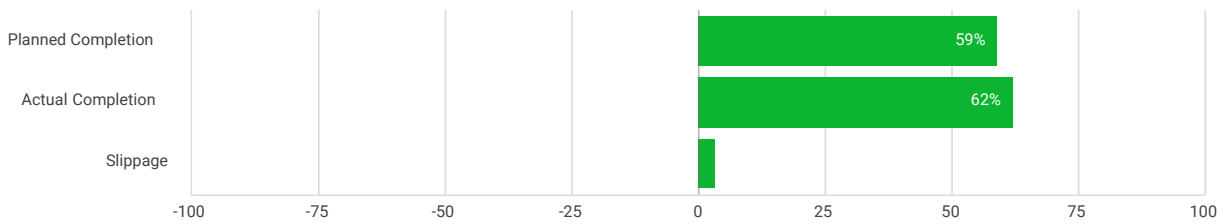
AGENDA ITEM COVER SHEET

ITEM	Strategic Plan Update – 4 th Quarter
RESPONSIBLE PARTY	Judith Newland, COO
ACTION REQUESTED?	Via Consent Calendar
<p>BACKGROUND: This summary and attached dashboards are to provide the Board of Directors a fourth quarter update of Tahoe Forest Health System’s Strategic Plan 2019-2021. This summary includes some of the past 3 months’ progress and accomplishments on our strategic priorities. Along with the highlighted summary are dashboards showing completion percentages for strategic priorities and goals.</p>	
<p>SUMMARY/OBJECTIVES: The schedule for completion of the Strategic Plan is 3% ahead of schedule for end of FY2019. Overall we have an actual completed percent of 62% for our Strategic Priorities and Goals instead of the planned percentage of 59% for end of FY 2019. The following are some highlighted progress:</p> <ol style="list-style-type: none"> 1. Strengthen a highly-engaged culture that inspires teamwork. <ul style="list-style-type: none"> • The biannual Employee Engagement Survey completed in 2018 and showed improved results from 2016 with results previously provided to Board of Directors (BOD). In process of preparing for distribution of Physician/Provider Engagement Survey November, 2019. 2. Optimize delivery model to achieve operational and clinical efficiency. <ul style="list-style-type: none"> • Completion of 3rd Medical Office Building (MOB) and 2nd Floor Cancer Center remains on schedule. Occupancy of 3rd floor MOB is planned for August subject to California Department of Health (CDPH) licensing. Occupancy of the 2nd Floor Cancer Center is planned for October subject to CDPH licensing. 3. Pursue excellence in quality, safety and patient experience <ul style="list-style-type: none"> • The annual SCORE survey completed and showed improved results from 2018 as previously report to BOD. Departmental goal setting in progress. • Successful completion validation survey for Culture of Safety Domain as part of the BETA HEART program. • Scheduling of Family Experience Training Program to begin fall 2019. 4. Ensure a highly sustainable financial future <ul style="list-style-type: none"> • Successful completion of the FY2020 Budget utilizing Kaufmann Hall Axiom Budget platform. • Successful implementation of the Financial Customer Service Program • Successful completion of monthly statistical reporting with Mercy Epic. 5. Foster and grow community and regional relationships <ul style="list-style-type: none"> • Increased total clinic visits by 20% for FY2019, increasing access to care. • On Sept. 1 2019 we begin the mandatory auditing and registry recording for Level III Trauma designation. Once completed, TFHD will be eligible for designation. 	
<p>SUGGESTED MOTION/ALTERNATIVES: Acceptance via consent calendar.</p>	
<p>LIST OF ATTACHMENTS:</p> <ul style="list-style-type: none"> • Dashboard 	

Progress



Time



**BOARD OF DIRECTORS
TAHOE FOREST HOSPITAL DISTRICT
COUNTIES OF PLACER AND NEVADA, STATE OF CALIFORNIA**

RESOLUTION NO. 2019-06

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE TAHOE FOREST
HOSPITAL DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF THE
DISTRICT'S 2019 GENERAL OBLIGATION REFUNDING BONDS**

Adopted July 25, 2019

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**BOARD OF DIRECTORS
TAHOE FOREST HOSPITAL DISTRICT
COUNTIES OF PLACER AND NEVADA, STATE OF CALIFORNIA**

RESOLUTION NO. 2019-06

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE TAHOE FOREST
HOSPITAL DISTRICT AUTHORIZING THE ISSUANCE AND SALE OF THE
DISTRICT'S 2019 GENERAL OBLIGATION REFUNDING BONDS**

RESOLVED, by the Board of Directors (the "Board") of the Tahoe Forest Hospital District (the "District"), as follows:

WHEREAS, at the September 25, 2007 election, the District received authorization by a vote in excess of two-thirds of the voters voting, to issue \$98,500,000 of general obligation bonds (the "2007 Authorization") for the sole purposes of financing acquisition or improvement of real property for hospital purposes.

WHEREAS, on August 2, 2012, the District issued its "Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series C (2012)" (the "2012 Bonds"), in the original principal amount of \$26,100,000, issued for authorized hospital purposes pursuant to the 2007 Authorization, of which \$25,790,000 principal amount remains outstanding;

WHEREAS, pursuant to Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act"), the District is empowered to issue general obligation refunding bonds;

WHEREAS, the District intends to issue general obligation refunding bonds pursuant to this Resolution and in conformity with the Act to provide for the redemption of all outstanding 2012 Bonds;

WHEREAS, the Board desires to authorize the issuance of such general obligation refunding bonds (the "Bonds"); and

WHEREAS, the Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment;

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE TAHOE FOREST HOSPITAL DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

ARTICLE I

DEFINITIONS; AUTHORITY

Section 1.01. Definitions. The terms defined in this Section 1.01, as used and capitalized herein, shall, for all purposes of this Resolution, have the meanings ascribed to them below, unless the context clearly requires some other meaning.

“Act” means provisions of Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code, as is in effect on the date of adoption hereof and as amended hereafter.

“Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution, and the words *“herein,” “hereof,” “hereunder”* and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

“Authorized Investments” means any investments permitted by law to be made with moneys belonging to, or in the custody of, the District, but only to the extent that the same are acquired at Fair Market Value.

“Board” means the Board of Directors of the District.

“Bond Counsel” means any attorney or firm of attorneys nationally recognized for expertise in rendering opinions as to the legality and tax exempt status of securities issued by public entities.

“Bond Purchase Agreement” means the Bond Purchase Agreement by and between the District and the Underwriters, for the purchase and sale of the Bonds.

“Bond Register” means the registration books for the Bonds maintained by the Paying Agent.

“Bonds” means the Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2019 General Obligation Refunding Bonds, at any time Outstanding pursuant to this Resolution.

“Closing Date” means the date upon which there is an exchange of the Bonds for the proceeds representing the purchase of the Bonds by the Underwriters.

“Code” means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

“Continuing Disclosure Certificate” shall mean that certain Continuing Disclosure Certificate executed by the District and dated the date of issuance and delivery of the Bonds, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Costs of Issuance” means all items of expense directly or indirectly reimbursable to the District relating to the issuance, execution and delivery of the Bonds including, but not limited

to, filing and recording costs, settlement costs, printing costs, reproduction and binding costs, legal fees and charges, fees and expenses of the Paying Agent, financial and other professional consultant fees, costs of obtaining credit ratings, fees for execution, transportation and safekeeping of the Bonds and charges and fees in connection with the foregoing.

“*Counties*” means Placer and Nevada Counties, California.

“*Debt Service*” means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

“*District Representative*” means the Chair of the Board, the Vice Chair of the Board, the Secretary of the Board, the Assistant Secretary of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District, or any other person authorized by this Resolution or other resolution of the Board to act on behalf of the District with respect to this Resolution and the Bonds.

“*Fair Market Value*” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of section 1273 of the Code) and, otherwise, the term “*Fair Market Value*” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) any commingled investment fund in which the District and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of the investment.

“*Federal Securities*” means United States Treasury Bonds, bills or certificates of indebtedness or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

“*Interest Payment Date*” means, with respect to interest, February 1 and August 1 of each year commencing on February 1, 2020, and with respect to principal, August 1, of each year commencing on August 1, 2020.

“*Net Proceeds*,” when used with reference to the Bonds, means the face amount of the Bonds, plus accrued interest and premium, if any, less original issue discount, if any.

“*Outstanding*” means, when used as of any particular time with reference to Bonds, all Bonds except:

(a) Bonds theretofore canceled by the Paying Agent or surrendered to the Paying Agent for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of Section 9.02 hereof; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the District pursuant to this Resolution.

"Owner" or *"Bondowner"* mean any person who shall be the registered owner of any Outstanding Bond.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Certificate.

"Paying Agent" means U.S. Bank National Association, the Paying Agent appointed by the District and acting as paying agent, registrar and authenticating agent for the Bonds, or such other paying agent as shall be appointed by the District prior to the delivery of the Bonds, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in Section 6.01 hereof.

"Paying Agent Agreement" means the Paying Agent/Bond Registrar/Costs of Issuance Agreement, dated the Closing Date, by and between the District and the Paying Agent.

"Principal Office" means the principal corporate trust office of the Paying Agent in San Francisco, California.

"Record Date" means the 15th day of the month preceding each Interest Payment Date.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Resolution" means this Resolution, including all amendments hereto and supplements hereof which are duly adopted by the Board from time to time in accordance herewith.

"Supplemental Resolution" means any resolution supplemental to or amendatory of this Resolution, adopted by the District in accordance with Article VIII hereof.

"Term Bonds" means those Bonds for which mandatory redemption dates have been established pursuant to the Bond Purchase Agreement.

"2012 Bonds" means the Tahoe Forest Hospital District General Obligation Bonds, Election of 2007, Series C (2012) , in the original principal amount of \$26,100,000, issued for authorized hospital purposes, of which \$25,790,000 principal amount remains outstanding.

"Underwriters" means Hilltop Securities Inc., Piper Jaffray & Co., Raymond James & Associates, Inc. and D.A. Davidson & Co.

"Written Request of the District" means an instrument in writing signed by the District Representative or by any other officer of the District duly authorized by the District and listed on a Written Request of the District for that purpose.

Section 1.02. Authority for this Resolution. This Resolution is entered into pursuant to the provisions of the Act.

ARTICLE II

THE BONDS

Section 2.01. Authorization. Bonds are hereby authorized to be issued by the District under and subject to the terms of the Act and this Resolution. The amount of Bonds shall be determined on the date of sale thereof as the amount of Bonds needed for the defeasance of the 2012 Bonds and for the payment of Costs of Issuance in accordance with the Bond Purchase Agreement. This Resolution constitutes a continuing agreement with the Owners of all of the Bonds issued or to be issued hereunder and then Outstanding to secure the full and final payment of principal of and the interest on all Bonds which may from time to time be executed and delivered hereunder, subject to the covenants, agreements, provisions and conditions herein contained. The Bonds shall be designated the "Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2019 General Obligation Refunding Bonds."

Section 2.02. Terms of Bonds.

(a) *Form; Numbering*. The Bonds shall be issued as fully registered Bonds, without coupons, in the denomination of \$5,000 each or any integral multiple thereof, but in an amount not to exceed the aggregate principal amount of Bonds maturing in the year of maturity of the Bond for which the denomination is specified. Bonds shall be lettered and numbered as the Paying Agent shall prescribe.

(b) *Date of Bonds*. The Bonds shall be dated as of the Closing Date.

(c) *CUSIP Identification Numbers*. "CUSIP" identification numbers shall be imprinted on the Bonds, but such numbers shall not constitute a part of the contract evidenced by the Bonds and any error or omission with respect thereto shall not constitute cause for refusal of any purchaser to accept delivery of and pay for the Bonds. In addition, failure on the part of the District to use such CUSIP numbers in any notice to Owners of the Bonds shall not constitute an Event of Default (hereinafter defined) or any violation of the District's contract with such Owners and shall not impair the effectiveness of any such notice.

(d) *Maturities; Interest*. The Bonds shall mature (or, alternatively, be subject to mandatory sinking fund redemption as hereinafter provided) and become payable on August 1 in the years and in the amounts set forth in, and subject to the alteration thereof permitted by, the Bond Purchase Agreement, but shall mature no later than August 1, 2042. The Bonds shall bear interest at such rate or rates as shall be determined upon the sale thereof, payable semi-annually on each Interest Payment Date.

Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication thereof unless (i) it is registered and authenticated as of an Interest Payment Date, in which event it shall bear interest from such date, or (ii) it is registered and authenticated prior to an Interest Payment Date and after the close of business on the fifteenth day of the month preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is registered and authenticated prior to January 15, 2020, in which event it shall bear interest from the date described in paragraph (b) of this Section 2.02; *provided, however*, that if at the time of authentication of a Bond, interest is in default thereon, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon.

Interest on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(e) *Payment.* Interest on the Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Paying Agent mailed via first-class mail to the Owner thereof at such Owner's address as it appears on the Bond Register on each Record Date or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Paying Agent at least five (5) days before the applicable Record Date. Principal of the Bonds is payable in lawful money of the United States of America at the Principal Office.

Section 2.03. Redemption.

(a) *Optional Redemption.* The Bonds are subject to optional redemption on the dates and at the redemption prices set forth in the Bond Purchase Agreement. The District shall be required to give the Paying Agent written notice of its intention to redeem Bonds.

(b) *Mandatory Sinking Fund Redemption.* The Bonds shall be subject to mandatory sinking fund redemption on August 1 in each year, in the years and in the amounts specified in the Bond Purchase Agreement. If some but not all of the Bonds shall be redeemed pursuant to the preceding subsection (a) of this Section 2.03, the aggregate principal amount of the Bonds to be redeemed in each year pursuant to this subsection (b) shall be reduced on a *pro rata* basis in integral multiples of \$5,000, as shall be designated pursuant to written notice filed by the District with the Paying Agent.

(c) *Notice of Redemption.* The Paying Agent on behalf and at the expense of the District shall mail (by first class mail) notice of any redemption to: (i) the respective Owners of any Bonds designated for redemption, at least thirty (30) but not more than sixty (60) days prior to the redemption date, at their respective addresses appearing on the Bond Register, and (ii) the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the redemption; *provided, however,* that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Bond numbers and the maturity or maturities (in the event of redemption of all of the Bonds of such maturity or maturities in whole) of the Bonds to be redeemed, and shall require that such Bonds be then surrendered at the Principal Office for redemption at the redemption price, giving notice also that further interest on such Bonds will not accrue from and after the redemption date.

Notwithstanding the foregoing, in the case of any optional redemption of the Bonds, the notice of redemption shall state that the redemption is conditioned upon receipt by the Paying Agent of sufficient moneys to redeem the Bonds on the scheduled redemption date, and that the optional redemption shall not occur if, by no later than the scheduled redemption date, sufficient moneys to redeem the Bonds have not been deposited with the Paying Agent. In the event that the Paying Agent does not receive sufficient funds by the scheduled optional redemption date to so redeem the Bonds to be optionally redeemed, the Paying Agent shall send written notice to the Owners, to the Securities Depositories and to one or more of the Information Services to the effect that the redemption did not occur as anticipated, and the Bonds for which notice of optional redemption was given shall remain Outstanding for all purposes.

(d) *Selection of Bonds for Redemption.* Whenever provision is made for the redemption of Bonds of more than one maturity, the Bonds to be redeemed shall be selected by the District evidenced by a Written Request of the District filed with the Paying Agent or, absent such selection by the District, on a *pro rata* basis among the maturities subject to redemption; and in each case, the Paying Agent shall select the Bonds to be redeemed within any maturity by lot in any manner which the Paying Agent in its sole discretion shall deem appropriate and fair. For purposes of such selection, all Bonds shall be deemed to be comprised of separate \$5,000 portions and such portions shall be treated as separate Bonds which may be separately redeemed.

(e) *Partial Redemption of Bonds.* In the event only a portion of any Bond is called for redemption, then upon surrender of such Bond the District shall execute and the Paying Agent shall authenticate and deliver to the Owner thereof, at the expense of the District, a new Bond or Bonds of the same maturity date, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the Bond to be redeemed. Bonds need not be presented for mandatory sinking fund redemptions.

(f) *Effect of Redemption.* From and after the date fixed for redemption, if funds available for the payment of the principal of and interest (and premium, if any) on the Bonds so called for redemption shall have been duly provided, such Bonds so called shall cease to be entitled to any benefit under this Resolution other than the right to receive payment of the redemption price, and no interest shall accrue thereon from and after the redemption date specified in such notice. All Bonds redeemed pursuant to this Section 2.03 shall be canceled and shall be destroyed by the Paying Agent.

Section 2.04. Form of Bonds. The Bonds, the form of the Paying Agent's certificate of authentication and registration and the form of assignment to appear thereon shall be substantially in the forms, respectively, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Resolution, as are set forth in Exhibit A attached hereto.

Section 2.05. Execution of Bonds. The Bonds shall be executed on behalf of the District by the manual or facsimile signatures of a District Representative and attested by the Secretary or Assistant Secretary of the Board who are in office on the date of adoption of this Resolution or at any time thereafter. If any officer whose signature appears on any Bond ceases to be such officer before delivery of the Bonds to the Underwriters, such signature shall nevertheless be as effective as if the officer had remained in office until the delivery of the Bonds to the Underwriters. Any Bond may be signed and attested on behalf of the District by such persons as at the actual date of the execution of such Bond shall be the proper officers of the District although at the nominal date of such Bond any such person shall not have been such officer of the District.

Only such Bonds as shall bear thereon a certificate of authentication and registration in the form set forth in Exhibit A attached hereto, executed and dated by the Paying Agent, shall be valid or obligatory for any purpose or entitled to the benefits of this Resolution, and such certificate of the Paying Agent shall be conclusive evidence that the Bonds so registered have been duly authenticated, registered and delivered hereunder and are entitled to the benefits of this Resolution.

Section 2.06. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.08 hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office, accompanied by delivery of a written instrument of transfer in a form approved by the Paying Agent, duly executed. The

Paying Agent shall require the payment by the Owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

Whenever any Bond or Bonds shall be surrendered for transfer, the District shall execute and the Paying Agent shall authenticate and deliver a new Bond or Bonds, for like aggregate principal amount.

No transfers of Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

Section 2.07. Exchange of Bonds. Bonds may be exchanged at the Principal Office for a like aggregate principal amount of Bonds of authorized denominations and of the same maturity. The Paying Agent shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

No exchanges of Bonds shall be required to be made (a) fifteen days prior to the date established by the Paying Agent for selection of Bonds for redemption or (b) with respect to a Bond after such Bond has been selected for redemption.

Section 2.08. Bond Register. The Paying Agent shall keep or cause to be kept sufficient books for the registration and transfer of the Bonds, which shall at all times be open to inspection by the District upon reasonable notice; and, upon presentation for such purpose, the Paying Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on said books, Bonds as herein before provided.

Section 2.09. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the District, and may contain such reference to any of the provisions of this Resolution as may be appropriate. Every temporary Bond shall be executed by the District upon the same conditions and in substantially the same manner as the definitive Bonds. If the District issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office and the Paying Agent shall deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits pursuant to this Resolution as definitive Bonds executed and delivered hereunder.

Section 2.10. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated the District, at the expense of the Owner of said Bond, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Paying Agent of the Bond so mutilated. Every mutilated Bond so surrendered to the Paying Agent shall be canceled by it and delivered to, or upon the order of, the District. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the District and, if such evidence be satisfactory to the District and indemnity satisfactory to it shall be given, the District, at the expense of the Owner, shall execute, and the Paying Agent shall thereupon authenticate and deliver, a new Bond of like maturity and principal amount in lieu of and in substitution for the Bond so lost, destroyed or stolen. The District may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the District and the Paying Agent in the premises. Any Bond issued under the provisions of this Section 2.10 in lieu of any Bond alleged to be lost,

destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Resolution with all other Bonds issued pursuant to this Resolution.

Section 2.11. Book Entry System. Except as provided below, the owner of all of the Bonds shall be The Depository Trust Company, New York, New York ("DTC"), and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Bonds shall be initially executed and delivered in the form of a single fully registered Bond for each maturity date of the Bonds in the full aggregate principal amount of the Bonds maturing on such date. The Paying Agent and the District may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for all purposes of this Resolution, and neither the Paying Agent nor the District shall be affected by any notice to the contrary. The Paying Agent and the District shall not have any responsibility or obligation to any participant of DTC (a "Participant"), any person claiming a beneficial ownership interest in the Bonds under or through DTC or a Participant, or any other person which is not shown on the register of the District as being an owner, with respect to the accuracy of any records maintained by DTC or any Participant or the payment by DTC or any Participant by DTC or any Participant of any amount in respect of the principal or interest with respect to the Bonds. The Paying Agent shall cause to be paid all principal and interest with respect to the Bonds received from the District only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the District's obligations with respect to the principal and interest with respect to the Bonds to the extent of the sum or sums so paid. Except under the conditions noted below, no person other than DTC shall receive a Bond. Upon delivery by DTC to the District of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the term "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

If the District determines that it is in the best interest of the beneficial owners that they be able to obtain Bonds and delivers a written certificate to DTC to that effect, DTC shall notify the Participants of the availability through DTC of Bonds. In such event, the District shall issue, transfer and exchange Bonds as requested by DTC and any other owners in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is no successor securities depository), the District shall be obligated to deliver Bonds as described in this Resolution. Whenever DTC requests the District to do so, the District will cooperate with DTC in taking appropriate action after reasonable notice to (a) make available one or more separate Bonds evidencing the Bonds to any DTC Participant having Bonds credited to its DTC account or (b) arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Notwithstanding any other provision of this Resolution to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal and interest with respect to such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided as in the representation letter delivered on the date of issuance of the Bonds.

ARTICLE III

ISSUE OF BONDS; APPLICATION OF BOND PROCEEDS; SECURITY FOR THE BONDS

Section 3.01. Issuance, Award and Delivery of Bonds. At any time after the execution of this Resolution the District may issue and deliver Bonds in any principal amount, subject to the authorization provisions set forth in Section 2.01 and the savings requirements set forth in Section 4.01.

The District Representatives shall be, and are hereby, directed to cause the Bonds to be printed, signed and delivered to the Underwriters on receipt of the purchase price therefor and upon performance of the conditions contained in the Bond Purchase Agreement.

The Paying Agent is hereby authorized to deliver the Bonds to the Underwriters, upon receipt of a Written Request of the District.

Section 3.02. Establishment of Costs of Issuance Fund. There is hereby created the "Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2019 General Obligation Refunding Bonds, Costs of Issuance Fund" (the "Costs of Issuance Fund"), which shall be held and maintained by the Paying Agent as a separate fund, distinct from all other funds thereof. Amounts on deposit in the Costs of Issuance Fund shall be disbursed for the purpose of paying all Costs of Issuance. Payment of the Costs of Issuance shall be made only upon the receipt by the Paying Agent, as costs of issuance custodian under the Paying Agent Agreement, of a written request of the District. Moneys on deposit in the Costs of Issuance Fund shall be invested in money market mutual funds which are rated by Moody's Investors Service or S&P Global Ratings in one of its two highest rating categories, including funds for which the Paying Agent, its affiliates or subsidiaries provide investment, advisory or other management or administrative services. Interest and earnings derived from the investment of amounts on deposit in the Costs of Issuance Fund shall be retained therein until the Costs of Issuance Fund is closed. On the date three months after the Closing Date, or upon prior written direction from the District, all amounts remaining on deposit in the Costs of Issuance Fund shall be withdrawn therefrom by the Paying Agent and transferred to District and the Costs of Issuance Fund shall be closed.

Section 3.03. Application of Proceeds of Sale of Bonds. On the Closing Date, the proceeds from the sale of the Bonds shall be paid by the Underwriters as follows:

(a) The Paying Agent shall deposit in the Costs of Issuance Fund the proceeds of the Bonds required to pay the Costs of Issuance (as shall be designated by the District on or prior to the Closing Date); and

(b) The Paying Agent, as paying agent for the 2012 Bonds, shall hold the proceeds of the Bonds required to provide for the redemption of the 2012 Bonds, in a temporary account and shall apply such amount to the redemption of the 2012 Bonds on such date as shall be designated by the District on or prior to the Closing Date).

Section 3.04. Security for the Bonds. There shall be levied by Placer and Nevada Counties on all the taxable property in the District, in addition to all other taxes, a continuing direct and *ad valorem* tax annually during the period the Bonds are outstanding in an amount sufficient to pay the principal of and interest on the Bonds when due, which moneys when collected will be placed in the Interest and Sinking Fund of the District, which fund is irrevocably pledged for the payment of the principal of and interest on the Bonds when and as the same fall due. The Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem*

tax or taxes levied for their repayment. The moneys in the Interest and Sinking Fund heretofore established and maintained by the Counties for the District, to the extent necessary to pay the principal of and interest on the Bonds as the same become due and payable, shall be transferred by the Counties to the District for subsequent transfer to the Paying Agent, as paying agent for the Bonds, as necessary to pay the principal of and interest on the Bonds. The property taxes and amounts held in the Interest and Sinking Fund of the District shall immediately be subject to this pledge, and the pledge shall constitute a lien and security interest which shall be effective, binding, and enforceable against the District, its successors, creditors and all others irrespective of whether those parties have notice of the pledge and without the need of any physical delivery, recordation, filing, or further act. The pledge is an agreement between the District and the Owners of the Bonds in addition to any statutory lien that may exist, and the Bonds were issued to refinance one or more projects specified in the 2007 Authorization and not to finance the general purposes of the District.

Additionally, in accordance with section 53515(a) of the California Government Code, the Bonds shall be secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax for the 2007 Authorization. The lien shall automatically attach without further action or authorization by the District or the Counties. The lien shall be valid and binding from the time the Bonds are executed and delivered. The revenues received pursuant to the levy and collection of the tax shall be immediately subject to the lien, and the lien shall automatically attach to the revenues and be effective, binding, and enforceable against the District, its successors, transferees, and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

ARTICLE IV

SALE OF BONDS; APPROVAL OF PAYING AGENT AGREEMENT; APPROVAL OF OFFICIAL STATEMENT; OFFICIAL ACTIONS

Section 4.01. Sale of the Bonds.

(a) *Minimum Savings Required.* A District Representative shall determine, on behalf of the District whether the 2012 Bonds shall be refunded; *provided, however*, the net present value savings to be realized by the District with respect to the 2012 Bonds as a result of the issuance of the Bonds shall not be less than 5% of the outstanding principal balance of the 2012 Bonds.

(b) *Public Offering.* The Board hereby authorizes the negotiated sale of the Bonds to the Underwriters. A Bond Purchase Agreement, in the form attached hereto as Exhibit B, together with any additions thereto or changes therein deemed necessary or advisable by a District Representative, is hereby approved by the Board. Each District Representative is hereby authorized and directed to execute the Bond Purchase Agreement for and in the name and on behalf of the District; *provided, however*, that the Underwriters' discount, excluding reimbursable expenses of the Underwriter, shall not exceed 0.50% of the aggregate of the principal amount of Bonds issued. The Board hereby authorizes the delivery and performance of the Bond Purchase Agreement. If a District Representative determines to sell a portion of the Bonds on a private placement basis, the Bond Purchase Agreement approved by this paragraph shall relate only to the portion of the Bonds sold pursuant to a public offering.

Section 4.02. Approval of Paying Agent Agreement. The Paying Agent Agreement, in the form attached hereto as Exhibit C, together with any additions thereto or changes therein deemed necessary or advisable by a District Representative, is hereby approved by the Board. The District Representatives are hereby authorized and directed to execute the Paying Agent Agreement for and in the name and on behalf of the District. The Board hereby authorizes the delivery and performance of the Paying Agent Agreement.

Section 4.03. Approval of Official Statement. The Board hereby approves a preliminary official statement describing the financing (the "Preliminary Official Statement") in the form on file with the Secretary of the Board, together with any changes therein or additions thereto deemed advisable by a District Representative. The Board authorizes and directs the District Representatives, on behalf of the District, to deem "final" pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") the Preliminary Official Statement prior to its distribution to prospective purchasers of the Bonds.

The Underwriters, on behalf of the District, are authorized and directed to cause the Preliminary Official Statement to be distributed to such persons as may be interested in purchasing the Bonds therein offered for sale.

The District Representatives are authorized and directed to cause the Preliminary Official Statement to be brought into the form of a final official statement (the "Final Official Statement") and to execute the Final Official Statement, dated as of the date of the sale of the Bonds, and a statement that the facts contained in the Final Official Statement, and any supplement or amendment thereto (which shall be deemed an original part thereof for the purpose of such statement) were, at the time of sale of the Bonds, true and correct in all material respects and that the Final Official Statement did not, on the date of sale of the Bonds, and does not, as of the date of delivery of the Bonds, contain any untrue statement of a material fact with respect to the District or omit to state material facts with respect to the District required to be stated where

necessary to make any statement made therein not misleading in light of the circumstances under which it was made. The District Representatives shall take such further actions prior to the signing of the Final Official Statement as are deemed necessary or appropriate to verify the accuracy thereof. The execution of the Final Official Statement, which shall include such changes and additions thereto deemed advisable by the District Representatives, and such information permitted to be excluded from the Preliminary Official Statement pursuant to the Rule, shall be conclusive evidence of the approval of the Final Official Statement by the District.

The Final Official Statement, when prepared, is approved for distribution in connection with the offering and sale of the Bonds.

Section 4.04. Official Action. All actions heretofore taken by the officers and agents of the District with respect to the sale and issuance of the Bonds are hereby approved, and the District Representatives, and any and all other officers of the District are hereby authorized and directed for and in the name and on behalf of the District, to do any and all things and take any and all actions relating to the execution and delivery of any and all certificates, requisitions, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Bonds in accordance with this Resolution.

ARTICLE V

COVENANTS OF THE DISTRICT

Section 5.01. Punctual Payment. The District will punctually pay, or cause to be paid, the principal of and interest on the Bonds, in strict conformity with the terms of the Bonds and of this Resolution, and it will faithfully observe and perform all of the conditions, covenants and requirements of this Resolution and of the Bonds. Nothing herein contained shall prevent the District from making advances of its own moneys, howsoever derived, to any of the uses or purposes permitted by law.

Section 5.02. Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the District will not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and will not, directly or indirectly, approve any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the District, such claim for interest so extended or funded shall not be entitled, in case of default hereunder, to the benefits of this Resolution, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have so extended or funded.

Section 5.03. Protection of Security and Rights of Bondowners. The District will preserve and protect the security of the Bonds and the rights of the Bondowners, and will warrant and defend their rights against all claims and demands of all persons. From and after the sale and delivery of any of the Bonds by the District, the Bonds shall be incontestable by the District. The District will do whatever is in its knowledge and power to assure that the Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment.

Section 5.04. Further Assurances. The District will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in this Resolution.

Section 5.05. Tax Covenants.

(a) *Private Activity Bond Limitation*. The District shall assure that the proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Code or the private loan financing test of section 141(c) of the Code.

(b) *Federal Guarantee Prohibition*. The District shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Code.

(c) *Rebate Requirement*. The District shall take any and all actions necessary to assure compliance with section 148(f) of the Code, relating to the rebate of excess investment earnings, if any, to the federal government, to the extent that such section is applicable to the Bonds.

(d) *No Arbitrage*. The District shall not take, or permit or suffer to be taken, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the date of issuance of the Bonds

would have caused the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(e) *Maintenance of Tax-Exemption.* The District shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Section 5.06. Acquisition, Disposition and Valuation of Investments.

(a) Except as otherwise provided in subsection (b) of this Section 5.06, the District covenants that all investments of amounts deposited in any fund or account created by or pursuant to this Resolution, or otherwise containing gross proceeds of the Bonds (within the meaning of section 148 of the Code) shall be acquired, disposed of, and valued (as of the date that valuation is required by this Resolution or the Code) at Fair Market Value.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Code shall be valued at their present value (within the meaning of section 148 of the Code).

Section 5.07. Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate, substantially in the form attached hereto as Exhibit D. Notwithstanding any other provision of this Resolution, failure of the District to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default; however, any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate to compel performance, including seeking mandate of specific performance by court order.

ARTICLE VI

THE PAYING AGENT

Section 6.01. Appointment of Paying Agent. U.S. Bank National Association is hereby appointed Paying Agent for the Bonds. The Paying Agent undertakes to perform such duties, and only such duties, as are specifically set forth in this Resolution, and, even during the continuance of an Event of Default, no implied covenants or obligations shall be read into this Resolution against the Paying Agent. The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Resolution by executing and delivering to the District a certificate to that effect.

The District may remove the Paying Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company doing business in the State of California, having a combined capital (exclusive of borrowed capital) and surplus of at least fifty million dollars (\$50,000,000), and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section 6.01 the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

The Paying Agent may at any time resign by giving written notice to the District and the Bondowners of such resignation. Upon receiving notice of such resignation, the District shall promptly appoint a successor Paying Agent by an instrument in writing. Any resignation or removal of the Paying Agent and appointment of a successor Paying Agent shall become effective upon acceptance of appointment by the successor Paying Agent.

Section 6.02. Paying Agent May Hold Bonds. The Paying Agent may become the owner of any of the Bonds in its own or any other capacity with the same rights it would have if it were not Paying Agent.

Section 6.03. Liability of Agents. The recitals of facts, covenants and agreements herein and in the Bonds contained shall be taken as statements, covenants and agreements of the District, and the Paying Agent assumes no responsibility for the correctness of the same, nor makes any representations as to the validity or sufficiency of this Resolution or of the Bonds, nor shall incur any responsibility in respect thereof, other than as set forth in this Resolution. The Paying Agent shall not be liable in connection with the performance of its duties hereunder, except for its own negligence or willful default.

In the absence of bad faith, the Paying Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Paying Agent and conforming to the requirements of this Resolution; but in the case of any such certificates or opinions by which any provision hereof are specifically required to be furnished to the Paying Agent, the Paying Agent shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Resolution.

The Paying Agent shall not be liable for any error of judgment made in good faith by a responsible officer unless it shall be proved that the Paying Agent was negligent in ascertaining the pertinent facts.

No provision of this Resolution shall require the Paying Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Paying Agent may execute any of the powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Paying Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 6.04. Notice to Agents. The Paying Agent may rely and shall be protected in acting or refraining from acting upon any notice, resolution, request, consent, order, certificate, report, warrant, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or proper parties. The Paying Agent may consult with counsel, who may be of counsel to the District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of its duties under this Resolution the Paying Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of bad faith on the part of the Paying Agent, be deemed to be conclusively proved and established by a certificate of the District, and such certificate shall be full warrant to the Paying Agent for any action taken or suffered under the provisions of this Resolution upon the faith thereof, but in its discretion the Paying Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 6.05. Compensation, Indemnification.

(a) The District shall pay to the Paying Agent from time to time reasonable compensation for all services rendered under this Resolution, and also all reasonable expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Resolution. Any District Representative is hereby authorized to execute an agreement or agreements with the Paying Agent in connection with such fees and expenses. The District further agrees to indemnify and save the Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder which are not due to its negligence or bad faith.

(b) The District shall indemnify and hold harmless, to the extent permitted by law, the Counties and their officers and employees ("Indemnified Parties"), against any and all losses, claims, damages or liabilities, joint or several, to which such Indemnified Parties may become subject related to the proceedings for sale, award, issuance and delivery of the Bonds in accordance therewith and herewith. The District shall also reimburse any such Indemnified Parties for any legal or other expenses incurred in connection with investigating or defending any such claims or actions.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDOWNERS

Section 7.01. Events of Default. The following events (“Events of Default”) shall be events of default hereunder:

(a) if default shall be made in the due and punctual payment of the principal of on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) if default shall be made by the District in the observance of any of the covenants, agreements or conditions on its part in this Resolution or in the Bonds contained, and such default shall have continued for a period of thirty (30) days after written notice thereof to the District; or

(d) if the District shall file a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, seeking reorganization of the District under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the District or of the whole or any substantial part of its property.

Section 7.02. Remedies of Bondowners. Any Bondowner shall have the right, for the equal benefit and protection of all Bondowners similarly situated:

(a) by mandamus, suit, action or proceeding, to compel the District and its members, officers, agents or employees to perform each and every term, provision and covenant contained in this Resolution and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the District and the fulfillment of all duties imposed upon it;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Bondowners’ rights; or

(c) upon the happening of any Event of Default, by suit, action or proceeding in any court of competent jurisdiction, to require the District and its members and employees to account as if it and they were the Directors of an express trust.

Section 7.03. Non-Waiver. Nothing in this Article VII or in any other provision of this Resolution, or in the Bonds, shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at the respective dates of maturity, as herein provided, or affect or impair the right of action, which is also absolute and unconditional, of such Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Bondowner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein,

and every power and remedy conferred upon the Bondowners by this Article VII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners of the Bonds.

If a suit, action or proceeding to enforce any right or exercise any remedy be abandoned or determined adversely to the Bondowners, the District and the Bondowners shall be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

Section 7.04. Remedies Not Exclusive. No remedy herein conferred upon the Owners of Bonds shall be exclusive of any other remedy and that each and every remedy shall be cumulative and shall be in addition to every other remedy given hereunder or thereafter conferred on the Bondowners.

ARTICLE VIII

SUPPLEMENTAL RESOLUTIONS

Section 8.01. Supplemental Resolutions Effective Without Consent of the Owners. For any one or more of the following purposes and at any time or from time to time, a Supplemental Resolution of the District may be adopted, which, without the requirement of consent of the Owners of the Bonds, shall be fully effective in accordance with its terms:

(a) to add to the covenants and agreements of the District in this Resolution, other covenants and agreements to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(b) to add to the limitations and restrictions in this Resolution, other limitations and restrictions to be observed by the District which are not contrary to or inconsistent with this Resolution as theretofore in effect;

(c) to confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Resolution, of any moneys, securities or funds, or to establish any additional funds or accounts to be held under this Resolution;

(d) to cure any ambiguity, supply and omission, or cure or correct any defect or inconsistent provision in this Resolution; or

(e) to make such additions, deletions or modifications as may be necessary or desirable to assure exemption from federal income taxation of interest on the Bonds.

Section 8.02. Supplemental Resolutions Effective With Consent to the Owners. Any modification or amendment of this Resolution and of the rights and obligations of the District and of the Owners of the Bonds, in any particular, may be made by a Supplemental Resolution, with the written consent of the Owners of at least two-thirds in aggregate principal amount of the Bonds Outstanding at the time such consent is given. No such modification or amendment shall permit a change in the terms of maturity of the principal of any Outstanding Bonds or of any interest payable thereon or a reduction in the principal amount thereof or in the rate of interest thereon, or shall reduce the percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, or shall change any of the provisions in Section 7.01 hereof relating to Events of Default, or shall reduce the amount of moneys pledged for the repayment of the Bonds without the consent of all the Owners of such Bonds, or shall change or modify any of the rights or obligations of any Paying Agent without its written assent thereto.

ARTICLE IX
MISCELLANEOUS

Section 9.01. Benefits of Resolution Limited to Parties. Nothing in this Resolution, expressed or implied, is intended to give to any person other than the District, the Paying Agent and the Owners of the Bonds, any right, remedy, claim under or by reason of this Resolution. Any covenants, stipulations, promises or agreements in this Resolution contained by and on behalf of the District shall be for the sole and exclusive benefit of the Owners of the Bonds.

Section 9.02. Defeasance.

(a) *Discharge of Resolution*. Bonds may be paid by the District in any of the following ways, provided that the District also pays or causes to be paid any other sums payable hereunder by the District:

(i) by paying or causing to be paid the principal or redemption price of and interest on Bonds Outstanding, as and when the same become due and payable;

(ii) by depositing, in trust, at or before maturity, money or securities in the necessary amount (as provided in Section 9.02(c)) to pay or redeem Bonds Outstanding;
or

(iii) by delivering to the Paying Agent, for cancellation by it, Bonds Outstanding.

If the District shall pay all Bonds Outstanding and shall also pay or cause to be paid all other sums payable hereunder by the District, then and in that case, at the election of the District (evidenced by a certificate of a District Representative, filed with the Paying Agent, signifying the intention of the District to discharge all such indebtedness and this Resolution), and notwithstanding that any Bonds shall not have been surrendered for payment, this Resolution and other assets made under this Resolution and all covenants, agreements and other obligations of the District under this Resolution shall cease, terminate, become void and be completely discharged and satisfied, except only as provided in Section 9.02(b). In such event, upon request of the District, the Paying Agent shall cause an accounting for such period or periods as may be requested by the District to be prepared and filed with the District and shall execute and deliver to the District all such instruments as may be necessary to evidence such discharge and satisfaction, and the Paying Agent shall pay over, transfer, assign or deliver to the District all moneys or securities or other property held by it pursuant to this Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(b) *Discharge of Liability on Bonds*. Upon the deposit, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 9.02(c)) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), provided that, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given as in Section 2.03 provided or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, then all liability of the District in respect of such Bond shall cease and be completely discharged, except only that thereafter the Owner thereof shall be entitled only to payment of the principal of and interest on such Bond by the District, and the District shall remain liable for such payment, but only out of such money or securities deposited with the Paying Agent as aforesaid for such payment, provided further, however, that the provisions of Section 9.02(d) shall apply in all events.

The District may at any time surrender to the Paying Agent for cancellation by it any Bonds previously issued and delivered, which the District may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

(c) *Deposit of Money or Securities with Paying Agent.* Whenever in this Resolution it is provided or permitted that there be deposited with or held in trust by the Paying Agent money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Paying Agent in the funds and accounts established pursuant to this Resolution and shall be:

(i) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given as in Section 2.03 provided or provision satisfactory to the Paying Agent shall have been made for the giving of such notice, the amount to be deposited or held shall be the principal amount or redemption price of such Bonds and all unpaid interest thereon to the redemption date; or

(ii) Federal Securities (not callable by the issuer thereof prior to maturity) the principal of and interest on which when due, in the opinion of a certified public accountant delivered to the District, will provide money sufficient to pay the principal or redemption price of and all unpaid interest to maturity, or to the redemption date, as the case may be, on the Bonds to be paid or redeemed, as such principal or redemption price and interest become due, provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given as in Section 2.03 provided or provision satisfactory to the Paying Agent shall have been made for the giving of such notice;

provided, in each case, that the Paying Agent shall have been irrevocably instructed (by the terms of this Resolution or by request of the District) to apply such money to the payment of such principal or redemption price and interest with respect to such Bonds.

(d) *Payment of Bonds After Discharge of Resolution.* Notwithstanding any provisions of this Resolution, any moneys held by the Paying Agent in trust for the payment of the principal or redemption price of, or interest on, any Bonds and remaining unclaimed for one year after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Resolution), if such moneys were so held at such date, or one year after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon request of the District, be repaid to the District free from the trusts created by this Resolution, and all liability of the Paying Agent with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the District as aforesaid, the Paying Agent may (at the cost of the District) first mail to the Owners of all Bonds which have not been paid at the addresses shown on the registration books maintained by the Paying Agent a notice in such form as may be deemed appropriate by the Paying Agent, with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the District of the moneys held for the payment thereof.

Section 9.03. Execution of Documents and Proof of Ownership by Bondowners. Any request, declaration or other instrument which this Resolution may require or permit to be executed by Bondowners may be in one or more instruments of similar tenor, and shall be executed by Bondowners in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Bondowner or his attorney of such request, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise herein expressly provided, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the District or the Paying Agent in good faith and in accordance therewith.

Section 9.04. Waiver of Personal Liability. No Board member, officer, agent or employee of the District shall be individually or personally liable for the payment of the principal or interest on the Bonds; but nothing herein contained shall relieve any such Board member, officer, agent or employee from the performance of any official duty provided by law.

Section 9.05. Destruction of Canceled Bonds. Whenever in this Resolution provision is made for the surrender to the District of any Bonds which have been paid or canceled pursuant to the provisions of this Resolution, a certificate of destruction duly executed by the Paying Agent shall be deemed to be the equivalent of the surrender of such canceled Bonds and the District shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to.

Section 9.06. Partial Invalidity. If any Section, paragraph, sentence, clause or phrase of this Resolution shall for any reason be held illegal or unenforceable, such holding shall not affect the validity of the remaining portions of this Resolution. The District hereby declares that it would have adopted this Resolution and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issue of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses, or phrases of this Resolution may be held illegal, invalid or unenforceable. If, by reason of the judgment of any court, the District is rendered unable to perform its duties hereunder, all such duties and all of the rights and powers of the District hereunder shall be assumed by and vest in the District in trust for the benefit of the Bondowners.

Section 9.07. Effective Date of Resolution. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

PASSED AND ADOPTED at the meeting of the Tahoe Forest Hospital District Board of Directors held on the 25th day of July, 2019, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Alyce Wong
Chair, Board of Directors
Tahoe Forest Hospital District

ATTEST:

Secretary, Board of Directors
Tahoe Forest Hospital District

EXHIBIT A

FORM OF BOND

**United States of America
State of California
Placer and Nevada Counties**

**TAHOE FOREST HOSPITAL DISTRICT
2019 General Obligation Refunding Bond**

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP
_____ %	August 1, _____	September 4, 2019	

REGISTERED OWNER: CEDE& CO.

PRINCIPAL SUM: _____ DOLLARS

The TAHOE FOREST HOSPITAL DISTRICT, a local health care district duly organized and existing under and by virtue of the Constitution and laws of the State of California (the "District"), for value received hereby promises to pay to the Registered Owner stated above, or registered assigns (the "Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter provided for), the Principal Sum stated above, in lawful money of the United States of America, and to pay interest thereon in like lawful money from the interest payment date next preceding the date of authentication of this Bond (unless (i) this Bond is authenticated on an interest payment date, in which event it shall bear interest from such date of authentication, or (ii) this Bond is authenticated prior to an interest payment date and after the close of business on the fifteenth day of the month preceding such interest payment date, in which event it shall bear interest from such interest payment date, or (iii) this Bond is authenticated on or prior to January 15, 2020, in which event it shall bear interest from the Issue Date stated above; provided however, that if at the time of authentication of this Bond, interest is in default on this Bond, this Bond shall bear interest from the interest payment date to which interest has previously been paid or made available for payment on this Bond) until payment of such Principal Sum in full, at the rate per annum stated above, payable on February 1 and August 1 in each year, commencing February 1, 2020, calculated on the basis of 360-day year comprised of twelve 30-day months. Principal hereof and premium, if any, upon early redemption hereof are payable at the corporate trust office of U.S. Bank National Association (the "Paying Agent"), in San Francisco, California. Interest hereon (including the final interest payment upon maturity or earlier redemption) is payable by check or draft of the Paying Agent mailed by first-class mail to the Owner at the Owner's address as it appears on the Bond register maintained by the Paying Agent as of the close of business on the fifteenth day of the month next preceding such interest payment date (the "Record Date"), or at such other address as the Owner may have filed with the Paying Agent for that purpose; provided however, that payment of interest may be by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Paying Agent at least five (5) days before the applicable Record Date.

This Bond is one of a duly authorized issue of bonds of the District designated as "Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2019 General Obligation Refunding Bonds" (the "Bonds"), in an aggregate principal amount of _____ dollars (\$_____), all of like tenor and date (except for such variation, if any, as may be required to designate varying numbers and other provisions) and all issued pursuant to the provisions of Chapter 4 (commencing with section 53550) of Article 9 of Chapter 3 of Division 2 of Title 5 of the California Government Code (the "Act"), and pursuant to Resolution No. 2019-06 of the District adopted July 25, 2019 (the "Resolution"), authorizing the issuance of the Bonds. Reference is hereby made to the Resolution (copies of which are on file at the office of the Secretary of the Board of Directors of the District) and the Act for a description of the terms on which the Bonds are issued and the rights thereunder of the owners of the Bonds and the rights, duties and

immunities of the Paying Agent and the rights and obligations of the District thereunder, to all of the provisions of which Resolution the Owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds have been issued by the District, to (a) provide for the defeasance and redemption of the outstanding Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series C (2012), and (b) pay for costs of issuance of the Bonds.

This Bond and the interest hereon and on all other Bonds and the interest thereon (to the extent set forth in the Resolution) are general obligations of the District and the District has the power and is obligated to cause Placer and Nevada Counties to levy *ad valorem* taxes for the payment of the Bonds and the interest thereon upon all property within the District subject to taxation by the District. The Bonds shall be secured by a sole and exclusive statutory lien on and irrevocable pledge of the *ad valorem* tax or taxes levied for their repayment.

The Bonds maturing on or before August 1, ____, are non-callable. The Bonds maturing on August 1, ____, or any time thereafter, are callable for redemption prior to their stated maturity date at the option of the District, as a whole, or in part on any date on or after August 1, ____ (in such maturities as are designated by the District, or, if the District fails to designate such maturities, on a proportional basis), from any source lawfully available therefor, at a redemption price equal to the principal amount redeemed, plus accrued interest to date of redemption, without premium.

The Bonds maturing on August 1, ____, are subject to mandatory sinking fund redemption prior to their stated maturity date, at the principal amount thereof without premium on each August 1, on and after August 1, ____, to and including August 1, ____, in the principal amounts as set forth in the following table:

Date of Sinking Fund Redemption (August 1)	Sinking Fund Installment Amount	Date of Sinking Fund Redemption (August 1)	Sinking Fund Installment Amount
---	------------------------------------	---	------------------------------------

†Maturity

The Bonds maturing on August 1, ____, are subject to mandatory sinking fund redemption prior to their stated maturity date, at the principal amount thereof without premium on each August 1, on and after August 1, ____, to and including August 1, ____, in the principal amounts as set forth in the following table:

Date of Sinking Fund Redemption (August 1)	Sinking Fund Installment Amount	Date of Sinking Fund Redemption (August 1)	Sinking Fund Installment Amount
---	------------------------------------	---	------------------------------------

†Maturity

The Bonds are issuable as fully registered Bonds, without coupons, in denominations of \$100,000 and any integral multiple of \$5,000 thereafter. Subject to the limitations and conditions and upon payment of the charges, if any, as provided in the Resolution, Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations and of the same maturity.

This Bond is transferable by the Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Paying Agent in San Francisco, California, but only in the manner and subject to the limitations provided in the Resolution, and upon surrender and cancellation of this Bond. Upon registration of such transfer a new Bond or Bonds, of authorized denomination or denominations, for the same aggregate principal amount and of the same maturity will be issued to the transferee in exchange herefor.

The District and the Paying Agent may treat the Owner hereof as the absolute owner hereof for all purposes, and the District and the Paying Agent shall not be affected by any notice to the contrary.

The Resolution may be amended without the consent of the Owners of the Bonds to the extent set forth in the Resolution.

It is hereby certified that all of the things, conditions and acts required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond do exist, have happened or have been performed in due and regular time and manner as required by the laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the District, does not exceed any limit prescribed by any laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Resolution.

This Bond shall not be entitled to any benefit under the Resolution or become valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been signed manually by the Paying Agent.

Unless this certificate is presented by an authorized representative of The Depository Trust Company; a New York corporation ("DTC"), to the District or the Paying Agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

IN WITNESS WHEREOF, the Tahoe Forest Hospital District has caused this Bond to be executed in its name and on its behalf with the facsimile signatures of the Chair of its Board of Directors and the Secretary of the Board of Directors, all as of the Issue Date stated above.

TAHOE FOREST HOSPITAL DISTRICT

By _____
Chair of the Board of Directors

ATTEST:

Secretary of the Board of Directors

CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Resolution.

Authentication Date:

U.S. BANK NATIONAL ASSOCIATION, as
Paying Agent

By _____
Authorized Signatory

ASSIGNMENT

For value received, the undersigned do(es) hereby sell, assign and transfer unto

(Name, Address and Tax Identification or Social Security Number of Assignee)

the within Bond and do(es) hereby irrevocably constitute(s) and appoint(s)

attorney, to transfer the same on the registration books of the Paying Agent with full power of substitution in the premises.

Dated: _____

Signature Guaranteed:

Notice: Signature(s) must be guaranteed by a qualified guarantor institution.

Notice: The signature on this assignment must correspond with the name(s) as written on the face of the within bond in every particular without alteration or enlargement or any change whatsoever.

EXHIBIT B

FORM OF BOND PURCHASE AGREEMENT

\$ _____
TAHOE FOREST HOSPITAL DISTRICT
(Placer and Nevada Counties, California)
2019 General Obligation Refunding Bonds

BOND PURCHASE AGREEMENT

August 6, 2019

Tahoe Forest Hospital District
10121 Pine Avenue
Truckee, California 96161

Ladies and Gentlemen:

Hilltop Securities Inc. (the "Representative"), on behalf of itself and Piper Jaffray & Co., Raymond James & Associates, Inc. and D.A. Davidson & Co. (collectively, the "Underwriters"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with the Tahoe Forest Hospital District (the "District") which, upon your acceptance hereof, will be binding upon the District and the Underwriters. This offer is made subject to the written acceptance of this Bond Purchase Agreement by the District and delivery of such acceptance to us at or prior to 11:59 P.M., California time, on the date hereof.

1. Purchase and Sale of the Bonds. Upon the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters hereby agree to purchase from the District for reoffering to the public, and the District hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of \$_____ in aggregate principal amount of the District's 2019 General Obligation Refunding Bonds (the "Bonds"). The purchase price for the Bonds shall be \$_____ (being equal to the aggregate principal amount of the Bonds of \$_____, plus a net original issue premium of \$_____, less an Underwriters' discount of \$_____).

The District acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the District and the Underwriters, (ii) in connection with such transaction, the Underwriters are acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the District, (iii) the Underwriters have not assumed a fiduciary responsibility in favor of the District with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriters, or any affiliate of the Underwriters, have advised or are currently advising the District on other matters) or any other obligation to the District except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the Underwriters have financial and other interests that differ from those of the District and (v) the District has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

The District hereby acknowledges receipt from the Underwriters of disclosures required by the Municipal Securities Rulemaking Board ("MSRB") Rule G-17 (as set forth in MSRB Notice 2012-25 (May 7, 2012), relating to disclosures concerning the Underwriters' role in the transaction, disclosures concerning the Underwriters' compensation, conflict disclosures, if any, and disclosures concerning complex municipal securities financing, if any.

2. The Bonds. Except as hereinafter described, the Bonds shall be as described in, and shall be issued and secured pursuant to the provisions of the resolution of the District adopted on July 25, 2019 (the "Resolution"), the provisions of Article 9 of Chapter 3 (commencing with section 53550) of Division 2 of Title 5 of the California Government Code (the "Act") and other applicable provisions of law. The Bonds shall be issued, authenticated and delivered under and in accordance with the provisions of this Bond Purchase Agreement and the Resolution.

The Bonds are general obligation bonds of the District, and Placer and Nevada Counties (the "Counties") are empowered and are obligated to annually levy *ad valorem* taxes, without limitation as to rate or amount, for the payment of interest on and principal of the Bonds, upon all property subject to taxation within the District (except certain personal property which is taxable at limited rates).

The Bonds will be dated as of their date of delivery. The Bonds will mature on the dates and in the principal amounts set forth in Exhibit A attached hereto. Interest on the Bonds is payable semiannually on each February 1 and August 1, commencing February 1, 2020, at the rates set forth in Exhibit A attached hereto. The Bonds will be subject to redemption prior to maturity on the dates and at the prices set forth in Exhibit A attached hereto.

The Bonds will be issued by the District to (a) provide for the redemption of the outstanding Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series C (2012) (the "2012 Bonds"), and (b) pay for costs of issuance of the Bonds.

To assist the Underwriters in complying with Rule 15c2-12 (the "Rule") under the Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"), the District will undertake, pursuant to the Resolution and a continuing disclosure certificate (the "Continuing Disclosure Certificate"), to provide annual reports and notices of certain events. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement (each as hereinafter defined).

3. Use of Documents. The District hereby authorizes the Underwriters to use, in connection with the offer and sale of the Bonds, this Bond Purchase Agreement, the Official Statement and the Resolution and all information contained herein and therein and all of the documents, certificates or statements furnished by the District to the Underwriters in connection with the transactions contemplated by this Bond Purchase Agreement.

4. Public Offering of the Bonds; Issue Price.

(a) The Underwriters agree to make a bona fide public offering of all the Bonds at the initial public offering prices or yields to be set forth on the cover page of the Official Statement. Subsequent to such initial public offering, the Underwriters reserve the right to change such initial public offering prices or yields as it deems necessary in connection with the marketing of the Bonds.

(b) The Underwriters agree to assist the District in establishing the issue prices of the Bonds and shall execute and deliver to the District on the Closing Date an "issue price" or similar certificate substantially in the form attached hereto as Appendix B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Representative, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(c) Except as otherwise set forth in Schedule 1 attached to Appendix B, the District will treat the first price at which 10% of each maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% test).

(d) Schedule 1 attached to Appendix B sets forth the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Representative agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that maturity (the "hold-the-offering-

price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriters will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

(i) the close of the fifth (5th) business day after the sale date; or

(ii) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

(e) The Underwriters confirm that any selling group agreement and any retail distribution agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each dealer who is a member of the selling group and each broker-dealer that is a party to such retail distribution agreement, as applicable, to comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriters. The District acknowledges that, in making the representation set forth in this subsection, the Underwriters will rely on (i) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, if applicable, as set forth in a selling group agreement and the related pricing wires, and (ii) in the event that a retail distribution agreement was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, if applicable, as set forth in the retail distribution agreement and the related pricing wires. The District further acknowledges that the Underwriters shall not be liable for the failure of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement, to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

(f) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to the Underwriters shall not constitute sales to the public for purposes of this Section 4. Further, for purposes of this Section 4:

(i) “public” means any person other than an underwriter or a related party, and

(ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), and

(iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(iv) “sale date” means the date of execution of this Bond Purchase Agreement by all parties.

5. Review of Official Statement. The Underwriters hereby represent that they have received and reviewed the preliminary official statement with respect to the Bonds, dated July 26, 2019 (the “Preliminary Official Statement”). The District represents that it deemed the Preliminary Official Statement to be final as of its date, except for either revision or addition of the offering price(s), yield(s) to maturity, selling compensation, aggregate principal amount, delivery date, rating(s) and other terms of the Bonds which depend upon the foregoing as provided in and pursuant to the Rule.

The Underwriters agree that prior to the time a final Official Statement relating to the Bonds (hereinafter defined) is available, the Underwriters will send to any potential purchaser of the Bonds, upon the request of such potential purchaser, a copy of the most recent Preliminary Official Statement. Such Preliminary Official Statement shall be sent by first class mail (or other equally prompt means) not later than the first business day following the date upon which each such request is received.

6. Closing. At 8:00 A.M., California time, on September 4, 2019, or at such other time or on such other date as shall have been mutually agreed upon by the District and the Representative (the "Closing"), the District will deliver to the Representative (except as otherwise provided in the Resolution), through the facilities of The Depository Trust Company ("DTC") in New York, New York, or at such other place as the District and the Representative may mutually agree, the Bonds in fully registered book-entry form, duly executed and registered in the name of Cede & Co., as nominee of DTC, and in Larkspur, California, the other documents hereinafter mentioned; and the Representative will accept such delivery and pay the purchase price thereof in immediately available funds by check, draft or wire transfer to or upon the order of U.S. Bank National Association, as paying agent (the "Paying Agent"), on behalf of the District.

7. Representations, Warranties and Agreements of the District. The District hereby represents, warrants and agrees with the Underwriters that:

(a) *Due Organization*. The District is a local health care district duly organized and validly existing under the laws of the State of California, with the power to request the issuance of the Bonds pursuant to the Act.

(b) *Due Authorization*. (i) At or prior to the Closing, the District will have taken all action required to be taken by it to authorize the issuance and delivery of the Bonds; (ii) the District has full legal right, power and authority to enter into this Bond Purchase Agreement, to adopt the Resolution, to perform its obligations under each such document or instrument, and to carry out and effectuate the transactions contemplated by this Bond Purchase Agreement and the Resolution; (iii) the execution and delivery or adoption of, and the performance by the District of the obligations contained in the Bonds, the Resolution, the Continuing Disclosure Certificate, the Paying Agent/Bond Registrar/ Costs of Issuance Agreement, to be dated September 4, 2019, by and between the District and U.S. Bank National Association, as paying agent, transfer agent and bond registrar for the Bonds and as custodian and disbursing agent for the payment of costs of issuance relating to the Bonds (the "Paying Agent Agreement"), and this Bond Purchase Agreement have been duly authorized and such authorization shall be in full force and effect at the time of the Closing; (iv) this Bond Purchase Agreement and the Paying Agent Agreement constitute the valid and legally binding obligations of the District; and (v) the District has duly authorized the consummation by it of all transactions contemplated by this Bond Purchase Agreement and the Paying Agent Agreement. The District will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Resolution, the Continuing Disclosure Certificate, this Bond Purchase Agreement or the Paying Agent Agreement without the prior written consent of the Underwriters prior to the Closing Date.

(c) *Consents*. No consent, approval, authorization, order, filing, registration, qualification, election or referendum of or by any court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Bonds or the consummation of the other transactions effected or contemplated herein or hereby, except for such actions as may be necessary to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may reasonably request, or which have not been taken or obtained; *provided, however*, that the District shall not be required to subject itself to service of process in any jurisdiction in which it is not so subject as of the date hereof.

(d) *Internal Revenue Code*. The District has covenanted to comply with the Internal Revenue Code of 1986, as amended, with respect to the Bonds.

(e) *No Conflicts*. To the best knowledge of the District, the issuance of the Bonds, and the execution, delivery and performance of this Bond Purchase Agreement, the Paying Agent Agreement, the Resolution and the Bonds, and the compliance with the provisions hereof do not conflict with or constitute on the part

of the District a violation of or default under, the Constitution of the State of California or any existing law, charter, ordinance, regulation, decree, order or resolution and do not conflict with or result in a violation or breach of, or constitute a default under, any agreement, indenture, mortgage, lease or other instrument to which the District is a party or by which it is bound or to which it is subject.

(f) *Litigation.* As of the time of acceptance hereof, based on the advice of counsel to the District, no action, suit, proceeding, hearing or investigation is pending or, to the best knowledge of the District, threatened against the District: (i) in any way affecting the existence of the District or in any way challenging the respective powers of the several offices or of the titles of the officials of the District to such offices; or (ii) seeking to restrain or enjoin the sale, issuance or delivery of any of the Bonds, the application of the proceeds of the sale of the Bonds, or the collection of taxes of the District pledged or to be pledged or available to pay the principal of and interest on the Bonds, or the pledge thereof, or, the levy of any taxes contemplated by the Resolution, or in any way contesting or affecting the validity or enforceability of the Bonds, this Bond Purchase Agreement, the Paying Agent Agreement the Continuing Disclosure Certificate or the Resolution or contesting the powers of the District or its authority with respect to the Bonds, the Resolution, the Continuing Disclosure Certificate or this Bond Purchase Agreement; or (iii) in which a final adverse decision could (a) materially adversely affect the operations of the District or the consummation of the transactions contemplated by this Bond Purchase Agreement, the Paying Agent Agreement, the Continuing Disclosure Certificate or the Resolution, (b) declare this Bond Purchase Agreement to be invalid or unenforceable in whole or in material part, or (c) adversely affect the exclusion of the interest paid on the Bonds from gross income for federal income tax purposes and the exemption of such interest from California personal income taxation.

(g) *No Other Debt.* Between the date hereof and the Closing, without the prior written consent of the Underwriters, the District will not have issued, nor will Placer and Nevada Counties, on behalf of the District issue, any bonds, notes or certificates of participation except for such borrowings as may be described in or contemplated by the Official Statement.

(h) *Arbitrage Certificate.* The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the District is a bond issuer whose arbitrage certificates may not be relied upon.

(i) *Certificates.* Any certificates signed by any officer of the District and delivered to the Underwriters shall be deemed a representation by the District to the Underwriters, but not by the person signing the same, as to the statements made therein.

(j) *Official Statement.* The District has reviewed the Preliminary Official Statement and, to the best of its knowledge, as of its date and as of the date hereof, the information set forth therein contains no untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect. The District will provide to the Underwriters a certificate dated as of the Closing stating that it has reviewed the Official Statement and to the best of its knowledge, as of the Closing, the information set forth therein contains no untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(k) *Financial Statements.* The financial statements of the District contained in the Preliminary Official Statement and the Official Statement present fairly the financial position of the District as of the dates indicated and the results of its operations for the periods specified.

8. Covenants of the District. The District covenants and agrees with the Underwriters that:

(a) *Securities Laws.* The District will furnish such information, execute such instruments, and take such other action in cooperation with the Underwriters if and as the Underwriters may reasonably request in order to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and jurisdictions, *provided, however,* that the District shall not be required to consent to service of process in any jurisdiction in which they are not so subject as of the date hereof;

(b) *Application of Proceeds.* The District will apply the proceeds from the sale of the Bonds for the purposes specified in the Resolution;

(c) *Official Statement.* The District hereby agrees to deliver or cause to be delivered to the Underwriters, not later than the seventh (7th) business day following the date this Bond Purchase Agreement is signed, copies of a final Official Statement substantially in the form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriters and the District (such Official Statement with such changes, if any, and including the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto being herein called the "Official Statement") in such quantities as may be requested by the Underwriters in order to permit the Underwriters to comply with paragraph (b)(4) of the Rule and with the rules of the MSRB. The District hereby authorizes the Underwriters to use and distribute the Official Statement in connection with the offering and sale of the Bonds;

(d) *Subsequent Events.* The District hereby agrees to notify the Underwriters of any event or occurrence that may affect the accuracy or completeness of any information set forth in the Official Statement relating to the District, respectively, until the date which is ninety (90) days following the Closing or until such time (if earlier) as the Underwriters shall no longer hold any of the Bonds for sale;

(e) *References.* References herein to the Preliminary Official Statement and the final Official Statement include the cover page and all appendices, exhibits, maps, reports and statements included therein or attached thereto; and

(f) *Amendments to Official Statement.* For a period of ninety (90) days after the Closing or until such time (if earlier) as the Underwriters shall no longer hold any of the Bonds for sale, the District will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriters shall object in writing or which shall be disapproved by the Underwriters; and if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of the Representative, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, the District shall forthwith prepare and furnish (at the expense of the District) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Representative) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading.

9. Conditions to Closing. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the District contained herein and the performance by the District of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriters' obligations under this Bond Purchase Agreement are and shall be subject at the option of the Representative, to the following further conditions at the Closing:

(a) *Representations True.* The representations and warranties of the District contained herein shall be true, complete and correct in all material respects at the date hereof and at and as of the Closing as if made at and as of the Closing, and the statements made in all certificates and other documents delivered to the Underwriters at the Closing pursuant hereto shall be true, complete and correct in all material respects on the date of the Closing; and the District shall be in compliance with each of the agreements made by it in this Bond Purchase Agreement;

(b) *Obligations Performed.* At the time of the Closing, (i) the Official Statement, this Bond Purchase Agreement, the Paying Agent Agreement and the Resolution shall be in full force and effect and shall not have been amended, modified, rescinded, appealed or supplemented except as may have been agreed to in writing by the Underwriters; (ii) all actions under the Act which, in the opinion of Quint & Thimmig LLP ("Bond Counsel"), shall be necessary in connection with the transactions contemplated hereby shall have been duly taken and shall be in full force and effect; and (iii) the District shall perform or have performed all of their obligations required under or specified in the Resolution, this Bond Purchase

Agreement, the Paying Agent Agreement or the Official Statement to be performed at or prior to the Closing;

(c) *Adverse Rulings*. No decision, ruling or finding shall have been entered by any court or governmental authority since the date of this Bond Purchase Agreement (and not reversed on appeal or otherwise set aside), or to the best knowledge of the District, pending or threatened which has any of the effects described in Section 7(f) or 8(d) hereof or contesting in any way the completeness or accuracy of the Official Statement;

(d) *Marketability*. Between the date hereof and the Closing, the market price or marketability or the ability of the Underwriters to enforce contracts for the sale of the Bonds, at the initial offering prices set forth in the Official Statement, of the Bonds shall not have been materially adversely affected in the judgment of the Underwriters (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds) by reason of any of the following:

(1) legislation enacted or introduced in the Congress or recommended for passage by the President of the United States, or a decision rendered by a court established under Article III of the Constitution of the United States or by the United States Tax Court, or an order, ruling, regulation (final, temporary or proposed) or official statement issued or made:

(i) by or on behalf of the United States Treasury Department, or by or on behalf of the Internal Revenue Service, with the purpose or effect, directly or indirectly, of causing inclusion in gross income for purposes of federal income taxation of the interest received by the owners of the Bonds; or

(ii) by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, to the effect that the Bonds, or obligations of the general character of the Bonds, including any and all underlying arrangements, are not exempt from registration under the Securities Exchange Act;

(2) legislation enacted by the legislature of the State of California (the "State"), or a decision rendered by a court of the State, or a ruling, order, or regulation (final or temporary) made by State authority, which would have the effect of changing, directly or indirectly, the State tax consequences of interest on obligations of the general character of the Bonds in the hands of the holders thereof;

(3) the declaration of war or engagement in major military hostilities by the United States, any outbreak or escalation of hostilities or the occurrence of any other national emergency or calamity relating to the effective operation of the government or the financial community in the United States;

(4) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on any national securities exchange;

(5) the imposition by the New York Stock Exchange, other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds, or obligations of the general character of the Bonds, or securities generally, or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of, the Underwriters;

(6) an order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the Securities and Exchange Commission, or any other governmental agency having jurisdiction over the subject matter thereof, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds, or the issuance, offering or sale of the Bonds, as contemplated hereby or by the Official Statement, is or would be in violation of the federal securities laws, as amended and then in effect;

(7) the withdrawal or downgrading of any rating of the District's outstanding indebtedness by a national rating agency; or

(8) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue in any material adverse respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

(e) *Delivery of Documents.* At or prior to the date of the Closing, Bond Counsel shall deliver sufficient copies of the following documents, in each case dated as of the Closing Date and satisfactory in form and substance to the Representative:

(1) **Bond Opinion.** An approving opinion of Bond Counsel, as to the validity and tax-exempt status of the Bonds, dated the date of the Closing, addressed to the District;

(2) **Reliance Letter.** A reliance letter from Bond Counsel to the effect that the Underwriters can rely upon the approving opinion described in (e)(1) above;

(3) **Supplemental Opinion.** A supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Underwriters to the effect that:

(i) this Bond Purchase Agreement has been duly executed and delivered by the District and, assuming due authorization, execution and delivery by and validity against the Underwriters, is a valid and binding agreement of the District, subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance and other laws relating to or affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion in appropriate cases;

(ii) the statements contained in the Official Statement under the captions "THE BONDS," "LEGAL MATTERS – Tax Matters," and in Appendix A – "Form of Final Opinion of Bond Counsel" insofar as such statements purport to summarize certain provisions of the Bonds and the Resolution and its opinion concerning certain federal tax matters relating to the Bonds are accurate in all material respects; and

(iii) the Bonds are not subject to the registration requirements of the Securities Exchange Act and the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(4) **District Counsel Opinion.** An opinion letter, dated the Closing Date and addressed to the District and the Underwriters, of Colantuono, Highsmith & Whatley, PC, as District counsel ("District Counsel"), to the effect that (1) the District is a local health care district duly organized and validly existing under the Constitution and the laws of the State of California, (2) the Resolution approving and authorizing the issuing the Bonds and approving the Official Statement, the Continuing Disclosure Certificate, the Paying Agent Agreement and this Bond Purchase Agreement has been duly adopted, and the Resolution is in full force and effect and has not been modified, amended or rescinded, and (3) except as otherwise disclosed in the Official Statement and to such counsel's knowledge, there is no litigation, proceeding, action, suit, or investigation at law or in equity before or by any court, governmental board or body, pending and served or overtly threatened in writing against the District, challenging the creation, organization or existence of the District, or the validity of the Bonds or seeking to restrain or enjoin the payment of debt service on the Bonds or contesting or affecting the validity of the Bonds or contesting the authority of the District to enter into or perform its obligations under the Continuing Disclosure Certificate, this Bond Purchase Agreement and the Paying Agent Agreement;

(5) **Disclosure Counsel Opinion.** An opinion letter, dated the Closing Date and addressed to the District and the Underwriters, of Jennings, Strouss & Salmon, PLC, Phoenix, Arizona,

Disclosure Counsel ("Disclosure Counsel"), to the effect that based upon its participation in the preparation of the Official Statement as Disclosure Counsel, except to the extent set forth in their supplemental opinion without assuming any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement nor making any representation regarding independent verification of the accuracy, completeness or fairness of any of the statements contained in the Official Statement, except to the extent set forth in their supplemental opinion such counsel advises that during the course of such representation of the District as disclosure counsel on this matter, no information came to the attention of the attorneys in such firm rendering legal services in connection with such representation which caused them to believe that the Official Statement as of its date and as of the Closing (except for any financial, statistical or economic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion (except opinions of Bond Counsel), or any information about book-entry or DTC included therein, as to which no opinion or view is expressed) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(6) **Certificates.** Certificates signed by appropriate officials of the District to the effect that (i) such officials are authorized to execute this Bond Purchase Agreement, (ii) the representations, agreements and warranties of the District herein are true and correct in all material respects as of the date of Closing, (iii) the District has complied with all the terms of the Resolution and this Bond Purchase Agreement, which are necessary to be complied with prior to or concurrently with the Closing and such documents are in full force and effect, (iv) the District has reviewed the Official Statement and on such basis certifies that the Official Statement does not contain any untrue statement of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading, (v) no further consent is required for inclusion of the District's audited financial statements in the Official Statement, and (vi) the Bonds being delivered on the date of the Closing to the Underwriters under this Bond Purchase Agreement substantially conform to the descriptions thereof contained in the Resolution;

(7) **Arbitrage.** A non-arbitrage certificate of the District in a form satisfactory to Bond Counsel;

(8) **Rating.** Evidence satisfactory to the Underwriters that the Bonds shall have been rated "____" by Moody's Investors Service and that such rating has not been revoked or downgraded;

(9) **Resolution.** A certificate, together with fully executed copies of the Resolution, of the Secretary of the Board of Directors of the District to the effect that:

(i) such copies are true and correct copies of the Resolution; and

(ii) that the Resolution was duly adopted and has not been modified, amended, rescinded or revoked and is in full force and effect on the date of the Closing.

(10) **Official Statement.** Certificates of the appropriate officials of the District evidencing their determinations respecting the Official Statement in accordance with the Rule;

(11) **Continuing Disclosure Certificate.** A continuing disclosure certificate of the District as summarized in the Official Statement and in a form satisfactory to the Representative which complies with S.E.C. Rule 15c2-12(b)(5);

(12) **Paying Agent Agreement;**

(13) **Defeasance Opinion.** Opinion of Bond Counsel as to the legal defeasance of the 2012 Bonds;

(14) **Underwriters' Certifications.** At or before Closing, and contemporaneously with the acceptance of delivery of the Bonds and the payment of the purchase price thereof, the Underwriters will provide (or cause to be provided) to the District:

(i) the receipt of the Underwriters, in form satisfactory to the District and signed by an authorized officer of the Representative, confirming delivery of the Bonds to the Underwriters, receipt of all documents required by the Representative, and the satisfaction of all conditions and terms of this Purchase Agreement by the District and confirming to the District that as of the Closing Date all of the representations of the Underwriters contained in this Purchase Agreement are true, complete and correct in all material respects; and

(ii) the certification of the Underwriters, in form satisfactory to Bond Counsel, regarding the prices at which the Bonds have been reoffered to the public, as described in Section 1; and

(15) **Other Documents.** Such additional legal opinions, certificates, proceedings, instruments and other documents as the Representative may reasonably request to evidence compliance (i) by the District with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations of the District herein contained, and (iii) the due performance or satisfaction by the District at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the District.

(f) *Termination.* Notwithstanding anything to the contrary herein contained, if for any reason whatsoever the Bonds shall not have been delivered by the District to the Underwriters prior to the close of business, California Time, on September 4, 2019, then the obligation to purchase Bonds hereunder shall terminate and be of no further force or effect except with respect to the obligations of the District and the Underwriters under Section 11 hereof.

If the District shall be unable to satisfy the conditions to the Underwriters' obligations contained in this Bond Purchase Agreement or if the Underwriters' obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be canceled by the Underwriters at, or at any time prior to, the time of Closing. Notice of such cancellation shall be given to the District in writing, or by telephone or telegraph, confirmed in writing. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the District hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriters may be waived by the Representative in writing at its sole discretion.

10. Conditions to Obligations of the District. The performance by the District of its obligations is conditioned upon (i) the performance by the Underwriters of their obligations hereunder; and (ii) receipt by the District and the Underwriters of opinions and certificates being delivered at the Closing by persons and entities other than the District.

11. Costs and Expenses. As set forth in Section 1, all costs of issuance will be paid from amounts deposited with the Paying Agent. All out-of-pocket expenses of the Underwriters, including the California Debt and Investment Advisory Commission fee, travel (except in connection with securing a rating on the Bonds), the fees of any Underwriters' counsel and other expenses, shall be paid by the Underwriters.

12. Notices. Any notice or other communication to be given under this Bond Purchase Agreement (other than the acceptance hereof as specified in the first paragraph hereof) may be given by delivering the same in writing if to the District, to Ms. Crystal Betts, Chief Financial Officer, Tahoe Forest Hospital District, 10121 Pine Avenue, Truckee, CA 96161, or if to the Underwriters, to Hilltop Securities Inc., 2533 South Coast Highway 101, Suite 250, Cardiff, CA 92007, Attention: Mr. Michael Cavanaugh, Senior Vice President.

13. Parties in Interest; Survival of Representations and Warranties. This Bond Purchase Agreement when accepted by the District in writing as heretofore specified shall constitute the entire agreement between the District and the Underwriters. This Bond Purchase Agreement is made solely for the benefit of the District and the Underwriters (including the successors or assigns of the Underwriters). No person shall acquire or have any rights hereunder or by virtue hereof. All representations, warranties and agreements of the District in this Bond Purchase Agreement shall survive regardless of (a) any investigation or any statement in respect thereof made by or on behalf of the Underwriters, (b) delivery of and payment by the Underwriters for the Bonds hereunder, and (c) any termination of this Bond Purchase Agreement.

14. Execution in Counterparts. This Bond Purchase Agreement may be executed in several counterparts each of which shall be regarded as an original and all of which shall constitute but one and the same document.

15. Applicable Law. This Bond Purchase Agreement shall be interpreted, governed and enforced in accordance with the law of the State of California applicable to contracts made and performed in such State.

Very truly yours,

HILLTOP SECURITIES INC.,
PIPER JAFFRAY & CO.,
RAYMOND JAMES & ASSOCIATES, INC., and
D.A. DAVIDSON & CO., as Underwriters

By HILLTOP SECURITIES INC., as
Representative

By _____
Name _____
Title _____

The foregoing is hereby agreed to and accepted
as of the date first above written:

TAHOE FOREST HOSPITAL DISTRICT

By _____
Crystal Betts
Chief Financial Officer

APPENDIX A

MATURITY DATES, PRINCIPAL AMOUNTS, INTEREST RATES, YIELDS, REOFFERING PRICES
AND REDEMPTION PROVISIONS

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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Redemption Provisions

Optional Redemption. The Bonds maturing on or before August 1, ____, are non-callable. The Bonds maturing on August 1, ____, or any time thereafter, are callable for redemption prior to their stated maturity date at the option of the District, in whole or in part on any day on or after August 1, ____ (in such maturities as are designated by the District, or, if the District fails to designate such maturities, on a proportional basis), and may be redeemed prior to the maturity thereof by payment of all principal, plus accrued interest to date of redemption, without premium, payable from any source lawfully available therefor.

Mandatory Sinking Fund Redemption of Bonds. The Bonds maturing on August 1, ____, are subject to mandatory sinking fund redemption on August 1 in each year, in the amounts specified in the following table.

<u>Mandatory Sinking Fund Redemption Date (August 1)</u>	<u>Sinking Fund Redemption Amount</u>
--	---

† Maturity

APPENDIX B

FORM OF ISSUE PRICE CERTIFICATE

\$ _____
TAHOE FOREST HOSPITAL DISTRICT
(Placer and Nevada Counties, California)
2019 General Obligation Refunding Bonds

The undersigned, on behalf of Hilltop Securities Inc. (“Hilltop”), on behalf of itself and Piper Jaffray & Co., Raymond James & Associates, Inc. and D.A. Davidson & Co., based on the information available to it, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the General Rule Maturities. As of the date of this certificate, for each Maturity of the General Rule Maturities, the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule 1.

2. Initial Offering Price of the Bonds Hold-the-Offering Price Maturities.

(a) Hilltop offered the Hold-the-Offering Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule 1 (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule 2.

(b) As set forth in the Bond Purchase Agreement, Hilltop has agreed in writing that, (i) for each Maturity of the Hold-the-Offering Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) has offered or sold any Maturity of the Hold-the-Offering Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

3. Defined Terms.

(a) “General Rule Maturities” means, the Maturities of the Bonds listed in Schedule 1 as “General Rule Maturities.”

(b) “Hold-the-Offering Price Maturities” means, the Maturities of the Bonds listed in Schedule 1 as “Hold-the-Offering Price Maturities.”

(c) “Holding Period” means, for each Maturity of the Bonds, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which Hilltop has sold at least 10% of such Maturity of the Bonds to the Public at prices that are no higher than the Initial Offering Price for such Maturity.

(d) “Issuer” means the Tahoe Forest Hospital District.

(e) “Maturity” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(f) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(g) "Sale Date" means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 6, 2019.

(h) "Underwriter" means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents Hilltop's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. Accordingly, Hilltop makes no representation as to the legal sufficiency of the factual matters set forth herein. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the arbitrage certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Quint & Thimmig LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds. Except as expressly set forth above, the certifications set forth herein may not be relied upon or used by any third party for any other purpose.

HILLTOP SECURITIES INC., as Underwriter

By _____
Authorized Officer

Dated: September 4, 2019

SCHEDULE 1

SALE PRICES OF THE GENERAL RULE MATURITIES AND INITIAL OFFERING PRICES OF THE
HOLD-THE-OFFERING-PRICE MATURITIES

\$ _____
TAHOE FOREST HOSPITAL DISTRICT
(Placer and Nevada Counties, California)
2019 General Obligation Refunding Bonds

<u>General Rule Maturities</u>	<u>Hold-the- Offering Price Maturities</u>	<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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SCHEDULE 2
PRICING WIRE OR EQUIVALENT COMMUNICATION

EXHIBIT C

FORM OF PAYING AGENT/BOND REGISTRAR/COSTS OF ISSUANCE AGREEMENT

\$ _____
TAHOE FOREST HOSPITAL DISTRICT
(Placer and Nevada Counties, California)
2019 General Obligation Refunding Bonds

PAYING AGENT/BOND REGISTRAR/COSTS OF ISSUANCE AGREEMENT

THIS PAYING AGENT/BOND REGISTRAR/COSTS OF ISSUANCE AGREEMENT (this "Agreement"), is entered into as of September 4, 2019, by and between the TAHOE FOREST HOSPITAL DISTRICT (the "District") and U.S. BANK NATIONAL ASSOCIATION (the "Bank"), relating to the \$_____ Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2019 General Obligation Refunding Bonds (the "Bonds"). The District hereby appoints the Bank to act as Paying Agent, Transfer Agent and Bond Registrar for the Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds.

RECITALS

WHEREAS, the District has duly authorized and provided for the issuance of the Bonds as fully registered bonds without coupons;

WHEREAS, the District will ensure all things necessary to make the Bonds the valid obligations of the District, in accordance with their terms, will be done upon the issuance and delivery thereof;

WHEREAS, the District and the Bank wish to provide the terms under which the Bank will act as Paying Agent to pay the principal, redemption premium (if any) and interest on the Bonds, in accordance with the terms thereof, and under which the Bank will act as Bond Registrar for the Bonds;

WHEREAS, the District and the Bank also wish to provide the terms under which the Bank will act as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds;

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the District and has full power and authority to perform and serve as Paying Agent, Transfer Agent and Bond Registrar for the Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds; and

WHEREAS, the District has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement a valid agreement have been done.

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

DEFINITIONS

Section 1.01. Definitions.

For all purposes of this Agreement except as otherwise expressly provided or unless the context otherwise requires:

"Bank" means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America.

"Bond Register" means the book or books of registration kept by the Bank in which are maintained the names and addresses and principal amounts registered to each Registered Owner.

"Bond Registrar" means the Bank when it is performing the function of registrar for the Bonds.

"Bond Resolution" means the resolution of the District pursuant to which the Bonds were issued.

"Bond" or *"Bonds"* means any one or all of the \$_____ Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2019 General Obligation Refunding Bonds.

"Custodian and Disbursing Agent" means the Bank when it is performing the function of custodian and disbursing agent for the payment of costs of issuance relating to the Bonds.

"District" means Tahoe Forest Hospital District.

"District Request" means a written request signed in the name of the District and delivered to the Bank.

"Fiscal Year" means the fiscal year of the District ending on June 30 of each year.

"Paying Agent" means the Bank when it is performing the function of paying agent for the Bonds.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government or any entity whatsoever.

"Registered Owner" means a Person in whose name a Bond is registered in the Bond Register.

"Stated Maturity" when used with respect to any Bond means the date specified in the Bond Resolution as the date on which the principal of such Bond is due and payable.

"Transfer Agent" means the Bank when it is performing the function of transfer agent for the Bonds.

"2012 Bonds" means the Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series C (2012).

"Underwriters" means Hilltop Securities Inc., Piper Jaffray & Co., Raymond James & Associates, Inc. and D.A. Davidson & Co.

ARTICLE TWO

APPOINTMENT OF BANK AS PAYING AGENT, TRANSFER AGENT, BOND REGISTRAR AND CUSTODIAN AND DISBURSING AGENT

Section 2.01. Appointment and Acceptance. The District hereby appoints the Bank to act as Paying Agent and Transfer Agent with respect to the Bonds, to pay to the Registered Owners in accordance with the terms and provisions of this Agreement and the Bond Resolution, the principal of, redemption premium (if any), and interest on all or any of the Bonds.

The District hereby appoints the Bank as Bond Registrar with respect to the Bonds. As Bond Registrar, the Bank shall keep and maintain for and on behalf of the District, books and records as to the ownership of the Bonds and with respect to the transfer and exchange thereof as provided herein and in the Bond Resolution.

The District hereby appoints the Bank as Custodian and Disbursing Agent.

The Bank hereby accepts its appointment, and agrees to act as Paying Agent, Transfer Agent, Bond Registrar and Custodian and Disbursing Agent.

Section 2.02. Compensation. As compensation for the Bank's services as Paying Agent and Bond Registrar, the District hereby agrees to pay the Bank the fees and amounts set forth in a separate agreement between the District and the Bank.

In addition, the District agrees to reimburse the Bank, upon its request, for all reasonable and necessary out-of-pocket expenses, disbursements, and advances, including without limitation the reasonable fees, expenses, and disbursements of its agents and attorneys, made or incurred by the Bank in connection with entering into and performing under this Agreement and in connection with investigating and defending itself against any claim or liability in connection with its performance hereunder.

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent. As Paying Agent, the Bank, provided sufficient collected funds have been provided to it for such purpose by or on behalf of the District, shall pay on behalf of the District the principal of, and interest on each Bond in accordance with the debt service schedule attached hereto as Exhibit A.

Section 3.02. Payment Dates. The District hereby instructs the Bank to pay the principal of, redemption premium (if any) and interest on the Bonds on the dates specified in the Bond Resolution.

ARTICLE FOUR

BOND REGISTRAR

Section 4.01. Initial Delivery of Bonds. The Bonds will be initially registered and delivered to the purchaser designated by the District as one Bond for each maturity. If such purchaser delivers a written request to the Bank not later than five business days prior to the date of initial delivery, the Bank will, on the date of initial delivery, deliver Bonds of authorized denominations, registered in accordance with the instructions in such written request.

Section 4.02. Duties of Bond Registrar. The Bank shall provide for the proper registration of transfer, exchange and replacement of the Bonds. Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an eligible guarantor institution, in form acceptable to the Bank, duly executed by the

Registered Owner thereof or his attorney duly authorized in writing. The Bond Registrar may request any supporting documentation it deems necessary or appropriate to effect a re-registration.

Section 4.03. Unauthenticated Bonds. The District shall provide to the Bank on a continuing basis, an adequate inventory of unauthenticated Bonds to facilitate transfers. The Bank agrees that it will maintain such unauthenticated Bonds in safekeeping.

Section 4.04. Form of Bond Register. The Bank as Bond Registrar will maintain its records as Bond Registrar in accordance with the Bank's general practices and procedures in effect from time to time.

Section 4.05. Reports. The District may request the information in the Bond Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing and to convert the information into written form.

The Bank will not release or disclose the content of the Bond Register to any person other than to the District at its written request, except upon receipt of a subpoena or court order or as may otherwise be required by law. Upon receipt of a subpoena or court order the Bank will notify the District.

Section 4.06. Canceled Bonds. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly canceled by it and, if surrendered to the District, shall be delivered to the Bank and, if not already canceled, shall be promptly canceled by the Bank. The District may at any time deliver to the Bank for cancellation any Bonds previously authenticated and delivered which the District may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Bank. All canceled Bonds held by the Bank for its retention period then in effect and shall thereafter be destroyed and evidence of such destruction furnished to the District upon its written request.

ARTICLE FIVE

CUSTODIAN AND DISBURSING AGENT

Section 5.01. Receipt of Moneys. The Custodian and Disbursing Agent has received, from the Underwriters, the sum of \$_____. Of such amount, \$_____ has been transferred to U.S. Bank National Association, as paying agent for the 2012 Bonds, to provide for the defeasance and redemption of the 2012 Bonds, and the remaining \$_____ has been deposited in a special account to be held and maintained by the Custodian and Disbursing Agent in the name of the District (the "Costs of Issuance Fund").

Section 5.02. Investment. The Custodian and Disbursing Agent will hold funds in the Costs of Issuance Fund until December 4, 2019, or upon prior written order of the District. The Custodian and Disbursing Agent shall have no obligation to invest and reinvest any cash held by it hereunder in the absence of timely and specific written investment direction from the District. In no event shall the Custodian and Disbursing Agent be liable for the selection of investments or for investment losses incurred thereon.

Section 5.03. Payment of Costs of Issuance. The Custodian and Disbursing Agent will pay costs of issuance of the Bonds as directed by the District from time to time via a written requisition of the District.

Section 5.04. Transfer of Remaining Amounts. Any balances remaining in the Costs of Issuance Fund (including any earnings) on or after December 4, 2019, will be applied by the Paying Agent to pay debt service on the Bonds.

Section 5.05. Limited Liability. The liability of the Custodian and Disbursing Agent as custodian and disbursing agent is limited to the duties listed above. The Custodian and Disbursing Agent will not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion of power conferred upon it by this Agreement.

ARTICLE SIX

THE BANK

Section 6.01. Duties of the Bank. The Bank undertakes to perform the duties set forth herein. No implied duties or obligations shall be read into this Agreement against the Bank. The Bank hereby agrees to use the funds deposited with it for payment of the principal of and interest on the Bonds to pay the same as it shall become due and further agrees to establish and maintain such accounts and funds as may be required for the Bank to function as Paying Agent.

Section 6.02. Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions expressed therein, on certificates or opinions furnished to the Bank by the District.

(b) The Bank shall not be liable for any error of judgment made in good faith. The Bank shall not be liable for other than its negligence or willful misconduct in connection with any act or omission hereunder.

(c) No provision of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(d) The Bank may rely, or be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Bank need not examine the ownership of any Bond, but shall be protected in acting upon receipt of Bonds containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Registered Owner or agent of the Registered Owner.

(e) The Bank may consult with counsel, and the written advice or opinion of counsel shall be full authorization and protection with respect to any action taken, suffered or omitted by it hereunder in good faith and reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys and shall not be liable for the actions of such agent or attorney if appointed by it with reasonable care.

(g) The Paying Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; terrorism; military disturbances; sabotage; epidemic; riots; interruptions; loss or malfunctions of utilities; computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Paying Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(h) The Paying Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the District shall provide to the Paying Agent an incumbency certificate listing designated persons authorized to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the District elects to give the Paying Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Paying Agent in its discretion elects to act upon such instructions, the Paying Agent's understanding of such instructions shall be deemed controlling. The Paying Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Paying Agent's reliance upon and compliance with such

instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The District agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Paying Agent, including without limitation the risk of the Paying Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 6.03. Recitals of District. The recitals contained in the Bond Resolution and the Bonds shall be taken as the statements of the District, and the Bank assumes no responsibility for their correctness.

Section 6.04. May Own Bonds. The Bank, in its individual or any other capacity, may become the owner or pledgee of Bonds with the same rights it would have if it were not the Paying Agent and Bond Registrar for the Bonds.

Section 6.05. Money Held by the Bank. Money held by the Bank hereunder need not be segregated from other funds. The Bank shall have no duties with respect to investment of funds deposited with it and shall be under no obligation to pay interest on any money received by it hereunder.

Any money deposited with or otherwise held by the Bank for the payment of the principal, redemption premium (if any) or interest on any Bond and remaining unclaimed for two years after such deposit will be paid by the Bank to the District, and the District and the Bank agree that the Registered Owner of such Bond shall thereafter look only to the District for payment thereof, and that all liability of the Bank with respect to such moneys shall thereupon cease.

Section 6.06. Other Transactions. The Bank may engage in or be interested in any financial or other transaction with the District.

Section 6.07. Interpleader. The District and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in a court of competent jurisdiction. The District and the Bank further agree that the Bank has the right to file an action in interpleader in any court of competent jurisdiction to determine the rights of any person claiming any interest herein.

Section 6.08. Indemnification. To the extent permitted by law, the District shall indemnify the Bank, its officers, directors, employees and agents ("Indemnified Parties") for, and hold them harmless against any loss, cost, claim, liability or expense arising out of or in connection with the Bank's acceptance or administration of the Bank's duties hereunder or under the Bond Resolution (except any loss, liability or expense as may be adjudged by a court of competent jurisdiction to be attributable to the Bank's negligence or willful misconduct), including the reasonable cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement. Such indemnity shall survive the termination or discharge of this Agreement or discharge of the Bonds.

ARTICLE SEVEN

MISCELLANEOUS PROVISIONS

Section 7.01. Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 7.02. Assignment. This Agreement may not be assigned by either party without the prior written consent of the other party.

Section 7.03. Notices. Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the District or the Bank shall be mailed or delivered to the District or the Bank, respectively, at the address shown herein, or such other address as may have been given by one party to the other by fifteen (15) days written notice.

Section 7.04. Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 7.05. Successors and Assigns. All covenants and agreements herein by the District and the Bank shall bind their successors and assigns, whether so expressed or not.

Section 7.06. Severability. If any provision of this Agreement shall be determined to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

Section 7.07. Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy or claim hereunder.

Section 7.08. Entire Agreement. This Agreement and the Bond Resolution constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent, Transfer Agent and Bond Registrar for the Bonds and as Custodian and Disbursing Agent for the payment of costs of issuance relating to the Bonds.

Section 7.09. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 7.10. Term and Termination. This Agreement shall be effective from and after its date and until the Bank resigns or is removed in accordance with the Bond Resolution; provided, however, that no such termination shall be effective until a successor has been appointed and has accepted the duties of the Bank hereunder.

The Bank may resign at any time by giving written notice thereof to the District. If the Bank shall resign, be removed or become incapable of acting, the District shall promptly appoint a successor Paying Agent and Bond Registrar. If an instrument of acceptance by a successor Paying Agent and Bond Registrar shall not have been delivered to the Bank within thirty 30 days after the Bank gives notice of resignation, the Bank may petition any court of competent jurisdiction at the expense of the District for the appointment of a successor Paying Agent and Bond Registrar. In the event of resignation or removal of the Bank as Paying Agent and Bond Registrar, upon the written request of the District and upon payment of all amounts owing to the Bank hereunder the Bank shall deliver to the District or its designee all funds and unauthenticated Bonds, and a copy of the Bond Register. The provisions of Section 2.02 and Section 6.08 hereof shall survive and remain in full force and effect following the termination of this Agreement.

Section 7.11. Governing Law. This Agreement shall be construed in accordance with and shall be governed by the laws of the State of California.

Section 7.12. Documents to be Filed with Bank. At the time of the Bank's appointment as Paying Agent and Bond Registrar, the District shall file with the Bank the following documents: (a) a certified copy of the Bond Resolution and a specimen Bond; (b) a copy of the opinion of bond counsel provided to the District in connection with the issuance of the Bonds; and (c) a District Request containing written instructions to the Bank with respect to the issuance and delivery of the Bonds, including the names of the Registered Owners and the denominations of the Bonds.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

TAHOE FOREST HOSPITAL DISTRICT

By _____
Crystal Betts
Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION, as
Paying Agent

By _____
David Jason
Vice President

EXHIBIT A

DEBT SERVICE SCHEDULE

Interest Payment Date	Principal	Interest	Total
02/01/2020			
08/01/2020			
02/01/2021			
08/01/2021			
02/01/2022			
08/01/2022			
02/01/2023			
08/01/2023			
02/01/2024			
08/01/2024			
02/01/2025			
08/01/2025			
02/01/2026			
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08/01/2038			
02/01/2039			
08/01/2039			
02/01/2040			
08/01/2040			
02/01/2041			
08/01/2041			
02/01/2042			
08/01/2042			
Total	_____	_____	_____
	=====	=====	=====

EXHIBIT D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the TAHOE FOREST HOSPITAL DISTRICT (the "District") in connection with the issuance by the District of its \$_____ Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2019 General Obligation Refunding Bonds (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of Directors of the District on July 25, 2019 (the "Resolution"). The District covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth above and, in the Bond Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 1, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means March 31 after the end of the District's fiscal year.

"*Dissemination Agent*" shall mean D.K. Goulding Financial Services, LLC, or any successor Dissemination Agent designated in writing by the District and which has filed with the District a written acceptance of such designation. In the absence of such a designation, the District shall act as the Dissemination Agent.

"*Fiscal Year*" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the District as its official fiscal year period under a Certificate of the District filed with the Trustee.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

"*Official Statement*" means the final official statement executed by the District in connection with the issuance of the Bonds.

"*Participating Underwriter*" means collectively, Hilltop Securities Inc., Piper Jaffray & Co., Raymond James & Associates, Inc. and D.A. Davidson & Co., the original underwriters of the Bonds, required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 2. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2- 12(b)(5).

Section 3. Provision of Annual Reports.

(a) The District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2020, with the report for fiscal year 2018-19 provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the District shall provide the Annual Report to the Dissemination Agent (if other than the District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the District to determine if the District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the District's fiscal year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(b). The District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the District hereunder.

(b) If the District does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the District in a timely manner shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the District, file a report with the District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The District's Annual Report shall contain or incorporate by reference the following:

(a) The District's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the District's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or prior to the annual filing deadline for Annual Reports provided for in Section 3 above, financial information and operating data with respect to the District for preceding fiscal year, substantially similar to that provided in the Official Statement, as follows:

- (i) Each portion of Nevada and Placer Counties assessed value of taxable property in the District as shown on the recent equalized assessment role; and
- (ii) Each portion of Nevada and Placer Counties property tax levies, collections and delinquencies for the District, for the most recent completed fiscal year.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the District shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The District shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (vii) Modifications to rights of security holders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the District or other obligated person;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the District or an obligated person, or the sale of all or substantially all of the assets of the District or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional paying agent or the change of name of a paying agent, if material;
- (xv) The incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect security holders, if material; or
- (xvi) A default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

(b) Whenever the District obtains knowledge of the occurrence of a Significant Event, the District shall, or shall cause the Dissemination Agent (if not the District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsection (a)(viii) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Bond Resolution.

(c) The District acknowledges that the events described in subparagraphs (a)(ii), (a)(vii), (a)(viii) (if the event is a bond call), (a)(x), (a)(xiii), (a)(xiv) and (a) (xv) of this Section 5 contain the qualifier “if material.” The District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the District determines the event’s occurrence is material for purposes of U.S. federal securities law. The District intends that the words used in paragraphs (xv) and (xvi) and the definition of “financial obligation” to have the meanings ascribed thereto in SEC Release No. 34-83885 (August 20, 2018).

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(xii) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under this Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The District’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the District shall give notice of such termination in the same manner as for a Significant Event under Section 5(b).

Section 8. Dissemination Agent. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days’ written notice to the District.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Bond Resolution for amendments to the Bond Resolution with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

The Dissemination Agent shall not be obligated to enter into any amendment increasing or affecting its duties or obligations hereunder.

A notice of any amendment made pursuant to this Section 9 shall be filed in the same manner as for a Significant Event under Section 5(b).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the District chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the District shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the District fails to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Bond Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the District to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent.

(a) Article 6 of the Bond Resolution is hereby made applicable to this Disclosure Certificate as if this Disclosure Certificate were (solely for this purpose) contained in the Bond Resolution. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the paying agent thereunder. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the District hereunder and shall not be deemed to be acting in any fiduciary capacity for the District, the Bond holders or any other party. The obligations of the District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the District for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the District, the Dissemination Agent, the Participating Underwriter and the holders and beneficial owners from time to time of the Bonds and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: September 4, 2019

TAHOE FOREST HOSPITAL DISTRICT

By _____
Crystal Betts
Chief Financial Officer

ACKNOWLEDGED:

D.K. GOULDING FINANCIAL SERVICES, LLC,
as Dissemination Agent

By _____
Dareth Goulding
President

EXHIBIT A

NOTICE TO EMMA OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Tahoe Forest Hospital District

Name of Issue: Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2019
General Obligation Refunding Bonds

Date of Issuance: September 4, 2019

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Issue as required by the Continuing Disclosure Certificate, dated September 4, 2019, furnished by the Issuer in connection with the Issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated: _____

D.K. GOULDING FINANCIAL SERVICES, LLC,
as Dissemination Agent

By _____
Name _____
Title _____

cc: Paying Agent

SOURCES AND USES OF FUNDS

Tahoe Forest Hospital District
 General Obligation Refunding Bonds, Series 2019

Sources:

Bond Proceeds:	
Par Amount	24,870,000.00
Net Premium	1,112,175.20
	25,982,175.20

Uses:

Refunding Escrow Deposits:	
Cash Deposit	25,668,842.80
Delivery Date Expenses:	
Cost of Issuance	200,000.00
Underwriter's Discount	110,671.50
	310,671.50
Other Uses of Funds:	
Additional Proceeds	2,660.90
	25,982,175.20

BOND PRICING

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Series 2019

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Premium (-Discount)
Bond Component:							
	08/01/2020	370,000	3.000%	0.990%	101.812		6,704.40
	08/01/2021	320,000	3.000%	1.010%	103.751		12,003.20
	08/01/2022	360,000	3.000%	1.020%	105.659		20,372.40
	08/01/2023	410,000	3.000%	1.030%	107.526		30,856.60
	08/01/2024	445,000	4.000%	1.050%	114.076		62,638.20
	08/01/2025	500,000	4.000%	1.160%	116.171		80,855.00
	08/01/2026	555,000	4.000%	1.260%	118.073		100,305.15
	08/01/2027	625,000	4.000%	1.350%	117.422 C	1.642%	108,887.50
	08/01/2028	700,000	4.000%	1.460%	116.632 C	1.956%	116,424.00
	08/01/2029	785,000	4.000%	1.590%	115.707 C	2.225%	123,299.95
	08/01/2030	870,000	4.000%	1.700%	114.930 C	2.433%	129,891.00
	08/01/2031	965,000	4.000%	1.810%	114.160 C	2.609%	136,644.00
	08/01/2032	1,070,000	4.000%	1.920%	113.395 C	2.759%	143,326.50
	08/01/2033	1,180,000	3.000%	2.620%	102.385 C	2.792%	28,143.00
	08/01/2034	1,270,000	3.000%	2.700%	101.877 C	2.845%	23,837.90
	08/01/2035	1,380,000	3.000%	2.770%	101.435 C	2.887%	19,803.00
	08/01/2036	1,490,000	3.000%	2.820%	101.121 C	2.915%	16,702.90
	08/01/2037	1,605,000	3.000%	2.870%	100.807 C	2.942%	12,952.35
	08/01/2038	1,725,000	3.000%	2.920%	100.495 C	2.965%	8,538.75
	08/01/2039	1,850,000	3.000%	2.970%	100.184 C	2.988%	3,404.00
		18,475,000					1,185,589.80
Term Bond 2042:							
	08/01/2042	6,395,000	3.000%	3.070%	98.852		-73,414.60
		24,870,000					1,112,175.20

Dated Date	09/04/2019	
Delivery Date	09/04/2019	
First Coupon	02/01/2020	
Par Amount	24,870,000.00	
Premium	1,112,175.20	
Production	25,982,175.20	104.471955%
Underwriter's Discount	-110,671.50	-0.445000%
Purchase Price	25,871,503.70	104.026955%
Accrued Interest		
Net Proceeds	25,871,503.70	

BOND SUMMARY STATISTICS

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Series 2019

Dated Date	09/04/2019
Delivery Date	09/04/2019
Last Maturity	08/01/2042
Arbitrage Yield	2.741674%
True Interest Cost (TIC)	2.848091%
Net Interest Cost (NIC)	2.903385%
All-In TIC	2.913060%
Average Coupon	3.161911%
Average Life (years)	15.577
Duration of Issue (years)	12.132
Par Amount	24,870,000.00
Bond Proceeds	25,982,175.20
Total Interest	12,248,935.42
Net Interest	11,247,431.72
Total Debt Service	37,118,935.42
Maximum Annual Debt Service	2,343,250.00
Average Annual Debt Service	1,620,324.57
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	4.450000
Total Underwriter's Discount	4.450000
Bid Price	104.026955

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	18,475,000.00	106.417	3.254%	13.369
Term Bond 2042	6,395,000.00	98.852	3.000%	21.953
	24,870,000.00			15.577

	TIC	All-In TIC	Arbitrage Yield
Par Value	24,870,000.00	24,870,000.00	24,870,000.00
+ Accrued Interest			
+ Premium (Discount)	1,112,175.20	1,112,175.20	1,112,175.20
- Underwriter's Discount	-110,671.50	-110,671.50	
- Cost of Issuance Expense		-200,000.00	
- Other Amounts			
Target Value	25,871,503.70	25,671,503.70	25,982,175.20
Target Date	09/04/2019	09/04/2019	09/04/2019
Yield	2.848091%	2.913060%	2.741674%

BOND DEBT SERVICE

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Series 2019

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/01/2020			331,260.42	331,260.42	
08/01/2020	370,000	3.000%	405,625.00	775,625.00	1,106,885.42
02/01/2021			400,075.00	400,075.00	
08/01/2021	320,000	3.000%	400,075.00	720,075.00	1,120,150.00
02/01/2022			395,275.00	395,275.00	
08/01/2022	360,000	3.000%	395,275.00	755,275.00	1,150,550.00
02/01/2023			389,875.00	389,875.00	
08/01/2023	410,000	3.000%	389,875.00	799,875.00	1,189,750.00
02/01/2024			383,725.00	383,725.00	
08/01/2024	445,000	4.000%	383,725.00	828,725.00	1,212,450.00
02/01/2025			374,825.00	374,825.00	
08/01/2025	500,000	4.000%	374,825.00	874,825.00	1,249,650.00
02/01/2026			364,825.00	364,825.00	
08/01/2026	555,000	4.000%	364,825.00	919,825.00	1,284,650.00
02/01/2027			353,725.00	353,725.00	
08/01/2027	625,000	4.000%	353,725.00	978,725.00	1,332,450.00
02/01/2028			341,225.00	341,225.00	
08/01/2028	700,000	4.000%	341,225.00	1,041,225.00	1,382,450.00
02/01/2029			327,225.00	327,225.00	
08/01/2029	785,000	4.000%	327,225.00	1,112,225.00	1,439,450.00
02/01/2030			311,525.00	311,525.00	
08/01/2030	870,000	4.000%	311,525.00	1,181,525.00	1,493,050.00
02/01/2031			294,125.00	294,125.00	
08/01/2031	965,000	4.000%	294,125.00	1,259,125.00	1,553,250.00
02/01/2032			274,825.00	274,825.00	
08/01/2032	1,070,000	4.000%	274,825.00	1,344,825.00	1,619,650.00
02/01/2033			253,425.00	253,425.00	
08/01/2033	1,180,000	3.000%	253,425.00	1,433,425.00	1,686,850.00
02/01/2034			235,725.00	235,725.00	
08/01/2034	1,270,000	3.000%	235,725.00	1,505,725.00	1,741,450.00
02/01/2035			216,675.00	216,675.00	
08/01/2035	1,380,000	3.000%	216,675.00	1,596,675.00	1,813,350.00
02/01/2036			195,975.00	195,975.00	
08/01/2036	1,490,000	3.000%	195,975.00	1,685,975.00	1,881,950.00
02/01/2037			173,625.00	173,625.00	
08/01/2037	1,605,000	3.000%	173,625.00	1,778,625.00	1,952,250.00
02/01/2038			149,550.00	149,550.00	
08/01/2038	1,725,000	3.000%	149,550.00	1,874,550.00	2,024,100.00
02/01/2039			123,675.00	123,675.00	
08/01/2039	1,850,000	3.000%	123,675.00	1,973,675.00	2,097,350.00
02/01/2040			95,925.00	95,925.00	
08/01/2040	1,990,000	3.000%	95,925.00	2,085,925.00	2,181,850.00
02/01/2041			66,075.00	66,075.00	
08/01/2041	2,130,000	3.000%	66,075.00	2,196,075.00	2,262,150.00
02/01/2042			34,125.00	34,125.00	
08/01/2042	2,275,000	3.000%	34,125.00	2,309,125.00	2,343,250.00
	24,870,000		12,248,935.42	37,118,935.42	37,118,935.42

SAVINGS

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Series 2019

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 09/04/2019 @ 2.7416742%
08/01/2020	1,281,668.76	1,106,885.42	174,783.34	172,881.30
08/01/2021	1,312,093.76	1,120,150.00	191,943.76	183,538.21
08/01/2022	1,345,043.76	1,150,550.00	194,493.76	180,916.47
08/01/2023	1,380,243.76	1,189,750.00	190,493.76	172,404.87
08/01/2024	1,407,418.76	1,212,450.00	194,968.76	171,625.55
08/01/2025	1,443,006.26	1,249,650.00	193,356.26	165,603.71
08/01/2026	1,477,006.26	1,284,650.00	192,356.26	160,320.88
08/01/2027	1,524,606.26	1,332,450.00	192,156.26	155,879.43
08/01/2028	1,574,450.00	1,382,450.00	192,000.00	151,595.47
08/01/2029	1,631,212.50	1,439,450.00	191,762.50	147,366.73
08/01/2030	1,688,387.50	1,493,050.00	195,337.50	146,082.49
08/01/2031	1,746,707.50	1,553,250.00	193,457.50	140,814.38
08/01/2032	1,811,787.50	1,619,650.00	192,137.50	136,120.62
08/01/2033	1,878,000.00	1,686,850.00	191,150.00	131,806.66
08/01/2034	1,936,000.00	1,741,450.00	194,550.00	130,478.48
08/01/2035	2,004,800.00	1,813,350.00	191,450.00	124,905.05
08/01/2036	2,073,800.00	1,881,950.00	191,850.00	121,738.97
08/01/2037	2,142,800.00	1,952,250.00	190,550.00	117,601.79
08/01/2038	2,216,600.00	2,024,100.00	192,500.00	115,533.97
08/01/2039	2,289,800.00	2,097,350.00	192,450.00	112,321.38
08/01/2040	2,372,200.00	2,181,850.00	190,350.00	108,029.97
08/01/2041	2,453,200.00	2,262,150.00	191,050.00	105,421.72
08/01/2042	2,537,600.00	2,343,250.00	194,350.00	104,260.16
	41,528,432.58	37,118,935.42	4,409,497.16	3,257,248.27

Savings Summary

PV of savings from cash flow	3,257,248.27
Plus: Refunding funds on hand	2,660.90
Net PV Savings	3,259,909.17

SUMMARY OF REFUNDING RESULTS

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Series 2019

Dated Date	09/04/2019
Delivery Date	09/04/2019
Arbitrage yield	2.741674%
Escrow yield	0.000000%
Value of Negative Arbitrage	
Bond Par Amount	24,870,000.00
True Interest Cost	2.848091%
Net Interest Cost	2.903385%
Average Coupon	3.161911%
Average Life	15.577
Par amount of refunded bonds	25,570,000.00
Average coupon of refunded bonds	3.943525%
Average life of refunded bonds	15.734
PV of prior debt to 09/04/2019 @ 2.741674%	29,460,906.30
Net PV Savings	3,259,909.17
Percentage savings of refunded bonds	12.748960%
Percentage savings of refunding bonds	13.107797%

SUMMARY OF BONDS REFUNDED

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Series 2019

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Election of 2007, Series C (2012), GO12:					
SERIAL	08/01/2020	5.500%	265,000.00	09/06/2019	100.000
	08/01/2021	5.500%	310,000.00	09/06/2019	100.000
	08/01/2022	5.500%	360,000.00	09/06/2019	100.000
	08/01/2023	5.500%	415,000.00	09/06/2019	100.000
	08/01/2024	5.250%	465,000.00	09/06/2019	100.000
	08/01/2025	4.000%	525,000.00	09/06/2019	100.000
	08/01/2026	3.000%	580,000.00	09/06/2019	100.000
	08/01/2027	3.125%	645,000.00	09/06/2019	100.000
	08/01/2028	3.250%	715,000.00	09/06/2019	100.000
	08/01/2029	3.500%	795,000.00	09/06/2019	100.000
	08/01/2030	3.600%	880,000.00	09/06/2019	100.000
	08/01/2031	3.600%	970,000.00	09/06/2019	100.000
	08/01/2032	3.625%	1,070,000.00	09/06/2019	100.000
	08/01/2035	4.000%	1,400,000.00	09/06/2019	100.000
TERM34	08/01/2034	4.000%	2,455,000.00	09/06/2019	100.000
TERM38	08/01/2038	4.000%	4,975,000.00	09/06/2019	100.000
TERM42	08/01/2042	4.000%	8,745,000.00	09/06/2019	100.000
			25,570,000.00		

ESCROW COST

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Series 2019

Purchase Date	Cost of Securities	Cash Deposit	Total Escrow Cost
09/04/2019		25,668,842.80	25,668,842.80
	0	25,668,842.80	25,668,842.80

ESCROW SUFFICIENCY

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Series 2019

Date	Escrow Requirement	Net Escrow Receipts	Excess Receipts	Excess Balance
09/04/2019		25,668,842.80	25,668,842.80	25,668,842.80
09/06/2019	25,668,842.80		-25,668,842.80	
	25,668,842.80	25,668,842.80	0.00	

ESCROW STATISTICS

Tahoe Forest Hospital District
General Obligation Refunding Bonds, Series 2019

Total Escrow Cost	Modified Duration (years)	Yield to Receipt Date	Yield to Disbursement Date	Perfect Escrow Cost	Value of Negative Arbitrage	Cost of Dead Time
Global Proceeds Escrow: 25,668,842.80				25,664,959.89		3,882.91
25,668,842.80				25,664,959.89	0.00	3,882.91

Delivery date 09/04/2019
Arbitrage yield 2.741674%

Tahoe Forest Hospital District
Refunding of 2012 General Obligation Bonds, Series C
July 18, 2019

PURPOSE

A refunding of the District's outstanding \$25,570,000 General Obligation Bonds, Election of 2007, Series C (2012) (the "2012 GO Bonds") would (i) provide for lower debt service payments over their remaining life thus reducing the tax burden on District property owners and (ii) improve the District's credit profile as it relates to rating agency evaluations of the District's general obligation bond credit rating. Debt service savings as a result of this refunding would directly reduce the levy of ad valorem taxes payable by District property owners over the next 23 years. Annual savings is now approximately \$191,000, slightly up from \$183,000 in annual savings projected last month.

BACKGROUND AND FINDINGS

On August 2, 2012, the District issued the 2012 GO Bonds with its proceeds used to fund improvements for radiology upgrades, the construction of a new cancer center, central plant upgrades and a renovation and expansion of the District's skilled nursing facility, among other projects, all located in Truckee, California.

Since the June 6th refunding analysis that was shared with you at your June 27th Board of Director's meeting, tax-exempt interest rates have continued to decline slightly which would indicate a continuing increase in the savings associated with a refunding of the District's 2012 GO Bonds as of today's date. Assuming approval of the Final Bond Resolution at the July 25, 2019 Board Meeting, we will complete, print and distribute the Preliminary Official Statement on July 26, 2019. We then will hold a market update call on August 2nd with the pre-pricing call with our underwriting syndicate on August 5, 2019. Assuming that all moves forward as planned, we will receive orders from both retain and institutional buyers on the morning of August 6th with a final pricing call just after noon on the same day. On the final pricing call we would expect to have final pricing terms and conditions resolved and conclude that call with what we call a "verbal award" for the sale of the bonds from the District to Hilltop Securities on behalf of our underwriting syndicate. Later that same day we plan to execute the Bond Purchase Agreement to confirm the pricing terms and conditions that were agreed to by all parties with the verbal award. Closing and settlement of the 2019 Refunding General Obligation Bonds is scheduled to occur on September 4th with the redemption of the 2012 GO Bonds occurring two days later on September 6, 2019.

An evaluation of this proposed refunding has been ongoing for the past eight months. By beginning the refinancing process when we did, I believe that our timing to enter into the market and for the sale of these bonds is very favorable. We will continue to evaluate the economics of this proposed refunding until the sale date and final pricing call on August 6th, as indicated above, with a final decision concerning this proposed refunding to be based on actual savings as of that date.

SUMMARY AND RECOMMENDATION

In summary, the District's Financial Advisor and its Underwriting Syndicate have determined that a public offering as compared with a private placement of the 2019 Refunding General Obligation Bonds will produce the lowest interest rates and the greatest amount of savings associated with a refunding of the 2012 GO Bonds. Based on current tax-exempt interest rates available in today's market, it is our best estimate that a current refunding of the 2012 GO Bonds would produce approximately \$4.4 million in total savings (approximately \$191,000 per year) and approximately \$3.3 million in net present values savings, representing about 12.7% of the outstanding principal amount of the 2012 GO Bonds.

It is our recommendation that the proposed refunding be approved by this Board of Directors and pursued diligently by representatives of the District and their finance team.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 26, 2019

NEW ISSUE—BOOK-ENTRY ONLY

RATING: Moody's: _____
(See "RATING" herein)

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the District with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See "LEGAL MATTERS—Tax Matters" herein for a more complete discussion.

\$24,870,000*

**TAHOE FOREST HOSPITAL DISTRICT
(PLACER AND NEVADA COUNTIES, CALIFORNIA)
2019 GENERAL OBLIGATION REFUNDING BONDS**

Dated: Date of Delivery

Due: August 1 as shown below

Tahoe Forest Hospital District (the "District") is issuing this series of general obligation bonds in the amount of \$24,870,000*, to be known as the Tahoe Forest Hospital District (Placer and Nevada Counties, California), 2019 General Obligation Refunding Bonds (the "Bonds"). See "INTRODUCTION – Bond Issuance Authority" herein. Proceeds of the Bonds will be used to refund on a current basis all outstanding Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series C (2012) (the "2012 Bonds") currently outstanding in the principal amount of \$25,570,000, and to pay for costs of issuing the Bonds. See "REFINANCING PLAN" herein.

The Bonds represent the general obligation of the District. The District is empowered and obligated to cause to be levied *ad valorem* taxes, without limitation of rate or amount, upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates), for the payment of principal of and interest on the Bonds when due. Placer and Nevada Counties will collect all *ad valorem* taxes due the District, disburse them directly to the District and the District will transfer them to the Paying Agent (defined below) to be applied to the payment of principal of and interest on the Bonds. See "THE BONDS – Security for the Bonds" and "Certain Risks Related to Ad Valorem Property Taxation" herein.

The Bonds will be issued in book-entry form only and will be initially issued and registered in the name of Cede & Co. as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of the Bonds will be made in book-entry form only. Purchasers will not receive physical delivery of the Bonds purchased by them. Payments of the principal of and interest on the Bonds will be made by U.S. Bank National Association, San Francisco, California, as the paying agent, registrar and transfer agent (the "Paying Agent"), to DTC for subsequent disbursement through DTC Participants (defined herein) to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry System" herein.

The Bonds will be dated the date of their delivery, and will accrue interest from such date, which interest is payable semiannually on each February 1 and August 1, commencing February 1, 2020. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

The Bonds are subject to redemption prior to their respective maturity dates as described herein. See "THE BONDS—Redemption Provisions" herein.

* Preliminary, subject to change.

The following firm served as financial advisor to the District on this financing:

G.L. Hicks Financial, LLC

MATURITY SCHEDULE*

\$18,475,000 Serial Bonds

CUSIP† Prefix:

<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† Suffix</u>	<u>Maturity (August 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP† Suffix</u>
2020	\$370,000				2030	\$ 870,000			
2021	320,000				2031	965,000			
2022	360,000				2032	1,070,000			
2023	410,000				2033	1,180,000			
2024	445,000				2034	1,270,000			
2025	500,000				2035	1,380,000			
2026	555,000				2036	1,490,000			
2027	625,000				2037	1,605,000			
2028	700,000				2038	1,725,000			
2029	785,000				2039	1,850,000			

\$6,395,000 ____% Term Bonds maturing August 1, 2042; Price: ____% to Yield ____%—CUSIP: ____

This cover page contains certain information for reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued by the District and received by the Underwriters, subject to the approval as to their legality by Quint & Thimmig LLP, Larkspur, California, Bond Counsel. Certain legal matters will be passed on for the District by its counsel, Colantuono, Highsmith & Whatley, PC, Grass Valley, California, and by Jennings, Strouss & Salmon, PLC, Phoenix, Arizona, Disclosure Counsel to the District. Certain matters will be passed on for the Underwriters by McDougal Love Boehmer Foley Lyon & Canlas, a professional corporation, La Mesa, California. It is anticipated that the Bonds, in book-entry form, will be available for delivery through the facilities of DTC on or about September 4, 2019.

HilltopSecurities
Piper Jaffray Raymond James D.A. Davidson

The date of this Official Statement is August ____, 2019.

* Preliminary, subject to change.

† CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Global Intelligence. The CUSIP data is provided solely for the convenience of bondholders. The District and the Underwriters take no responsibility for the accuracy of such data.

**TAHOE FOREST HOSPITAL DISTRICT
PLACER AND NEVADA COUNTIES, CALIFORNIA**

BOARD OF DIRECTORS

Alyce Wong, Chair
Mary Brown, Vice Chair
Sarah Wolfe, Secretary
Dale Chamblin, Treasurer
Randy Hill, Member

DISTRICT SENIOR MANAGEMENT

Harry Weis, Chief Executive Officer
Crystal Betts, Chief Financial Officer
Judith Newland, Chief Operating Officer
Karen Baffone, Chief Nursing Officer

PROFESSIONAL SERVICES

District Counsel

Colantuono, Highsmith & Whatley, PC
Grass Valley, California

Disclosure Counsel

Jennings, Strouss & Salmon, PLC
Phoenix, Arizona

Independent Auditors

Moss Adams, Rancho Cordova, California

Bond Counsel

Quint & Thimmig LLP
Larkspur, California

Financial Advisor

G.L. Hicks Financial, LLC
Orem, Utah

Registrar, Transfer, Paying Agent and Escrow Bank

U.S. Bank National Association
San Francisco, California

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

The Preliminary Official Statement has been “deemed final” as of its date by the District pursuant to Rule 15c2-12 of the Securities Exchange Commission. The District has undertaken to provide continuing disclosure on certain matters, including annual financial information and specific enumerated events, as more fully described hereunder under “CONTINUING DISCLOSURE.”

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the District, in any press release and in any oral statement made with the approval of an authorized officer of the District, the words or phrases “will likely result,” “are expected to,” “will continue,” “is anticipated,” “estimate,” “project,” “forecast,” “expect,” “intend” and similar expressions identify “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the District since the date hereof.

Involvement of the Underwriters. The Underwriters have reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Offer and Sale of Bonds. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriters.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations in connection with the offer or sale of the Bonds other than those contained herein and if given or made, such other information or representation must not be relied upon as having been authorized by the District or the Financial Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

Website. The District maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds. None of the information on the District’s website is incorporated in this Official Statement by reference or otherwise.

Resolution. Reference is made to the Resolution, copies of which are available upon request of the District.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY A FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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\$24,870,000*
TAHOE FOREST HOSPITAL DISTRICT
(PLACER AND NEVADA COUNTIES, CALIFORNIA)
2019 GENERAL OBLIGATION REFUNDING BONDS

INTRODUCTION

This Official Statement, including the cover page, the Table of Contents and Appendices hereto (the “Official Statement”), is provided to furnish information with respect to the sale and delivery by Tahoe Forest Hospital District (the “District”) of \$24,870,000* aggregate principal amount of its 2019 General Obligation Refunding Bonds (the “Bonds”).

This Introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds to potential investors is made only by means of the entire Official Statement.

The District

The District was created in 1949 as a political subdivision of the State of California (the “State”). The District is organized and operates under The Local Health Care District Law of the State, constituting Division 23 of the California Health and Safety Code (the “District Law”). The District is located in portions of Placer and Nevada Counties (herein referred to collectively as the “Counties”) and covers an area of approximately 500 square miles. Under District Law the District may own and operate health care facilities. The District currently owns and operates Tahoe Forest Hospital in Truckee, California, and Incline Village Community Hospital in Incline Village, Nevada. None of the proceeds of the District’s general obligation bonds have been used for facilities in the State of Nevada. See “THE DISTRICT” and “DISTRICT FINANCIAL MATTERS” herein.

Bond Issuance Authority

The issuance of general obligation bonds in an aggregate amount not to exceed \$98,500,000 by the District was authorized at an election of the registered voters of the District held on September 25, 2007, by approximately 72% of the persons voting on the measure (“Measure C”). Pursuant to such voter authorization, the laws of the State of California (the “State”) and resolutions of the District, the District issued its \$29,400,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series A (2008) (the “2008 Bonds”), its \$43,000,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series B (2010) (the “2010 Bonds”), and its \$26,100,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series C (2012) (the “2012 Bonds”). The 2008 Bonds were advance refunded by the issuance of the District’s \$30,810,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2015 General Obligation Refunding Bonds (the “2015 Bonds”). The 2010 Bonds were advance refunded by the issuance of the District’s \$45,110,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) 2016 General Obligation Refunding Bonds (the “2016 Bonds”).

The Bonds are being issued pursuant to Article 9 of Chapter 3 (commencing with section 53550 of the California Code (the “Act”) and a resolution adopted by the Board of Directors of the District on July 25, 2019 (the “Resolution”).

The Plan of Finance

Net proceeds of the Bonds will be used to refund on a current basis all of the Tahoe Forest Hospital District (Placer and Nevada Counties, California) General Obligation Bonds, Election of 2007, Series C (2012) (the “2012 Bonds”) currently outstanding in the amount of \$25,570,000 and to pay for costs of issuing the Bonds. See “REFINANCING PLAN” herein.

* Preliminary, subject to change.

Sources of Payment for the Bonds; Statutory Lien

The Bonds are general obligations of the District, and the District has the power, is obligated and covenants to cause to be levied *ad valorem* taxes upon all property within the District subject to taxation by the District, without limitation of rate or amount, for the payment when due of the principal of and interest on the Bonds. See “THE BONDS – Security for the Bonds” and “THE DISTRICT” herein. All such *ad valorem* taxes will be collected by the Counties and transferred by the Counties to the District. The District will hold such tax monies in a restricted account and then disburse such tax monies to the Paying Agent (defined below) for the payment of principal of and interest on the Bonds. In addition, pursuant to section 32127 of the District Law, the District is required to use moneys in its maintenance and operation fund whenever *ad valorem* taxes are insufficient to pay such principal and interest. The District does not anticipate that this will be necessary.

Although the Counties are obligated to collect the ad valorem taxes for payment of the Bonds, the Bonds are not a debt of either of the Counties.

Pursuant to California Government Code section 53515, general obligation bonds issued and sold by a local agency, including the District, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien shall automatically arise without the need for any action or authorization by the local agency or its governing body. See “THE BONDS – Security for the Bonds” herein.

Description of the Bonds

The Bonds will be dated the date of their delivery, will be in denominations of \$5,000 each, or integral multiples thereof, and will bear interest at the rate or rates shown on the cover page hereof, with interest payable semiannually on each February 1 and August 1, commencing February 1, 2020 (each an “Interest Payment Date”), during the term of the Bonds.

The Bonds will be issued in fully registered form only and will be initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. Individual purchases of interests in the Bonds will be available to purchasers of the Bonds (the “Beneficial Owners”) under the book-entry system maintained by DTC, only through brokers and dealers who are or act through DTC Participants as described herein under “THE BONDS – Book-Entry System.”

The Bonds maturing on or before August 1, 2026 are not callable. The Bonds maturing on or after August 1, 2027, may be redeemed prior to maturity at the option of the District beginning on August 1, 2026, and thereafter, at the redemption price of 100% of the par amount of Bonds redeemed, plus accrued interest, without premium. See “THE BONDS – Redemption Provisions” below.

Revenue Bonds Outstanding

The District issued \$12,000,000 of the Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Demand Revenue Bonds, Series 2002 on October 18, 2002 (the “2002 Revenue Bonds”). Proceeds from the 2002 Revenue Bonds were principally used to partially fund the construction of a large addition and to remodel certain facilities at the Tahoe Forest Hospital.

All of the 2002 Revenue Bonds were refunded on a current basis on March 27, 2017, with the issuance by the District of \$9,060,000 in variable rate revenue refunding bonds (the “2017 Revenue Bonds”). The District entered into an interest rate swap agreement to fix the interest rate of the 2002 Revenue Bonds at a synthetic interest rate of 3.54%, which rate, upon refunding of the 2002 Bonds by the 2017 Revenue Bonds, has continued for the 2017 Revenue Bonds. The 2017 Revenue Bonds are secured by a gross revenue fund pledge and are currently outstanding in the amount of \$7,683,775 with a final maturity of July 1, 2032.

The District issued \$27,385,000 of the Tahoe Forest Hospital District (Placer and Nevada Counties, California) Hospital Revenue Bonds, Series 2006 on May 2, 2006 (the “2006 Revenue Bonds”). Proceeds from the 2006 Revenue Bonds were principally used to refund revenue bonds issued by the District in 1999 (the “1999 Revenue Bonds”), to partially fund the construction of the Western Addition to the Tahoe Forest Hospital and to make various other improvements at the Tahoe Forest Hospital. All of the 2006 Revenue Bonds were refunded on a current basis on May 29, 2015, with the issuance by the District of \$20,979,000 in fixed rate revenue refunding

bonds (the “2015 Revenue Bonds”). The 2015 Revenue Bonds are secured by a gross revenue fund pledge and are currently outstanding in the amount of \$17,528,221 with a final maturity of July 1, 2033.

The District issued \$8,000,000 in fixed rate installment purchase obligations on October 27, 2018 (the “2018 Obligations”). Proceeds from the 2018 Obligations were used to purchase equipment needed for the Hospital. The 2018 Obligations are secured by a gross revenue fund pledge and are currently outstanding in the amount of \$6,997,298 with a final maturity of October 27, 2023.

The District purchased land and a building located adjacent to Tahoe Forest Hospital on January 31, 2019, for \$5,500,000 and took back seller financing of \$4,950,000. This real estate loan is secured by the purchased real property and is repayable over 84 months in installments of \$67,660.59 at a 4.00% interest rate with a final maturity date of February 1, 2026.

On March 15, 2019, the District entered into a municipal lease purchase agreement for the purchase of copy machines for the Health Facilities in the original principal amount of \$239,669 that is repayable over 60 months in installments of \$4,419.29 at a 4.05% interest rate with a final maturity date of March 15, 2024.

Neither the municipal lease purchase agreement, the real estate loan, the 2018 Obligations, the 2017 Revenue Bonds nor the 2015 Revenue Bonds are paid from *ad valorem* taxes nor are they cross-defaulted to the Bonds.

Tax Matters

In the opinion of Quint & Thimmig LLP, Larkspur, California, Bond Counsel, subject to compliance by the District with certain covenants, under present law, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals. In addition, in the opinion of Bond Counsel, interest on the Bonds is exempt from personal income taxation imposed by the State of California. See “LEGAL MATTERS—Tax Matters” herein.

Professionals Involved in the Offering

All proceedings in connection with the issuance of the Bonds are subject to the approval of Quint & Thimmig LLP, Larkspur, California (“Bond Counsel”). Bond Counsel will supply a legal opinion approving the validity of the Bonds. See “LEGAL MATTERS – Approval of Legality” herein. U.S. Bank National Association, San Francisco, California, will act as paying agent, transfer agent and registrar for the Bonds (the “Paying Agent”). Colantuono, Highsmith & Whatley, PC, Grass Valley, California, is acting as the District’s legal counsel (“District Counsel”) and Jennings, Strouss & Salmon, PLC, Phoenix, Arizona, is acting as disclosure counsel (“Disclosure Counsel”) to the District in connection with the Bonds. McDougal Love Boehmer Foley Lyon & Canlas, a professional corporation, La Mesa, California, is acting as legal counsel to the Underwriters in connection with the Bonds. G.L. Hicks Financial, LLC, Orem, Utah, is acting as financial advisor (“Financial Advisor”) to the District for the Bonds. Both Bond Counsel and Disclosure Counsel have represented one or more of the Underwriters in the past and may also do so in the future.

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to approval as to their legality by Bond Counsel. It is anticipated that the Bonds in book-entry only form will be available for delivery through the facilities of DTC on or about September 4, 2019.

Bondholders’ Risks

The Bonds are general obligations of the District and the District has the power and is obligated to cause to be levied and collected by the Counties annual *ad valorem* taxes for payment when due of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates) without limitation as to rate or amount. In the event *ad valorem* taxes are insufficient to pay principal and interest on the Bonds, the District is required to use moneys in its maintenance and operation fund to pay debt service on the Bonds. See “THE BONDS – Security for the Bonds” and “Certain Risks Related to Ad Valorem Taxation” herein for a discussion of the security supporting payment of the Bonds, including

a discussion of California’s statutory lien law, and certain risks associated with *ad valorem* taxes. For more complete information regarding the District’s financial condition and taxation of property within the District, see “DISTRICT FINANCIAL MATTERS” herein. See also APPENDIX B – “Audited Combined Financial Statements of the District as of and for the Fiscal Years Ended June 30, 2018 and 2017.

Other Information; Continuing Disclosure

This Official Statement speaks only as of its date, and the information contained herein is subject to change. There follows in this Official Statement discussions of the Bonds, the Resolution (hereinafter defined) and the District. The descriptions and summaries herein do not purport to be comprehensive or definitive and reference is made to each such document for the complete details of all terms and conditions. All statements herein are qualified in their entirety by reference to each such document and, with respect to certain rights and remedies, to laws and principles of equity relating to or affecting creditors’ rights generally.

The District will undertake, pursuant to the Resolution and a continuing disclosure certificate, to provide certain annual financial information and notices of the occurrence of certain events. See “CONTINUING DISCLOSURE” herein.

THE BONDS

Authority for Issuance

The Bonds are general obligation bonds issued pursuant to the Act and the provisions of the Resolution. District voters approved the authorization of a total of \$98,500,000 in general obligation bonds (“Measure C”) by more than two-thirds (72%) of the votes cast by registered voters residing within the District on September 25, 2007. The Bonds will currently refund the 2012 Bonds issued on August 2, 2012, under Measure C. See “INTRODUCTION – Bond Issuance Authority” of this Official Statement for a description of all series of such authorized general obligation bonds. The following table sets forth all outstanding general obligation bonds of the District, assuming issuance of the Bonds and a full refunding of the 2012 Bonds, after the principal payments on the 2015 Bonds and 2016 Bonds scheduled for August 1, 2019:

<u>General Obligation Bond Issue</u>	<u>Original Principal Amount</u>	<u>Outstanding Upon Issuance of the Bonds</u>
2015 Bonds	\$30,810,000	\$29,280,000
2016 Bonds	\$45,110,000	\$42,740,000
Bonds	\$24,870,000*	\$24,870,000*

Description of the Bonds

Interest on the Bonds accrues from the date of delivery and is payable on each Interest Payment Date. The Bonds are issuable in denominations of \$5,000 or any integral multiple thereof.

Principal on the Bonds is payable in lawful money of the United States of America upon surrender of the Bonds at the principal corporate trust office of the Paying Agent. Interest on the Bonds will be paid by check from the Paying Agent mailed to the person registered as the owner thereof as of the 15th day of the month preceding each Interest Payment Date to the address listed on the registration books of the District maintained by the Paying Agent for such purpose. See the Maturity Schedule on the cover and “THE BONDS – Debt Service Schedule.”

Purpose of the Issue

Proceeds of the Bonds will be used to refund on a current basis all of the 2012 Bonds and to pay costs of issuing the Bonds. See “REFINANCING PLAN” herein.

Book-Entry System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC’s nominee) or such

* Preliminary, subject to change.

other name as may be requested by an authorized representative of DTC. The ownership of one fully-registered Bond for each maturity, each in the aggregate principal amount of such maturity, will be registered in the name of Cede & Co. See APPENDIX D “Book-Entry System.”

Sources and Uses of Funds

The following table sets forth the estimated sources and uses of funds for the Bonds, including the funding of an escrow fund to legally defease the 2012 Bonds and to pay for costs associated with issuance of the Bonds.

Estimated Sources of Funds:

Principal Amount of the Bonds.....	\$
Plus: Net Original Issue Premium.....	
 Total Sources of Funds	\$

Estimated Uses of Funds:

Deposit to Escrow Fund.....	\$
Deposit to Costs of Issuance Fund ⁽¹⁾	
Underwriters’ Discount	
 Total Uses of Funds	\$

⁽¹⁾ Includes legal, financial advisory, printing, rating agency, consulting, Paying Agent fees, and other costs of issuance.

Redemption Provisions

Optional Redemption. The Bonds maturing on or before August 1, 2026, are not callable. Bonds maturing on or after August 1, 2027, are subject to redemption prior to their respective stated maturities, at the option of the District, in whole or in part, on any date on or after August 1, 2026, at redemption prices equal to the par amount of Bonds redeemed, together with accrued interest to the date fixed for redemption, without premium.

General. In the event of any redemption, the Paying Agent will give notice thereof by mailing a copy of the redemption notice by registered mail or other secured mail, postage prepaid, to the registered owner of any Bond to be redeemed at the address shown on the registration books of the District maintained by the Paying Agent, as registrar, not less than thirty (30) nor more than sixty (60) calendar days prior to the redemption date; provided, however, that failure of any owner to receive such notice, or any defect therein, shall not affect the validity of the proceedings for redemption of any Bond.

Any such notice for optional redemption of the Bonds shall state that such redemption is conditional upon receipt by the Paying Agent of sufficient monies to redeem the Bonds on the scheduled redemption date.

Defeasance

If at any time the District shall pay or cause to be paid or there shall otherwise be paid to the Beneficial Owners of all outstanding Bonds all of the principal of and interest on the Bonds at the times and in the manner provided in the Resolution, or as otherwise provided by law, then such owners shall cease to be entitled to the obligation of the District to cause the Counties to levy and collect taxes on behalf of the District, and such obligation and all agreements and covenants of the District and of the Counties to such owners under the Bonds shall thereupon be satisfied and discharged and shall terminate, except that the District shall remain liable for payment of all principal, interest and premium, if any, on the Bonds, but only out of monies or securities on deposit under the Resolution or otherwise held in trust for such payment.

Debt Service Schedule

The following table summarizes the annual debt service requirements for the Bonds and provides the annual aggregate debt service for the 2015 Bonds and the 2016 Bonds combined, and the annual aggregate debt service for the 2015 Bonds, the 2016 Bonds and the Bonds combined:

<u>Year Ending (August 1)</u>	<u>The Bonds</u>			<u>Annual Debt Service for the 2015 Bonds and the 2016 Bonds</u>	<u>Debt Service for the 2015 Bonds, the 2016 Bonds and the Bonds</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>		
2020				\$3,745,681.26	
2021				3,869,781.26	
2022				3,986,731.26	
2023				4,112,281.26	
2024				4,241,381.26	
2025				4,374,531.26	
2026				4,504,281.26	
2027				4,632,531.26	
2028				4,758,781.26	
2029				4,897,531.26	
2030				5,054,431.26	
2031				5,211,068.76	
2032				5,372,131.26	
2033				5,526,281.26	
2034				5,681,818.76	
2035				5,845,931.26	
2036				6,002,581.26	
2037				6,174,106.26	
2038				6,359,681.26	
2039				6,548,531.26	
2040				3,640,156.26	
2041				3,738,281.26	
2042					

*Mandatory sinking fund payment.

Registration

The Bonds are to be issued as fully registered Bonds payable to the registered owners thereof. Transfer of ownership of a fully registered Bond or Bonds shall be made by exchanging the same for a new registered Bond or Bonds of the same maturity and in the same aggregate principal amount. All of such exchanges shall be made in such manner and upon such reasonable terms as may from time to time be determined and prescribed by the District. While the Bonds are in book-entry form, the Bonds will be registered in the name of Cede & Co. as nominee for DTC or in the name of any successor securities depository. See “THE BONDS – Book-Entry System” herein.

Security for the Bonds

The Bonds are general obligation bonds of the District. The District has the power and is obligated to cause to be levied and collected by the Counties annual *ad valorem* taxes for payment when due of the principal of and interest on the Bonds upon all property within the District subject to taxation by the District (except certain personal property which is taxable at limited rates) without limitation as to rate or amount. Once the Counties have collected such taxes, they transfer those funds directly to the District to be held in a restricted account, and the District disburses such funds to the Paying Agent for payment of the Bonds. Such funds can be used for no other purpose.

Pursuant to California Government Code section 53515, general obligation bonds issued and sold by a local agency, including the District, are secured by a statutory lien on all revenues received pursuant to the levy and collection of the tax. Section 53515 provides that the lien shall automatically arise without the need for any action or authorization by the local agency or its governing body, and that the lien shall be valid and binding from the time the bonds are executed and delivered. The section further provides that the lien shall be effective, binding and enforceable against the local agency, its successors, transferees and creditors, and all others asserting rights therein, irrespective of whether those parties have notice of the lien and without the need for any physical delivery, recordation, filing, or further act.

Certain Risks Related to Ad Valorem Property Taxation

A reduction in the assessed valuation of taxable property located in the District, such as may be caused by deflation of property values, economic recession, or other economic crises, a relocation out of the District by one or more major property owners or employers, or the complete or partial destruction of such property caused by, among other events, an earthquake, wildfire, flood, drought or other natural disaster, could cause a reduction in the assessed

value of the District's tax roll and necessitate an unanticipated increase in the annual tax levy necessary to pay debt service on its general obligation bonds, including the Bonds. A reclassification of property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State or local agencies and property used for qualified educational, hospital, charitable or religious purposes) could cause a reduction in the assessed value of the District's tax roll and necessitate an unanticipated increase in the annual tax levy necessary to pay debt service on its general obligation bonds. A significant decrease in assessed valuation, an unanticipated increase in the rate of tax delinquencies, or a declaration of bankruptcy by the District, could delay the payment of debt service on the District's general obligation bonds.

The District calculates the tax rate on an annual basis. If in any given fiscal year there are not sufficient funds on deposit with the Counties or the Paying Agent to pay debt service on the Bonds for such fiscal year, the District, pursuant to section 32127 of the District Law, is required to provide funds from its reserves to make up any deficiencies to provide for payment of the Bonds. The District anticipates that *ad valorem* taxes will be sufficient to pay the Bonds when due. Issuance of additional bonds in the future might also cause the tax rate to increase. While the levy of *ad valorem* taxes to pay debt service on the Bonds and other general obligation bonds of the District is not limited as to rate or amount, the risks discussed in this section could affect a taxpayer's willingness or ability to pay *ad valorem* taxes.

The District made the independent decision for property tax years 2011 and 2012 to pay from District operations a portion of the debt service on its general obligation bonds then outstanding. The District made this decision to limit the increase in the annual tax levy for real property owners in the District. The District discontinued this practice beginning with property tax year 2013, and is not required to take, and does not anticipate taking, similar action in the future.

In the past, particularly beginning in about 2009, California residential real estate experienced an increased rate of mortgage delinquencies and foreclosures, and there was a slowdown in new home construction. In fiscal year 2010-11 there was a reversal of the trend of year-over-year increasing assessed valuation for the District. The assessed valuation for the District has more than recovered its pre-recession high experienced in fiscal year 2009-10. Notably, the tax delinquencies in payment of *ad valorem* taxes for the District (Placer and Nevada County portions) have decreased from a high of 3.65% and 3.88%, respectively, in fiscal year 2008-09 to 1.29% and 0.92%, respectively, in fiscal year 2017-18, the most current fiscal year for which tax delinquency information is available. More recently, the residential real estate market for home sales in California has measurably improved with the median residential home values for 2018 and 2019 increasing by approximately 5.7% and 4.4%, respectively, over the prior year in Placer County and 10.6% and 2.5%, respectively, over the prior year in Nevada County, as reported in the Zillow Home Value Index. The Counties participate in the "Teeter Plan," pursuant to which the District essentially receives its apportionment of *ad valorem* taxes from each County based on taxes billed without deduction for delinquencies. See "DISTRICT FINANCIAL MATTERS-Assessed Valuations" and "-Tax Levies and Delinquencies" herein. The District cannot predict whether recession or other conditions in the future may cause similar or worse declines in the District's assessed valuation or an increase in tax delinquencies. In addition, the Counties may elect no longer to participate in the Teeter Plan, which ultimately could result in the District receiving either fewer or more (after considering delinquency charges) *ad valorem* tax monies.

REFINANCING PLAN

A portion of the proceeds from the sale of the Bonds will be deposited with the Paying Agent for the 2012 Bonds, U.S. Bank National Association. The uninvested moneys so deposited will be in an amount sufficient to redeem the 2012 Bonds in full on September 6, 2019, at a redemption price equal to 100% of the principal amount thereof plus accrued interest to such date.

The 2012 Bonds to be redeemed are as follows:

<u>Maturity Date</u>	<u>Amount Refunded</u>	<u>Interest Rate</u>	<u>Redemption Date</u>	<u>Redemption Price</u>	<u>CUSIP No.</u>
8/1/2020	\$ 265,000	5.500%	9/6/2019	100%	873822EE6
8/1/2021	310,000	5.500	9/6/2019	100	873822EF3
8/1/2022	360,000	5.500	9/6/2019	100	873822EG1
8/1/2023	415,000	5.500	9/6/2019	100	873822EH9
8/1/2024	465,000	5.250	9/6/2019	100	873822EJ5
8/1/2025	525,000	4.000	9/6/2019	100	873822EK2
8/1/2026	580,000	3.000	9/6/2019	100	873822EL0
8/1/2027	645,000	3.125	9/6/2019	100	873822EM8
8/1/2028	715,000	3.250	9/6/2019	100	873822EN6
8/1/2029	795,000	3.500	9/6/2019	100	873822EP1
8/1/2030	880,000	3.600	9/6/2019	100	873822EQ9
8/1/2031	970,000	3.600	9/6/2019	100	873822ER7
8/1/2032	1,070,000	3.625	9/6/2019	100	873822ES5
8/1/2034	2,455,000	4.000	9/6/2019	100	873822EV8
8/1/2035	1,400,000	4.000	9/6/2019	100	873822EW6
8/1/2038	4,975,000	4.000	9/6/2019	100	873822ET3
8/1/2042	8,745,000	4.000	9/6/2019	100	873822EU0

The moneys held by the Paying Agent for the 2012 Bonds are pledged solely to the payment of amounts due and payable with respect to the 2012 Bonds. The monies deposited with the Paying Agent for the 2012 Bonds will not be available for the payment of debt service on the Bonds.

HEALTH FACILITIES PROJECT OF THE DISTRICT

District voters authorized the issuance of not to exceed \$98,500,000 in general obligation bonds on September 25, 2007, for the purpose of financing and refinancing the expansion, improvement, acquisition, construction, equipping and renovation of health facilities of the District, and to pay costs incident thereto (the "Project"). The Project (which was confined to California facilities of the District) was more fully defined in Measure C on the ballot placed before registered voters residing within the District as follows:

"To maintain a full service hospital in our community; expand and enhance the Emergency Room to ensure access to lifesaving care; maintain critical medical services including pediatrics, maternity, long-term care for seniors and cancer care; and upgrade facilities that are outdated or do not meet state-mandated earthquake safety standards, shall Tahoe Forest Hospital issue \$98.5 million in bonds to improve healthcare facilities with an independent citizens' oversight committee and all funds being spent on local projects?"

The District issued three series of general obligation bonds that, in the aggregate, totaled \$98,500,000. The first authorized issuance was in August of 2008 with the issuance of the 2008 Bonds in the principal amount of \$29,400,000. The purpose of the 2008 Bonds was to fund portions of the master planning, design and/or construction and equipping of five project components. Proceeds from the 2008 Bonds were used to fund the master planning costs associated with these projects, architectural and engineering costs associated with most of these projects and construction costs, projected through December 31, 2010, relating to two of these projects. The 2008 Bonds were advance refunded with the proceeds of the 2015 Bonds.

The second issuance in August 2010, in the amount of \$43,000,000 was used to fund approximately \$39,300,000 in costs associated with preconstruction, soft costs and construction costs relating to several projects including: radiology upgrades, a portion of the new cancer center facility, skilled nursing facility improvements, central plant upgrades, south building improvements, birthing center improvements, dietary relocation, medical records, respiratory therapy, emergency room and sterile processing improvements. Project-related expenditures funded with proceeds of the 2010 Bonds were incurred through December 2013. Proceeds of the 2010 Bonds were also used to refinance \$3,500,000 in outstanding debt of the District and pay for approximately \$179,000 in cost of issuing the 2010 Bonds. The 2010 Bonds were advance refunded with the proceeds of the 2016 Bonds.

The third issuance, the 2012 Bonds, in the amount of \$26,100,000 was used to fund approximately \$25,950,000 in costs to complete all of the following components of the Project, as described in greater detail below:

Campus Wide Master Planning

The firm of FreemanWhite (the “Master Planner”) was selected by the District through a competitive process that evaluated several firms to perform master planning services related to the Project. The Master Planner conducted a campus-wide planning assessment that concluded with a final master plan in February 2009. Thereafter additional budgetary and design assessments were undertaken resulting in a facilities development plan in August 2009. In a process of solicitation, interviews, evaluation and award, the District selected its team of project specific design architects, engineers, contractors and other consultants that met competitive bid requirements imposed on the District. The Master planning work continues to address research and entitlement processes that affect all of the Project components listed below.

Radiology Upgrades

This portion of the Project involved the remodeling of the fluoroscope and nuclear medicine camera rooms and the installation of a new fluoroscope and nuclear medicine camera. Approximately 1,000 square feet of Tahoe Forest Hospital space was affected by the renovation of these two rooms. This Project component was completed in September 2010. The final cost for remodeling and new equipment was approximately \$2.3 million.

Cancer Center Facility

Development of the new cancer center facility was initiated by District management in conjunction with its Cancer Advisory Council, a group of community stakeholders appointed by the Board of Directors of the District to assist in the development of the cancer center. The District conducted a public bid process culminating in the award of contracts for construction of the cancer center in August 2010. The cancer center facility is a freestanding two-story building containing approximately 20,000 square feet of space that supports a diagnostic and cancer treatment center, including a linear accelerator, PET/CT imaging and medical oncology infusion area on the first floor. The second floor contains approximately 13,000 square feet of space for future cancer center and hospital related expansion. Construction began in September 2010 and concluded in June 2012. Occupancy occurred in July 2012. The cancer center was not subject to the Office of Statewide Health Planning and Development of the State of California plan check, review and approval. The budget for the cancer center was approximately \$28.5 million, with approximately \$14.0 million funded from proceeds of the 2010 Bonds and the balance from the proceeds of the 2012 Bonds.

Skilled Nursing Facility Expansion and Renovation

The skilled nursing facility project included the removal of six patient rooms located in a non-compliant building and the addition of seven new patient rooms as part of a new addition and entry way to the skilled nursing facility. This project added approximately 3,500 square feet of new space to the skilled nursing facility. The District conducted a public bid process and awarded contracts for construction in February 2011. Construction was completed in June 2012 and the new facility was occupied in June 2012. The budget for these improvements was approximately \$5.3 million. Final construction costs were approximately \$5.3 million with approximately \$3.1 million funded from proceeds of the 2010 Bonds and the balance from the proceeds of the 2012 Bonds.

Central Plant Upgrades

This central plant project involved adding capacity and reliability to the emergency electrical power plant, increasing the capacity of the chill water plant and providing electrical, heating, cooling, fire sprinkler and medical gas services to all buildings to be located on the Tahoe Forest Hospital campus. Several construction contracts were awarded for this work and construction commenced in July 2010. Construction was completed in March 2012. The budget for these upgrades was approximately \$15.7 million, with approximately \$9.3 million funded from the proceeds of the 2010 Bonds and the balance from the proceeds of the 2012 Bonds.

Infill projects (Interim Medical Records, Phase 1 Dietary, Pharmacy Relocation and Interim Birthing)

All permits for this multi-phase project were issued in 2010, 2011 and 2012. Upon the various permit issuances, public bidding for construction was completed. Construction of the pharmacy relocation began in February 2011, with all phases completed in August 2011. All remaining phases of this infill project were completed in 2013. The budget for the infill projects was approximately \$9.1 million, with approximately \$5.3 million funded from the proceeds of the 2010 Bonds and the balance from the proceeds of the 2012 Bonds.

South Building Upgrades (Birthing, Dietary, Respiratory Therapy, Nurse Manager and Medical Records)

This new two-story building expands dietary services and provides a new 14,000 square foot birthing center. The new birthing center includes four labor and delivery rooms, four post-partum rooms, a C-section room and needed ancillary space. Approximately \$7.0 million of the proceeds of the 2010 Bonds were used to fund the south building upgrades and related projects. The balance of construction costs were funded from the proceeds of the 2012 Bonds. These upgrades and projects were completed in late 2016.

Emergency Room/Sterile Processing

The District began construction of this project in 2012, with completion of construction in 2013. This project includes approximately 7,000 square feet of new space and approximately 4,000 square feet of renovated space. Approximately \$600,000 of the 2010 Bond proceeds were used to fund the emergency room and sterile processing projects. The balance of construction costs was funded from proceeds of the 2012 Bonds.

IT Data Center

The District's data center was relocated into a newly constructed building located adjacent to Tahoe Forest Hospital's intensive care unit. In addition, fiber optic cabling was installed to provide connectivity and redundancy for all hospital buildings. The project was completed in September 2010 at a total cost of approximately \$1,500,000.

As discussed above, the 2008 Bonds were advance refunded with proceeds of the 2015 Bonds, the 2010 Bonds were advance refunded with proceeds of the 2016 Bonds and the 2012 Bonds will be currently refunded with proceeds of the Bonds. After delivery of the Bonds, only the 2015 Bonds, the 2016 Bonds and the Bonds will be outstanding. There is no authorized bond capacity for unissued general obligation bonds. **Currently, the District has no plans to seek authorization from District voters for additional general obligation bond issuance authority.**

CONSTITUTIONAL AND STATUTORY PROVISIONS AFFECTING DISTRICT REVENUES AND APPROPRIATIONS

The principal of and interest on the Bonds are payable from the proceeds of an ad valorem tax levied by the Counties for the payment thereof. See "THE BONDS – Security for the Bonds" herein. Articles XIII A, XIII B, XIII C and XIII D of the Constitution, and certain other provisions of law discussed below, are included in this section to describe the potential effect of these Constitutional and statutory measures on the ability of the District to levy taxes and spend tax proceeds for operating and other purposes, and it should not be inferred from the inclusion of such materials that these laws impose any limitation on the ability of the District to levy ad valorem taxes for payment of the Bonds. The ad valorem tax levied by the Counties for payment of the Bonds was approved by the District's voters in compliance with Article XIII A, Article XIII C, and all applicable laws.

Article XIII A of the California Constitution

Article XIII A ("Article XIII A") of the State Constitution, adopted and known as Proposition 13, limits the amount of *ad valorem* taxes on real property to 1% of "full cash value" as determined by the county assessor. Article XIII A defines "full cash value" to mean "the county assessor's valuation of real property as shown on the 1975-76 bill under "full cash value," or thereafter, the appraised value of real property when purchased, newly constructed or a change in ownership has occurred after the 1975 assessment," subject to exemptions in certain circumstances of property transfer or reconstruction. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% for any year, or decreases in the consumer price index or comparable local data, or to reflect reductions in property value caused by damage, destruction or other factors.

Article XIII A requires a two-thirds vote of the qualified electorate of a city, county, special district (such as the District) or other public agency to impose special taxes, while totally precluding the imposition of any additional *ad valorem*, sales or transaction tax on real property. Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service (a) on any indebtedness approved by the voters prior to July 1, 1978, or (b), as the result of an amendment approved by State voters on July 3, 1986, on any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property on or after July 1, 1978, or (c) bonded indebtedness incurred by a school district or community college district for the construction,

reconstruction, rehabilitation or replacement of school facilities or the acquisition or lease of real property for school facilities, approved by 55% or more of the votes cast on the proposition, but only if certain accountability measures are included in the proposition. The tax for payment of the Bonds falls within the exception described in (b) of the immediately preceding sentence. In addition, Article XIII A requires the approval of two-thirds of all members of the state legislature to change any state taxes for the purpose of increasing tax revenues.

Article XIII A has subsequently been amended to permit reduction of the “full cash value” base in the event of declining property values caused by damage, destruction or other factors, to provide that there would be no increase in the “full cash value” base in the event of reconstruction of property damaged or destroyed in a disaster, and in other minor or technical ways.

Both the United States Supreme Court and the California State Supreme Court have upheld the general validity of Article XIII A.

Legislation Implementing Article XIII A

Legislation has been enacted and amended a number of times since 1978 to implement Article XIII A. Under current law, local agencies are no longer permitted to levy directly any property tax (except to pay voter-approved indebtedness). The 1% property tax is automatically levied by the affected county and distributed according to a formula among taxing agencies. The formula apportions the tax roughly in proportion to the relative shares of taxes levied prior to 1979. Increases of assessed valuation resulting from reappraisals of property due to new construction, change in ownership or from the annual adjustment not to exceed 2% are allocated among the various jurisdictions in the “taxing area” based upon their respective “situs.” Any such allocation made to a local agency continues as part of its allocation in future years.

Unitary Property

Some amount of property tax revenue of the District is derived from utility property, which is considered part of a utility system with components located in many taxing jurisdictions. The State Constitution provides that the State Board of Equalization (the “SBE”), rather than counties, assess certain property owned or used by regulated utilities. Such property is grouped and assessed by the SBE as “going concern” operating units, which may cross local tax jurisdiction boundaries, rather than as individual parcels of real or personal property separately assessed. Such utility property is known as “unitary property.” The SBE assesses property at “fair market value,” determined by various methods and formulae depending on the nature of the property, except that assessed value of certain railroad property is limited to a percentage of the fair market value determined by the SBE, in conformity with federal law. The SBE assesses values as of January 1 prior to the tax year of the related tax levy. Property tax on SBE-assessed property is then levied and collected by each county in the same manner as county assessed property, but at special county-wide tax rates, and distributed to each taxing agency within that county generally according to the approximate percentages as allocated to each taxing agency in the prior year.

Changes in the California electric utility industry structure and in the way in which components of that industry are regulated and owned, including the sale or electric generation assets to largely unregulated, non-utility companies, may convert the status of such assets from SBE-assessed unitary property to locally assessed property or otherwise affect how those assets are assessed in the future and which local taxing agencies are to receive the property taxes on such assets. The District cannot predict whether any changes that may occur will affect the unitary property within its boundaries or the tax revenues relating to such property.

Article XIII B of the California Constitution

In addition to the limits Article XIII A imposes on property taxes that may be collected by local governments, certain other revenues of the State and most local governments are subject to an annual “appropriation limit” imposed by Article XIII B of the State Constitution which effectively limits the amount of such revenues those entities are permitted to spend. Article XIII B, as subsequently amended by Propositions 98 and 111, limits the annual appropriations of the State and of any city, county, school district, authority or other political subdivision of the State to the level of appropriations of the particular governmental entity for the prior fiscal year, as adjusted for changes in the cost of living and in population and for transfers in the financial responsibility for providing services and for certain declared emergencies.

The appropriations of an entity of local government subject to Article XIII B limitations include the proceeds of taxes levied by or for that entity and the proceeds of certain state subventions to that entity. "Proceeds of taxes" include, but are not limited to, all tax revenues and the proceeds to the entity from (a) regulatory licenses, user charges and user fees (but only to the extent that these proceeds exceed the reasonable costs in providing the regulation, product or service), and (b) the investment of tax revenues. Appropriations subject to limitation do not include (a) refunds of taxes, (b) appropriations for debt service, such as the Bonds, (c) appropriations required to comply with certain mandates of the courts or the federal government, (d) appropriations of certain special districts, (e) appropriations for all qualified capital outlay projects as defined by the legislature, (f) appropriations derived from certain fuel and vehicle taxes and (g) appropriations derived from certain taxes on tobacco products.

Article XIII B includes a requirement that all revenues received by an entity of government other than the State in a fiscal year and in the fiscal year immediately following it in excess of the amount permitted to be appropriated during that fiscal year and the fiscal year immediately following it shall be returned by a revision of tax rates or fee schedules within the next two subsequent fiscal years. The State and each local government entity have their own appropriation limit. Each year, the limit is adjusted to allow for changes, if any, in the cost of living, the population of the jurisdiction, and any transfer to or from another governmental entity of financial responsibility for providing the services.

Article XIII C and Article XIII D of the California Constitution

On November 5, 1996, the voters of the State of California approved Proposition 218, popularly known as the "Right to Vote on Taxes Act." Proposition 218 added to the California Constitution Articles XIII C and XIII D (respectively, "Article XIII C" and "Article XIII D"), which contain a number of provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees and charges.

According to the "Title and Summary" of Proposition 218 prepared by the California Attorney General, Proposition 218 limits "the authority of local governments to impose taxes and property-related assessments, fees and charges." Among other things, Article XIII C establishes that every tax is either a "general tax" (imposed for general governmental purposes) or a "special tax" (imposed for specific purposes), prohibits special purpose government agencies from levying general taxes, and prohibits any local agency from imposing, extending or increasing any special tax beyond its maximum authorized rate without a two-thirds percent vote; and also provides that the initiative power will not be limited in matters of reducing or repealing local taxes, assessments, fees and charges. Article XIII C further provides that no tax may be assessed on property other than *ad valorem* property taxes imposed in accordance with Articles XIII and XIII A of the California Constitution and special taxes approved by a two-thirds percent vote under Article XIII A, Section 4. Article XIII D deals with assessments and property-related fees and charges, and explicitly provides that nothing in Article XIII C or XIII D will be construed to affect existing laws relating to the imposition of fees or charges as a condition of property development.

The District does not impose any taxes, assessments, or property-related fees or charges which are subject to the provisions of Proposition 218. It does receive a portion of the basic one percent *ad valorem* property tax levied and collected by the Counties pursuant to Article XIII A of the California Constitution.

Proposition 8

In November 1978 California voters passed Proposition 8, which provides that property owners are entitled to an assessment based on the lower of the fair market value of their property as of the lien date (January 1), or the assessed value as determined at the time of the purchase or construction, and increased by no more than 2% annually. The assessor may also adjust valuations independently, without a taxpayer appeal. See "DISTRICT FINANCIAL MATTERS – Appeals to Assessed Values" herein.

Future Initiatives

Article XIII A, Article XIII B, Proposition 218 and Proposition 8 were each adopted as measures that qualified for the ballot pursuant to California's initiative process. From time to time other initiative measures could be adopted, further affecting District revenues or the District's ability to expend revenues. The nature and impact of these measures cannot be anticipated by the District.

DISTRICT FINANCIAL MATTERS

Assessors of both Counties assess real property in the District for tax purposes except public utility property which is assessed countywide by the SBE. The SBE's Utility Roll is comprised of State assessed properties of regulated public utilities and companies such as telephone and gas companies.

Property Tax Collection Procedures

In California, property which is subject to *ad valorem* taxes is classified as "secured" or "unsecured." The "secured roll" is that part of the assessment roll containing state-assessed public utilities' property and locally assessed property, the taxes on which are a lien on real property sufficient, in the opinion of the county assessor, to secure payment of the taxes. A tax placed on unsecured property does not become a lien against such unsecured property, but may become a lien on certain other property owned by the taxpayer. Every tax which becomes a lien on secured property has priority over all other liens arising pursuant to State law on such secured property, regardless of the time of the creation of the other liens. Secured and unsecured properties are entered separately on the assessment roll maintained by the particular county's assessor. The method of collecting delinquent taxes is substantially different for the two classifications of property.

Property taxes on the secured roll are due in two installments, on November 1 and February 1 of each year. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payment. In addition, property on the secured roll with respect to which taxes are delinquent is sent to collection on or about June 30. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1-1/2% per month to the time of redemption. If taxes are unpaid for a period of five years or more, the property is subject to sale by the county's tax collector. The exclusive means of enforcing the payment of delinquent taxes in respect of property on the secured roll is the sale of the property securing the taxes to the State for the amount of taxes which are delinquent.

Generally, property taxes are levied for each fiscal year on taxable real and personal property situated in the taxing jurisdiction as of the preceding January 1. California Revenue and Taxation Code sections 75.10 *et seq.*, however, provide for the supplemental assessment and taxation of property as of the occurrence of a change of ownership or completion of new construction.

Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent, if unpaid on the following August 31. A 10% penalty is also attached to delinquent taxes in respect of property on the unsecured roll, and further, an additional penalty of 1-1/2% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency of record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the assessee.

Unitary Taxation for Utility Property

Revenue and Taxation Code section 100 requires the establishment in each county of one county-wide tax rate area with the assessed value of all unitary and operating non-unitary property being assigned to this tax rate area by the State of California Board of Equalization. The result is a single assessed valuation figure for most utility property (nonoperating, non-unitary property is still broken down by revenue district) owned by each utility within the County without any breakdown for individual taxing jurisdictions.

Assessed Valuations

California law exempts \$7,000 of the assessed valuation of an owner-occupied dwelling from taxation. State law exempts 100% of the value of business inventories from taxation. State law also provides for reimbursements to local agencies based on their share of the revenues derived from the application of the maximum tax rate applied to business inventories, with adjustments to reflect increases in population and the consumer price index.

Revenue estimates to be lost to local taxing agencies due to such exemptions is reimbursed from State sources. Such reimbursements are based upon total taxes due upon such exempt values and are not reduced by any amount for estimated delinquencies.

The District has a 2018-19 local secured assessed valuation of \$21,211,580,086 which accounts for approximately 22% of the assessed valuation of \$97,367,457,149 for the Counties as of the same period. Assessed values of property within the District have increased by approximately 102% over the fifteen-year period ended 2018-19, while assessed values for the Counties have increased by approximately 87% over the same period. The summary below shows a fifteen-year history of the total secured and unsecured assessed property valuations for the District and total assessed valuations for the Counties.

<u>Fiscal Year</u>	<u>Assessed Valuations ⁽¹⁾</u>			<u>District Assessed Valuations</u>	<u>Counties' Assessed Valuations</u>
	<u>Local Secured</u>	<u>Utility</u>	<u>Unsecured</u>		
2004-05	\$10,401,314,651	\$9,573,980	\$236,619,173	\$10,647,507,804	\$51,990,348,817
2005-06	11,929,585,153	8,982,887	254,766,090	12,193,334,130	59,295,987,515
2006-07	12,620,177,492	8,853,841	264,205,839	12,893,237,172	68,376,071,417
2007-08	14,083,290,518	9,148,584	284,440,683	14,376,879,785	74,393,361,393
2008-09	15,279,457,024	7,847,990	304,341,434	15,591,646,448	76,281,431,182
2009-10	15,945,911,167	7,802,236	306,155,218	16,259,868,621	75,155,052,961
2010-11	15,203,616,293	7,802,102	292,229,875	15,503,648,270	70,430,302,181
2011-12	14,895,779,814	5,699,921	274,651,605	15,176,131,340	68,521,341,271
2012-13	14,997,581,534	5,938,098	289,603,655	15,293,123,287	68,140,874,099
2013-14	15,416,511,039	4,601,069	308,099,309	15,729,211,417	71,454,739,641
2014-15	16,173,380,266	4,600,921	320,402,452	16,498,383,639	76,119,446,339
2015-16	17,922,629,137	3,969,181	322,051,395	18,248,649,713	82,248,646,233
2016-17	18,779,685,351	3,969,329	323,817,552	19,107,472,232	86,515,077,367
2017-18	19,891,389,756	4,225,256	320,567,992	20,216,183,004	91,409,987,088
2018-19	21,211,580,086	4,105,256	347,592,437	21,563,277,779	97,367,457,149

Source: California Municipal Statistics, Inc.

⁽¹⁾ Based on 100% of full cash value before redevelopment increment.

The table below provides a breakdown of the 2018-19 assessed valuation of the District by land use (excluding tax-exempt property):

Assessed Valuation and Parcels by Land Use

	<u>2018-19 Assessed Valuation ⁽¹⁾</u>	<u>% of Total</u>	<u>No. of Parcels</u>	<u>% of Total</u>
Non-Residential:				
Agricultural/Timber	\$ 34,534,842	0.16%	406	0.87%
Commercial/Office	1,145,701,700	5.40	1,086	2.33
Vacant Commercial	88,103,974	0.42	240	0.51
Industrial	85,554,230	0.40	92	0.20
Vacant Industrial	21,196,848	0.10	23	0.05
Recreational	536,473,769	2.53	1,613	3.46
Government/Social/Institutional	24,806,460	0.12	586	1.26
Miscellaneous	<u>10,937,599</u>	<u>0.05</u>	<u>558</u>	<u>1.20</u>
Subtotal Non-Residential	\$1,947,309,422	9.18%	4,604	9.87%
Residential:				
Single Family Residence	\$15,514,030,332	73.14%	24,920	53.45%
Condominium	2,484,829,611	11.71	5,905	12.66
Timeshare Units	78,676,159	0.37	4,681	10.04
Mobile Home	3,245,692	0.02	38	0.08
Mobile Home Park	7,785,880	0.04	12	0.03
2-4 Residential Units	185,350,036	0.87	333	0.71
5+ Residential Units/Apartments	67,315,605	0.32	118	0.25
Miscellaneous Residential	44,660,350	0.21	187	0.40
Vacant Residential	<u>878,376,999</u>	<u>4.14</u>	<u>5,828</u>	<u>12.50</u>
Subtotal Residential	<u>\$19,264,270,664</u>	<u>90.82%</u>	<u>42,022</u>	<u>90.13%</u>
Total	<u>\$21,211,580,086</u>	<u>100.00%</u>	<u>46,626</u>	<u>100.00%</u>

Source: California Municipal Statistics, Inc.

⁽¹⁾ Local Secured Assessed Valuation, excluding tax-exempt property.

Appeals to Assessed Valuation

Pursuant to State law, a property owner may apply for a reduction of the property tax assessment for such owner's property by filing a written application, in the form prescribed by the State Board of Equalization, with the appropriate county assessment appeals board (a "Proposition 8" appeal). Any reduction in the assessment ultimately granted applies only to the year for which application is made and during which written application is filed. The assessed value increases to its pre-reduction level for fiscal years following the year for which the reduction application is filed. However, if the taxpayer establishes through proof of comparable values that the property continues to be overvalued (known as "ongoing hardship"), a county assessor has the power to grant a reduction not only for the year for which application was originally made, but also for the then current year as well. In a similar manner, a county assessor may reassert the pre-appeal level of assessed value depending on the county assessor's determination of current value.

In addition to reductions in assessed value resulting from Proposition 8 appeals, State law also allows assessors to reduce assessed value unilaterally based on a general decline in market value of an area. Although Proposition 8 reductions are temporary and are expected to be eliminated under Proposition 13 as market conditions improve, no assurance is given that such reductions will be eliminated.

A second type of appeal, commonly referred to as a base year assessment appeal, involves a dispute on the valuation assigned by the assessor immediately subsequent to an instance of a change in ownership or completion of new construction. If the base year value assigned by the assessor is reduced, the valuation of the property cannot increase in subsequent years more than 2% annually unless and until another change in ownership and/or additional new construction or reconstruction activity occurs.

Assessment appeals granted typically result in refunds, and the level of refund activity depends on the unique economic circumstances of each fiscal year. Timing is an important consideration with respect to the property valuation process. Values are set for the current year with a valuation date as of the preceding January 1. Changes in market value subsequent to the January 1 valuation date are not reflected until the subsequent year. Therefore, there is an inherent lag in the process.

Tax Levies and Delinquencies

Taxes are collected by the Counties' Tax Collectors for property falling within the District's taxing boundaries. Taxes and assessments on the secured roll are payable in two installments on November 1 and February 1 of each fiscal year, and become delinquent on December 10 and April 10, respectively. Taxes on unsecured property are assessed and payable as of the January lien date and become delinquent the following August 31.

The following table shows a ten-year history (ending with the fiscal year 2017-18) of the secured tax charge, the tax amount delinquent and percentage of taxes delinquent each year as of June 30, related to the debt service levy for the District's general obligation bonds for the Placer County and Nevada County portions.

Secured Tax Charges and Delinquencies (Placer County Portion)

<u>Fiscal Year</u>	<u>Secured Tax Charge</u>	<u>Delinquent as of June 30</u>	
		<u>Amount</u>	<u>Percent</u>
2008-09	\$ 977,406.64	\$35,694.91	3.65%
2009-10	997,120.11	27,844.24	2.79
2010-11	1,834,216.42	42,089.33	2.29
2011-12	2,041,156.17	47,253.25	2.32
2012-13	3,000,849.52	46,013.33	1.53
2013-14	3,048,778.84	46,528.78	1.53
2014-15	3,198,974.46	44,049.84	1.38
2015-16	3,198,974.46	44,049.84	1.38
2016-17	2,956,180.94	35,919.18	1.22
2017-18	2,636,234.58	34,124.95	1.29

Source: California Municipal Statistics, Inc.

In fiscal year 2017-18, Placer County charged \$2,636,234.58 in taxes related to the debt service for the District's general obligation bonds. Delinquencies amounted to \$34,124.95 or 1.29%.

Secured Tax Charges and Delinquencies (Nevada County Portion)

<u>Fiscal Year</u>	<u>Secured Tax Charge</u>	<u>Delinquent as of June 30</u>	
		<u>Amount</u>	<u>Percent</u>
2008-09	\$ 562,902.14	\$21,843.39	3.88%
2009-10	566,108.30	18,402.03	3.25
2010-11	1,007,628.00	25,355.00	2.52
2011-12	1,076,940.42	26,304.48	2.44
2012-13	1,584,116.62	28,416.91	1.79
2013-14	1,582,967.00	27,913.00	1.76
2014-15	1,649,450.00	21,171.00	1.28
2015-16	1,567,081.00	18,253.00	1.16
2016-17	1,442,958.00	14,631.00	1.01
2017-18	1,292,060.00	11,870.00	0.92

Source: Nevada County Auditor's Office

In fiscal year 2017-18, Nevada County charged \$1,292,060.00 in taxes related to the debt service for the District's general obligation bonds. Delinquencies amounted to \$11,870.00 or 0.92%.

As described above under "THE BONDS – Security for the Bonds" each County currently participates in the "Teeter Plan," so the District receives *ad valorem* taxes from each County without deduction for delinquencies.

Largest Taxpayers

The 20 largest taxpayers in the District as shown on the 2018-19 secured tax roll, and the approximate amounts of their aggregate level for all taxing jurisdictions within the District are shown below. These 20 largest taxpayers had a total assessed value of \$669,052,145 or 3.15% of the District's 2018-19 local secured assessed value.

Largest 2018-19 Local Secured Taxpayers

<u>Property Owner</u>	<u>Primary Land Use</u>	<u>2018-19 Assessed Valuation</u>	<u>% of Total⁽¹⁾</u>
1. Squaw Valley Real Estate and Resort LLC	Ski Resort	\$108,632,585	0.51%
2. Trimont Land Company	Ski Resort	93,253,357	0.44
3. Welk Resorts Platinum Owners Association	Timeshares	49,214,675	0.23
4. KW-Northstar Ventures LLC	Hotel	48,117,424	0.23
5. Homewood Village Resorts LLC	Ski Resort	42,650,133	0.20
6. MMAA LLC	Residential	32,550,377	0.15
7. Kevin & Michelle Douglas, Trustees	Residential	29,602,818	0.14
8. Sugar Bowl Corporation	Ski Resort	29,428,390	0.14
9. Hidden Lake Properties Inc.	Hotel	25,842,447	0.12
10. Abigal W. & Joseph P. Baratta II	Residential	22,582,915	0.11
11. Martis Camp Club	Golf Course	22,384,403	0.11
12. Dagmar Dolby Trust	Residential	20,787,420	0.10
13. Safeway Inc.	Supermarkets	20,661,979	0.10
14. Northstar Group Commercial Properties	Commercial	20,436,867	0.10
15. AKM Retreat LLC	Residential	18,684,089	0.09
16. TLC 1970 LLC	Residential	17,850,000	0.08
17. The Ritz-Carlton Development Company Inc.	Timeshares	17,067,233	0.08
18. Lahontan Golf Club	Golf Course	16,852,258	0.08
19. Laulima Kings Beach LLC	Hotel	16,363,295	0.08
20. Greg Heller Trust	Residential	<u>16,089,480</u>	<u>0.08</u>
		<u>\$669,052,145</u>	<u>3.15%</u>

Source: California Municipal Statistics, Inc.

⁽¹⁾ 2015-16 Local Secured Assessed Valuation: \$21,211,580,086.

California has suffered through periodic droughts, which among other concerns, has affected snowfall at the ski resorts within the District. Continued worsening of drought conditions could put some resort operators out of business thereby adversely affecting assessed valuations, tax collections and employment in the District. See "Largest Employers" directly below.

Direct and Overlapping Bonded Debt

Set forth below is a direct and overlapping debt report (the "Debt Report") prepared by California Municipal Statistics, Inc., on June 26, 2019. The Debt Report is included for general information purposes only. The District has not reviewed the Debt Report for completeness or accuracy and makes no representations in connection therewith.

The Debt Report generally includes long-term obligations sold in the public credit markets by public agencies whose boundaries overlap the boundaries of the District in whole or in part. Such long-term obligations generally are not payable from future revenues of the District (except as indicated) nor are they necessarily obligations secured by land within the District. In many cases long-term obligations issued by a public agency are payable only from the general fund or other revenues of such public agency.

2018-19 Assessed Valuation: \$21,563,277,779

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 7/1/19</u>
Sierra Joint Community College District School Facilities Improvement District No. 1	99.987%	\$ 26,122,577
Tahoe-Truckee Joint Unified School District	95.077	2,652,648
Tahoe-Truckee Joint Unified School District School Facilities Improvement District No. 1	99.979	110,836,676
Tahoe-Truckee Joint Unified School District School Facilities Improvement District No. 2	88.555	73,136,758
Placer Union High School District	0.099	23,126
Tahoe Forest Hospital District	100.	98,920,000⁽¹⁾
Truckee Donner Public Utility District Community Facilities District No. 03-1	100.	9,164,800
Truckee Donner Public Utility District Community Facilities District No. 04-1	100.	30,170,000
Northstar Community Services District Community Facilities District No. 1	100.	<u>104,705,000</u>
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$455,731,585

<u>OVERLAPPING GENERAL FUND DEBT:</u>		
Nevada County General Fund Obligations and Office of Education General Fund Obligations	36.350%	\$12,602,014
Placer County General Fund Obligations and Office of Education Certificates of Participation	18.974	4,947,470
Sierra Joint Community College District Certificates of Participation	21.525	802,022
Placer Union High School District Certificates of Participation	0.099	822
Town of Truckee General Fund Obligations	99.970	8,115,565
Northstar Community Services District General Fund Obligations	100.	4,280,000
Truckee Donner Recreation and Park Certificates of Participation	99.970	18,929,320
Placer County Mosquito and Vector Control District Certificates of Participation	18.974	<u>554,990</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$50,232,203

OVERLAPPING TAX INCREMENT DEBT (Successor Agencies): \$23,757,405

COMBINED TOTAL DEBT \$529,721,193⁽²⁾

⁽¹⁾ Excludes general obligation bonds to be sold.

⁽²⁾ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

Direct Debt (\$98,920,000)	0.46%
Total Direct and Overlapping Tax and Assessment Debt	2.11%
Combined Total Debt.....	2.46%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,155,508,906):

Total Overlapping Tax Increment Debt	2.06%
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Largest Employers

The Town of Truckee and the Counties enjoy a diverse labor pool as a result of their role as a destination for recreation, regional manufacturing, service and retail center. Nevada County's recreation dominated employment distribution affects the Town of Truckee's job market and unemployment rates. Placer County is a growing regional manufacturing center that provides ample land zoned for industrial use that is governed by an industrial development policy that promotes growth in industrial expansion and employment opportunities and is one of the fastest growing business communities in California at this time. The following table summarizes the ten largest private and public employers located in or near the District.

Largest Employers

<u>Company</u>	<u>Product/Service</u>	<u>Full-Time Employees</u>
1. Tahoe Forest Hospital	Health Care	520
2. Tahoe Truckee Unified School District	School District	520
3. Clear Capital	Real Property Valuation	375
4. Resort at Squaw Creek	Resort Hotel	330
5. Squaw Valley/Alpine Meadows	Ski Resort	300
6. Boreal Mountain Resort	Ski Resort	300
7. Ritz-Carlton, Lake Tahoe	Resort Hotel	260
8. Tahoe Donner	Resort	250
9. Sugar Bowl Resort	Ski Resort	250
10. Northstar California Resort	Ski Resort	250

Source: Truckee Chamber of Commerce

Commercial Activity

The Town of Truckee is the retail center for the District and it experienced a 10% increase in retail sales from 2016 to 2018, while Placer County also experienced a 10% increase in retail sales and Nevada County experienced a 5% increase in retail sales over the same period. The following table summarizes the total number of sales tax permits and total taxable sales in the Town of Truckee, Placer County and Nevada County for the calendar years 2016, 2017 and 2018.

Town of Truckee, Placer and Nevada Counties Taxable Transactions and Total Outlets 2016-2018

	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town of Truckee			
Sales Tax Permits	865	878	992
Taxable Sales (in thousands)	\$324,500	\$341,536	\$357,876
Placer County			
Sales Tax Permits	13,192	13,365	13,794
Taxable Sales (in thousands)	\$8,975,136	\$9,491,737	\$9,892,946
Nevada County			
Sales Tax Permits	5,012	5,119	5,041
Taxable Sales (in thousands)	\$1,335,080	\$1,441,562	\$1,406,634

Source: California Department of Tax and Fee Administration.

Town of Truckee, Placer and Nevada Counties

During the past twenty-nine years the populations of Nevada County and Placer County have increased 26% and 130%, respectively, while the population of the State of California has increased 34% over the same period. Population figures as reported for the 1990, 2000 and 2010 census reports and estimated for 2019 for Nevada County, Placer County and the State of California (population data for the Town of Truckee for 1990 is not available due to it not being incorporated until 1993), are as follows:

	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2019</u>	<u>1990-2015 % Change</u>
Town of Truckee	N/A	13,864	16,180	16,434	N/A
Nevada County	78,510	92,033	98,764	98,904	26%
Placer County	172,796	248,399	348,432	396,691	130%
California	29,760,021	33,871,648	37,253,956	39,927,315	34%

Source: California State Department of Finance. The 1990, 2000 and 2010 are census figures reported as of April 1 in each of those years and 2019 figures are estimates by the Department of Finance reported as of January 1, 2019.
N/A: Not available

The District boundaries and Tahoe Forest Hospital service area, which extends beyond the District boundaries, incorporates a good portion of both Nevada and Placer Counties. Although the seasonality of many of the major employers in this area contributes to the area's unemployment data, the Town of Truckee, Placer County

and Nevada County unemployment percentages are below the State of California’s average. This is in large part attributed to the diversity of employment in these areas. The May 2019 labor market can be divided into the following sectors:

	<u>Town of Truckee</u>	<u>Nevada County</u>	<u>Placer County</u>	<u>State of California</u>
Civilian Labor Force	10,420	47,810	185,100	19,287,100
Employed	10,190	46,390	180,000	18,609,100
Unemployed	230	1,420	5,100	678,000
Percentage Unemployment	2.2%	3.0%	2.7%	3.5%

Source: State Employment Development Department, May 2019.

District Budget and Audit

The fiscal year of the District begins on the first day of July each year and ends on the thirtieth day of June of the following year. The District prepares and adopts a final budget on or before June 30 for each fiscal year. Operating and capital budgets are adopted each year to reflect estimated revenues, expenditures and capital investments. At the close of each fiscal year, the District engages certified public accountants to audit the District’s combined financial statements. See “THE DISTRICT – Certain Financial Information” and APPENDIX B – “Audited Combined Financial Statements of the District as of and for the Fiscal Years Ended June 30, 2018 and 2017.”

THE DISTRICT

Certain information concerning the District, its operations and revenues derived from its operations are discussed below. As discussed under “THE BONDS – Security for the Bonds” herein, the Bonds are payable from the proceeds of an *ad valorem* tax required to be levied by the Counties in an amount sufficient for the payment of the Bonds. The District is required by section 32127 of The Local Health Care District Law to use moneys in its maintenance and operation fund whenever *ad valorem* taxes will be insufficient to pay principal and interest on its general obligation bonds. While the District has never had to use its own funds as provided in the law, potential investors are nevertheless encouraged to review this information about the District, including APPENDIX B – “Audited Combined Financial Statements of the District as of and for the Fiscal Years Ended June 30, 2018 and 2017.”

The District was created in 1949 as a political subdivision of the State of California. The District is organized and operates under The Local Health Care District Law of the State of California, constituting Division 23 of the California Health and Safety Code (the “District Law”). The District is located in portions of Placer and Nevada Counties and covers an area of approximately 500 square miles. The permanent resident population of the District is approximately 40,000 persons with an estimated two-thirds of the year-round residents under the age of 45. Seasonal influxes increase the resident population to over 70,000 persons, due to recreational and other attractions. Under District Law the District may own and operate health care facilities. The District currently owns and operates Tahoe Forest Hospital and Incline Village Community Hospital under the provisions of District Law.

Cities and communities located within the District’s boundaries include, in addition to the Town of Truckee, to the west, Norden, Soda Springs and Emigrant Gap and to the southeast along the Lake Tahoe shoreline, Crystal Bay, Kings Beach, Tahoe Vista, Carnelian Bay, Tahoe City, Tahoe Pines, Homewood and Tahoma. The District is a political agency and receives operating tax revenues from the Counties annually based upon the assessed value of taxable property located within its boundaries. The District is able to use its operating tax revenues for general operating purposes. These operating tax revenues are not pledged to the Paying Agent for the repayment of the Bonds.

Health Facilities

The District operates Tahoe Forest Hospital in Truckee, California, and Incline Village Community Hospital in Incline Village, Nevada (the “Health Facilities”), representing an aggregate of 76 beds (39 acute and 37 skilled nursing beds, of which 10 acute beds are in suspense) licensed by the State of California Department of Health Services and the State of Nevada, Department of Human Resources, Division of Health, Bureau of Licensure and Certification. Incline Village Community Hospital is located outside the District’s boundaries and was acquired by the District in 1996. The District also operates outpatient facilities located in Tahoe City and Truckee, California. These outpatient facilities provide laboratory and physical therapy services, among other services.

Tahoe Forest Hospital is located in the southeastern quadrant of Nevada County off Interstate 80 in the Town of Truckee, California, approximately 15 miles northwest of Lake Tahoe and approximately 35 miles southwest of Reno, Nevada. Tahoe Forest Hospital opened in 1952 as a 12-bed acute care hospital. The first expansion of Tahoe Forest Hospital occurred in 1966 when it expanded to a total of 42 beds. In 1986, services were expanded in the areas of emergency care and ancillary services and its intensive care unit was expanded to 6 beds and a skilled nursing unit was added. Also in 1986, the District initiated a development program to modernize and expand its services to meet the projected needs of its service area residents. This development included the expansion and renovation of surgery suites, laboratory and admissions, the remodeling of general hospital areas, a renovation and expansion of the obstetrics department as well as the replacement of radiology equipment. It also included an upgrade of the intensive care unit, a remodeling of the emergency room and an expansion of the cafeteria and dining facilities. In 1995, the District completed the construction of a three-story medical office complex adjacent to Tahoe Forest Hospital comprising approximately 30,000 square feet of new space. Some of this building has been sold to physicians on a condominium basis with the remaining footage housing the District's retail pharmacy and other related hospital services. In 2005, the District developed a new Center for Health and Sports Performance. In 2006, the District opened its 40,000 square foot Western Addition including medical, surgical and intensive care beds, clinical laboratory, women's imaging, magnetic resonance imaging, cardiac rehabilitation, outpatient surgery and expanded space for dietary, ancillary and admission services. In 2006, Tahoe Forest Hospital started an oncology program with a newly recruited medical oncologist. Over its first two years of operation the Tahoe Forest Cancer Center expanded its scope of services to include chemotherapy and in early 2010 it became part of the University of California at Davis Cancer Care Network. The Tahoe Forest Cancer Center affiliation with the University of California at Davis Cancer Center provided access to clinical trials offerings for the Truckee – Tahoe region beginning in 2010. In 2007, the District also developed a hospital based multi-specialty clinic providing expanded hospital-based clinics for ENT, pulmonary medicine, cardiology, gastroenterology, and internal medicine services. In 2010, oncology, urology and orthopedics were added as new service lines. In 2009 and early 2010, the District added sports medicine and audiology services. In 2011 and 2012, the District added pediatrics, general surgery and radiation oncology services.

Tahoe Forest Hospital has a heliport on its site which allows helicopter ambulances to bring emergency patients to and from Tahoe Forest Hospital. Helicopter ambulances are often used because of the mountainous terrain in the District's service area. Tahoe Forest Hospital also operates a Women's and Family Center which provides a combination of clinical and educational services. Obstetrical services provided include labor, delivery, recovery and postpartum units. Home health services offered by Tahoe Forest Hospital include skilled nursing assessment and monitoring, infusion services, post-surgical care, wound care, ostomy care, medical social services, nutrition counseling, and occupational, speech and physical therapies. The District also operates a retail pharmacy, a medical radiation and oncology program and a children's care center, all located adjacent to Tahoe Forest Hospital.

Incline Village Community Hospital is located in Incline Village, Nevada, approximately 20 miles east of Tahoe Forest Hospital near the northeast shore of Lake Tahoe. It is located outside of the District's boundaries but within the District's service area. Incline Village Community Hospital is operated primarily as an outpatient medical center with only occasional inpatient admissions. It provides a fully equipped and staffed 24-hour emergency room and an active surgicenter as well as radiology, laboratory, pharmacy, physical therapy and a sleep disorder clinic.

Approximately 55% of the Health Facilities' admissions originate from District residents. A majority of the remaining admissions originate from visitors to Lake Tahoe area ski resorts or from auto accidents along the Interstate 80 corridor between Auburn, California, and Reno, Nevada. Both Tahoe Forest Hospital and Incline Village Community Hospital are designated as Critical Access Hospitals for Medicare reimbursement purposes.

Board of Directors

The District is governed by a Board of Directors (the "Board"), which consists of five members, each elected at large to four-year terms. The Board has ultimate responsibility for quality patient care, District policies, strategic planning, as well as fiduciary responsibility for protecting and enhancing the District's assets. The Board hires a Chief Executive Officer to manage the District's operations and appoints physicians to an organized medical staff. Regular Board meetings are held monthly and are open to the public. The current members of the Board, including their titles, occupations, dates on which their current terms expire and total years as Board members, are set forth in the following table:

<u>Name and Title</u>	<u>Occupation</u>	<u>Term in Office Expires</u>	<u>Years as a Board Member</u>
Alyce Wong Chair	Retired Nurse	12/20	3
Mary Brown Vice Chair	Retired Newspaper Publisher	12/22	2
Sarah Wolfe Secretary	Small Business Owner	12/20	0
Dale Chamblin Treasurer	Retired Chief Financial Officer	12/22	6
Randy Hill Member	Retired Executive Recruiter	12/20	3

The District incorporates an area of mountainous terrain having an elevation ranging between 5,800 and 9,600 feet above sea level. Within the District's boundaries are well established summer and winter resort areas which include the northwest quadrant of Lake Tahoe and several winter ski resorts. Summer recreation areas around Lake Tahoe include the shoreline communities of Tahoe City, Kings Beach, Tahoe Vista, Crystal Bay, Tahoe Pines, Carnelian Bay, Incline Village and Homewood. Other summer recreation areas are located at and around Donner Lake, Prosser Reservoir, Donner Summit and Boca Reservoir near the Town of Truckee. Winter ski areas include Squaw Valley, Alpine Meadows, Tahoe Donner, Northstar at Tahoe, Boreal Ridge, Soda Springs, Sugar Bowl, Homewood Mountain Resort and Mount Rose, among others.

Senior Management

The current principal members of the administrative staff responsible for the daily operations of the Health Facilities are profiled below:

Harry Weis, Chief Executive Officer. Mr. Weis joined the District in December of 2015, as its Chief Executive Officer. He directs all functions of the Health Facilities and other District activities in accordance with the policies established by the Board. Mr. Weis has over 37 years of senior management experience as Chief Financial Officer, Chief Operations Officer and Chief Executive Officer for nonprofit, governmental and for-profit healthcare providers. From 1987 to 1998, he was the Vice President of Operations and Chief Financial Officer at South Coast Medical Center (a 270-bed healthcare delivery system located in Laguna Beach, California), from 1998 to 2000 he was the Executive Vice President of Operations and Chief Financial Officer at Adventist Healthcare (a multi-hospital system with its headquarters in Rockville, Maryland), from 2000 to 2005 he was the Vice President of Hospital Finance for Adventist Health (a multi-hospital system with its headquarters in Roseville, California) from 2005 to 2009 he was a Director with Wellspring Management Services (a national healthcare consulting firm and subsidiary of Huron Consulting Group), from 2009 to 2014 he was Chief Executive Officer at Natividad Medical Center (a teaching hospital owned by Monterey County, California) and has held management positions with other healthcare providers and consulting firms to the healthcare industry. Mr. Weis received a Bachelor of Arts degree in Business Administration/Accounting from the University of LaVerne, LaVerne, California and received a Master of Health Administration degree from the Southwestern Adventist University, Keene, Texas. Mr. Weis is an advanced member of the Healthcare Financial Management Association, a member of the American College of Healthcare Executives and is a past member and chair of several healthcare, civic and community foundations and organizations.

Crystal Betts, CPA, Chief Financial Officer. Ms. Betts has been with the District since March of 2004, initially as its Controller and since March 2007, as its Chief Financial Officer. She is responsible for all aspects of the financial operations of the District's activities. From 2000 to 2004, Ms. Betts was with Trinity Hospital, a 65-bed acute care facility located in Weaverville, California, as the Controller and then as the Chief Financial Officer. From 1996 to 2000, she was the Audit Senior/Accountant at Matson and Isom Accountancy Corporation located in Chico, California, where she was responsible for conducting audits for governmental, not-for-profit and for-profit entities including eleven healthcare entities. Ms. Betts received a Bachelor of Science degree in Accounting and Management Information Systems from California State University at Chico in Chico, California, and is a Certified Public Accountant (inactive), licensed in the State of California.

Judith Newland, Chief Operating Officer. Ms. Newland was appointed to serve as Chief Operating Officer and Administrator of Incline Village Community Hospital in June of 2016. She served as Chief Nursing Officer from April 2012 until her appointment as Chief Operating Officer. She has spent most of her career with the District, first serving as a staff nurse in the Medical/Surgical Unit and then in the Emergency Department from 1980 to 1985; from 1985 to 2001 she was the Director of Emergency Services; from 2001 to 2011 she was the Director of Quality and Regulations; and just prior to her present position she was the Director of Operations/Chief Nursing Officer. Ms. Newland earned her Bachelor of Science degree in Nursing from California State University, Fresno, in 1979. Ms. Newland has continued her education by completing Executive MBA courses in Health Administration in 2012 through the University of Colorado, Denver.

Karen Baffone, Chief Nursing Officer. Ms. Baffone was appointed to serve as Chief Nursing Officer and Executive Director of Population Health & Post-acute Services in July of 2016. She directs nursing management and staff in the development of standards of care and practice, departmental policies and procedures, operating and capital budgets and monitors patient care and discharge planning activities for assigned service areas. She served as Executive Director of Post-acute Services/Wellness Neighborhood/Community Health/Population Health Management at the District from 2013 until her appointment as Chief Operating Officer. She has spent most of her career at various hospitals ranging in size from 25-bed critical access hospitals to hospitals having in excess of 800 beds throughout the country. Most recently she served as Director of Nursing at Avera Health in Aberdeen, South Dakota, as Surgical Department Head at Christus Health in Santa Fe, New Mexico and Director of Medical Surgical at Lakewood Ranch Medical Center in Lakewood Ranch, Florida. Ms. Baffone has over 40 years of nursing experience and earned her Masters of Health Science degree from Capella University, Minneapolis, Minnesota, in 2011 and a Bachelor of Science degree in Health Leadership from National Louis University, Tampa, Florida, in 1999. Ms. Baffone received her Nursing degree from Columbia Hospital School of Nursing in Milwaukee, Wisconsin in 1978. She is affiliated with the American Rehabilitation Nurses Association, the American Nurses Association and has received several Director of the Year and similar awards and recognitions.

District Employees

As of June 1, 2019, the District employed approximately 748 full-time equivalent employees (includes 596 full-time and 302 part-time employees). Included in this group are registered nurses, licensed vocational nurses, technicians, specialists, environment and food service personnel, and various management, supervisory and clerical personnel.

Approximately 72% of the District's active employees are covered by collective bargaining agreements. The District has two employee bargaining groups covering licensed and non-licensed employees. These bargaining groups provide representation and advocacy for District employees, particularly in the area of compensation. The employee bargaining relationship has been in existence for many years, and the most recent three-year contract will expire in July of 2022. The District believes that its employee relations are good.

Medical Staff

As of June 1, 2019, the medical staff at the Health Facilities consisted of 265 physicians, 82 of whom were active or provisional active medical staff members. Approximately 91% of the active medical staff members are board certified. The current medical staff includes approximately 39 physicians who are courtesy staff or consulting staff members. Active medical staff members are the primary admitters to the Health Facilities. The Health Facilities' active medical staff has an average age of approximately 48 years.

The top ten admitting physicians of the District, based on the number of admissions to Tahoe Forest Hospital for the fiscal year ended June 30, 2019, represented approximately 59% of total inpatient admissions. After recruiting eight new physicians in 2018, the District has recruited an Otolaryngology (ENT) physician, a surgeon and an Endocrinologist in the first six months of 2019. The District is in the process of recruiting a Neurologist, Gastroenterologist and an Ophthalmologist for addition to the medical staff of the Hospital.

Service Area and Competition

The service area for the Health Facilities extends beyond the District's boundaries to include Sierra and Plumas Counties to the north and west, Incline Village in Washoe County, Nevada to the east, and Nevada and Placer Counties to the east and south. Tahoe Forest Hospital is the only acute care hospital within the District's boundaries, its primary service area. There are no other acute care hospitals or skilled nursing facilities located

within the District. In 2003, a free-standing ambulatory surgery center owned and operated by physicians practicing at the Health Facilities began operating in the Town of Truckee. In 2010, the District became a 51% partner and in 2019 it became a 99% partner in this ambulatory surgery center. In addition, there are two urgent care centers within the District, one owned and operated by a physician group practicing at the Health Facilities, and one owned and operated by an independent physician.

The closest acute care hospitals (Renown Regional Medical Center and Saint Mary’s Regional Medical Center) are located approximately 35 miles northeast of Tahoe Forest Hospital in the city of Reno, Nevada. The next closest acute care hospitals located within the state of California are Barton Memorial Hospital (43 miles south), a 111-bed (63 acute care and 48 skilled nursing) hospital, located in the City of South Lake Tahoe, Sierra Nevada Memorial Hospital (50 miles southwest), a 107-bed acute care hospital, located in Nevada City, California, and Eastern Plumas Hospital (50 miles northwest), a 24-bed (9 acute care and 27 skilled nursing) critical access hospital, located in Portola, California.

Located within the Health Facilities’ service area, for which the Health Facilities are the nearest acute care hospitals, are fifteen winter ski resorts, including Squaw Valley, Sugar Bowl, Soda Springs, Northstar at Tahoe and Alpine Meadows, among others. For services not provided at the Health Facilities, patients are usually referred to Renown Regional Medical Center or St. Mary’s Regional Medical Center (a Prime Healthcare Services organization), both located in Reno, Nevada, or to UC Davis Medical Center located in Sacramento, California. Services not currently provided at the Health Facilities include neonatal ICU and cardiology surgery, among others.

Services

The District presently offers a range of inpatient and outpatient services at the Health Facilities, including basic medical, surgical and obstetrical services, in addition to its general and administrative services. Medical and surgical services currently provided at the Health Facilities include the following:

Medical Services

Alternate Birthing Center	Hospice Care	Oncology (Radiation and Medical)
Audiology	Intensive Care	Pain Center
Cardiac Rehabilitation	Internal Medicine	Pharmacy
Cardiopulmonary Therapy	Laboratory, Clinical	Physical Therapy
Clinic	Laboratory, Pathology	Pulmonary Testing
CT Scanning (including PET CT)	LDRP Maternity	Radiology
Diagnostic Imaging	Mammography	Respiratory Therapy
EKG, EEG and Endoscopy	MRI Scanning	Sleep Center
General (FP/GP)	Newborn Nursery	Speech Therapy
Gynecology	Nuclear Medicine	Sports Medicine Services
Hematology	Occupational Health	Telemetry
Home Health	Occupational Therapy	Ultrasound
Emergency Room	Occupational Health	Rural Health Clinics
Endocrinology	Mental Health	Skilled Nursing Senior Services

Surgical Services

Ambulatory	General	Outpatient
Anesthesiology	Gynecology	Urology
Dental	Ophthalmology	Vascular
Cosmetic	Orthopedics	
Gastroenterology	Otolaryngology	

Tahoe Forest Hospital provides 24-hour emergency medical service and trauma care with a licensed physician on duty at all times. The District also provides skilled nursing services at Tahoe Forest Hospital. Home health services offered include skilled nursing assessment and monitoring, infusion services, post-surgical care, wound care, ostomy care, nutritional support, medical social services and occupation, speech and physical therapies.

Accreditations, Designations, Memberships and Affiliations

Tahoe Forest Hospital has been fully accredited since it was opened in 1952. Tahoe Forest Hospital’s most recent three-year accreditation from the American Osteopathic Association’s Bureau of Healthcare Facilities Accreditation expires on or about July 2, 2020. Incline Village Community Hospital’s and associated multispecialty clinic’s most recent three-year accreditation from the American Osteopathic Association’s Bureau of Healthcare Facilities Accreditation expires on or about September 8, 2020. Laboratory services at Tahoe Forest Hospital and satellite operations located in Tahoe City, California, and Incline Village, Nevada, are accredited by the College of

American Pathologists. Management of the District does not anticipate any difficulty in renewing its accreditations for its Health Facilities. Incline Village Community Hospital received Critical Access Hospital designation in 2000 and Tahoe Forest Hospital received its Critical Access Hospital designation in 2007. Critical Access Hospitals are also certified by the Department of Health and Human Services and are eligible for more favorable cost-based reimbursement from Medicare for Medicare program beneficiaries treated at these hospitals.

The Health Facilities are eligible providers under Medicare, Medi-Cal, Blue Cross and other commercial insurance programs and the District holds memberships in the California Hospital Association, the Association of California Healthcare Districts, the District Hospital Leadership Forum, and other professional health care organizations.

The District plans for and evaluates potential affiliations as part of its overall strategic planning. The District has an affiliation with Premier to provide group purchasing services and educational opportunities and with UC Davis Health System to provide Services related to cancer care, cancer research and rural health care.

Bed Complement

The Health Facilities have a licensed capacity of 74 beds (37 acute and 37 skilled nursing), with 8 of those beds currently in suspense. The current bed count classified by service type is as follows:

<u>Service</u>	<u>Tahoe Forest</u>	<u>Incline Village</u>	<u>Total</u>
Medical/Surgical ⁽¹⁾	23		27
Intensive Care	6		6
Prenatal/Obstetrics	4		4
Skilled Nursing	<u>37</u>		<u>37</u>
Total	<u>70</u>		<u>74</u>

Source: State of California, Department of Public Health License and State of Nevada, Department of Health and Human Services.

⁽¹⁾ Eight medical/surgical beds at Tahoe Forest Hospital are placed in suspense, for use as patient observation extended recovery beds. Ten medical/surgical beds were also designated as swing beds, as of the same date. Designated swing beds can be used for the treatment of medical/surgical patients or skilled nursing patients, as needed.

Certain Financial Information

The following summary of statements of revenues, expenses and changes in net position of the District for each of the four fiscal years ended June 30, 2018, were derived from audited combined financial statements of the District, of which the 2017 and 2018 fiscal years appear in APPENDIX B to this Official Statement. These summaries should be read in conjunction with the audited combined financial statements and notes thereto (which are an integral part of the audited combined financial statements) included in APPENDIX B to this Official Statement.

The summaries of statements of revenues, expenses and changes in net position for the fiscal year ended June 30, 2019, are unaudited and have been derived from unaudited financial statements of the District. These financial statements have been prepared in accordance with generally accepted accounting principles on a basis consistent with the accounting policies reflected in the audited combined financial statements of the District presented below. They do not, however, include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the unaudited financial statements reflect all significant adjustments (which are of a normal, recurring nature) necessary for a fair presentation of the results for the period presented.

	Fiscal Year Ended June 30				
	<u>2015*</u>	<u>2016*</u>	<u>2017**</u>	<u>2018**</u>	<u>2019***</u>
(000's Omitted)					
Net Patient Revenue	\$118,954	\$130,395	\$148,296	\$148,737	\$186,912
Other Revenue	<u>6,984</u>	<u>8,026</u>	<u>8,966</u>	<u>9,963</u>	<u>12,668</u>
Total Operating Revenues	125,938	138,421	157,262	158,700	199,580
Salaries, Benefits & Professional Fees	84,453	88,468	98,900	106,366	119,813
Depreciation & Amortization	9,613	10,280	10,746	11,296	13,374
Other Operating Expenses	<u>36,124</u>	<u>36,556</u>	<u>40,360</u>	<u>44,895</u>	<u>50,408</u>
Total Operating Expenses	<u>130,190</u>	<u>135,304</u>	<u>150,006</u>	<u>162,557</u>	<u>183,595</u>
Net Operating Income(Loss)	<u>(4,252)</u>	<u>3,117</u>	<u>7,256</u>	<u>(3,857)</u>	<u>15,985</u>
Property Tax Revenue	5,481	5,462	7,315	7,037	6,388
Property Tax Revenue – G.O. Bonds	4,829	4,715	5,561	3,869	5,152
Interest Expense	(5,259)	(4,061)	(3,980)	(5,020)	(5,436)
Other Nonoperating Income(Expenses)	<u>1,675</u>	<u>1,929</u>	<u>1,951</u>	<u>2,994</u>	<u>2,186</u>
Net Nonoperating Income(Loss)	<u>6,726</u>	<u>8,045</u>	<u>10,847</u>	<u>8,880</u>	<u>8,290</u>
Capital Contributions	<u>0</u>	<u>551</u>	<u>361</u>	<u>407</u>	<u>0</u>
Excess of Revenues Over Expenses	<u>\$ 2,474</u>	<u>\$11,713</u>	<u>\$18,464</u>	<u>\$5,430</u>	<u>\$24,275</u>

Sources: Data for the four fiscal years ended June 30, 2018 information has been derived from the District's audited combined financial statements and data for fiscal year ended June 30, 2019 has been derived from the District's unaudited financial statements. Certain revenues and expenses reflected in the above table have been classified differently from the District's audited combined financial statements to better conform to the classification conventions commonly used by credit agencies and investors.

* Numbers derived from audited combined financial statements inclusive of the District and two Foundations.

** Numbers derived from audited combined financial statements inclusive of the District, the two Foundations, the Tahoe Institute for Rural Health Research and TIRHR, LLC.

*** Numbers derived from unaudited financial statements of the District only.

Total Unrestricted Funds and Days Cash on Hand

The following table provides total unrestricted funds and day's cash on hand for the District as of June 30, 2015 through June 30, 2019. Marketable securities are carried at market.

	As of June 30				
	<u>2015*</u>	<u>2016*</u>	<u>2017**</u>	<u>2018**</u>	<u>2019***</u>
(000's omitted)					
Cash and Cash Equivalents	\$12,698	\$14,608	\$13,056	\$18,758	\$22,820
Board Designated Funds	<u>41,830</u>	<u>57,048</u>	<u>62,339</u>	<u>55,049</u>	<u>64,212</u>
Total Unrestricted Funds	\$54,528	\$71,656	\$75,395	\$73,807	\$87,032
Daily Expenses	<u>\$ 345</u>	<u>\$ 352</u>	<u>\$ 392</u>	<u>\$ 428</u>	<u>\$ 481</u>
Days Cash on Hand ⁽¹⁾	<u>158</u>	<u>204</u>	<u>192</u>	<u>172</u>	<u>181</u>

Sources: As of June 30, 2018, 2017, 2016 and 2015 information has been derived from the District's audited combined financial statements and as of June 30, 2019 information has been derived from the District's unaudited financial statements.

⁽¹⁾ Determined by adding cash and cash equivalents plus board designated funds for capital replacement; and dividing that sum by total operating expenses minus depreciation and amortization expenses plus interest expense divided by 365 (daily expenses).

* Numbers derived from audited combined financial statements inclusive of the District and the two Foundations.

** Numbers derived from audited combined financial statements inclusive of the District, the two Foundations, the Tahoe Institute for Rural Health Research and TIRHR, LLC.

*** Numbers derived from unaudited financial statements of the District only.

Management's Analysis of Financial Performance

The District's unaudited preliminary excess of revenues over expenses for the fiscal year ended June 30, 2019, was \$24,275,093 which is approximately \$19.2 million above fiscal year ended June 30, 2018 results. Over the past five years the District's excess of revenues over expenses has averaged approximately \$12.5 million per annum. The District's fiscal year 2020 operating plan and budget provides for a 4.6% return on equity and a 3.2% return on gross revenue, and targets conservative excess revenues over expenses of \$7.2 million. The District maintains a liquidity position with its day's cash on hand of 172 days as of June 30, 2018, and based on preliminary results for June 30, 2019, having 181 day's cash on hand. The District also maintains a good leverage position as indicated by its present debt to capital ratio of 17% for revenue-based debt as of June 30, 2018, and approximately 18% as of June 30, 2019.

Over the past several years, the District has consistently maintained a market share of approximately 55% for its service area. This strong market presence along with a combined Medicare/Medicaid payor mix of only 54% as of the fiscal year ended June 30, 2019, have provided positive margins for the District over those years. The District's service area has enjoyed solid growth rates exceeding that of the state of California over the past twenty-five years and has generally experienced lower unemployment rates than the state of California as a whole. The economic base of the District's service area continues to remain strong, with available jobs growing in market segments other than simply the recreation and resort industries.

Over the past ten years, the District has made substantial investments in its Health Facilities through the construction of a \$31.3 million new cancer center facility inclusive of a linear accelerator, PET/CT imaging and medical oncology infusion area, \$14.2 million for expanded and new space for the emergency department and sterile processing department, \$22.5 million for a new birthing center and expanded dietary services, \$9.6 million to expand space for respiratory therapy, medical records, pharmacy and nursing management, \$5.3 million to expand our skilled nursing facility and renovate that space, \$15.4 million to upgrade our central energy plant, \$2.3 million remodel of the fluoroscope and nuclear medicine camera rooms including new equipment, and \$1.5 million for a new information technology data center.

Both Tahoe Forest Hospital and Incline Village Community Hospital are designated as Critical Access Hospitals, and they are the only acute care hospitals located within the District's primary service area. The District operates the closest hospitals to twelve of the most active winter ski resorts in California.

The District desire to remain an independently governed community health services provider that is committed to the ideal of "The Perfect Care Experience." This broad, all-encompassing term drives how we practice our respective professions from information technology to housekeeping to nursing and more. The District's Mission Statement states that "We exist to make a difference in the health of our communities through excellence and compassion in all we do." The District's Vision is "To serve our region by striving to be the best mountain health system in the nation." The District has five Foundations of Excellence: Quality – provide excellence in clinical outcomes, Service – best place to be cared for, People – best place to work, practice, and volunteer, Finance – provide superior financial performance, and Growth – meet the needs of the community. Lastly, the District has core Values: Quality – holding ourselves to the highest standards and having personal integrity in all we do, Understanding – being aware of the concerns of others, caring for and respecting each other as we interact, Excellence – doing things right the first time, on time, every time, and being accountable and responsible, Stewardship – being a community steward in the care, handling, and responsible management of resources while providing quality healthcare, and Teamwork – looking out for those we work with, finding ways to support each other in the jobs we do. To be the best mountain health system in the nation and to provide perfect care, we want to see these values ingrained in our daily work life and expect all employees to live our values.

Health Facilities Utilization

The table below provides selected statistical indicators of inpatient and outpatient activity for the Health Facilities during the past five fiscal years ended June 30, 2019:

	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Acute Care:					
Licensed Beds	29	29	29	29	27
Patient Days	4,521	4,295	4,829	4,356	5,802
Admissions	1,687	1,575	1,802	1,839	1,765
Occupancy	43%	41%	46%	41%	54%
Acute Length of Stay (Days)	2.68	2.73	2.68	2.37	3.28
Emergency Room Visits	16,351	17,481	17,396	17,362	17,023
Total Surgery Cases	1,873	2,849	3,202	3,521	4,028
Skilled Nursing:					
Licensed Beds	37	37	37	37	37
Patient Days ⁽¹⁾	12,086	11,650	11,508	11,890	11,673
Occupancy ⁽¹⁾	90%	86%	85%	88%	86%
Combined:					
Licensed Beds	66	66	66	66	66
Patient Days	16,607	15,945	16,337	16,246	17,475
Occupancy	69%	66%	68%	67%	72%

Source: District records.

⁽¹⁾ The District has utilized licensed medical/surgical beds when the need has arisen for the treatment of patients who require skilled nursing care.

Sources of Patient Service Revenue

The District participates in the Medicare and Medi-Cal/Medicaid programs. The percentage of gross patient revenues derived from Medicare, Medi-Cal/Medicaid, managed care contracts and commercial insurance for each of the past five fiscal years ended June 30, 2019, is set forth below.

	Percent of Gross Patient Service Revenue				
	Fiscal Year Ended June 30				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Medicare	36%	35%	34%	36%	38%
Medi-Cal/Medicaid ⁽¹⁾	18	18	18	18	16
Commercial, HMO, PPO & Private	<u>46</u>	<u>47</u>	<u>48</u>	<u>46</u>	<u>46</u>
Total	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Source: District records.

⁽¹⁾ Less than 1% of the District's revenues are derived from the Nevada Medicaid program.

Medicare is a federal program, administered by the Centers for Medicare and Medicaid Services available to individuals age 65 or over and certain disabled persons. Medicaid is a federal and state program, known as Medi-Cal in California, under which the Health Facilities furnish services to program eligible persons.

The Health Facilities' inpatient acute and outpatient services rendered to Medicare program beneficiaries are reimbursed under a cost reimbursement methodology pursuant to their designation as a "Critical Access Hospital." Effective July 1, 2007, Tahoe Forest Hospital received Critical Access Hospital Designation. Costs incurred are reimbursed at tentative rates with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. The District's Medicare cost reports have been audited by the Medicare fiscal intermediary through June 30, 2017, and final settlements have been received through that date.

Inpatient services rendered to Medi-Cal program beneficiaries are reimbursed based upon a rate per day. Outpatient services rendered are paid at prospectively determined rates per procedure. Medi-Cal cost reports have been audited by the Medi-Cal fiscal intermediary through June 30, 2017, and final settlements have been received through that date.

Adults who do not meet Medi-Cal eligibility criteria but who are medically indigent, as defined by California law, are eligible for medical services under the state-funded "MIA" program. Placer County administers the MIA program by contracting with providers on a per diem basis for patients requiring inpatient services. Nevada County contracts with the State of California to administer its MIA program, with the District receiving

reimbursement on a cost-based methodology for patients treated at the Health Facilities. The MIA contract accounts for less than 1% of gross patient revenues of the District.

The District has contracts with approximately 34 insurance and managed care plans which comprise approximately 46% of its revenues for the fiscal year ended June 30, 2018. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established rates and prospectively determined daily rates.

The District receives funds through intergovernmental transfers (“IGT”), where funds are put up by the District to be matched by the federal government. As a result of two of these IGT programs, the District has recorded receivables in the past two fiscal years of over \$13.7 million for funds relating to the fiscal years 2016, 2017 and 2018. Supplemental funding is also received from the Public Hospital Redesign and Incentives in Medi-Cal Program (“PRIME”), which is a successor program within the Medi-Cal waiver. Activities supported by the PRIME program are designed to accelerate efforts by participating PRIME entities to change the delivery of care to maximize health care value and strengthen their ability to successfully perform under risk-based alternative payment models in the long term consistent with Medicare and Medi-Cal goals. As a result of the District’s participating in PRIME, it has recorded receivables in the past two fiscal years of over \$1.1 million. This PRIME program requires a qualitative assessment of certain metrics and is subject to future audits by CMS.

Affiliations

Tahoe Forest Health System Foundation. The Tahoe Forest Health System Foundation (the “Foundation”) was organized in 1987 and is a California nonprofit 501(c)(3) public benefit corporation organized for the purpose of soliciting and distributing contributions and property to facilitate the building of a healthier community and the ongoing enhancement of the District’s health care system. The Foundation contributed a total of approximately \$6 million in community wide contributions towards the construction and equipping of the Western Addition. Donations to the Foundation are passed directly to the District, either to restricted purchases or programs per the donor’s directions or retained in the Foundation’s general funds. Of those funds, 15% are withheld each year and will be distributed to the District in amounts and in periods determined by the Foundation’s board of trustees, who may also restrict the use of the general funds for plant replacement or expansion or other specific purposes. The Foundation has a membership of over 7,000 donors and currently has a governing board of twelve trustees. The Foundation has raised just over \$16.4 million for Tahoe Forest Hospital since 2000 and distributed approximately \$1.5 million to the District over the past two fiscal years. The Foundation is not liable for repayment of the Bonds.

Incline Village Community Hospital Foundation. The Incline Village Community Hospital Foundation (the “Incline Village Foundation”) was organized in 2004 and is an independent Nevada nonprofit 501(c)(3) corporation organized for the purpose of soliciting and distributing contributions and property for the benefit of the Incline Village Community Hospital. The Incline Village Foundation concluded a capital campaign that contributed a total of approximately \$1.5 million in community wide contributions towards the construction and equipping of the emergency room expansion and remodel of Incline Village Community Hospital. A second capital campaign generated approximately \$500,000 in contributions to renovate and equip Incline Village Community Hospital’s imaging department. The Incline Village Foundation’s general funds, which represent its unrestricted resources, will be distributed to the District in amounts and in periods determined by the Incline Village Foundation’s board of trustees, who may also restrict the use of the general funds for plant replacement or expansion or other specific purposes. The Incline Village Foundation has a membership of approximately 750 donors and a governing board of approximately eighteen trustees. The Incline Village Foundation has raised just over \$5 million for Incline Village Community Hospital improvements since 2004 and distributed approximately \$805,000 to the District over the past two fiscal years. The Foundation is not liable for repayment of the Bonds.

Tahoe Institute for Rural Health Research. The Tahoe Institute for Rural Health Research (the “Research Institute”) was formed in 2009 by the District as a California nonprofit public benefit corporation and has applied to the Internal Revenue Service for a determination of charitable, exempt status under sections 501(a) and 501(c)(3) of the Code. The District is the sole member of the Research Institute. It is anticipated that the Research Institute will be a vehicle through which scientific research and collaboration with medical practitioners will produce innovative solutions for rural health care issues. In order to better facilitate the development and funding of research activities, as desired by the District, it formed a limited liability company (“TIRHR, LLC”) that is owned and controlled by the District. TIRHR, LLC was formed in order that research programs the Research Institute was pursuing could be transferred to TIRHR, LLC for private investment purposes pursuant to a proprietary development approach. Neither the Research Institute nor TIRHR, LLC is liable for repayment of the Bonds.

UC Davis Health System. The District has entered into a participation and license agreement with the UC Davis Health System pursuant to its UC Davis Cancer Care Network to provide cancer care expertise and support to the District and to patients treated at the District's cancer center facilities. Advanced cancer therapies and clinical trial opportunities are made available to oncology patients treated at the Cancer Center. The affiliated status affords the District expertise, technology and training opportunities not otherwise available to its oncology programs. The District is also a site for the UC Davis Rural Prime Program that, among other benefits, provides access to ongoing training and support for over twenty of the District's medical staff members who serve on the volunteer medical staff of UC Davis Medical Center located in Sacramento, California. The Tahoe Institute for Rural Health Network has also entered into a separate affiliation agreement with UC Davis Health System for the sharing of resources relating to research opportunities. The UC Davis Health System is not liable for payment of the Bonds.

Other Affiliations. The District contracts with various other medical providers to provide clinical and professional services in the areas of radiology, pathology, anesthesia, emergency medicine, and mobile lithotripsy. The District plans for and evaluates potential affiliations as part of its overall strategic planning. Tahoe Forest Hospital has a number of training affiliations with various colleges and educational institutions to advance its employees' training in medicine, nursing and other ancillary medical professional fields. Tahoe Forest Hospital has a number of training affiliations with various colleges and educational institutions to advance its employees' training in medicine, nursing and other ancillary medical professional fields. Some of these affiliations include: University of Nevada Reno Medical School, Sierra College, California State College – University at Chico, Touro University California – College of Osteopathic Medicine, UC Davis Medical School, Walden University, Arizona School of Health Sciences, ATSU, Des Moines University – College of Osteopathic Medicine, Graceland University – School of Nursing, Stanford University – Foothill College School of Physician Assistants, Harvard Medical School, and Samuel Merritt University. No other affiliation agreements are in place and no serious discussions are occurring with other potential affiliation partners.

Public and Professional Liability Insurance Considerations

The District currently carries healthcare entity comprehensive liability insurance through a pooled self-insurance program insuring the Health Facilities and all District employees, while acting within the scope of their duties, against malpractice liability with limits of \$10,000,000 per claim and \$20,000,000 annual aggregate under a claims-made policy. The District's current healthcare entity comprehensive liability coverage contract is in continuous effect through July 1, 2020. The District contracts such coverage through a joint powers authority ("BETA Risk Management Authority") under California law authorizing governmental agencies, such as local health care districts, to join together for insurance purposes. Currently, 115 Members representing health care districts, nonprofit healthcare providers, city and county hospitals participate in BETA Risk Management Authority. Coverage is on a claims-made basis.

BETA Risk Management Authority is funded by monthly contributions paid by the health care providers ("Members") participating in BETA Risk Management Authority. The contributions are used to fund a reserve for expected losses to be paid by BETA Risk Management Authority on a pooled, self-insured basis. The amount of the monthly contribution to be paid by a Member is based on independent actuarial computations taking into account factors such as, among others, total number of beds, outpatient and inpatient visits, surgeries, deductible and loss experience of the Member. The reserve for claims and claims expenses has been determined using the developed loss and loss expense method. For the fiscal year ended June 30, 2019, the District paid \$611,564 in net contributions to BETA Risk Management Authority.

At June 30, 2019, BETA Risk Management Authority had a reserve for claims and claims expenses relating to the District of \$188,591. For the fiscal year ended June 30, 2019, BETA Risk Management Authority paid claims and claims expenses on behalf of the District totaling \$58,913.

The District is unaware of any claim paid on its behalf which was not covered by insurance. There are no material malpractice or professional liability claims or lawsuits now pending against the District which exceed insurance coverage. The District does not currently have any pending malpractice or professional liability claims or lawsuits for compensatory damages not covered by insurance. In California, public health care districts like the District are not subject to punitive damage awards. Property damage is covered by Driver Alliant Insurance Services.

The District does not maintain separate flood insurance coverage or earthquake insurance covering its Health Facilities against damages caused by flooding or seismic activity. The District is self-insured for employee medical, dental and vision insurance and for workers' compensation losses.

Worker's Compensation Insurance Considerations

The District is self-insured for workers' compensation claims. A third party administers this coverage for the District. The District funds its losses based on future claims projections developed by the third-party administrator. A stop-loss insurance contract executed with an insurance carrier covers individuals claims in excess of \$500,000 per plan year with an aggregate limit of \$1,000,000. There were no significant changes in insurance coverage from the prior year. The liability for unpaid claims is estimated using development factors, including actual claims paid industry standards and actuarial factors.

The District is unaware of any claims pending and incurred but not reported that would materially change the amount of the District's currently estimated liability or that would have a material adverse effect on the District's net position.

Other Insurance Coverage

The District maintains directors and officers liability coverage, automobile liability coverage, property risk coverage, boiler and machinery coverage, cyber liability coverage, crime/fiduciary coverage and pollution liability coverage in amounts it deems prudent for its operations.

Employees' Retirement Plan

The District does not participate in the California Public Employees' Retirement System (CalPERS) or any other defined benefit plan.

The District is the administrator for a defined contribution employee purchase pension plan covering employees who complete 1,000 hours of service in a calendar year. The District is required to make annual contributions equal to 3% of each employee's annual compensation plus 3% of each employee's annual compensation in excess of the social security tax wage base. Employee contributions are voluntary and are limited to 10% of an employee's annual compensation.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457(b). The deferred compensation plan, available to all employees, permits them to defer a portion of their current salary until future years. The District matches participation deferrals from 3% to 7% of compensation for full-time and regular part-time participants. Employee contributions are limited to the maximum amount allowable by law. The employer matching contributions under this deferred compensation plan have been deposited into employee accounts in a money purchase pension plan.

Total employer contributions under the above benefit programs were \$3,809,287 and \$3,900,305 in 2017 and 2018, respectively.

Capital Expenditures

Total capital expenditures of approximately \$115,000,000 are expected to occur over the next three years beginning in the fiscal year ended June 30, 2020. As for the other planned capital expenditures over the next three years, they represent several new building projects including a new medical office building to house a rural health clinic and other outpatient focused services (\$65,000,000), a new patient parking structure (\$5,500,000), expansion to an existing building providing Hospice services (\$2,000,000) and the acquisition of property adjacent to Tahoe Forest Hospital (\$5,680,000) in addition to regular annual expenditures made in connection with the normal routine maintenance and equipment replacement for the District's Health Facilities, information technology expenditures including an EPIC electronic medical records system (\$1,500,000) and equipment related to the projects referenced above. These capital expenditures are planned to be funded from capital lease obligations, cash reserves and the issuance of revenue bonds.

Seismic Compliance

California Senate Bill 1953 (“SB 1953”), signed into law in 1994, is part of the California Health and Safety Code. SB 1953 and regulations promulgated thereunder required hospital acute care buildings to meet more stringent seismic guidelines, in certain cases by 2008. In fiscal year 2013, the District received approval of a time extension until January 1, 2015, from the Office of Statewide Health Planning and Development of the State of California for compliance with SB 1953. As of June 1, 2019, the buildings on the District’s health care campus to which the extension applied no longer housed any acute care services. Management believes that its Health Facilities and their component parts that require compliance with SB 1953 are now in substantial compliance with SB 1953.

LEGAL MATTERS

No Material Litigation

There is no action, suit or proceeding known to be pending or threatened, restraining or enjoining the issuance of the Bonds or questioning or affecting the validity of the Bonds or the proceedings or authority under which they are to be issued. Neither the creation, organization or existence of the District is being contested.

Limitation on Remedies

The opinion of Bond Counsel as to the rights of owners and the enforceability thereof, attached hereto as APPENDIX A, is qualified by reference to bankruptcy, insolvency and other laws relating to or affecting creditor's rights. Enforceability of the rights and remedies of the owners of the Bonds, and the obligations incurred by the District, are limited by applicable bankruptcy, insolvency, reorganization, moratorium, and similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect, equity principles that may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose, and the limitations on remedies against healthcare districts in the State. Bankruptcy proceedings, if initiated, could subject the beneficial owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Under Chapter 9 of the Federal Bankruptcy Code (Title 11, United States Code) (the "Bankruptcy Code"), which governs the bankruptcy proceedings for public agencies, no involuntary petitions for bankruptcy relief are permitted. However, health care districts may petition for bankruptcy relief pursuant to Article 5 of Chapter 4 of Part 1 of Division 2 of Title 5 of the Government Code of the State of California, as amended.

The Bond Resolution and the State Government Code require the Counties to annually levy *ad valorem* property taxes without limitation as to rate or amount upon all property within the District subject to such taxation by the District (except certain personal property which is taxable at limited rates), for the payment of the principal of, premium, if any, and interest on the Bonds. The District will calculate the tax rate on an annual basis based on the assessed valuation of taxable property in the District and the amount of debt service due on the Bonds and all parity debt issued by the District pursuant to Measure C, and the Counties will levy and collect the *ad valorem* taxes. The Counties on behalf of the District are thus expected to be in possession of the annual property taxes to repay the Bonds until they transfer such funds to the District for subsequent transfer to the Paying Agent. The District is legally obligated to use *ad valorem* taxes only for repayment of its general obligation bonds and for no other use. See "THE BONDS - Security for the Bonds" and "DISTRICT FINANCIAL MATTERS – Property Tax Collection Procedures" herein.

In 2015, California legislation, effective January 1, 2016, provides a “statutory lien” against *ad valorem* taxes collected to pay general obligation bonds of issuers, like the District. This has strengthened the position of holders of California general obligation bonds as secured creditors in the event of Chapter 9 bankruptcy proceedings taken by the District. However, the statutory lien is not a bar to use of the *ad valorem* tax revenues during the bankruptcy proceedings if “adequate protection” is provided, and it is not a guaranty of full or timely repayment of such general obligation bonds, although it should materially increase the likelihood of a higher recovery over unsecured general obligations bonds in a Chapter 9 bankruptcy proceeding.

Legality for Investment in California

Under provisions of the California Financial Code, the Bonds are legal investments for commercial banks in California to the extent that the Bonds, in the informed opinion of the bank, are prudent for the investment of funds of depositors, and under provisions of the California Government Code, are eligible for security for deposits of public moneys in California.

Tax Matters

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludable from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to the District's compliance with the above referenced covenants, under present law, in the opinion of Bond Counsel, interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes and is not included as an item of tax preference in computing the federal alternative minimum tax for individuals.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within their respective knowledge. Bond Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

The Code includes provisions for an alternative minimum tax ("AMT") for corporations in addition to the corporate regular tax in certain cases. The AMT for a corporation, if any, depends upon the corporation's alternative minimum taxable income ("AMTI"), which is the corporation's taxable income with certain adjustments. One of the adjustment items used in computing the AMTI of a corporation (with certain exceptions) is an amount equal to 75% of the excess of such corporation's "adjusted current earnings" over an amount equal to its AMTI (before such adjustment item and the alternative tax net operating loss deduction). "Adjusted current earnings" would generally include certain tax-exempt interest, but not interest on the Bonds.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price (the "Issue Price") for each maturity of the Bonds is the price at which a substantial amount of such maturity of the Bonds is first sold to the public. The Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the Issue Price, or purchase Bonds subsequent to the initial public offering, should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond's stated redemption price at maturity (the "Reduced Issue Price"), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory *de minimis* rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases a Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as “bond premium” and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor’s basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond’s basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the “IRS”) has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the IRS, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The complete text of the final opinion that Bond Counsel expects to deliver upon the issuance of the Bonds is set forth in APPENDIX A—“Form of Final Opinion of Bond Counsel.”

Approval of Legality

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Quint & Thimmig LLP, Larkspur, California, as Bond Counsel.

RATING

Moody’s Investors Service (“Moody’s”) has assigned a rating of “___” (with stable outlook) to the Bonds. No application was made to any other rating agency for the purpose of obtaining additional ratings on the Bonds.

Such rating reflects only the views of Moody’s, and any explanation of the significance of such rating may only be obtained from Moody’s. Generally, rating agencies base their ratings on information and materials furnished to them and on investigations, studies and assumptions by the rating agencies. The District furnished to Moody’s certain information and materials that have not been included in this Official Statement.

There is no assurance that the rating mentioned above will remain in effect for any given period of time or that the ratings might not be lowered or withdrawn entirely by Moody's, if in its judgment circumstances so warrant. The Underwriters (defined below) have undertaken no responsibility either to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of the ratings or to oppose any such proposed revision or withdrawal. Any such downward change in or withdrawal of the ratings might have an adverse effect on the market price or marketability of the Bonds.

UNDERWRITING

The Bonds are being purchased by the underwriters listed on the cover of this Official Statement (the "Underwriters") at a purchase price of \$_____ (being equal to the aggregate principal amount of the Bonds (\$_____,000.00), plus a net original issue premium of \$_____, and less \$_____ retained by the Underwriters to pay the Underwriters' discount).

The bond purchase contract for the Bonds provides that the Underwriters will purchase all of the Bonds, if any are purchased, and contains the agreement of the District to indemnify the Underwriters against certain liabilities to the extent permitted by law. The obligation of the Underwriters to make such purchase is subject to certain terms and conditions set forth in the bond purchase contract.

The Underwriters may offer and sell the Bonds to certain dealers and others at prices or yields different from the prices or yields stated on the cover to this Official Statement. The offering prices or yields may be changed from time to time without notice by the Underwriters.

The Underwriters and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage services. The Underwriters and certain of their affiliates may have, from time to time, performed, and may in the future perform, various investment banking services for the District, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of bondholders and Beneficial Owners of the Bonds to disseminate certain financial information and operating data relating to the District, and to provide notices of the occurrence of certain enumerated events. See APPENDIX C – "Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the Underwriters in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission. During the past five years the District has had continuing disclosure obligations with respect to its 2006 Revenue Bonds (see "INTRODUCTION – Revenue Bonds Outstanding," herein) and with respect to the 2008 Bonds, the 2010 Bonds, the 2012 Bonds, the 2015 Bonds and the 2016 Bonds. The 2002 Revenue Bonds, the 2015 Revenue Bonds, the 2017 Revenue Bonds and the 2018 Obligations did not require continuing disclosure of the District. The 2008 Bonds were no longer outstanding after March 10, 2015, the 2006 Revenue Bonds were no longer outstanding after May 29, 2015, and the 2010 Bonds were no longer outstanding after July 18, 2018.

The District's continuing disclosure submissions since June 2014 with respect to the 2010 Bonds, the 2012 Bonds, the 2015 Bonds, and the 2016 Bonds pertaining to annual disclosure of financial information and operating data have not fully complied with its continuing disclosure obligations.

Set forth below in table form is information outlining separately the required Annual Report and operating data disclosures pertaining to the 2010 Bonds, the 2012 Bonds, the 2015 Bonds, and the 2016 Bonds (for example, the annual audited financial statements, tax assessment information and other operating data as required by the applicable official statement) which did not meet certain required filing requirements on a timely basis since June 2014. The table shows the date each such filing was required and the actual date of posting full and accurate information on Electronic Municipal Market Access ("EMMA"). In several instances the District had posted operating data in a timely manner, but the information was not complete. All such deficiencies have been corrected

by the postings on July 22, 2019, with EMMA as noted below. In no case involving a late filing was a notice of failure to timely file the required continuing disclosure posted at the time of such failure to EMMA by the dissemination agent or by the District. That failure has also been corrected by the July 22, 2019, EMMA postings.

<u>2010 Bonds*</u>	<u>Due Date</u>	<u>Date Posted</u>
2016 Amended Financial Statements	04/01/17	07/22/19
2016 Operating Data ⁽¹⁾	04/01/17	07/22/19
<u>2012 Bonds</u>	<u>Due Date</u>	<u>Date Posted</u>
2016 Operating Data ⁽¹⁾	04/01/17	07/22/19
2017 Operating Data ⁽¹⁾	04/01/18	07/22/19
2018 Operating Data ⁽¹⁾	04/01/19	07/22/19
<u>2015 Bonds</u>	<u>Due Date</u>	<u>Date Posted</u>
2018 Annual Financial Statements	03/31/19	04/01/19 ⁽²⁾
2016 Operating Data ⁽¹⁾	03/31/17	07/22/19
2017 Operating Data ⁽¹⁾	03/31/18	07/22/19
2018 Operating Data ⁽¹⁾	03/31/19	07/22/19
<u>2016 Bonds</u>	<u>Due Date</u>	<u>Date Posted</u>
2016 Operating Data ⁽¹⁾	04/01/17	07/22/19
2017 Operating Data ⁽¹⁾	04/01/18	07/22/19
2018 Operating Data ⁽¹⁾	04/01/19	07/22/19

* The 2010 Bonds were no longer outstanding after July 18, 2018.

⁽¹⁾ Consists of assessed values in the District, property tax levies, collections and delinquencies.

⁽²⁾ The posting was one day late.

On March 31, 2016, the District through its dissemination agent posted information on EMMA for the 2010 Bonds, the 2012 Bonds and the 2015 Bonds clarifying and correcting certain operating data previously posted on EMMA, including discrepancies between assessed valuation amounts for Placer County and Nevada County set out in the related Official Statement and similar data posted to EMMA subsequent to each bond issue. That March 31, 2016, posting is incorporated by reference herein.

Commencing with the annual financial statements for fiscal year 2019, the District intends to include all operating data required of its outstanding bond issues in the annual financial statements as supplemental information.

Failure by the District to comply with the provisions of the Continuing Disclosure Certificate will not constitute an event of default under the Resolution and holders and beneficial owners of the Bonds are limited to the remedies described in APPENDIX C – “Form of Continuing Disclosure Certificate.” Any failure by the District to comply with the provisions of the Continuing Disclosure Certificate is required to be reported in accordance with Rule 15c2-12 and is required to be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the secondary market. Consequently, any such failure may adversely affect the transferability and liquidity of the Bonds and their market price.

FINANCIAL ADVISOR

G.L. Hicks Financial, LLC has served as financial advisor to the District for purposes of assisting with the development and implementation of a bond structure in connection with the Bonds. G.L. Hicks Financial, LLC is an independent advisory firm and is not engaged in the business of underwriting or distributing municipal securities or other public securities. G.L. Hicks Financial, LLC is a registered municipal advisor with the Municipal Securities Rulemaking Board and the Securities and Exchange Commission.

ADDITIONAL INFORMATION

The foregoing and subsequent summaries or descriptions of provisions of the Bonds, the Resolution and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Reference is made to such

documents for full and complete statements of the provisions of such documents. The APPENDICES attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Resolution may be obtained during the offering period upon request to the financial advisor at (801) 225-0731 and thereafter upon request to the principal corporate trust office of the Paying Agent.

The District has authorized and consented to the execution and distribution of this Official Statement. This Official Statement is not to be construed as a contract or agreement between the District and the purchasers or owners of any of the Bonds.

TAHOE FOREST HOSPITAL DISTRICT

By: _____

Title: Chief Financial Officer

APPENDIX A

Form of Final Opinion of Bond Counsel

APPENDIX B

**Audited Combined Financial Statements of the District as of and for the
Fiscal Years Ended June 30, 2018 and 2017**

APPENDIX C

Form of Continuing Disclosure Certificate

APPENDIX D

Book-Entry System

The following information concerning DTC and DTC's book-entry system has been obtained from DTC and contains statements that are believed to accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC and certain related matters, but the District and the Underwriters take no responsibility for the accuracy of such statements.

The Depository Trust Company, New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond will be issued for each maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides assets servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities bonds. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct Participants' and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of the Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive bonds representing their ownership interests in the Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the

security documents. Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices will be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Paying Agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments with respect to the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Paying Agent on a payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants or Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct Participant or Indirect Participant and not of DTC, the Paying Agent or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct Participants and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the District or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, definitive bonds are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event definitive bonds will be printed and delivered.

THE DISTRICT, THE UNDERWRITERS, THE PAYING AGENT AND THEIR AGENTS AND COUNSEL WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT DTC PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (I) THE BONDS; (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT DTC PARTICIPANT; (III) THE PAYMENT BY DTC, ANY DTC PARTICIPANT OR INDIRECT DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR INTEREST WITH RESPECT TO THE BONDS; (IV) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC, ANY DTC PARTICIPANT OR INDIRECT DTC PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BENEFICIAL OWNERS; (V) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (VI) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR ITS NOMINEE, CEDE & CO., AS THE REGISTERED OWNER OF THE BONDS.

MEMORANDUM OF UNDERSTANDING

Between

TAHOE FOREST HOSPITAL DISTRICT
EMPLOYEES' ASSOCIATION

And the

TAHOE FOREST HOSPITAL DISTRICT
July 1, 2019 to June 30, 2022

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ARTICLE 1- Preamble

- 1.1. The Tahoe Forest Hospital District, herein referred to as "the District" and the Tahoe Forest Hospital District Employees' Association, herein referred to as "the Union", having met and conferred in good faith within the meaning of the Meyers-Milias-Brown Act (California Government Code Section 3500 et seq.) have entered into this Memorandum of Understanding.
- 1.2. It is the intent of the parties to set forth the basic agreement covering rates of pay, hours of work and conditions of employment between the parties.

ARTICLE 2- Recognition

- 2.1 The District recognizes the Union as the exclusive representative for employees covered by this Memorandum of Understanding who's Job Titles are listed in Appendix A for the purpose of meeting and conferring with respect to rates of pay, hours and working conditions.

ARTICLE 3- Management Rights

- 3.1 It is acknowledged that the District has, except as otherwise limited by this Agreement and/or applicable law, retained the right to determine the nature and extent of services to be performed as well as the right to determine and implement its public function and responsibility, determine the mission of its constituent departments, manage and control all property, facilities and operations, maintain the efficiency of governmental operations, take all necessary actions to carry out its mission in emergencies, and take such other and further action as may be necessary to organize and operate the District in an efficient and economical manner consistent with the best interests of the public it serves.
- 3.2 It is agreed that the District, except as otherwise limited by this Agreement and/or applicable law, have and retain all of the customary and usual rights, powers, functions, and authority to discharge its obligations including those described within its then-current employer-employee relations ordinance or afforded under the Meyers-Milias-Brown Act, the Local Health Care District Law, or other applicable law.
- 3.3 The parties further agree that, except as otherwise limited by this Agreement, and/or applicable law, the District shall retain the right to hire, evaluate, promote, Layoff, discipline, and discharge, set Work Schedules, make work assignments, and otherwise direct and control its operations consistent with its public purpose. The District may make such reasonable rules and regulations, not in conflict with this Agreement or its obligations to the Union under applicable law, as it may from time to time deem appropriate for the purpose of maintaining order, safety and/or effective operation of its facilities.

ARTICLE 4- Employee Rights and Union Rights

- 4.1 The right of employees to form, join, and participate in the activities of Employee Associations or Employee Organizations of their own choosing for the purpose of representation on all matters of employment relations. (Cal. Govt. Code §3502).
- 4.2 The right of employees to refuse to join or participate in the activities of Employee Associations or Employee Organizations.

- 4.3 The District and the Union shall not interfere with, intimidate, restrain, coerce or discriminate against employees represented by the Union because of their rights under Section §3502 (Cal. Govt. Code §3506).
- 4.4 Representation: The District agrees to recognize Affiliation Officers and up to ten (10) Designated Stewards as representatives of the Union. Stewards, and any change to the Designated Stewards, shall be identified in advance to the District's Chief Human Resources Officer or designee. The District will allow participation of Steward or representative chosen by an employee when reasonably possible, but meetings between management and any employee shall not be delayed thereby more than is required by applicable law.
- 4.5 Representatives of the Union shall not engage in Union business on work time and shall not engage employees in any conversation regarding Union matters on that employee's work time except as set forth in this Article. Work time does not include break periods, meal times or any other specified periods during the workday when employees are properly not engaged in performing their work tasks. Representatives may, on occasion, have a brief conversation with an employee about work-related problems. Such use of work time shall not be abused.
- 4.6 The Union will be allotted reasonable time, not to exceed thirty (30) minutes during the General Orientation to give information on the Union to new employees, subject to the District's review of the material and scheduling preference.
- 4.7 Reasonable Time Off
- 4.7.1 The District will allow a reasonable number of Union representatives a reasonable amount of time off without loss of compensation or other benefits for time to formally meet and confer with representatives of the District on matters within the Union's scope of representation (up to a maximum of six representatives in MOU bargaining sessions), meet and confer sessions, representing employees in meetings with managers, attendance at personnel/retirement meetings, scheduled meetings with District Administration, and for participation in training programs when the District has requested Union attendance.
- 4.7.2 The District will allow a reasonable number of Union representatives a reasonable amount of time off without loss to compensation or other benefits for time spent testifying or appearing as the designated representative of the Union in conferences, hearings, or other proceedings before the California Public Relations Board, or an agent thereof, in matters relating to a charge filed by the Union against the District or by the District against the Union.
- 4.8 Quarterly Labor Management Meetings. The Union and District Administration shall meet at least quarterly.
- 4.9 Union Access. The District will not unreasonably deny access to District property to the Union's representatives, including reasonable access by its attorneys and other consultants.
- 4.10 Union Security:
- a) Union membership is not a mandatory condition of employment for any employee covered under this Agreement. However, as provided by Government Code Sections 1157.3 and 1157.12, the District will comply with requests for membership dues, initiation fees, and general assessments, as well as payment of any other membership benefit program sponsored by the Union.
 - b) Payment may be requested by the Union pursuant to an employee's authorization for such deductions. The District will rely on a certification from the Union that it has and will maintain an authorization for such deductions signed by the affected employee. The Union shall not

be required to provide a copy of such authorization to the District unless a dispute arises about the existence or terms of the authorization.

- c) The District shall direct employee requests to cancel or change deductions to the Union. As provided by Government Code Section 1157.3(b), the revocability of such authorizations shall be determined by the terms of the authorizations. The District will rely on information provided by the Union regarding whether deduction authorization was properly cancelled or changed by an employee.
- d) As provided by Government Code Sections 1157.12(a) and (b), the Union shall indemnify the District for any claim made by an employee for deductions made in reliance on the Union's certification that it possesses an employee's deduction authorization or the Union's information regarding whether an employee's authorization had been changed or cancelled.

4.11 Union Business Time: The District shall allow a maximum of eight (8) hours per pay period for use by the Union President or designee without loss of compensation. Such hours shall be excluded from hours worked for overtime purposes. Union business time may be used for any legitimate purpose including training and Union activity, such as interviews with or preparation of represented employees, or other Union activities not covered by paid release time.

4.12 Use of Facilities: Upon request, the District may permit the Union reasonable use of facilities to meet with employees under the same terms and procedures applicable to any other organization's use of District facilities. As with requests by any organization, permission for the use of facilities shall remain in the sole discretion of the District. This Article shall not limit or modify the Union's right to access or meet with represented employees on matters within the scope of its representation.

4.13 Bargaining Unit Information: The District shall provide the Union with the name; Job Title; Department; work location; work, home and personal cellular telephone numbers; personal email address; and home address of each new represented employee within thirty (30) days of hire or by the first pay period of the month following hire. The District shall provide the same information for all represented employees to the Union at least once per thirty (30) days.

4.14 Bulletin Boards: The District shall provide spaces in mutually agreed area(s) for Union bulletin board(s) which will be the only place where Union materials will be posted. Union leadership will be provided with methods of communication with their members. Electronic communication will be made available. A copy of all materials will be submitted to the District's Human Resources Department prior to being posted. The Union agrees that no partisan political material shall be posted except as part of a Union newsletter or similar communications distributed to its members.

ARTICLE 5- Definitions

Definitions - When referred to in the contract, the following definitions apply:

5.1 Date of Hire: The employee's first paid working day as a District employee.

5.2 Continuous Service: The employee's continuous employment by the District less any unpaid absences from work in excess of thirty (30) calendar days.

5.3 Department Member: An employee, who has been hired into a posted position as documented on a Personnel Action Form, participates in Department meetings and trainings and maintains documented competencies in the Department and has completed initial probationary period.

- 5.4 Lump Sum: Lump sum payment calculations will be based on wages paid in the calendar year(s) prior to the date of disbursement. Calculations exclude over time and double time, callback, or other premium pay, MOU education, nonproductive, standby, and holiday standby. Holiday pay is included. The calculation for holiday pay is the number of holiday hours worked in the calendar year(s) multiplied by current regular Base Pay.
- 5.5 Base Pay: Pay received for a given work period, such as an hour or week, excluding additional compensation such as Shift Differential, per diem differential, overtime, bonus or other payments.
- 5.6 Weekend
- 5.6.1 Where an employee is required to work a certain number of weekend Shifts, "weekend" shall include shifts scheduled to begin between 7:00 pm Friday and 6:59 pm on Sunday.
- 5.6.2 Start times shall be based on scheduled, as opposed to actual, start times. Employees who clock in or begin working prior to a Scheduled Shift start time shall not be considered to be working a weekend shift unless the shift would be considered "weekend" according to its scheduled start time.
- 5.6.3 This article shall not affect the definition of "weekend" for Shift Differential purposes.
- 5.7 Job Title: The name of a position within an organization. See Appendix A.
- 5.8 Classification: A system that is designed to classify all job titles within an organization and put them in a standardized scaled based on the overall tasks, responsibilities, pay level, and duties associated with a specific job.
- 5.9 Variance Log: A document that demonstrates the difference between the actual time worked and time represented based on time-clock punches. This document is filled out by the employee and approved by management. For example, missing a punch in/out on a timecard, missing a Meal Period, etc. will be documented on a Variance Log.
- 5.10 Additional Shift: A shift that an employee is working beyond their budgeted FTE hours. For example, an employee who normally works 72 hours per pay period, who is working an additional 8-hour shift. This shift may or may not accrue overtime depending on the number of hours worked. This shift may have been scheduled or picked up after the schedule has been posted. Additional shifts that have been picked up after the schedule has posted are paid at one and one-half (1.5) times the base hourly wage.
- 5.11 Flex Up: This occurs when a Regular Part Time employee is assigned additional shifts beyond their budgeted FTE hours.
- 5.12 Department: An individual work unit with its own cost center to which employees are assigned.
- 5.13 Annual Time Off Request Period: Time off requests submitted each year by February 1st for the time period spanning April 1st to March 31st of the following year.
- 5.14 Affiliation Officers: Elected or appointed representatives that sit on the Union Board of Directors.
- 5.15 Designated Stewards: An employee of an organization who represents and defends the interests of their fellow employees and has been designated by the Affiliation Officers.

- 5.16 Designated Holiday Shifts: Shifts that are rotated among employees and occur on the following days: New Year's Day, President's Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day, Christmas Eve Day, Christmas Day, New Year's Eve Day. Employees can only receive holiday credit for one shift per holiday.
- 5.17 Shift Differential: Additional funds paid to employees hourly in addition to base wage as incentive for working weekend, evening, and night shifts.
- 5.18 Contract Agency: A service that provides workers either on a temporary or permanent basis.
- 5.19 Status: The Classification of an employee based on the number and type of hours worked. Statuses include: Full Time, Regular Part Time, Short Hour, Per Diem, Casual Part Time, and Temporary.
- 5.20 Personnel Action Form (PAF): The form used by the District to designate employee information including: Job Title, Department, Rate of Pay, Status, Benefit Group, FTE, Shift Type, and Overtime Type. Each time there is a change to any of the aforementioned items, a new PAF must be filled out by the department manager.
- 5.21 Full Time Equivalent (FTE): The amount of budgeted hours per employee per pay period or the minimum hours an employee can be expected to regularly work. This is calculated based off of an 80-hour pay period. For example: An employee who works 60 hours per pay period would be considered 0.75 FTE (60/80).
- 5.22 Premium Pay Codes: Classifications of different types of hours that accrue pay at a different rate than base hourly wages. Premium pay codes include: Standby, Cancelled Standby, Callback, Pay for Working Scheduled Day Off, and Holiday Premium Pay.
- 5.23 Personal Paid Leave (PL): Hours that Full Time and Regular Part Time employees accrue that may be used for an employee's needs including: holidays, vacation, and short term illnesses.
- 5.24 Night Shift Wellness Leave Accrual: Additional leave time accrued by designated night shift employees into a separate leave bank.
- 5.25 Long Term Sick Leave (LTS): Hours that Full Time and Regular Part Time employees accrue that may be used for long term, intermittent illnesses, or bereavement.
- 5.26 Paid Sick Leave: Hours accrued by non-benefitted employees who are not eligible to accrue PL or LTS (per diem, short hour, casual part time, and temporary). This may be used for an employee's illness or to care for a family member.
- 5.27 Group Health Insurance Program: A health insurance plan that provides coverage to members of a group of employees.
- 5.28 Health Insurance Premiums: The portion of the health plan cost paid for by the employee in exchange for coverage of themselves and family members.
- 5.29 Leave of Absence: An employee's temporary absence from work for a period of time. Leaves of absence include: Regulatory Leave of Absence, Protected Benefitted Leave of Absence, Non-protected Benefitted Leave of Absence, and Unpaid Leave of Absence.
- 5.30 Meal Period: A 30-minute unpaid break provided to employees working more than 6 hours.

- 5.31 Rest Period: A 15-minute paid break provided to employees working more than 4 hours. Employees are allowed 1 Rest Period if working 4-6 hours and 2 Rest Periods if working more than 6 hours.
- 5.32 Regulatory Leave of Absence: A Leave of Absence employees may be eligible for based on State and Federal statutes. These include but are not limited to the following: California Family Rights Act, Military Leave, Occupational Disability, Pregnancy Disability Leave, and Family Medical Leave Act (see appropriate agencies for more detail).
- 5.33 Protected Benefitted Leave of Absence: A Leave of Absence employees may be eligible for if they do not or no longer qualify for a Regulatory Leave of Absence during which the employee has up to nine (9) months of leave with job protection.
- 5.34 Non-protected Benefitted Leave of Absence: A Leave of Absence employees may be eligible for if they do not or no longer qualify for a Regulatory Leave of Absence and have exhausted the Protected Benefitted Leave. Employees may qualify for this leave until all PL and LTS benefits are exhausted.
- 5.35 Unpaid Leave of Absence: A Leave of Absence employees may be eligible for if they do not or no longer qualify for a Regulatory Leave of Absence and have exhausted the Protected Benefitted Leave and have no available PL or LTS. Employees may be eligible for unpaid leave for a period of up to one (1) year.
- 5.36 Bereavement Leave: Time off from work employees may be eligible for in relation to the death of a family member.
- 5.37 Layoff: Suspension or termination of employment or reduction in force by the employer, which is not caused by any fault of the employees, but for reasons such as lack of work, funding or materials.
- 5.38 Recall: Occurs when an individual who has been terminated or suspended due to a Layoff is asked to return to employment during the recall period to the position held immediately prior.
- 5.39 Job Description: A written document that outlines the essential functions of a specific job.
- 5.40 Bumping Rights: Contractual right of a senior employee being laid off to replace a less senior employee in a position for which they previously held and are qualified for.
- 5.41 Work Out of Classification: When an employee is performing the duties and responsibilities of another Job Title of a Classification different from the employee's current Job Title.
- 5.42 Work Schedule: The posted shift assignments for a Department for a period of at least 14 days.
- 5.43 Scheduled Shift: When the employee is expected to report to work according to the Work Schedule.
- 5.44 Collaborative Culture of Safety (Just Culture): A methodology in which organizations are responsible for building safe systems and employees are responsible for the quality of their choices.

ARTICLE 6- Employee Status

- 6.1 All employees shall be classified as one of the following listed below. If an employee's hours are reduced as a result of business needs, the employee's Status will not be affected.
- 6.2 Fulltime:
- 6.2.1 An employee who is scheduled for 12 hour shifts and works seventy-two (72) hours in a two- week pay period.
 - 6.2.2 An employee who is scheduled for 8 or 10 hour shifts and works eighty (80) hours in a two-week pay period.
 - 6.2.3 Night shift employees regularly scheduled to work at least sixty-four (64) hours in a two-week pay period.
- 6.3 Regular Part-time (RPT): An employee who is scheduled for, and regularly works, at least forty-eight (48) hours in a two-week pay period. It is the expectation that all regular part time employees will Flex Up based on district needs.
- 6.4 Short hour: An employee who regularly works less than forty (40) hours per pay period.
- 6.5 Per Diem: An employee who is scheduled to work based on the needs of the District and who must be available five (5) shifts per four-week schedule. Two (2) shifts must be Weekends and two (2) must be night shifts as applicable. Every Per Diem is required to work at least one holiday as outlined in Article 21, Work Schedules.
- 6.6 Casual Part time: An employee who works on an intermittent and as needed basis.
- 6.7 Temporary: An employee who is hired to fill a temporary need for additional staff for a period of up to one year.
- 6.8 If an employee has regularly worked hours for a minimum of thirteen (13) full, immediately preceding pay periods that would move them into a different Status, the employee may request to have their Status reviewed to determine if their Status should be changed to coincide with the number of hours that they are working. This review will be conducted by Human Resources and shall exclude situations where the needs of the District have an expected end date, including but not limited to employees covering another employee on protected leave.

ARTICLE 7- Wages

- 7.1 Wages - Wages and pay ranges have been set according to Classification pursuant to policies fixed by and between the District and the Union. No changes in this Memorandum of Understanding (MOU) provision can be made without the consent of both parties in writing.
- 7.2 The pay ranges set forth are intended to constitute minimum ranges only, and nothing in this MOU shall preclude the District from paying in excess of such minimum rates at the District's discretion.
- 7.3 Each job Classification subject to this Agreement is assigned a pay range. The pay range chart is structured at a thirty percent (30%) span with two and one-half percent (2.5%) between ranges.
- 7.4 Effective with the pay period that contains July 1, 2019, July 1, 2020, and July 1, 2021, employees in job Classifications subject to this Agreement will receive a three percent (3%) increase to Base Pay.

7.5 Effective with the pay period that contains July 1, 2019, July 1, 2020, and July 1, 2021, all pay ranges subject to this Agreement will increase three percent (3%).

7.6 Pay for previous experience: During the interview process, a department head may set an employee's pay above the Base Pay rate based on the following guidelines:

Years of Experience	Starting Wage
0-2 years	Minimum plus 0-5%
3-5 years	Minimum plus 5-10%
5+ years	Minimum plus 10-15%

7.7 In certain circumstances, including hard to fill positions or applicants with considerable experience, an employee may be hired over the midpoint in the pay range. Human Resources will review all salaries of other staff in the same title in the same Department to determine if other salary adjustments are necessary. Human Resources will inform the Union President of such action.

7.8 Effective with the pay period that contains July 1, 2019, Per Diem employees will receive the base wage plus twelve and one-half percent (12.5%).

ARTICLE 8- Minimum Shift Pay

8.1 An employee who reports for his/her regularly scheduled work shift, but whose services are not required, shall receive a minimum of two (2) hours pay at their straight time hourly rate of pay for reporting to work.

8.1.1. Employees who come in on a scheduled day off to participate in ambulance transfers will receive minimum shift pay of four (4) hours at straight time.

8.2 An employee who is personally notified two (2) hours before the beginning of their shift not to report, but who still reports to work shall not be eligible for the minimum pay guarantee noted above.

8.3 An employee who is canceled within two (2) hours from start of a shift will be given the option to accept the full cancel day without pay, or work for two (2) hours.

8.3.1. An employee who is unavailable for such notification prior to the beginning of their shift will not be eligible for minimum shift pay.

8.4 Every effort will be made to allow employees to attend training, meetings, or committees during work time. In the event this is not possible, employees scheduled to attend Department meetings, in-services or committees will be paid a minimum of two hours at their base hourly rate.

8.4.1. Employees coming in for training, meetings, or committees outside of normally scheduled time must obtain management approval prior to attending.

8.4.2. When an employee is approved to come in outside of normal working hours and completes a task before two hours have elapsed, he/she may be asked to stay for additional Departmental tasks for the remainder of the two hours.

ARTICLE 9- Premium Pay Codes

9.1 Standby (On Call): Standby or On Call is defined as duty which requires that an employee be designated by the appointed authority to report to work within forty-five (45) minutes, unforeseen road conditions permitting. This 45-minute report time excludes Surgical Services staff and ICU staff, who must report to work within thirty (30) minutes. Additionally, employees must be reachable by telephone or page system and refrain from activities which might impair his/her ability to perform assigned duties. An employee who is assigned by the Department to be on standby shall be eligible for standby pay. Cancelled Standby is defined as a Scheduled Shift that has been cancelled due to low census or other such reasons. The employee is then placed on Standby and Standby provisions apply.

9.1.1 Management shall notify an employee if they are to be placed on Cancelled Standby two (2) hours prior to the beginning of their shift.

9.1.2 Employees on Standby or Cancelled Standby, with the exception of the Job Titles identified below, shall receive one-third (.33333) of their base hourly rate of pay for each hour or fraction of an hour on Standby except for Holiday standby.

9.1.3 Standby or Cancelled Standby on Designated Holiday Shifts shall be paid at the rate of one-half (0.5) of the employee's base hourly rate.

9.1.4 If a change in the workload has occurred and, at the manager's discretion additional staffing is required, the employee on Standby should be the first person called back to work.

9.1.5 Job Title Exceptions:

- a) Surgical Physician Assistant/Nurse Practitioner: Surgical Physician Assistant/Nurse Practitioners will receive One Hundred Dollars (\$100.00) per Standby Shift.
- b) Pharmacist: Pharmacists will receive Twenty Dollars (\$20.00) per hour for each hour of Standby. When scheduled for Standby on a Designated Holiday, Pharmacists will receive Thirty Dollars (\$30.00) per hour for each hour of Standby.
- c) Home Health/Hospice: Home Health/Hospice nurses will receive Ten Dollars (\$10.00) per hour for each hour of Standby. When scheduled for Standby on a Designated Holiday, Home Health/Hospice nurses will receive Fifteen Dollars (\$15.00) per hour for each hour of Standby.
- d) Information Technology: IT exempt staff receive a flat amount of One Hundred Fifty Dollars (\$150.00) per Standby shift.

9.1.6 Notification of change to Standby will follow the same two-hour requirements as Cancellations.

9.1.7 Hours worked after work status is changed will be paid at the appropriate Callback rate.

9.1.8 Availability will begin at the start of the shift within expected callback response times.

9.1.9 Perioperative Services and PAAS employees will be paid to work On-Call only positions. The On Call only positions shall be assigned to any volunteers and/or equally rotated among surgery Full Time and Regular Part Time staff.

9.2 Callback: Callback is defined as pay earned by an employee who is called in to work from Standby (On Call) status.

9.2.1 An employee who is called in to work shall receive a minimum guarantee of two (2) hours at time-and-one-half (1.5) for an initial Callback.

9.2.2 An employee who is called in to work on a Designated Holiday Shift shall receive a minimum guarantee of two (2) hours pay at double time for an initial Callback.

9.2.3 Subsequent Callbacks within the two-hour Callback period will not receive additional compensation.

9.2.4 Callbacks occurring after the two-hour period has passed will be considered a separate Callback and will be compensated as a separate Callback, beginning a new two-hour Callback period.

9.2.5 Travel time to and from the workplace shall not be considered as hours worked for purposes of computing Callback pay. When an employee is called into work, Standby pay will be reduced by the number of Callback hours paid.

9.3 Cancellation: Cancellation is defined as an employee's temporary reduction of regularly scheduled hours as a result of reduced staffing requirements on a daily basis.

9.3.1 Cancellations will occur in the following sequence:

1. Employee working an overtime shift
2. Volunteers working an Additional Shift
3. Volunteers willing to use Personal Leave on a rotational basis. (Volunteers using PL for a cancelled shift will not have that shift considered a cancelled shift.)
4. Volunteers on a rotational basis
5. Employee working an Additional Shift
6. Temporary/ Casual
7. Per Diem
8. Short hour
9. Regular Part Time, Full Time, and Contract Agency on a rotational basis

9.3.2 Cancel Standby will occur in the following sequence:

1. Any employee who volunteers for Standby
2. Full Time and Regular Part Time employees, subject to manager's approval
3. Temporary
4. Casual Part Time
5. Per Diem
6. Short Hour
7. Regular Part Time, Full Time employees, and Contract Agency on a rotational basis as appropriate.

9.3.3 All IT employees are eligible for Callback.

9.3.4 If an IT employee is not on Standby, they will be paid a flat amount of Sixty-Five Dollars (\$65.00) for any event lasting longer than fifteen minutes. This will be paid regardless of whether the employee has come on site or works remotely. Employees on Standby will not be eligible for Callback pay unless they are required to come back on site. Callback will then be

paid at a flat rate of Sixty-Five Dollars (\$65.00) for an event that lasts more than fifteen minutes.

9.3.5 An employee who would otherwise be canceled may be floated at the department head/supervisor's discretion.

9.3.6 Management shall notify an employee if they are to be cancelled two (2) hours prior to the beginning of their shift. If an employee is cancelled within two (2) hours of the beginning of the shift, they will be given the option to accept the full cancelled day without pay, or to work for two (2) hours.

9.3.7 A cancelled employee may elect to be paid for Personal Leave up to the number of hours cancelled with a minimum Personal Leave payment of one hour.

9.3.8 An employee who has been canceled need not be available by telephone after the notification of cancellation

ARTICLE 10- Pay for Working Scheduled Days Off

10.1 If an employee picks up an Additional Shift after the schedule has been posted, they shall be paid for hours worked on that day at a rate of one and one-half (1 1/2) times their regular base hourly rate. If the employee voluntarily elects to take paid time off during the same work week, requests another day off in exchange, calls in sick or volunteers for first cancel, the shift will be paid at straight time. Employees must document Pay for Working Scheduled day off on their Variance Log to ensure proper compensation. These hours are considered premium pay and do not accrue additional overtime compensation.

ARTICLE 11- Personal Paid Leave

11.1 Full-time and regular part-time employees are eligible to accrue Personal Paid Leave hours.

11.2 Accrual of Personal Paid Leave begins immediately upon employment and is based upon hours worked, exclusive of overtime, Standby and Standby Callback hours. In the event scheduled working hours are changed to Cancel Standby or Cancel Standby Callback, those hours will accrue Personal Paid Leave.

11.3 Personal Paid Leave is paid time off to be used for an employee's needs including holidays, vacations and short term illnesses. An employee must use Personal Paid Leave hours when he or she works less than their work status (as defined on their PAF) unless the time off is the result of cancellations. An employee must use Paid Leave hours if they are absent for a Scheduled Shift, with the exception of shifts picked up after the schedule has been posted.

11.3.1 Employees hired before October 31, 1986:

Years of Service	15+
Maximum Days Per Year	39
Hourly Accrual Rate	.15

11.3.2 Employees Hired 11/01/86 or after:

Years of Service	0-4	5-8	9-11	12-14	15	16+
Maximum Days Per Year	24	29	32	33	34	36
Hourly Accrual Rate	.092	.112	.123	.127	.131	.139

11.4 No Full Time employee shall be allowed to accrue more than 240 hours of Personal Paid Leave. No Regular Part Time employee shall be allowed to accrue more than 190 hours of Personal Paid Leave.

ARTICLE 12- Night Shift Wellness Leave Accrual

12.1 The District recognizes the additional challenges for employees who are regularly working night shift. In order to contribute to overall wellness, these employees will receive guaranteed accrual of additional rest time.

12.2 Designated Full Time and Regular Part Time night shift employees will receive Wellness Leave Accrual according to the following schedule:

- Full Time night shift employees will receive two (2) Wellness Leave Days per quarter.
- Regular Part Time night shift employees will receive one (1) Wellness Leave Day per quarter.

12.3 A Wellness Leave Day is equivalent to the shift type worked by the employee (E.g. An employee working 10-hour shifts will accrue Wellness Leave Day(s) equal to 10 hours per day.)

12.4 In order to receive Night Shift Wellness Leave Accrual benefits, night shift designation must be on a Personnel Action Form (PAF) and the following stipulations apply:

- a. An employee must complete a full quarter of work as a designated night shift employee to accrue Night Shift Wellness Leave.
- b. At no time may Wellness Leave Day(s) be used for a partial day off. A full day must be used.
- c. Wellness Leave Accrual does not roll over from the previous calendar year. Wellness Leave Day(s) must be used within the calendar year that they are issued. Wellness Leave accrued for the second quarter of the Fiscal Year will be issued the beginning of the first quarter of the calendar year.
- d. Use of Wellness Leave Accrual must be prescheduled and requires management approval. Requests for use of Wellness Leave Accrual follows the same process as Paid Leave requests as outlined in Article 32, Time Off Requests.
- e. Wellness Leave Days cannot be cashed out.
- f. Wellness Leave Days may be combined with Paid Leave for scheduled time off only.

ARTICLE 13- Long Term Sick Leave

13.1 Full-time and regular part-time employees accrue Long Term Sick Leave in addition to Personal Leave. Short hour, casual, temporary and per diem employees are not eligible for Long Term Sick Leave.

13.2 Employees accrue Long Term Sick Leave at a rate of .027 hours for each hour paid, exclusive of overtime, standby and callback hours, with the exception that scheduled working hours that are changed to standby hours will accrue Long Term Sick.

13.3 Following five consecutive years of employment and upon termination, Long Term Sick Leave will be paid to the employee at 50% of hours accrued not to exceed 500 net hours.

- 13.4 Following 20 years of employment and upon termination, Long Term Sick Leave will be paid back to the employee at 75% of hours accrued.
- 13.5 Upon change of Status from Full-time or Regular Part-time to short hour or Per Diem, an employee will maintain the Long Term Sick leave balance for one year but will not be eligible to use it unless the employee returns to Fulltime or Regular Part time Status. If the employee leaves the employment of the District while in any non-benefited Status, he/she will forfeit accrued Long Term Sick Leave hours.
- 13.6 On calendar days one (1) through four (4) of any illness, an employee will utilize his/her Personal Paid Leave account. Long Term Sick usage begins:
On the fifth calendar day of an illness
Immediately upon hospitalization if sooner, or
If the employee is eligible for and receives Workers' Compensation.
- 13.7 Paid time off for illness will be taken from the Long Term Sick Leave account if the employee qualifies for State Disability insurance or Workers' Compensation payments. If an employee does not qualify for either program, paid time off for illness will be taken from the employee's Personal Paid Leave Account. When the employee qualifies for State Disability insurance or Workers' Compensation payments, the paid time off for illness will be integrated to provide 100% of Base Pay up to the maximum amount available under each program.
- 13.8 A manager may request that an employee provide a physician's statement verifying illness after three (3) days off.
- 13.9 Employees returning directly from sick leave shall be allowed to return to the position which they formerly occupied. If such position is subject to reduction in force at the time an employee seeks to return directly from sick leave status the returning employee may exercise his/her seniority with respect to such position. Employees who are unable to return to work when their sick leave reserve and personal leave hours are exhausted may request a leave of absence.
- 13.10 Employees on sick leave shall not have their anniversary date affected.

ARTICLE 14- Paid Sick Leave

- 14.1 Paid Sick Leave is a paid benefit to allow California based employees in non-benefitted job Classifications (per diem, short hour, casual hour, temporary, and seasonal) to accrue paid time off to be used for the employee's illness or to care for a family member. Eligible mandatory leave programs will run concurrently such as Paid Sick Leave, Kin Care, FMLA/CFRA, among others. Paid Sick leave should not to be confused with Personal Leave (PL) or Long Term Sick Leave (LTS).
- 14.2 This benefit only pertains to employees who are not eligible for PL/LTS accrual. Full time and Regular Part Time employees are benefited employees and are covered under their PL benefit.
- 14.3 Paid Sick Leave is used for:
- 14.3.1 Employee illness
 - 14.3.2 Care of family member – Family members are defined as parents, parents-in-law, child, spouse, registered domestic partner, grandparent, grandchild and sibling.
- 14.4 Employee eligibility to use Paid Sick Leave begins on their 90th day of employment.

14.5 Employees accrue one (1) hour of Paid Sick Leave for every thirty (30) hours worked, with annual maximum accruals as follows:

14.5.1 Employees working 8 hour shifts accrue a maximum of 24 hours of sick leave.

14.5.2 Employees working 10 hour shifts accrue a maximum of 30 hours of sick leave

14.5.3 Employees working 12 hour shifts accrue a maximum of 36 hours of sick leave

14.5.4 Employees working 6 hour days are allowed more than 3 days sick until they have used the maximum accrual of 24 hours.

14.6 Benefits may roll over each year but will not exceed a maximum of 48 hours.

14.7 Accrual rate is .0334 per hour worked.

14.8 Minimum one (1) hour of Sick Leave may be used for partial sick days.

14.9 If the leave is foreseeable, employees are required to give reasonable advance notice. If unforeseeable, employee must give notice as soon as possible.

ARTICLE 15- Health, Dental, Vision and Life Insurance

15.1 All full-time and regular part-time employees are eligible to participate in the District's Group Health Insurance Program.

15.2 Coverage for new employees and eligible dependents shall become available the first of the month following completion of the initial sixty (60) calendar day employment period.

15.3 Health Plan Design and Premiums: The plan design is described in Health Insurance Plan Design (Appendix C). This plan will remain in effect from January 1, 2020 through December 31, 2022 as described below.

15.4 Premiums for participation in health, dental and vision plans are as outlined in Health Insurance Premiums (Appendix D). Subsequently, the District will look at the annual actuarial study projecting claims costs. If the plan costs are projected to exceed 10%, the plan design and premium costs may be changed through the meet and confer process. If the costs are projected to be 10% or less, then premiums will be set based on the projected annual increase. The percentage increase will be split between the District and the employees; the employee premium cannot increase more than 10% per year. (E.g. if the costs are projected to increase 8%, the employee premium will increase by 4%. The District is accepting the majority of the increase as 4% of the District's share of costs is considerably higher than the employee premium share.)

15.5 Eligible Participants who elect to complete the annual health screening will receive a reduction to Health Insurance Premiums as outlined in Health Insurance Premiums (Appendix D).

15.6 An employee who is on Leave of Absence for a personal emergency or bereavement not covered by Family Care Leave or Layoff status which exceeds thirty (30) calendar days must assume the entire premium cost during the second month and all succeeding months of the Leave of Absence or Layoff. All others on a Leave of Absence will be eligible for health insurance benefits under COBRA beginning on the first day of the leave.

15.7 An employee who does not elect COBRA benefits and allows insurance coverage to expire shall be considered a new employee with respect to health insurance waiting restrictions, upon return from his/her Leave of Absence or Layoff.

- 15.8 The District agrees to maintain health insurance benefits for full-time and regular part-time employees for the period from January 1, 2020 to December 31, 2022 (excluding COBRA as addressed in Article 15.7).
- 15.9 It is agreed that the District may change insurance carriers so long as the level of benefits is not decreased or premium costs are not increased except as outlined in Article 15.4.
- 15.10 Employees not covered by the District's insurance may seek assistance from financial counselors in the District's business office for services from the District.
- 15.11 The District will provide a dental program for all employees eligible to participate in the Group Health Insurance Program.
- 15.12 The District will provide a vision plan for all employees eligible to participate in the Group Health Insurance Program.
- 15.13 The District will provide a \$25,000 life insurance policy for all employees eligible to participate in the Group Health Insurance Program.

ARTICLE 16- Education Reimbursement

- 16.1 Full-time, regular part-time, short hour, and per diem employees who have completed six months of Continuous Service will be eligible to receive reimbursement for college accredited courses, seminars, conferences, workshops and other educational programs to further career development. Education must be related to the employee's current Job Title or to prepare to meet job requirements in another Job Title within the District.
- 16.2 Paid Educational Leave Allowance Per Year is available for Job Titles that require continuing education units for CEUs or to renew a certification:

Full time employee	24 hours per fiscal year.
Regular part-time	16 hours per fiscal year
Per Diem and Short hour employees who work greater than 1000 in a fiscal calendar year	8 hours per fiscal year

16.3 Expense Reimbursement Amounts

Full time employee	\$450 per fiscal year
Regular part time	\$325 per fiscal year
Per Diem and Short hour employees who work greater than 1000 hours in a fiscal year	\$250 per fiscal year

- 16.4 Payment for college courses will be received upon successful completion of the course and will be based on the employee's Status at the time of completion.
- 16.5 Prior approval by the employee's department head and Human Resources is required to be eligible for reimbursement. Reimbursement amount may be applied towards the cost of registration, books, related material and related expenses in accordance with IRS guidelines.
- 16.6 Employees may request reimbursement for lost wages to attend an educational program. Payment will be deducted from accrued reimbursement amounts at the rate of 115% of the

employee's base wage. (Example: an employee with a base wage of \$10 per hour who requests reimbursement of 8 hours would be paid \$80.00 in wages. A total of \$92 will be deducted from accrued reimbursement account.)

16.7 The employee that is required to maintain licensure or certification shall assume responsibility for the cost of same. CEUs required for licensure or certification may be covered. This can be used for exam fees.

16.8 Benefits will not be accrued on "MOU Educational Leave" pay. Overtime will not be paid.

16.9 Reimbursement for approval of educational paid days and expense reimbursement are to be submitted at least two weeks in advance on the approved form. Registration will only be paid in advance. Requests for advance payment are to be submitted at least one month in advance on the approved form to the employee's department manager.

16.10 Unused hours and expense reimbursement will be carried over at the end of the fiscal year. At no time will employees be allowed to accrue more than two times the annual allotted hours or expenses.

16.11 To receive the reimbursement check, proof of attendance must be submitted to the employee's department manager for approval. All expenses must be documented on an Expense Report Form and receipts provided for all expenses.

16.12 Expenses submitted after the conference or completion of online course(s) must be received within 30 days of the conference or completion of online course(s) or expenses will be denied.

16.13 Fully completed requests, including all documentation, for conferences/classes taken in June must be submitted within the first two weeks of July to be credited against the employee's MOU education fund for that fiscal year.

ARTICLE 17- Premium Holiday Pay

17.1 Employees shall be paid time-and-one-half of their base hourly rate for all hours worked on the following days:

New Year's Day
President's Day
Memorial Day
July 4th
Labor Day
Thanksgiving Day
Christmas Eve Day
Christmas Day
New Year's Eve Day

17.2 Premium pay is received for hours worked during the actual twenty-four (24) hours of the holiday.

ARTICLE 18- Hours of Work

18.1 The District's standard work period shall be eighty (80) hours in any two-week period.

- 18.2 Employees assigned to work 8 hour shifts will receive overtime pay of one and one-half (1-1/2) times the employee's pay for all time worked in excess of eight (8) hours per work day or eighty (80) hours in any two (2) week pay period.
- 18.3 Employees assigned to work 10 hour shifts will be paid overtime for hours worked in excess of ten (10) hours per work day or forty (40) hours in a seven day workweek.
- 18.4 Employees assigned to work twelve (12) hour shifts will be paid overtime at a rate of one-and-one-half (1-1/2) times the employee's pay for hours worked in excess of twelve (12) hours per work day or forty (40) hours in a seven day work week.
- 18.5 Employees working more than sixteen (16) consecutive hours, with a break of two hours or less, will be paid overtime at twice their hourly wage for all hours in excess of sixteen (16) hours worked.
- 18.6 The District may enter into voluntary agreements with individual employees who desire to be paid on a forty (40) hour work week basis with overtime calculated only after forty (40) hours of work in a workweek. Such voluntary agreements shall be documented in each employee's personnel file.
- 18.7 Employees in the IT Department who are represented by the Union may be deemed either exempt or nonexempt under the provisions of the Fair Labor Standards Act.
- 18.8 Exempt staff are paid on a salaried basis, receiving the same salary each pay period for the body of work performed according to the Fair Labor Standards Act.
- 18.9 Exempt staff do not receive payment for specific hours worked and do not receive overtime.
- 18.10 Deductions may be made if allowed by the Fair Labor Standard Act. For example, for personal time off or sick or Leave of Absence. If the employee has accrued paid leave, PL may be paid in partial days.

ARTICLE 19- Work Schedules

- 19.1 The District shall post Work Schedules at least fourteen (14) days in advance for a minimum 14-day period. At the time of the posting, it is the employee's responsibility to check the Work Schedule.
- 19.2 Work schedules may be subject to change, with mutual agreement after posting, either to meet the needs of the employee or the District.
- 19.3 Shift trades will be permissible as long as the employee is qualified/trained to work the shift and employees notify managers and/or supervisors in advance of the date for which the trade will occur.
- 19.4 Shift trades may not result in overtime unless approved by management.
- 19.5 Posted schedules, including electronic schedules, will indicate the date posted and will be displayed in an area, which is available to all employees at all times.
- 19.6 Employees unable to work a Scheduled Shift due to unforeseen circumstances are required to notify their department manager at least two (2) hours prior to the beginning of the shift, if practical.

19.7 The District will make reasonable efforts, when patient care permits, to rotate Weekends equally among employees who work in Departments that require Weekend coverage. For those employees who work 8-hour shifts, a minimum of four (4) Weekend shifts per month will be expected. For those employees working 10-hour shifts, a minimum of three (3) Weekend shifts per month will be expected. For those working 12-hour shifts, a minimum of three (3) Weekend shifts per month will be expected. If an employee elects to work every Weekend, he/she may submit a written request to his/her manager or supervisor. If enough employees request to work Weekends, other employees may have their Weekend requirement reduced. Management may schedule above the minimum requirement based on the needs of the Department.

19.8 The District will make reasonable efforts, when patient care permits, to rotate holidays equally among employees who work in Departments that require holiday coverage. Refer to Article 17, Premium Holiday Pay, for a list of all recognized holidays.

19.9 Per Diem employees are required to work at least one of the following holidays on a rotational basis:

- New Year's Day
- July 4th
- Thanksgiving
- Christmas Eve
- Christmas Day
- New Year's Eve

ARTICLE 20- Meals and Rest Periods

20.1 It is the District's intent to provide employees meal and Rest Periods.

- a. Employees working shifts of more than six (6) hours will be provided two (2) fifteen-minute paid breaks. One during the first half of the shift, and a second during the last half of the shift.
- b. Employees working four (4) to six (6) hours are provided one fifteen-minute paid break.
- c. An unpaid thirty (30) minute Meal Period shall be provided to all employees working shifts of more than six (6) hours.

20.2 If a pattern of missed meal or Rest Periods due to District or management occurs, the Union has the right to meet and confer.

20.3 Employees in certain positions and on certain shifts may be required to remain on the premises, but not at the work station, and carry a pager or cell phone while on a Meal Period. As long as an employee is not interrupted, this is considered unpaid time. If an employee is called back to work by the pager or cell phone, it is considered paid time. In that situation, the employee must punch back in to work or submit a completed Variance Log.

ARTICLE 21- Leave of Absence

21.1 District employees may be eligible for four types of leaves of absence: Regulatory Leave of Absence, Protected Benefitted Leave of Absence, Non-protected Benefitted Leave of Absence, and Unpaid Leave of Absence.

21.2 Regulatory Leave of Absence: Administration of this type of leave is set forth in District policies and is based on state and federal statutes. Refer to district policies for eligibility, request

processing, insurance premiums on leave, and other information. Some examples of Regulatory Leave of Absence that District employees may be eligible for include the following:

- Family Medical Leave (FMLA)
- California Family Leave (CFRA)
- Pregnancy Disability Leave (PDL)
- Military Leave (ML)
- Occupational Disability (OD)

21.3 Protected Benefitted Leave: District employees who do not qualify for a Regulatory Leave of Absence, or who have exhausted their Regulatory Leave, may be approved for time off of work with job protection for up to a total of nine (9) months. This nine-month period immediately follows the exhaustion of Regulatory Leave time already taken, if applicable. During the Protected Benefitted Leave, the District will cover the cost of health insurance. In order to be eligible for Protected Benefitted Leave, the following conditions must be met:

- Available Long Term Sick and/or Personal Leave benefits to cover the leave requested
- Written notification from a medical provider demonstrating the need for leave and/or continued leave

The District will consider all requests based on the same criteria as Regulatory Leave excluding qualifying hours. Employees have the option to waive their job protection and give permission for the District to post their job prior to the end of Protected Benefitted Leave.

21.4 Non-protected Benefitted Leave: District employees who have exhausted Regulatory Leave or are ineligible for Regulatory Leave, and who are outside of the nine-month time frame of Protected Benefitted Leave, may qualify for Non-protected Benefitted Leave until all available Long Term Sick and/or Personal Leave benefits have been used. During the Non-protected Benefitted Leave, the District will cover the cost of health insurance. Employees will still be responsible for their premium payments through payroll deduction. Employees returning prior to the end of their approved Non-protected Benefitted Leave may apply for, and will be considered, for the first available position(s) for which they are qualified. In order to be eligible for Non-protected Benefitted Leave, the following conditions must be met:

- Available Long Term Sick and/or Personal Leave benefits to cover the additional leave requested
- Written notification from a medical provider demonstrating the need for continued leave
- The District will consider all requests based on the same criteria as Regulatory Leave, excluding qualifying hours

21.5 Unpaid Leave of Absence: District employees who have exhausted Regulatory Leave, or are ineligible for Regulatory Leave, and who have no available Personal Leave or Long Term Sick benefits, may be eligible for an Unpaid Leave of Absence for up to one (1) year at the discretion of the District.

Procedure for Unpaid Leave of Absence:

- An employee must have completed one year of continuous employment to be eligible for an Unpaid Leave of Absence.
- Requests for an Unpaid Leave of Absence must be in writing to the department manager, outlining the reason for the leave and length of time requested.
- The District will continue coverage of health insurance for the first thirty (30) days of an Unpaid Leave of Absence and the employee is responsible for their portion of the premium costs for individual and dependent coverage.
- Beginning on the first day of the second month of an Unpaid Leave of Absence, the employee will be eligible for COBRA benefits. The District will not cover COBRA costs for any portion of the Unpaid Leave of Absence.
- Those on Unpaid Leave of Absence will remain employees of the District, but do not have job protection.
- Employees returning prior to the end of their approved Unpaid Leave of Absence may apply for, and will be considered, for the first available position(s) for which they are qualified. Seniority within the District will be adjusted by the length of any leave that is greater than thirty (30) days.

ARTICLE 22- Retirement

22.1 The District shall maintain retirement savings options for employees.

22.2 The District maintains the Tahoe Forest Hospital District Employee's Money Purchase Plan for its employees.

22.3 All employees, with the exception of temporary employees, may participate in the 457-non-qualified Deferred Compensation program.

22.4 The District will match employee contributions for Full Time and Regular Part Time employees to the Section 457 Deferred Compensation Plan up to a maximum of three percent (3%) of the employee's gross income with increases beyond that described in the Longevity Retention Bonus article.

ARTICLE 23- Longevity Retention Bonus

23.1 Employees hired on or prior to December 31, 2013:

23.2 Full and Part time employees will receive one-time Lump Sum bonus payments in five year increments of Continuous Service according to the following schedule.

23.3 Level 1 at 10 years of service: 1.5% Lump Sum bonus paid based on earnings of the prior one (1) calendar year (see definition in 5.4).
Deferred Comp match to 5%

23.4 Level 2 at 15 years of service: 2% Lump Sum bonus paid based on earnings of prior five calendar years. (PRIOR BONUS PAYMENTS EXCLUDED)
Deferred Comp match to 7%

- 23.5 Level 3 at 20 years of service: 5% Lump Sum bonus paid based on earnings of prior five calendar years. (PRIOR BONUS PAYMENTS EXCLUDED)
Deferred Comp match continues at 7%
- 23.6 Level 4 at 25 years of service: 7% Lump Sum bonus paid based on earnings of prior five calendar years. (PRIOR BONUS PAYMENTS EXCLUDED)
Deferred comp match continues at 7%
- 23.7 Level 4 is repeated in five year increments.
- 23.8 Employees hired on or after January 1, 2014:
- 23.9 Full and Part time employees will receive Lump Sum bonus payments in five-year increments according to the following schedule.
- 23.10 Level 1 10 years of service:
Deferred Compensation match to 5%
- 23.11 Level 2 15 years of service:
2% Lump Sum bonus paid based on earnings of prior five calendar years (PRIOR BONUS PAYMENTS EXCLUDED)
Deferred Compensation match to 7%
- 23.12 Level 2 is repeated in five-year increments
- 23.13 Each level is achieved during the anniversary year of 10, 15, 20, and every 5 years thereafter. The payout will be made on May 30 for those with a Date of Hire between January and June and on November 30 for those with a Date of Hire between July and December. At 15 years and above, payout will be calculated on prior five calendar years' wages as defined for Lump Sum payments.
- 23.14 For employees currently on the longevity program whose previous bonus payout date does not coincide with the anniversary date, a longevity retention bonus date will be identified based on last payout and future payouts will be in five year increments as set forth above.

ARTICLE 24- Bereavement Leave

- 24.1 Full-time and regular part-time employees shall be granted Bereavement Leave of up to five (5) scheduled work days with pay in the event of the death of a member of their immediate family.
- 24.2 Immediate family is defined as: spouse, parent, grandparent, child, stepchild, sister, brother, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, aunt, uncle, niece, nephew, grandchild, or member of the household or a person standing in loco parentis.
- 24.3 Payment for such days shall be deducted from accrued Long Term Sick Leave hours. If LTS hours are not available, PL hours can be used. Unpaid leave can be granted if LTS hours are not available.
- 24.4 Time missed for Bereavement Leave shall not be counted as an un-excused absence occurrence.

ARTICLE 25- Job Vacancies

25.1 All open job positions shall be posted for seven (7) calendar days as an internal posting within the Department on the website prior to being offered to all applicants. An internal posting will constitute the hiring manager sending out an e-mail to the Department, providing notice of the open position with the job description attached. The hiring manager may choose to post within the Department in additional ways.

25.2 Employees are eligible to submit a job transfer to another Department in the District following their probationary period in their current job. Excludes intradepartmental transfers and employee Status changes, such as Regular Part Time to Full Time, which do not require additional training specific to the service area in which they are working.

25.3 For purposes of job vacancies, it is the intent of the District to promote and hire from within when possible. All those meeting the minimum requirements as listed in the job specifications will be considered and positions will be filled based on the following:

1. Benefitted employees within the Department based on their seniority within the Department.
2. Non-benefitted employees within the Department based on their seniority within the Department.
3. Benefitted employees within the District based on their seniority within the District.
4. Non-benefitted employees within the District based on their seniority within the District.
5. Candidates who are not currently employed by the District.

25.4 Seniority: Date of Hire will be adjusted by any Unpaid Leave of Absence more than thirty (30) days.

25.5 Increase at time of transfer to higher paying Classification: Each employee may receive an increase of at least two and a half percent (2.5%) in base hourly rate by virtue of any promotion that he/she receives. A promotion shall mean a position in a different and higher paying Classification. The determination of salary increase will be based on skills, ability and experience.

25.6 If the applicant is a current District employee, the hiring manager has the right to review prior two (2) years performance evaluations to identify any rating under 3.0 and any disciplinary actions within the last twelve (12) months. Hiring manager may take these into consideration after discussion with the applicant.

ARTICLE 26- Layoff and Recall

26.1 Layoffs and Recall shall be within Department by Job Title and employee Status.

26.2 The sequence of employees' Status within a Job Title to be laid off shall be as follows.

1. Any employee who volunteers;
2. Temporary employees;

3. Per Diem employees;
4. Short hour and casual part time employees;
5. Regular Part Time and Full Time employees on an equal basis

26.3 Within each Status, Layoffs will be applied within each Job Title in the following manner:

1. Most recent Date of Hire into Department;
2. Most recent Date of Hire into current Job Title;
3. Most recent Date of Hire to the District.

26.4 Date of Hire is adjusted for unpaid leaves in excess of 30 days.

26.5 Employees remaining on the job shall be able to perform the work without the need of retraining and must be able to work the remaining shifts.

26.6 Recall from Layoff shall be in the inverse order of Layoff. Any employee who has volunteered for Layoff shall be entitled to Recall based upon Status.

26.7 In the event that an employee is on Layoff status for over twelve (12) months, he/she shall be terminated.

26.8 A Full Time or Regular Part Time employee on Layoff status may elect to leave accrued Long Term Sick hours in their benefit bank for the period of time they remain on the Recall list. Employees may request payment of eligible LTS hours at any time while on Layoff/Recall status.

26.9 All employees on Layoff shall notify the Human Resources Department of their status on a weekly basis. In the event that an employee is unable to return to work within seven (7) calendar days from receipt of notice of Recall, he/she shall be terminated, but in no event (barring emergencies) shall an employee be given more than fifteen (15) calendar days to return to work from the date the notice to return was mailed by the District. Said notice shall be mailed by way of certified mail.

26.10 The District will notify the Union at least thirty (30) days prior or as soon as a plan for any Layoffs or Department reorganizations has been approved that will result in a change to an employee's work status.

26.11 The parties will meet to discuss the reason for the Layoffs, the planned schedule and any alternatives such as Voluntary Exit Incentive offerings.

26.12 When Layoffs are anticipated, no posted positions and/or anticipated openings in the affected Job Titles will be hired into until those employees have an opportunity to transfer to such position for which they are qualified (requiring only the customary training and orientation provided to newly hired employees.)

26.13 HR will review open jobs and expected openings and notify managers/directors not to fill these positions until the Union and HR can meet and confer about possible relocation to said positions. Posted position will be removed from the job posting board until all staff movements have been resolved.

26.14 Any employee who transfers to a new position or is Recalled to a vacant position will be given ninety (90) days to demonstrate his or her ability to perform the work. Evaluation of

performance during the 90 days will be based on skills, ability and behaviors. If the employee transfers to an open position and does not satisfactorily perform the duties, the employee will be placed on Layoff and will be eligible for any compensation he/she would otherwise have received.

26.15 If in those 90 days the employee does not perform satisfactorily he/she will be returned to the Recall list.

26.16 Bumping Rights: In the event of Layoffs, an employee who has been promoted or transferred into a different Job Title and/or Department shall retain the right to return to the title and/or Department from which he/she was promoted or transferred. Employees will retain months of service credit in the prior Job Title. If an employee exercises Bumping Rights, said employee must be qualified and able to perform the job the employee formerly held with a reasonable reorientation and must be able to work existing shifts. The employee must be able to perform the basic competencies within the job description without retraining.

ARTICLE 27- Shift Differential

27.1 In order to incentivize employees to work specific times of the day that can be challenging to schedule, the District offers the following Shift Differentials outlined below. The Shift Differential shall only apply to hours worked.

27.2 Employees working between the hours of 6:00pm (1800 hours) and 11:59pm (2359 hours) will receive an evening Shift Differential of \$2.50 per hour.

27.3 Employees working between the hours of 12:00am (0000 hours) and 7:00am (0700 hours) will receive a night Shift Differential of \$4.50 per hour.

27.4 Employees working between the hours of 12:00am (0000 hours) Saturday and 11:59pm (2359 hours) Sunday will receive a weekend Shift Differential of \$2.00 per hour.

ARTICLE 28- Grievance, Adjustment and Binding Arbitration/Hearing

28.1 Definition/Protocol: A grievance shall be defined as a dispute concerning the interpretation or application of any express provision of this Agreement. An employee may be represented by the Union at any Step in the procedure. A grievance may apply to any alleged violation of this Agreement or any other written agreement between the Union and District. The District shall notify the Union of any disciplinary suspension or discharge imposed on any bargaining unit employee. Suspension based on lapse of required license, certification or legally required health screen will not be deemed a "disciplinary" suspension for purpose of Union notification. A grievance may be filed by the Union or by an employee.

28.2 In order to be timely, a grievance must be submitted within the time limits set by this Article as measured from the event giving rise to the grievance, or within thirty (30) days of when the grievant knew, or with reasonable inquiry, should have known of the event. Grievances related to suspension or termination must be filed within seven (7) business days from the date of notification to the employee or the Union of the action.

28.3 Grievance Procedure: The grievance procedure is a process that allows employees and/or Union representatives and a department head or supervisor to address disputes in a formal

manner if they are unable to resolve the issue in an informal manner. The steps of the grievance procedure are as follows:

Step One – Informal Discussion: Within seven (7) calendar days of any alleged violation of this Agreement, employees/Union representatives shall discuss their grievance with the department head or supervisor and Chief Human Resources Officer or designee in an attempt to resolve the dispute in an informal manner.

Step Two – Written Grievance: If the employee or Union representative feels that the dispute was not settled in Step One, they may submit the grievance in writing to the Chief Human Resources Officer or designee with a copy to the department head within seven (7) business days of the Step One discussion. The District shall have seven (7) business days to respond in writing. In order to be valid, a written grievance must state facts upon which the grievance is based, the provision(s) of this Agreement which have been violated or are in dispute, and the requested remedy.

Step Three – Formal Discussion: If a resolution is not reached at Step 2, the grievance may be presented to the District Chief Executive Officer or designee within seven (7) business days from delivery of the District's written response at Step 2. The District Chief Executive Officer or designee may direct the department head or supervisor to meet with the employee and the Chief Human Resources Officer or designee to discuss the matter. Human Resources will arrange the meeting no later than ten (10) business days from the date of presentation to the Chief Human Resources Officer or designee. The Chief Human Resources Officer or designee shall forward a written response to the grievance to the Union President within five (5) business days after the Step Three meeting.

Step Four – Board of Adjustment: If the grievance is not settled in Step 3, the grievance may be submitted to an Adjustment Board by delivering written notice to the Chief Human Resources Officer within ten (10) days of delivery of the Step Three written response. The Adjustment Board consists of two District representatives and a representative from each of the currently certified employee associations for a total of four members. The District shall be solely responsible for choosing its representatives and the Union shall be solely responsible for choosing its representatives. The Adjustment Board members are responsible to hear both sides in the dispute and render a decision if the provisions of the Memorandum of Understanding have been met. The representatives do not represent one side of the dispute or another. They are intended to be impartial and hear both sides in the dispute.

Step Five – Arbitration: If the grievance is not resolved in Step 4, either the District or the Union may submit a request to initiate binding arbitration. Individual employees may not submit a request for arbitration or otherwise move a grievance past Step Four. A Union request to submit the matter to arbitration must be filed with the Chief Human Resources Officer within ten (10) business days of completion of Step 4. A District request to submit the matter to arbitration must be submitted to the Union President within ten (10) business days of completion of Step 4. Only the Union or the District (not individual employees) may move a matter to arbitration.

28.4 If the grievance involves general interpretation of the contract and is submitted by the Union, the grievance automatically advances to Step 3. If the grievance involves a suspension or termination, the grievance automatically advances to Step 4. Grievances alleging unlawful harassment, discrimination or retaliation by an individual supervisor or department head may be submitted directly to the Chief Human Resources Officer or designee and do not need to be copied to the relevant supervisor or department head.

28.5 Arbitration Procedure (Step 5):

- 28.5.1 The Chief Human Resources Officer or designee and a Union representative will promptly meet to attempt to mutually select an Arbitrator. If they cannot agree, either the District or the Union may ask the Federal Mediation and Conciliation Service to submit seven names of arbitrators. The Union and the Chief Human Resources Officer or designee shall meet within five (5) business days after receiving the list of arbitrators to alternately strike names until only one person remains. The first strike shall be determined by coin toss.
- 28.5.2 The arbitrator should convene an arbitration hearing as soon as practicable. Each party to the dispute shall have the opportunity to present evidence, to cross-examine witnesses, and to submit written briefing following the hearing.
- 28.5.3 The expenses of the arbitration, including the arbitrator's fees, the cost of a reporter and arbitrator's transcript copy, and other expenses incidental to the arbitration shall be shared equally by the Union and the District; except, however, each party shall bear the total cost of preparation and presentation of its own case and witnesses including, but not limited to, any transcripts requested by a party.
- 28.5.4 The arbitrator shall be empowered to determine all factual controversies and all questions of interpretation and application of any clause of this Agreement that may be relevant to the arbitration. The arbitrator shall not have authority to add to, subtract from or change any provision of this Agreement or District policy in any way. Jurisdiction shall extend to claims of violation of specific written provisions of the Agreement. The arbitrator may not award back wages to the grievant beyond fifteen (15) days prior to the date of filing of the grievance, unless the grievant did not know, or could not have reasonably known of the event, that caused the grievance.
- 28.5.5 The arbitrator may award reinstatement only or reinstatement with full or partial back pay in all disciplinary disputes (demotion, suspension or discharge matters).
- 28.5.6 The arbitrator's decision shall be final and binding upon both parties, except upon formal hearing review by the District Board of Directors.
- 28.5.7 The arbitrator's findings or conclusions regarding either party's compliance with federal, state or local law shall be limited solely to the arbitration and shall not stop any party from litigating or establishing its compliance with such laws in any other forum.
- 28.5.8 The District Board of Directors may review the decision of the arbitrator and hold a further formal hearing review upon motion to do so. A motion to hold a further formal hearing shall be made and decided within fourteen (14) days of the District's or Union's receipt of the arbitrator's decision; if there is no successful motion to hold a further formal hearing, the arbitrator's decision shall become final and binding upon all parties.
- 28.5.9 If the District Board of Directors decides to hold a further formal hearing, it shall do so with at least fourteen (14) days' notice to each party. The hearing review shall consist of a review of the written transcript and exhibits from the arbitration hearing and formal argument presented by the District's representative and the Union's

representative. The Board of Directors may also consider evidence or testimony that was excluded by the arbitrator; each party shall be allowed to make, and to respond to, requests for introduction of such evidence or testimony.

28.5.10 The District Board of Directors' decision shall be final and binding upon both parties.

28.5.11 The District Board of Directors' findings or conclusions regarding either party's compliance with federal, state or local law shall be limited solely to the formal hearing and shall not estop any party from litigating or establishing its compliance with such laws in any other forum.

28.6 District Grievances: District grievances shall be submitted at the Step 3 level, in writing, directly to the Union President or designee, who shall arrange a meeting with the Chief Human Resources Officer or designee no later than ten (10) business days from the date of presentation. The Union President or designee shall forward a written response to the grievance to the Chief Human Resources Officer within five (5) business days after the meeting. If no resolution is reached in this Step 3 process, the District may submit the matter to Step 5 binding arbitration by written notice to the Union President within five (5) days of delivery of the Step Three written response.

28.7 Grievances Concerning Strikes or Lockouts: If the District's or the Union's grievance involves alleged violation of the parties' No Strike/No Lockout agreement, the party claiming to be aggrieved may choose among the Grievance and Arbitration Procedure, Public Employment Relations Board (PERB) proceedings or judicial proceedings, as it deems appropriate and proper and consistent with any body's jurisdiction, and may proceed immediately to Step 5 if that option is chosen.

28.8 Time Limits: Time limits may be waived only with the mutual written agreement of the parties. Unless waived or modified by express written agreement, the time limits contained herein shall be strictly construed. No grievance shall be subject to arbitration unless all time limits have been met. If a party fails to respond, or to respond in a timely fashion, the other party may move the grievance to the next Step. If a party has responded and the other party fails to give timely written notice of intention to move the grievance to the next Step, the grievance will be deemed to have been resolved on the basis of the party's last response. The failure to insist upon strict compliance with these time limits and requirements in one or more grievance(s) shall not affect the right to do so in any other grievance.

28.9 Forms and Documents: Necessary forms or documents to be utilized under this procedure shall be adopted by the parties.

ARTICLE 29- Discipline and Discharge

29.1 Employees may be disciplined or discharged, for just cause, for infractions not consistent with District policy and procedures and/or professional conduct according to the process described in this Article.

29.2 During the initial probationary period, employees may be disciplined or discharged at the District's discretion without recourse to the grievance procedure or just cause standard.

29.3 The parties agree that any discipline or discharge following the initial probationary period shall be subject to the standards and grievance procedures expressly provided under this Agreement.

29.4 Managers may provide coaching in a values-supportive discussion regarding behaviors and shall not be considered discipline. Coaching is intended to provide an informal method for direct interaction for addressing perceived issues, and is not subject to the Grievance Procedure.

29.4.1 Coaching may be used to substantiate a disciplinary action for up to one (1) year. If there is a demonstrated pattern of behavior, the coaching may be kept for up to two (2) years.

29.4.2 Written documentation may be created to identify the behaviors discussed. This documentation regarding Coaching may be kept in the manager's files, but will not be retained in the employee's personnel file kept in Human Resources.

29.5 The District may discipline the employee in any of the following ways. Depending on the nature of the behavior, the District may choose the level of discipline appropriate. All behaviors will be reviewed through the Collaborative Culture of Safety (Just Culture) algorithm prior to any disciplinary action taken.

29.5.1 Written Warning: This is a documented discussion signed by the employee and manager. The documentation is part of the employee's permanent personnel file and may be used in to substantiate a disciplinary action for up to one (1) year. If there is a demonstrated pattern of behavior, the written warning may be kept for up to two (2) years.

29.5.2 Final Written Warning: This is a documented discussion signed by the employee and manager. The documentation is part of the employee's permanent personnel file and may be used to substantiate disciplinary action for up to one (1) year. This is a final opportunity for the employee to correct behaviors. If behaviors continue, termination may result.

29.5.3 Suspension without pay: This is a period of time, not to exceed three (3) Scheduled Shifts or 24 hours, whichever is less, when the employee is removed from the Work Schedule without pay. Documentation is kept in the employee's permanent personnel file and may be used in further disciplinary actions for up to two (2) years.

29.5.4 Termination. Misconduct may be cause for immediate discharge when behaviors are found to be a continued pattern of behavior, reckless behavior, or other behavior supporting just cause for termination.

29.6 The Disciplinary Process is described as follows:

29.6.1 Fact finding interview: This is a meeting between an employee and manager to obtain information so that the manager may understand the issues and decide if disciplinary action is warranted. A Human Resources representative may also be present.

- a) This meeting should be scheduled as soon as it is determined that a fact finding meeting is needed and will take place within five (5) business days of the request to meet when possible in order to minimize the distress to the employee. The District will make efforts to schedule this meeting during a normal working shift.
- b) The written request to meet will contain the topic the manager wishes to discuss, along with the meeting time and location.
- c) Employees may bring Union representation to this meeting if they choose.

29.6.2 The manager will inform the employee within five (5) business days from the conclusion of the investigation if discipline is appropriate. This time frame may be extended by mutual agreement of both parties.

29.6.2.1 Notification of intent to impose discipline: If the manager decides to impose discipline, documentation provided to the employee shall include copies of any written materials that will be placed in the employee's personnel file reflecting the planned discipline (for example, a copy of the planned written warning), an explanation of the proposed discipline and an explanation of any documents or other evidence leading to the planned discipline. The employee shall be given the documentation listed above at least seventy-two (72) hours prior to the scheduled Disciplinary Hearing, which will also include the Hearing date, time and location.

29.6.2.2 The employee is afforded the right, either orally or in writing, or both, to respond to the proposed disciplinary decision at the Disciplinary Hearing.

29.6.2.3 The employee may be placed on paid leave from the time of the notification of intent to impose discipline until the time the Disciplinary Hearing is held, but paid leave shall not run for more than one calendar week unless mutually agreed between District and Union.

29.7 An employee has three options upon notification of intent to impose discipline.

29.7.1 The employee may agree to meet at the stated date and time of the Disciplinary Hearing.

29.7.2 The employee may ask to reschedule, upon mutual written agreement of both parties, the stated date and time of the Disciplinary Hearing.

29.7.3 The employee may accept the discipline and decline the Disciplinary Hearing. If an employee chooses to accept the disciplinary action, they are asked to sign the documentation and the signed document is made part of their permanent personnel file.

29.8 The Disciplinary Hearing will include management representatives (usually the employee's manager(s)) and a management representative who was not involved in the fact finding interview. The management representative who was not involved in the fact finding interview will have been trained in the Collaborative Culture of Safety (Just Culture) principles and will provide an impartial view. A Human Resources representative will also be present. Employees may bring Union representation to this meeting if they choose.

29.9 During the Disciplinary Hearing an employee may present a response to the proposed discipline either orally or in writing. The employee may tell his or her side of the story regarding conduct or events leading to the planned discipline. The employee may provide any information that may lead to the District reversing its planned discipline. The employee may specifically address any issues that he or she believes may affect his or her reputation, standing, or community associations, or otherwise stigmatize the employee's public image or future employment prospects.

29.10 After the Disciplinary Hearing the manager has five (5) business days to decide to remove the disciplinary action, reduce the proposed action or uphold the proposed discipline. The manager will notify the employee of their disciplinary decision at this time.

29.11 Disciplinary Process Timeline:

Event	Timeline	Parties Present
-------	----------	-----------------

Coaching	Prior to Disciplinary Process	Employee and Manager
Fact Finding Interview	Within five (5) business days from request to meet	Employee, Manager(s), Human Resources, Union Representative(s) (at employee request)
Notification of Intent to Impose Discipline	Within five (5) business days from Fact Finding Interview	Employee and Manager
Disciplinary Hearing	At least seventy two hours (72) from Presentation of Planned Discipline	Employee, Manager(s), Human Resources, Union Representative(s) (at employee request), Second manager trained in Collaborative Culture of Safety (Just Culture)
Disciplinary Decision	Within five (5) business days of Disciplinary Hearing	Employee, Manager

29.12 An employee who feels the disciplinary action has been unjustly imposed has the right to the Grievance Procedure as outlined in Article 28.

29.13 Copies of written warnings and documentation of disciplinary action will be placed in the employee's personnel file. Refusal to sign and/or rebuttal by the employee will also be placed in the file. Upon written request from the employee to Human Resources, any written disciplinary documentation older than two (2) years shall be removed from the file.

29.14 The District will notify the Union of any unpaid suspensions or terminations imposed under this Article.

ARTICLE 30- Job Descriptions & Policies

30.1 Job descriptions for Classifications within the bargaining unit, including descriptions for new positions or changes to existing job descriptions, maintained by the District shall be made available to the Union upon request. Job descriptions for new positions or changes to existing job descriptions will be provided to the Union President.

30.2 The Union and the District will meet and confer as requested to evaluate new or revised job descriptions.

30.3 The District will provide written notice of any range change to a higher range off cycle due to recruitment or retention issues.

ARTICLE 31- Jury Duty

31.1 The District encourages its employees called for Jury Duty to serve. Only in cases of extreme scheduling problems will the District request that an employee be excused from Jury Duty.

- 31.2 If summoned for Jury Duty, the employee shall present the summons to his/her supervisor or department head the first work day following the receipt.
- 31.3 If an employee is summoned to Jury service, he/she will be paid for the hours scheduled to work that day or previously scheduled on personal leave. In the event the employee is released from the summons with four or more hours remaining on his/her regularly Scheduled Shift, or prior to noon if the employee works an evening or night shift, he/she shall telephone his/her department head to inquire as to whether the department head wishes him/her to report to work.
- 31.4 When an employee receives a Jury Duty check for witness fees, he/she must endorse it over to the District and present it to the Payroll Department.
- 31.5 Employees will be compensated for Jury service only on days that they have been scheduled to work or scheduled for personal leave.
- 31.6 At no time will Jury Duty pay result in overtime payment.

ARTICLE 32-Time Off Requests

- 32.1 Management approval for all time off requests is based on District/staffing needs, however, every effort will be made to accommodate employees' requests.
- 32.2 Annual Time Off Requests: In order to allow employees to schedule time off in advance and allow the District to anticipate coverage needs, time off will be requested on an annual basis following the below procedures:
- 32.2.1. Employees shall submit time off requests in writing no later than February 1st of each year.
- 32.2.2. The form for such purposes will be provided by the District and will cover the period of April 1st to March 31st.
- 32.2.3. Employees are required to request time off in order of priority, beginning with their first choice. Based on the number of requests for a specific time period, approval may be limited to two (2) weeks.
- 32.2.4. Requests received during this time will be considered based on seniority within Job Title in a Department. Job Titles with tiered employees will be considered the same Job Title for the purpose of time off requests. For example, Patient Access Rep I and Patient Access Rep II will be considered the same Job Title when approving time off requests.
- 32.2.5. Department managers will review all requests and approve or disapprove an employee's first choice for time off as available. If an employee's first choice is unavailable, then the manager will select the next available choice from the employee's list. Department managers will continue to review and grant time off until all requests have been approved or disapproved.
- 32.2.6. The department manager shall respond no later than March 1st, approving or disapproving the request. On March 1st, a list indicating approved time off requests shall be posted in the Department.
- 32.3 Time off requests outside of the Annual Time Off Request Period: Employees may also request time off outside of the Annual Time Off Request Period. Time off requests received after February 1st will be considered on a first received basis.
- 33.3.1. If employees need time off once a schedule has been posted, they must attempt to trade shifts with another employee. If a shift trade is not possible, employees must make arrangements with their manager in advance of the date.

33.3.2. If an employee has a need to miss part of their shift (for example, to go to an appointment), they must also get this approved in advance of the schedule being posted. If this is not possible, the employee must make arrangements with their manager prior to the date of the appointment and use Personal Leave for the portion of the shift that is missed.

32.4 Management does not have the right to cancel approved time off, provided the employee has sufficient Personal Leave available.

32.5 Management must respond to a request within thirty (30) days of receipt. Management's failure to meet the deadline does not result in automatic approval of a time off request.

ARTICLE 33- Probationary Period

33.1 All employees serve an initial probationary period upon hire with the District. During the initial probationary period an employee may be discharged for any reason.

33.2 All employees shall serve a probationary period of one hundred and twenty (120) calendar days. This period can be extended for up to sixty (60) days with a documented improvement plan, which must be presented prior to the end of the 120 days. Managers have the ability to complete the probationary evaluation at any time during this period, which ends the probationary period.

33.3 Probationary period related to promotion or transfer:

Employees who are promoted or transfer to a new position shall be given orientation as necessary and such employees shall serve a probationary period of ninety (90) calendar days. If the employee fails to perform satisfactorily during the probationary period, the employee has the option to return to his/her immediate former position at the former rate of pay without loss of seniority. These employees may have access to the Grievance Procedure.

33.4 Probationary period related to Bumping Rights:

If an employee exercises Bumping Rights as outlined in Article 26, said employee must be qualified and able to perform the job the employee formally held with a reasonable reorientation and must be able to work existing shifts. The employee must be able to perform the basic competencies within the job description without retraining. The employee will be subject to a ninety (90) calendar day probationary period. If during this probationary period the employee fails to perform satisfactorily, they will return to the Recall list.

ARTICLE 34- No Discrimination

34.1 The Union and the District agree that neither the Union nor the District shall discriminate in any way on the basis of Union activity and both shall follow all federal and state regulations regarding discrimination in employment.

ARTICLE 35- Unemployment Insurance

35.1 The District will participate in the California Unemployment Insurance Program and make payroll contributions to the program for employees covered by this Agreement.

ARTICLE 36- Full Understanding, Modifications and Waiver

- 36.1 It is intended that this Memorandum of Understanding set forth the full and entire understanding of the parties regarding the matters set forth herein, and any other prior to existing understanding or agreements by the parties regarding the matters set forth herein, whether formal or informal, regarding any such matters, are hereby superseded or terminated in their entirety.
- 36.2 Except as specifically provided herein, it is agreed and understood that each party hereto voluntarily waives its right, and agrees that the other shall not be required to negotiate with respect to any subject or matter covered herein during the term of this Memorandum of Understanding; however, this shall not preclude the employees from filing grievances on the subject matter of this Agreement or interpretation thereof.
- 36.3 Any agreement, alteration, understanding, variation, waiver, or modification of any of the terms or provisions contained herein shall not be binding upon the parties hereto unless made and executed in writing by all parties hereto, and if required, approved and implemented by the District's Board of Directors and the Union.
- 36.4 The waiver of any breach, term or condition of this Memorandum of Understanding by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

ARTICLE 37- Savings Clause

- 37.1 Both parties intend to honor the provisions of the Memorandum of Understanding as they have been defined and developed under the Meyers-Milias-Brown Act. If any provision of this Memorandum of Understanding is found to be unlawful as the result of a final decision by a state or federal court or agency having authority to render such decision, the remaining provision of this Memorandum of Understanding shall remain in full force and effect.

ARTICLE 38- No Strike-No Lockout

- 38.1 No Strike or Interference: The parties realize that District facilities are different in their operations from other industries because of the nature of services rendered to the community. For this reason, during the term of this Agreement, employees covered by this Agreement shall not engage in any strike, sympathy strike, slowdown, sit-down, work stoppage or boycott at any of the District's premises, or other interruption of work or interference with the District's operations. Neither the employees, the Union, nor any of its officers, agents or representatives shall authorize, assist, lend support to, or in any way participate in any such activities at any District facility.
- 38.2 No Lockout: The District shall not lockout employees represented by the Union and subject to this Agreement during the term of this Agreement.

ARTICLE 39- Safety

- 39.1 The District shall provide safe working conditions consistent with all State and Federal standards that are applicable to the District. If an employee receives a work assignment that he/she believes is not in accordance with this requirement or believes that the general working conditions are not in compliance with this requirement, he/she may report such problems to the Administrator. The District shall promptly investigate any such complaint and where the District determines that the complaint has merit, it shall remedy the problem.

ARTICLE 40- Work Out of Classification

- 40.1 Working out of class is when an employee is temporarily performing the duties and responsibilities of another Job Title of a higher Classification from the employee's current Job Title.
- 40.2 Employees who are assigned to work in a higher Classification by their department head shall be paid 5% above their Base Pay, or the first step of the higher Classification, whichever is higher. Employees assuming a position in a higher Classification for more than two (2) weeks shall have the right to negotiate a higher percentage.
- 40.3 Classifications and their ranges may be obtained by contacting Human Resources. Job Titles are listed in Appendix A.
- 40.4 Employees who are performing preceptor duties will be paid five percent (5%) above their Base Pay, unless it is a requirement of their Job Description. The department director must submit a PAF designating the employee as a preceptor.
- 40.5 Employees who assume a department management position on an interim basis shall be paid ten percent (10%) above their Base Pay. Employees assuming a management position for more than two (2) weeks have the right to negotiate, with their department head and Human Resources, for an increase above ten percent (10%) related to the amount of management responsibilities assumed.
- 40.6 Employees designated to work in one of the following roles will receive additional compensation as listed below:

Charge Nurse/Team Leader:

Receives a five percent (5%) increase for designation during a Scheduled Shift. Only applicable when three or more nurses are working for a designated shift. In addition to providing patient care, collaborates with all members of the interdisciplinary team to ensure patients' needs are met during a shift based on Job Description.

Lead Roles:

Move up two (2) ranges and receives a five percent (5%) increase.

Responsibilities:

- Day-to-day operations
- In-service department employees
- Update policies and procedures
- Ordering
- **Coordinator Roles:** Move up four (4) ranges and receives a ten percent (10%) increase
- Responsibilities in addition to Lead Role:
- Provide leadership to Department
- Participate in long-range planning
- Facilitate problem solving
- Represent area in meetings

- 40.7 It is not Management's intent to rotate employees into or out of higher Classifications to avoid paying a higher pay percentage.

ARTICLE 41- Term

41.1 This Memorandum of Understanding shall be effective as of July 1, 2019 and shall continue in effect through June 30, 2022. No changes in this MOU provision can be made without the consent of both parties in writing.

Tahoe Forest Hospital District
Employee's Association

Tahoe Forest Hospital District

By: _____

By: _____

Bailey Honea on behalf of the Employee's
Association

Alex MacLennan on behalf of Tahoe
Forest Hospital District

Appendix A- Job Titles July 1, 2019

Access Rep I, Cancer Center
Access Representative I
Access Representative II
Access Representative, Lead
Accounts Payable Clerk
Administrative Assistant, Foundation
Administrative Coordinator, Facilities Management
Bookkeeper, Retail Pharmacy
Buyer
Cashier, Lead
Cashier, MSC
Cashier, Patient Financial Services
Cashier, Retail Pharmacy
Certified Home Health Aide
Certified Nurse's Aide
Clerical Support, Cancer Center
Clerical Support, Dietary
Clerical/Receptionist, OH
Clerk, Accounting
Clerk, HIM
Clerk, Materials Management
Clinical Research Data Specialist
Coder
Coder, Certified
Collector
Collector, MSC
Community Health Adv./Promotora
Community Program Support
Cook II
Coordinator, Accounts Payable
Coordinator, Activities/Resident Relations
Coordinator, Cancer Center
Coordinator, EOC
Coordinator, LTC Operations
Clerical Support, Occupational Health Services
Coordinator, OR Business
Coordinator, OR Materials
Coordinator/Coder, Hospice
Courier
Data Entry II
Diagnostic Imaging Assistant
Diagnostic & Surgery Authorizer
Dietary Aide

Dietary Clerk
EHR Applications/Interface Support
ER Tech
EVS Aide
Facilities Chief Engineer
Facilities Engineer
Facilities Engineer Assistant
Facilities Engineer-Electrician
Financial Counselor
Floor Care
Floor Care, Lead
Help Desk Representative
Integration Architect
Lab Assistant
Lab system Specialist
Medical Assistant, Cancer Center
Medical Assistant / Phlebotomist
Medical Assistant, O.H.
Network Administrator I
Network Administrator II
Network Administrator III
Office Support, Home Health
Patient Account Representative
Patient Account Representative, MSC
Patient Account System Analyst
Patient Account System Analyst, MSC
Patient Care Tech, Cancer Center
Patient Care Tech/Unit Clerk
Patient Care Technician
Perioperative Tech
Perioperative Tech II
Pharmacy Tech, Inpatient
Pharmacy Technician
Pharmacy Technician / Buyer, Retail
Pharmacy Technician, Retail
Physician Administrative Assistant
Program Administrator II
Programmer/Analyst II
Purchasing Assistant
Reception, IV Health Clinic
Receptionist, PFS
Receptionist, Cancer Center
Refund Specialist
Scheduling Specialist

Safety Attendant
Sterile Processing Tech I
Sterile Processing Tech II
Surgery Scheduler
Surgical Technician
Systems Administrator I
Systems Administrator II
Technical Support II
Transporter
Unit Clerk, Emergency Department
Unit Clerk, ICU
Unit Clerk, LTC
Unit Clerk, Med/Surg
Unit Clerk, PAAS
Unit Clerk, Women & Family

Appendix B - Health Insurance Plan Design

Following is a brief summary of health coverage. Full details are available in the Summary Plan Description.

MEDICAL	TFHD*	In Network	Out of Network
Calendar Year Deductible			
Individual	\$500	\$500	\$1,000
Individual + 1 Dependent	\$1,000	\$1,000	\$2,000
Family	\$1,500	\$1,500	\$3,000
Out Of Pocket Maximum			
<i>(Coinsurance + Deductible)</i>			
Individual	\$3,000	\$3,000	\$6,000
Individual + 1 Dependent	\$6,000	\$6,000	\$12,000
Family	\$6,000	\$6,000	\$12,000
Lifetime Maximum	No Lifetime Maximum		
In-Patient Hospital Services	100%	80%	50%
In-Patient Hospital Services Additional Copay/ Admit	none	\$750	\$1,000
Out-Patient Surgery	100%	80%	50%
Out-Patient Surgery Additional Copay/ Surgery	none	\$750	\$1,000
Lab & X-Ray	100%	80%	50%
Emergency Room			
Facility	\$150	80%	50%
ER Physicians	80%	80%	50%
Physician's Office Visit	N/A	\$30 Copay	50%
Urgent Care		\$30 Copay	50%
Pain Clinic	\$30 Copay	\$30 Copay	50%
Surgery (In Physician office)	N/A	\$30 Copay	50%
Mental Health/Alcohol and Substance Abuse			
In Patient	N/A	\$500 Copay	\$1,000 Copay
Out Patient	N/A	80% \$40 copay	50% \$40 copay
Prescription Drug Benefit - 34 day supply			
Generic	\$10	\$20	\$40
Brand	\$25	\$45	\$60
Non-Formulary	\$50 or 50%	\$60	\$100
TFHD Only 90 Day Supply	90 day supply for 2-copays at TFHD only		

*TFHD refers to services provided and billed by Tahoe Forest Hospital District (TFHD). This does not include physician or other charges not billed by TFHD.

DENTAL	Coverage
Deductible	\$35 Individual \$70 Family
Maximum Benefit	\$1,500 Per Calendar Year per covered Individual
Class A Services - Preventive	100% (deductible does not apply)
Class B Services - Basic	80% (after deductible)
Class C Services - Major	80% (after deductible)
VISION	VSP Coverage
Copayment:	\$20
Benefits:	
Exam	Once every 12 months
Lenses	Once every 24 months
Frames	Once every 24 months

Appendix C - Health Plan Premiums

Monthly Premiums	Base	Screened
Full time single	\$98.77	\$48.77
Full time plus spouse	\$247.81	\$197.81
Full time plus child(ren)	\$222.11	\$172.11
Full time plus family	\$331.32	\$281.32
Part time single	\$147.54	\$97.54
Part time plus spouse	\$346.27	\$296.27
Part time plus child(ren)	\$312.00	\$262.00
Part time plus family	\$457.60	\$407.60

Effective January 1, 2020

MEMORANDUM OF UNDERSTANDING

Between

TAHOE FOREST HOSPITAL DISTRICT
EMPLOYEES' ASSOCIATION of PROFESSIONALS

And the

TAHOE FOREST HOSPITAL DISTRICT
July 1, 2019 to June 30, 2022

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ARTICLE 1- Preamble

- 1.1. The Tahoe Forest Hospital District, herein referred to as "the District" and the Tahoe Forest Hospital District Employees' Association of Professionals, herein referred to as "the Union", having met and conferred in good faith within the meaning of the Meyers-Milias-Brown Act (California Government Code Section 3500 et seq.) have entered into this Memorandum of Understanding.
- 1.2. It is the intent of the parties to set forth the basic agreement covering rates of pay, hours of work and conditions of employment between the parties.

ARTICLE 2- Recognition

- 2.1 The District recognizes the Union as the exclusive representative for employees covered by this Memorandum of Understanding who's Job Titles are listed in Appendix A for the purpose of meeting and conferring with respect to rates of pay, hours and working conditions.

ARTICLE 3- Management Rights

- 3.1 It is acknowledged that the District has, except as otherwise limited by this Agreement and/or applicable law, retained the right to determine the nature and extent of services to be performed as well as the right to determine and implement its public function and responsibility, determine the mission of its constituent departments, manage and control all property, facilities and operations, maintain the efficiency of governmental operations, take all necessary actions to carry out its mission in emergencies, and take such other and further action as may be necessary to organize and operate the District in an efficient and economical manner consistent with the best interests of the public it serves.
- 3.2 It is agreed that the District, except as otherwise limited by this Agreement and/or applicable law, have and retain all of the customary and usual rights, powers, functions, and authority to discharge its obligations including those described within its then-current employer-employee relations ordinance or afforded under the Meyers-Milias-Brown Act, the Local Health Care District Law, or other applicable law.
- 3.3 The parties further agree that, except as otherwise limited by this Agreement, and/or applicable law, the District shall retain the right to hire, evaluate, promote, Layoff, discipline, and discharge, set Work Schedules, make work assignments, and otherwise direct and control its operations consistent with its public purpose. The District may make such reasonable rules and regulations, not in conflict with this Agreement or its obligations to the Union under applicable law, as it may from time to time deem appropriate for the purpose of maintaining order, safety and/or effective operation of its facilities.

ARTICLE 4- Employee Rights and Union Rights

- 4.1 The right of employees to form, join, and participate in the activities of Employee Associations or Employee Organizations of their own choosing for the purpose of representation on all matters of employment relations. (Cal. Govt. Code §3502).
- 4.2 The right of employees to refuse to join or participate in the activities of Employee Associations or Employee Organizations.

- 4.3 The District and the Union shall not interfere with, intimidate, restrain, coerce or discriminate against employees represented by the Union because of their rights under Section §3502 (Cal. Govt. Code §3506).
- 4.4 Representation: The District agrees to recognize Affiliation Officers and up to ten (10) Designated Stewards as representatives of the Union. Stewards, and any change to the Designated Stewards, shall be identified in advance to the District's Chief Human Resources Officer or designee. The District will allow participation of Steward or representative chosen by an employee when reasonably possible, but meetings between management and any employee shall not be delayed thereby more than is required by applicable law.
- 4.5 Representatives of the Union shall not engage in Union business on work time and shall not engage employees in any conversation regarding Union matters on that employee's work time except as set forth in this Article. Work time does not include break periods, meal times or any other specified periods during the workday when employees are properly not engaged in performing their work tasks. Representatives may, on occasion, have a brief conversation with an employee about work-related problems. Such use of work time shall not be abused.
- 4.6 The Union will be allotted reasonable time, not to exceed thirty (30) minutes during the General Orientation to give information on the Union to new employees, subject to the District's review of the material and scheduling preference.
- 4.7 Reasonable Time Off
- 4.7.1 The District will allow a reasonable number of Union representatives a reasonable amount of time off without loss of compensation or other benefits for time to formally meet and confer with representatives of the District on matters within the Union's scope of representation (up to a maximum of six representatives in MOU bargaining sessions), meet and confer sessions, representing employees in meetings with managers, attendance at personnel/retirement meetings, scheduled meetings with District Administration, and for participation in training programs when the District has requested Union attendance.
- 4.7.2 The District will allow a reasonable number of Union representatives a reasonable amount of time off without loss to compensation or other benefits for time spent testifying or appearing as the designated representative of the Union in conferences, hearings, or other proceedings before the California Public Relations Board, or an agent thereof, in matters relating to a charge filed by the Union against the District or by the District against the Union.
- 4.8 Quarterly Labor Management Meetings. The Union and District Administration shall meet at least quarterly.
- 4.9 Union Access. The District will not unreasonably deny access to District property to the Union's representatives, including reasonable access by its attorneys and other consultants.
- 4.10 Union Security:
- a) Union membership is not a mandatory condition of employment for any employee covered under this Agreement. However, as provided by Government Code Sections 1157.3 and 1157.12, the District will comply with requests for membership dues, initiation fees, and general assessments, as well as payment of any other membership benefit program sponsored by the Union.
 - b) Payment may be requested by the Union pursuant to an employee's authorization for such deductions. The District will rely on a certification from the Union that it has and will maintain an authorization for such deductions signed by the affected employee. The Union shall not

be required to provide a copy of such authorization to the District unless a dispute arises about the existence or terms of the authorization.

- c) The District shall direct employee requests to cancel or change deductions to the Union. As provided by Government Code Section 1157.3(b), the revocability of such authorizations shall be determined by the terms of the authorizations. The District will rely on information provided by the Union regarding whether deduction authorization was properly cancelled or changed by an employee.
- d) As provided by Government Code Sections 1157.12(a) and (b), the Union shall indemnify the District for any claim made by an employee for deductions made in reliance on the Union's certification that it possesses an employee's deduction authorization or the Union's information regarding whether an employee's authorization had been changed or cancelled.

4.11 Union Business Time: The District shall allow a maximum of eight (8) hours per pay period for use by the Union President or designee without loss of compensation. Such hours shall be excluded from hours worked for overtime purposes. Union business time may be used for any legitimate purpose including training and Union activity, such as interviews with or preparation of represented employees, or other Union activities not covered by paid release time.

4.12 Use of Facilities: Upon request, the District may permit the Union reasonable use of facilities to meet with employees under the same terms and procedures applicable to any other organization's use of District facilities. As with requests by any organization, permission for the use of facilities shall remain in the sole discretion of the District. This Article shall not limit or modify the Union's right to access or meet with represented employees on matters within the scope of its representation.

4.13 Bargaining Unit Information: The District shall provide the Union with the name; Job Title; Department; work location; work, home and personal cellular telephone numbers; personal email address; and home address of each new represented employee within thirty (30) days of hire or by the first pay period of the month following hire. The District shall provide the same information for all represented employees to the Union at least once per thirty (30) days.

4.14 Bulletin Boards: The District shall provide spaces in mutually agreed area(s) for Union bulletin board(s) which will be the only place where Union materials will be posted. Union leadership will be provided with methods of communication with their members. Electronic communication will be made available. A copy of all materials will be submitted to the District's Human Resources Department prior to being posted. The Union agrees that no partisan political material shall be posted except as part of a Union newsletter or similar communications distributed to its members.

ARTICLE 5- Definitions

Definitions - When referred to in the contract, the following definitions apply:

5.1 Date of Hire: The employee's first paid working day as a District employee.

5.2 Continuous Service: The employee's continuous employment by the District less any unpaid absences from work in excess of thirty (30) calendar days.

5.3 Department Member: An employee, who has been hired into a posted position as documented on a Personnel Action Form, participates in Department meetings and trainings and maintains documented competencies in the Department and has completed initial probationary period.

- 5.4 Lump Sum: Lump sum payment calculations will be based on wages paid in the calendar year(s) prior to the date of disbursement. Calculations exclude over time and double time, callback, or other premium pay, MOU education, nonproductive, standby, and holiday standby. Holiday pay is included. The calculation for holiday pay is the number of holiday hours worked in the calendar year(s) multiplied by current regular Base Pay.
- 5.5 Base Pay: Pay received for a given work period, such as an hour or week, excluding additional compensation such as Shift Differential, per diem differential, overtime, bonus or other payments.
- 5.6 Weekend
- 5.6.1 Where an employee is required to work a certain number of weekend Shifts, "weekend" shall include shifts scheduled to begin between 7:00 pm Friday and 6:59 pm on Sunday.
- 5.6.2 Start times shall be based on scheduled, as opposed to actual, start times. Employees who clock in or begin working prior to a Scheduled Shift start time shall not be considered to be working a weekend shift unless the shift would be considered "weekend" according to its scheduled start time.
- 5.6.3 This article shall not affect the definition of "weekend" for Shift Differential purposes.
- 5.7 Job Title: The name of a position within an organization. See Appendix A.
- 5.8 Classification: A system that is designed to classify all job titles within an organization and put them in a standardized scaled based on the overall tasks, responsibilities, pay level, and duties associated with a specific job.
- 5.9 Variance Log: A document that demonstrates the difference between the actual time worked and time represented based on time-clock punches. This document is filled out by the employee and approved by management. For example, missing a punch in/out on a timecard, missing a Meal Period, etc. will be documented on a Variance Log.
- 5.10 Additional Shift: A shift that an employee is working beyond their budgeted FTE hours. For example, an employee who normally works 72 hours per pay period, who is working an additional 8-hour shift. This shift may or may not accrue overtime depending on the number of hours worked. This shift may have been scheduled or picked up after the schedule has been posted. Additional shifts that have been picked up after the schedule has posted are paid at one and one-half (1.5) times the base hourly wage.
- 5.11 Flex Up: This occurs when a Regular Part Time employee is assigned additional shifts beyond their budgeted FTE hours.
- 5.12 Department: An individual work unit with its own cost center to which employees are assigned.
- 5.13 Annual Time Off Request Period: Time off requests submitted each year by February 1st for the time period spanning April 1st to March 31st of the following year.
- 5.14 Affiliation Officers: Elected or appointed representatives that sit on the Union Board of Directors.
- 5.15 Designated Stewards: An employee of an organization who represents and defends the interests of their fellow employees and has been designated by the Affiliation Officers.

- 5.16 Designated Holiday Shifts: Shifts that are rotated among employees and occur on the following days: New Year's Day, President's Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day, Christmas Eve Day, Christmas Day, New Year's Eve Day. Employees can only receive holiday credit for one shift per holiday.
- 5.17 Shift Differential: Additional funds paid to employees hourly in addition to base wage as incentive for working weekend, evening, and night shifts.
- 5.18 Contract Agency: A service that provides workers either on a temporary or permanent basis.
- 5.19 Status: The Classification of an employee based on the number and type of hours worked. Statuses include: Full Time, Regular Part Time, Short Hour, Per Diem, Casual Part Time, and Temporary.
- 5.20 Personnel Action Form (PAF): The form used by the District to designate employee information including: Job Title, Department, Rate of Pay, Status, Benefit Group, FTE, Shift Type, and Overtime Type. Each time there is a change to any of the aforementioned items, a new PAF must be filled out by the department manager.
- 5.21 Full Time Equivalent (FTE): The amount of budgeted hours per employee per pay period or the minimum hours an employee can be expected to regularly work. This is calculated based off of an 80-hour pay period. For example: An employee who works 60 hours per pay period would be considered 0.75 FTE (60/80).
- 5.22 Premium Pay Codes: Classifications of different types of hours that accrue pay at a different rate than base hourly wages. Premium pay codes include: Standby, Cancelled Standby, Callback, Pay for Working Scheduled Day Off, and Holiday Premium Pay.
- 5.23 Personal Paid Leave (PL): Hours that Full Time and Regular Part Time employees accrue that may be used for an employee's needs including: holidays, vacation, and short term illnesses.
- 5.24 Night Shift Wellness Leave Accrual: Additional leave time accrued by designated night shift employees into a separate leave bank.
- 5.25 Long Term Sick Leave (LTS): Hours that Full Time and Regular Part Time employees accrue that may be used for long term, intermittent illnesses, or bereavement.
- 5.26 Paid Sick Leave: Hours accrued by non-benefitted employees who are not eligible to accrue PL or LTS (per diem, short hour, casual part time, and temporary). This may be used for an employee's illness or to care for a family member.
- 5.27 Group Health Insurance Program: A health insurance plan that provides coverage to members of a group of employees.
- 5.28 Health Insurance Premiums: The portion of the health plan cost paid for by the employee in exchange for coverage of themselves and family members.
- 5.29 Leave of Absence: An employee's temporary absence from work for a period of time. Leaves of absence include: Regulatory Leave of Absence, Protected Benefitted Leave of Absence, Non-protected Benefitted Leave of Absence, and Unpaid Leave of Absence.
- 5.30 Meal Period: A 30-minute unpaid break provided to employees working more than 6 hours.

- 5.31 Rest Period: A 15-minute paid break provided to employees working more than 4 hours. Employees are allowed 1 Rest Period if working 4-6 hours and 2 Rest Periods if working more than 6 hours.
- 5.32 Regulatory Leave of Absence: A Leave of Absence employees may be eligible for based on State and Federal statutes. These include but are not limited to the following: California Family Rights Act, Military Leave, Occupational Disability, Pregnancy Disability Leave, and Family Medical Leave Act (see appropriate agencies for more detail).
- 5.33 Protected Benefitted Leave of Absence: A Leave of Absence employees may be eligible for if they do not or no longer qualify for a Regulatory Leave of Absence during which the employee has up to nine (9) months of leave with job protection.
- 5.34 Non-protected Benefitted Leave of Absence: A Leave of Absence employees may be eligible for if they do not or no longer qualify for a Regulatory Leave of Absence and have exhausted the Protected Benefitted Leave. Employees may qualify for this leave until all PL and LTS benefits are exhausted.
- 5.35 Unpaid Leave of Absence: A Leave of Absence employees may be eligible for if they do not or no longer qualify for a Regulatory Leave of Absence and have exhausted the Protected Benefitted Leave and have no available PL or LTS. Employees may be eligible for unpaid leave for a period of up to one (1) year.
- 5.36 Bereavement Leave: Time off from work employees may be eligible for in relation to the death of a family member.
- 5.37 Layoff: Suspension or termination of employment or reduction in force by the employer, which is not caused by any fault of the employees, but for reasons such as lack of work, funding or materials.
- 5.38 Recall: Occurs when an individual who has been terminated or suspended due to a Layoff is asked to return to employment during the recall period to the position held immediately prior.
- 5.39 Job Description: A written document that outlines the essential functions of a specific job.
- 5.40 Bumping Rights: Contractual right of a senior employee being laid off to replace a less senior employee in a position for which they previously held and are qualified for.
- 5.41 Work Out of Classification: When an employee is performing the duties and responsibilities of another Job Title of a Classification different from the employee's current Job Title.
- 5.42 Work Schedule: The posted shift assignments for a Department for a period of at least 14 days.
- 5.43 Scheduled Shift: When the employee is expected to report to work according to the Work Schedule.
- 5.44 Collaborative Culture of Safety (Just Culture): A methodology in which organizations are responsible for building safe systems and employees are responsible for the quality of their choices.

ARTICLE 6- Employee Status

- 6.1 All employees shall be classified as one of the following listed below. If an employee's hours are reduced as a result of business needs, the employee's Status will not be affected.
- 6.2 Fulltime:
- 6.2.1 An employee who is scheduled for 12 hour shifts and works seventy-two (72) hours in a two- week pay period.
 - 6.2.2 An employee who is scheduled for 8 or 10 hour shifts and works eighty (80) hours in a two-week pay period.
 - 6.2.3 Night shift employees regularly scheduled to work at least sixty-four (64) hours in a two-week pay period.
- 6.3 Regular Part-time (RPT): An employee who is scheduled for, and regularly works, at least forty-eight (48) hours in a two-week pay period. It is the expectation that all regular part time employees will Flex Up based on district needs.
- 6.4 Short hour: An employee who regularly works less than forty (40) hours per pay period.
- 6.5 Per Diem: An employee who is scheduled to work based on the needs of the District and who must be available five (5) shifts per four-week schedule. Two (2) shifts must be Weekends and two (2) must be night shifts as applicable. Every Per Diem is required to work at least one holiday as outlined in Article 21, Work Schedules.
- 6.6 Casual Part time: An employee who works on an intermittent and as needed basis.
- 6.7 Temporary: An employee who is hired to fill a temporary need for additional staff for a period of up to one year.
- 6.8 If an employee has regularly worked hours for a minimum of thirteen (13) full, immediately preceding pay periods that would move them into a different Status, the employee may request to have their Status reviewed to determine if their Status should be changed to coincide with the number of hours that they are working. This review will be conducted by Human Resources and shall exclude situations where the needs of the District have an expected end date, including but not limited to employees covering another employee on protected leave.

ARTICLE 7- Wages

- 7.1 Wages - Wages and pay ranges have been set according to Classification pursuant to policies fixed by and between the District and the Union. No changes in this Memorandum of Understanding (MOU) provision can be made without the consent of both parties in writing.
- 7.2 The pay ranges set forth are intended to constitute minimum ranges only, and nothing in this MOU shall preclude the District from paying in excess of such minimum rates at the District's discretion.
- 7.3 Each job Classification subject to this Agreement is assigned a pay range. The pay range chart is structured at a thirty percent (30%) span with two and one-half percent (2.5%) between ranges.
- 7.4 Effective with the pay period that contains July 1, 2019, July 1, 2020, and July 1, 2021, employees in job Classifications subject to this Agreement will receive a three percent (3%) increase to Base Pay.

7.5 Effective with the pay period that contains July 1, 2019, July 1, 2020, and July 1, 2021, all pay ranges subject to this Agreement will increase three percent (3%).

7.6 Pay for previous experience: During the interview process, a department head may set an employee's pay above the Base Pay rate based on the following guidelines:

Years of Experience	Starting Wage
0-2 years	Minimum plus 0-5%
3-5 years	Minimum plus 5-10%
5+ years	Minimum plus 10-15%

7.7 In certain circumstances, including hard to fill positions or applicants with considerable experience, an employee may be hired over the midpoint in the pay range. Human Resources will review all salaries of other staff in the same title in the same Department to determine if other salary adjustments are necessary. Human Resources will inform the Union President of such action.

7.8 Effective with the pay period that contains July 1, 2019, Per Diem employees will receive the base wage plus twelve and one-half percent (12.5%).

ARTICLE 8- Minimum Shift Pay

8.1 An employee who reports for his/her regularly scheduled work shift, but whose services are not required, shall receive a minimum of two (2) hours pay at their straight time hourly rate of pay for reporting to work.

8.1.1. Employees who come in on a scheduled day off to participate in ambulance transfers will receive minimum shift pay of four (4) hours at straight time.

8.2 An employee who is personally notified two (2) hours before the beginning of their shift not to report, but who still reports to work shall not be eligible for the minimum pay guarantee noted above.

8.3 An employee who is canceled within two (2) hours from start of a shift will be given the option to accept the full cancel day without pay, or work for two (2) hours.

8.3.1. An employee who is unavailable for such notification prior to the beginning of their shift will not be eligible for minimum shift pay.

8.4 Every effort will be made to allow employees to attend training, meetings, or committees during work time. In the event this is not possible, employees scheduled to attend Department meetings, in-services or committees will be paid a minimum of two hours at their base hourly rate.

8.4.1. Employees coming in for training, meetings, or committees outside of normally scheduled time must obtain management approval prior to attending.

8.4.2. When an employee is approved to come in outside of normal working hours and completes a task before two hours have elapsed, he/she may be asked to stay for additional Departmental tasks for the remainder of the two hours.

ARTICLE 9- Premium Pay Codes

9.1 Standby (On Call): Standby or On Call is defined as duty which requires that an employee be designated by the appointed authority to report to work within forty-five (45) minutes, unforeseen road conditions permitting. This 45-minute report time excludes Surgical Services staff and ICU staff, who must report to work within thirty (30) minutes. Additionally, employees must be reachable by telephone or page system and refrain from activities which might impair his/her ability to perform assigned duties. An employee who is assigned by the Department to be on standby shall be eligible for standby pay. Cancelled Standby is defined as a Scheduled Shift that has been cancelled due to low census or other such reasons. The employee is then placed on Standby and Standby provisions apply.

9.1.1 Management shall notify an employee if they are to be placed on Cancelled Standby two (2) hours prior to the beginning of their shift.

9.1.2 Employees on Standby or Cancelled Standby, with the exception of the Job Titles identified below, shall receive one-third (.33333) of their base hourly rate of pay for each hour or fraction of an hour on Standby except for Holiday standby.

9.1.3 Standby or Cancelled Standby on Designated Holiday Shifts shall be paid at the rate of one-half (0.5) of the employee's base hourly rate.

9.1.4 If a change in the workload has occurred and, at the manager's discretion additional staffing is required, the employee on Standby should be the first person called back to work.

9.1.5 Job Title Exceptions:

- a) Surgical Physician Assistant/Nurse Practitioner: Surgical Physician Assistant/Nurse Practitioners will receive One Hundred Dollars (\$100.00) per Standby Shift.
- b) Pharmacist: Pharmacists will receive Twenty Dollars (\$20.00) per hour for each hour of Standby. When scheduled for Standby on a Designated Holiday, Pharmacists will receive Thirty Dollars (\$30.00) per hour for each hour of Standby.
- c) Home Health/Hospice: Home Health/Hospice nurses will receive Ten Dollars (\$10.00) per hour for each hour of Standby. When scheduled for Standby on a Designated Holiday, Home Health/Hospice nurses will receive Fifteen Dollars (\$15.00) per hour for each hour of Standby.
- d) Information Technology: IT exempt staff receive a flat amount of One Hundred Fifty Dollars (\$150.00) per Standby shift.

9.1.6 Notification of change to Standby will follow the same two-hour requirements as Cancellations.

9.1.7 Hours worked after work status is changed will be paid at the appropriate Callback rate.

9.1.8 Availability will begin at the start of the shift within expected callback response times.

9.1.9 Perioperative Services and PAAS employees will be paid to work On-Call only positions. The On Call only positions shall be assigned to any volunteers and/or equally rotated among surgery Full Time and Regular Part Time staff.

9.2 Callback: Callback is defined as pay earned by an employee who is called in to work from Standby (On Call) status.

9.2.1 An employee who is called in to work shall receive a minimum guarantee of two (2) hours at time-and-one-half (1.5) for an initial Callback.

9.2.2 An employee who is called in to work on a Designated Holiday Shift shall receive a minimum guarantee of two (2) hours pay at double time for an initial Callback.

9.2.3 Subsequent Callbacks within the two-hour Callback period will not receive additional compensation.

9.2.4 Callbacks occurring after the two-hour period has passed will be considered a separate Callback and will be compensated as a separate Callback, beginning a new two-hour Callback period.

9.2.5 Travel time to and from the workplace shall not be considered as hours worked for purposes of computing Callback pay. When an employee is called into work, Standby pay will be reduced by the number of Callback hours paid.

9.3 Cancellation: Cancellation is defined as an employee's temporary reduction of regularly scheduled hours as a result of reduced staffing requirements on a daily basis.

9.3.1 Cancellations will occur in the following sequence:

1. Employee working an overtime shift
2. Volunteers working an Additional Shift
3. Volunteers willing to use Personal Leave on a rotational basis. (Volunteers using PL for a cancelled shift will not have that shift considered a cancelled shift.)
4. Volunteers on a rotational basis
5. Employee working an Additional Shift
6. Temporary/ Casual
7. Per Diem
8. Short hour
9. Regular Part Time, Full Time, and Contract Agency on a rotational basis

9.3.2 Cancel Standby will occur in the following sequence:

1. Any employee who volunteers for Standby
2. Full Time and Regular Part Time employees, subject to manager's approval
3. Temporary
4. Casual Part Time
5. Per Diem
6. Short Hour
7. Regular Part Time, Full Time employees, and Contract Agency on a rotational basis as appropriate.

9.3.3 All IT employees are eligible for Callback.

9.3.4 If an IT employee is not on Standby, they will be paid a flat amount of Sixty-Five Dollars (\$65.00) for any event lasting longer than fifteen minutes. This will be paid regardless of whether the employee has come on site or works remotely. Employees on Standby will not be eligible for Callback pay unless they are required to come back on site. Callback will then be

paid at a flat rate of Sixty-Five Dollars (\$65.00) for an event that lasts more than fifteen minutes.

9.3.5 An employee who would otherwise be canceled may be floated at the department head/supervisor's discretion.

9.3.6 Management shall notify an employee if they are to be cancelled two (2) hours prior to the beginning of their shift. If an employee is cancelled within two (2) hours of the beginning of the shift, they will be given the option to accept the full cancelled day without pay, or to work for two (2) hours.

9.3.7 A cancelled employee may elect to be paid for Personal Leave up to the number of hours cancelled with a minimum Personal Leave payment of one hour.

9.3.8 An employee who has been canceled need not be available by telephone after the notification of cancellation

ARTICLE 10- Pay for Working Scheduled Days Off

10.1 If an employee picks up an Additional Shift after the schedule has been posted, they shall be paid for hours worked on that day at a rate of one and one-half (1 1/2) times their regular base hourly rate. If the employee voluntarily elects to take paid time off during the same work week, requests another day off in exchange, calls in sick or volunteers for first cancel, the shift will be paid at straight time. Employees must document Pay for Working Scheduled day off on their Variance Log to ensure proper compensation. These hours are considered premium pay and do not accrue additional overtime compensation.

ARTICLE 11- Personal Paid Leave

11.1 Full-time and regular part-time employees are eligible to accrue Personal Paid Leave hours.

11.2 Accrual of Personal Paid Leave begins immediately upon employment and is based upon hours worked, exclusive of overtime, Standby and Standby Callback hours. In the event scheduled working hours are changed to Cancel Standby or Cancel Standby Callback, those hours will accrue Personal Paid Leave.

11.3 Personal Paid Leave is paid time off to be used for an employee's needs including holidays, vacations and short term illnesses. An employee must use Personal Paid Leave hours when he or she works less than their work status (as defined on their PAF) unless the time off is the result of cancellations. An employee must use Paid Leave hours if they are absent for a Scheduled Shift, with the exception of shifts picked up after the schedule has been posted.

11.3.1 Employees hired before October 31, 1986:

Years of Service	15+
Maximum Days Per Year	39
Hourly Accrual Rate	.15

11.3.2 Employees Hired 11/01/86 or after:

Years of Service	0-4	5-8	9-11	12-14	15	16+
Maximum Days Per Year	24	29	32	33	34	36
Hourly Accrual Rate	.092	.112	.123	.127	.131	.139

11.4 No Full Time employee shall be allowed to accrue more than 240 hours of Personal Paid Leave. No Regular Part Time employee shall be allowed to accrue more than 190 hours of Personal Paid Leave.

ARTICLE 12- Night Shift Wellness Leave Accrual

12.1 The District recognizes the additional challenges for employees who are regularly working night shift. In order to contribute to overall wellness, these employees will receive guaranteed accrual of additional rest time.

12.2 Designated Full Time and Regular Part Time night shift employees will receive Wellness Leave Accrual according to the following schedule:

- Full Time night shift employees will receive two (2) Wellness Leave Days per quarter.
- Regular Part Time night shift employees will receive one (1) Wellness Leave Day per quarter.

12.3 A Wellness Leave Day is equivalent to the shift type worked by the employee (E.g. An employee working 10-hour shifts will accrue Wellness Leave Day(s) equal to 10 hours per day.)

12.4 In order to receive Night Shift Wellness Leave Accrual benefits, night shift designation must be on a Personnel Action Form (PAF) and the following stipulations apply:

- a. An employee must complete a full quarter of work as a designated night shift employee to accrue Night Shift Wellness Leave.
- b. At no time may Wellness Leave Day(s) be used for a partial day off. A full day must be used.
- c. Wellness Leave Accrual does not roll over from the previous calendar year. Wellness Leave Day(s) must be used within the calendar year that they are issued. Wellness Leave accrued for the second quarter of the Fiscal Year will be issued the beginning of the first quarter of the calendar year.
- d. Use of Wellness Leave Accrual must be prescheduled and requires management approval. Requests for use of Wellness Leave Accrual follows the same process as Paid Leave requests as outlined in Article 32, Time Off Requests.
- e. Wellness Leave Days cannot be cashed out.
- f. Wellness Leave Days may be combined with Paid Leave for scheduled time off only.

ARTICLE 13- Long Term Sick Leave

13.1 Full-time and regular part-time employees accrue Long Term Sick Leave in addition to Personal Leave. Short hour, Casual, Temporary and Per Diem employees are not eligible for Long Term Sick Leave.

13.2 Eligible employees accrue Long Term Sick Leave at a rate of .027 hours for each hour paid, exclusive of overtime, standby and callback hours, with the exception that scheduled working hours that are changed to Standby hours will accrue Long Term Sick.

13.3 Following five consecutive years of employment and upon termination, Long Term Sick Leave will be paid to the employee at 50% of hours accrued, not to exceed \$7,500.00.

- 13.4 Following twenty consecutive years of employment and upon termination, Long Term Sick Leave will be paid back to the employee at 75% of hours accrued, not to exceed \$17,500.00.
- 13.5 Upon change of Status from Full-time or Regular Part-time to short hour or Per Diem, an employee will maintain the Long Term Sick leave balance for one (1) year, but will not be eligible to use it unless the employee returns to Full Time or Regular Part time Status. If the employee leaves the employment of the District while in any non-benefited Status, he/she will forfeit accrued Long Term Sick Leave hours.
- 13.6 On calendar days one (1) through four (4) of any illness, an employee will utilize his/her Personal Paid Leave account. Long Term Sick usage begins:
On the fifth calendar day of an illness
Immediately upon hospitalization if sooner, or
If the employee is eligible for and receives Workers' Compensation.
- 13.7 Paid time off for illness will be taken from the Long Term Sick Leave account if the employee qualifies for State Disability insurance or Workers' Compensation payments. If an employee does not qualify for either program, paid time off for illness will be taken from the employee's Personal Paid Leave Account. When the employee qualifies for State Disability insurance or Workers' Compensation payments, the paid time off for illness will be integrated to provide 100% of Base Pay up to the maximum amount available under each program.
- 13.8 A manager may request that an employee provide a physician's statement verifying illness after three (3) days off or to verify ability to return to work.
- 13.9 Employees returning directly from sick leave shall be allowed to return to the position which they formerly occupied. If such position is subject to reduction in force at the time an employee seeks to return directly from sick leave status the returning employee may exercise his/her seniority with respect to such position. Employees who are unable to return to work when their sick leave reserve and personal leave hours are exhausted may request a leave of absence.
- 13.10 Employees on sick leave shall not have their anniversary date affected.

ARTICLE 14- Paid Sick Leave

- 14.1 Paid Sick Leave is a paid benefit to allow California based employees in non-benefitted job Classifications (per diem, short hour, casual hour, temporary, and seasonal) to accrue paid time off to be used for the employee's illness or to care for a family member. Eligible mandatory leave programs will run concurrently such as Paid Sick Leave, Kin Care, FMLA/CFRA, among others. Paid Sick leave should not to be confused with Personal Leave (PL) or Long Term Sick Leave (LTS).
- 14.2 This benefit only pertains to employees who are not eligible for PL/LTS accrual. Full time and Regular Part Time employees are benefited employees and are covered under their PL benefit.
- 14.3 Paid Sick Leave is used for:
- 14.3.1 Employee illness
 - 14.3.2 Care of family member – Family members are defined as parents, parents-in-law, child, spouse, registered domestic partner, grandparent, grandchild and sibling.
- 14.4 Employee eligibility to use Paid Sick Leave begins on their 90th day of employment.

14.5 Employees accrue one (1) hour of Paid Sick Leave for every thirty (30) hours worked, with annual maximum accruals as follows:

14.5.1 Employees working 8 hour shifts accrue a maximum of 24 hours of sick leave.

14.5.2 Employees working 10 hour shifts accrue a maximum of 30 hours of sick leave

14.5.3 Employees working 12 hour shifts accrue a maximum of 36 hours of sick leave

14.5.4 Employees working 6 hour days are allowed more than 3 days sick until they have used the maximum accrual of 24 hours.

14.6 Benefits may roll over each year but will not exceed a maximum of 48 hours.

14.7 Accrual rate is .0334 per hour worked.

14.8 Minimum one (1) hour of Sick Leave may be used for partial sick days.

14.9 If the leave is foreseeable, employees are required to give reasonable advance notice. If unforeseeable, employee must give notice as soon as possible.

ARTICLE 15- Health, Dental, Vision and Life Insurance

15.1 All full-time and regular part-time employees are eligible to participate in the District's Group Health Insurance Program.

15.2 Coverage for new employees and eligible dependents shall become available the first of the month following completion of the initial sixty (60) calendar day employment period.

15.3 Health Plan Design and Premiums: The plan design is described in Health Insurance Plan Design (Appendix C). This plan will remain in effect from January 1, 2020 through December 31, 2022 as described below.

15.4 Premiums for participation in health, dental and vision plans are as outlined in Health Insurance Premiums (Appendix D). Subsequently, the District will look at the annual actuarial study projecting claims costs. If the plan costs are projected to exceed 10%, the plan design and premium costs may be changed through the meet and confer process. If the costs are projected to be 10% or less, then premiums will be set based on the projected annual increase. The percentage increase will be split between the District and the employees; the employee premium cannot increase more than 10% per year. (E.g. if the costs are projected to increase 8%, the employee premium will increase by 4%. The District is accepting the majority of the increase as 4% of the District's share of costs is considerably higher than the employee premium share.)

15.5 Eligible Participants who elect to complete the annual health screening will receive a reduction to Health Insurance Premiums as outlined in Health Insurance Premiums (Appendix D).

15.6 An employee who is on Leave of Absence for a personal emergency or bereavement not covered by Family Care Leave or Layoff status which exceeds thirty (30) calendar days must assume the entire premium cost during the second month and all succeeding months of the Leave of Absence or Layoff. All others on a Leave of Absence will be eligible for health insurance benefits under COBRA beginning on the first day of the leave.

15.7 An employee who does not elect COBRA benefits and allows insurance coverage to expire shall be considered a new employee with respect to health insurance waiting restrictions, upon return from his/her Leave of Absence or Layoff.

- 15.8 The District agrees to maintain health insurance benefits for full-time and regular part-time employees for the period from January 1, 2020 to December 31, 2022 (excluding COBRA as addressed in Article 15.7).
- 15.9 It is agreed that the District may change insurance carriers so long as the level of benefits is not decreased or premium costs are not increased except as outlined in Article 15.4.
- 15.10 Employees not covered by the District's insurance may seek assistance from financial counselors in the District's business office for services from the District.
- 15.11 The District will provide a dental program for all employees eligible to participate in the Group Health Insurance Program.
- 15.12 The District will provide a vision plan for all employees eligible to participate in the Group Health Insurance Program.
- 15.13 The District will provide a \$25,000 life insurance policy for all employees eligible to participate in the Group Health Insurance Program.

ARTICLE 16- Education Reimbursement

- 16.1 Full-time, regular part-time, short hour, and per diem employees who have completed six months of Continuous Service will be eligible to receive reimbursement for college accredited courses, seminars, conferences, workshops and other educational programs to further career development. Education must be related to the employee's current Job Title or to prepare to meet job requirements in another Job Title within the District.
- 16.2 Paid Educational Leave Allowance Per Year is available for Job Titles that require continuing education units for CEUs or to renew a certification:

Full time employee	24 hours per fiscal year.
Regular part-time	16 hours per fiscal year
Per Diem and Short hour employees who work greater than 1000 in a fiscal calendar year	8 hours per fiscal year

16.3 Expense Reimbursement Amounts

Full time employee	\$450 per fiscal year
Regular part time	\$325 per fiscal year
Per Diem and Short hour employees who work greater than 1000 hours in a fiscal year	\$250 per fiscal year

- 16.4 Payment for college courses will be received upon successful completion of the course and will be based on the employee's Status at the time of completion.
- 16.5 Prior approval by the employee's department head and Human Resources is required to be eligible for reimbursement. Reimbursement amount may be applied towards the cost of registration, books, related material and related expenses in accordance with IRS guidelines.
- 16.6 Employees may request reimbursement for lost wages to attend an educational program. Payment will be deducted from accrued reimbursement amounts at the rate of 115% of the

employee's base wage. (Example: an employee with a base wage of \$10 per hour who requests reimbursement of 8 hours would be paid \$80.00 in wages. A total of \$92 will be deducted from accrued reimbursement account.)

- 16.7 The employee that is required to maintain licensure or certification shall assume responsibility for the cost of same. CEUs required for licensure or certification may be covered. This can be used for exam fees.
- 16.8 Benefits will not be accrued on "MOU Educational Leave" pay. Overtime will not be paid.
- 16.9 Reimbursement for approval of educational paid days and expense reimbursement are to be submitted at least two weeks in advance on the approved form. Registration will only be paid in advance. Requests for advance payment are to be submitted at least one month in advance on the approved form to the employee's department manager.
- 16.10 Unused hours and expense reimbursement will be carried over at the end of the fiscal year. At no time will employees be allowed to accrue more than two times the annual allotted hours or expenses.
- 16.11 To receive the reimbursement check, proof of attendance must be submitted to the employee's department manager for approval. All expenses must be documented on an Expense Report Form and receipts provided for all expenses.
- 16.12 Expenses submitted after the conference or completion of online course(s) must be received within 30 days of the conference or completion of online course(s) or expenses will be denied.
- 16.13 Fully completed requests, including all documentation, for conferences/classes taken in June must be submitted within the first two weeks of July to be credited against the employee's MOU education fund for that fiscal year.

ARTICLE 17- Premium Holiday Pay

17.1 Employees shall be paid time-and-one-half of their base hourly rate for all hours worked on the following days:

- New Year's Day
- President's Day
- Memorial Day
- July 4th
- Labor Day
- Thanksgiving Day
- Christmas Eve Day
- Christmas Day
- New Year's Eve Day

17.2 Premium pay is received for hours worked during the actual twenty-four (24) hours of the holiday.

ARTICLE 18- Hours of Work

18.1 The District's standard work period shall be eighty (80) hours in any two-week period.

- 18.2 Employees assigned to work 8 hour shifts will receive overtime pay of one and one-half (1-1/2) times the employee's pay for all time worked in excess of eight (8) hours per work day or eighty (80) hours in any two (2) week pay period.
- 18.3 Employees assigned to work 10 hour shifts will be paid overtime for hours worked in excess of ten (10) hours per work day or forty (40) hours in a seven day workweek.
- 18.4 Employees assigned to work twelve (12) hour shifts will be paid overtime at a rate of one-and-one-half (1-1/2) times the employee's pay for hours worked in excess of twelve (12) hours per work day or forty (40) hours in a seven day work week.
- 18.5 Employees working more than sixteen (16) consecutive hours, with a break of two hours or less, will be paid overtime at twice their hourly wage for all hours in excess of sixteen (16) hours worked.
- 18.6 The District may enter into voluntary agreements with individual employees who desire to be paid on a forty (40) hour work week basis with overtime calculated only after forty (40) hours of work in a workweek. Such voluntary agreements shall be documented in each employee's personnel file.
- 18.7 Employees in the IT Department who are represented by the Union may be deemed either exempt or nonexempt under the provisions of the Fair Labor Standards Act.
- 18.8 Exempt staff are paid on a salaried basis, receiving the same salary each pay period for the body of work performed according to the Fair Labor Standards Act.
- 18.9 Exempt staff do not receive payment for specific hours worked and do not receive overtime.
- 18.10 Deductions may be made if allowed by the Fair Labor Standard Act. For example, for personal time off or sick or Leave of Absence. If the employee has accrued paid leave, PL may be paid in partial days.

ARTICLE 19- Work Schedules

- 19.1 The District shall post Work Schedules at least fourteen (14) days in advance for a minimum 14-day period. At the time of the posting, it is the employee's responsibility to check the Work Schedule.
- 19.2 Work schedules may be subject to change, with mutual agreement after posting, either to meet the needs of the employee or the District.
- 19.3 Shift trades will be permissible as long as the employee is qualified/trained to work the shift and employees notify managers and/or supervisors in advance of the date for which the trade will occur.
- 19.4 Shift trades may not result in overtime unless approved by management.
- 19.5 Posted schedules, including electronic schedules, will indicate the date posted and will be displayed in an area, which is available to all employees at all times.
- 19.6 Employees unable to work a Scheduled Shift due to unforeseen circumstances are required to notify their department manager at least two (2) hours prior to the beginning of the shift, if practical.

19.7 The District will make reasonable efforts, when patient care permits, to rotate Weekends equally among employees who work in Departments that require Weekend coverage. For those employees who work 8-hour shifts, a minimum of four (4) Weekend shifts per month will be expected. For those employees working 10-hour shifts, a minimum of three (3) Weekend shifts per month will be expected. For those working 12-hour shifts, a minimum of three (3) Weekend shifts per month will be expected. If an employee elects to work every Weekend, he/she may submit a written request to his/her manager or supervisor. If enough employees request to work Weekends, other employees may have their Weekend requirement reduced. Management may schedule above the minimum requirement based on the needs of the Department.

19.8 The District will make reasonable efforts, when patient care permits, to rotate holidays equally among employees who work in Departments that require holiday coverage. Refer to Article 17, Premium Holiday Pay, for a list of all recognized holidays.

19.9 Per Diem employees are required to work at least one of the following holidays on a rotational basis:

- New Year's Day
- July 4th
- Thanksgiving
- Christmas Eve
- Christmas Day
- New Year's Eve

ARTICLE 20- Meals and Rest Periods

20.1 It is the District's intent to provide employees meal and Rest Periods.

- a. Employees working shifts of more than six (6) hours will be provided two (2) fifteen-minute paid breaks. One during the first half of the shift, and a second during the last half of the shift.
- b. Employees working four (4) to six (6) hours are provided one fifteen-minute paid break.
- c. An unpaid thirty (30) minute Meal Period shall be provided to all employees working shifts of more than six (6) hours.

20.2 If a pattern of missed meal or Rest Periods due to District or management occurs, the Union has the right to meet and confer.

20.3 Employees in certain positions and on certain shifts may be required to remain on the premises, but not at the work station, and carry a pager or cell phone while on a Meal Period. As long as an employee is not interrupted, this is considered unpaid time. If an employee is called back to work by the pager or cell phone, it is considered paid time. In that situation, the employee must punch back in to work or submit a completed Variance Log.

ARTICLE 21- Leave of Absence

21.1 District employees may be eligible for four types of leaves of absence: Regulatory Leave of Absence, Protected Benefitted Leave of Absence, Non-protected Benefitted Leave of Absence, and Unpaid Leave of Absence.

21.2 Regulatory Leave of Absence: Administration of this type of leave is set forth in District policies and is based on state and federal statutes. Refer to district policies for eligibility, request

processing, insurance premiums on leave, and other information. Some examples of Regulatory Leave of Absence that District employees may be eligible for include the following:

- Family Medical Leave (FMLA)
- California Family Leave (CFRA)
- Pregnancy Disability Leave (PDL)
- Military Leave (ML)
- Occupational Disability (OD)

21.3 Protected Benefitted Leave: District employees who do not qualify for a Regulatory Leave of Absence, or who have exhausted their Regulatory Leave, may be approved for time off of work with job protection for up to a total of nine (9) months. This nine-month period immediately follows the exhaustion of Regulatory Leave time already taken, if applicable. During the Protected Benefitted Leave, the District will cover the cost of health insurance. In order to be eligible for Protected Benefitted Leave, the following conditions must be met:

- Available Long Term Sick and/or Personal Leave benefits to cover the leave requested
- Written notification from a medical provider demonstrating the need for leave and/or continued leave

The District will consider all requests based on the same criteria as Regulatory Leave excluding qualifying hours. Employees have the option to waive their job protection and give permission for the District to post their job prior to the end of Protected Benefitted Leave.

21.4 Non-protected Benefitted Leave: District employees who have exhausted Regulatory Leave or are ineligible for Regulatory Leave, and who are outside of the nine-month time frame of Protected Benefitted Leave, may qualify for Non-protected Benefitted Leave until all available Long Term Sick and/or Personal Leave benefits have been used. During the Non-protected Benefitted Leave, the District will cover the cost of health insurance. Employees will still be responsible for their premium payments through payroll deduction. Employees returning prior to the end of their approved Non-protected Benefitted Leave may apply for, and will be considered, for the first available position(s) for which they are qualified. In order to be eligible for Non-protected Benefitted Leave, the following conditions must be met:

- Available Long Term Sick and/or Personal Leave benefits to cover the additional leave requested
- Written notification from a medical provider demonstrating the need for continued leave
- The District will consider all requests based on the same criteria as Regulatory Leave, excluding qualifying hours

21.5 Unpaid Leave of Absence: District employees who have exhausted Regulatory Leave, or are ineligible for Regulatory Leave, and who have no available Personal Leave or Long Term Sick benefits, may be eligible for an Unpaid Leave of Absence for up to one (1) year at the discretion of the District.

Procedure for Unpaid Leave of Absence:

- An employee must have completed one year of continuous employment to be eligible for an Unpaid Leave of Absence.
- Requests for an Unpaid Leave of Absence must be in writing to the department manager, outlining the reason for the leave and length of time requested.
- The District will continue coverage of health insurance for the first thirty (30) days of an Unpaid Leave of Absence and the employee is responsible for their portion of the premium costs for individual and dependent coverage.
- Beginning on the first day of the second month of an Unpaid Leave of Absence, the employee will be eligible for COBRA benefits. The District will not cover COBRA costs for any portion of the Unpaid Leave of Absence.
- Those on Unpaid Leave of Absence will remain employees of the District, but do not have job protection.
- Employees returning prior to the end of their approved Unpaid Leave of Absence may apply for, and will be considered, for the first available position(s) for which they are qualified. Seniority within the District will be adjusted by the length of any leave that is greater than thirty (30) days.

ARTICLE 22- Retirement

22.1 The District shall maintain retirement savings options for employees.

22.2 The District maintains the Tahoe Forest Hospital District Employee's Money Purchase Plan for its employees.

22.3 All employees, with the exception of temporary employees, may participate in the 457-non-qualified Deferred Compensation program.

22.4 The District will match employee contributions for full time and regular part time employees to the Section 457 Deferred Compensation Plan up to a maximum of three percent (3%) of the employee's gross income with increases beyond that described in the Longevity Retention Bonus article.

ARTICLE 23- Longevity Retention Bonus

23.1 Employees hired prior to July 1, 2013:

23.1.1 Full and Regular Part time employees will receive Lump Sum bonus payments in five-year increments according to the following schedule.

23.1.2 Longevity retention match and bonus benefit schedule.

Longevity Level	Lump Sum Bonus	Deferred Compensation
Level 1; at 10 years	None	Deferred Compensation match to 6 %

Level 2; at 15 years	2% lump sum bonus paid based on earnings of prior five calendar years (PRIOR BONUS PAYMENTS EXCLUDED)	Deferred Compensation match to 7%
Level 3; at 20 years	5% lump sum bonus paid based on earnings of prior five calendar years (PRIOR BONUS PAYMENTS EXCLUDED)	Deferred Compensation match continues at 7%
Level 4; at 25 years	7% lump sum bonus paid based on earnings of prior five calendar years (PRIOR BONUS PAYMENTS EXCLUDED)	Deferred Compensation match continues at 7%

Level 4 is repeated in five-year increments.

23.2 Employees hired on or after July 1, 2013:

23.2.1 Full and Part time employees will receive Lump Sum bonus payments in five-year increments according to the following schedule.

Level 1; At 10 years: Deferred Compensation match to 6%

Level 2; At 15 years: 2% Lump Sum bonus paid based on earnings of prior five calendar years (PRIOR BONUS PAYMENTS EXCLUDED)
Deferred Compensation match to 7%

Level 2 is repeated in five-year increments

23.3 Each level is achieved during the anniversary year of 15, 20, and every 5 years thereafter. The payout will be made on May 30 for those with a Date of Hire between January and June and on November 30 for those with a Date of Hire between July and December. Payout will be calculated on prior five calendar years' wages as defined for Lump Sum payments.

23.4 For employees currently on the longevity program whose previous bonus payout does not coincide with the anniversary date for the date of hire, a longevity retention bonus date will be identified based on last payout and future payouts will be in five year increments as set forth above.

ARTICLE 24- Bereavement Leave

24.1 Full-time and regular part-time employees shall be granted Bereavement Leave of up to five (5) scheduled work days with pay in the event of the death of a member of their immediate family.

24.2 Immediate family is defined as: spouse, parent, grandparent, child, stepchild, sister, brother, mother-in-law, father-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, aunt,

uncle, niece, nephew, grandchild, or member of the household or a person standing in loco parentis.

24.3 Payment for such days shall be deducted from accrued Long Term Sick Leave hours. If LTS hours are not available, PL hours can be used. Unpaid leave can be granted if LTS hours are not available.

24.4 Time missed for Bereavement Leave shall not be counted as an un-excused absence occurrence.

ARTICLE 25- Job Vacancies

25.1 All open job positions shall be posted for seven (7) calendar days as an internal posting within the Department on the website prior to being offered to all applicants.

25.2 Employees are eligible to submit a job transfer to another Department in the District following their probationary period in their current job. Excludes intradepartmental transfers and employee Status changes, such as Regular Part Time to Full Time, which do not require additional training specific to the service area in which they are working.

25.3 For purposes of job vacancies, it is the intent of the District to promote and hire from within when possible. All those meeting the minimum requirements as listed in the job specifications will be considered and positions will be filled based on the following:

1. Benefitted employees within the Department based on their seniority within the Department.
2. Non-benefitted employees within the Department based on their seniority within the Department.
3. Benefitted employees within the District based on their seniority within the District.
4. Non-benefitted employees within the District based on their seniority within the District.
5. Candidates who are not currently employed by the District.

25.4 Seniority: Date of Hire will be adjusted by any Unpaid Leave of Absence more than thirty (30) days.

25.5 Increase at time of transfer to higher paying Classification: Each employee may receive an increase of at least two and a half percent (2.5%) in base hourly rate by virtue of any promotion that he/she receives. A promotion shall mean a position in a different and higher paying Classification. The determination of salary increase will be based on skills, ability and experience.

25.6 If the applicant is a current District employee, the hiring manager has the right to review prior two (2) years performance evaluations. Hiring manager may take these into consideration after discussion with the applicant.

ARTICLE 26- Layoff and Recall

26.1 Layoffs and Recall shall be within Department by Job Title and employee Status.

26.2 The sequence of employees' Status within a Job Title to be laid off shall be as follows.

1. Any employee who volunteers;
2. Temporary employees;
3. Per Diem employees;
4. Short hour and casual part time employees;
5. Regular Part Time and Full Time employees on an equal basis

26.3 Within each Status, Layoffs will be applied within each Job Title in the following manner:

1. Most recent Date of Hire into Department;
2. Most recent Date of Hire into current Job Title;
3. Most recent Date of Hire to the District.

26.4 Date of Hire is adjusted for unpaid leaves in excess of 30 days.

26.5 Employees remaining on the job shall be able to perform the work without the need of retraining and must be able to work the remaining shifts.

26.6 Recall from Layoff shall be in the inverse order of Layoff. Any employee who has volunteered for Layoff shall be entitled to Recall based upon Status.

26.7 In the event that an employee is on Layoff status for over twelve (12) months, he/she shall be terminated.

26.8 A Full Time or Regular Part Time employee on Layoff status may elect to leave accrued Long Term Sick hours in their benefit bank for the period of time they remain on the Recall list. Employees may request payment of eligible LTS hours at any time while on Layoff/Recall status.

26.9 All employees on Layoff shall notify the Human Resources Department of their status on a weekly basis. In the event that an employee is unable to return to work within seven (7) calendar days from receipt of notice of Recall, he/she shall be terminated, but in no event (barring emergencies) shall an employee be given more than fifteen (15) calendar days to return to work from the date the notice to return was mailed by the District. Said notice shall be mailed by way of certified mail.

26.10 The District will notify the Union at least thirty (30) days prior or as soon as a plan for any Layoffs or Department reorganizations has been approved that will result in a change to an employee's work status.

26.11 The parties will meet to discuss the reason for the Layoffs, the planned schedule and any alternatives such as Voluntary Exit Incentive offerings.

26.12 When Layoffs are anticipated, no posted positions and/or anticipated openings in the affected Job Titles will be hired into until those employees have an opportunity to transfer to such position for which they are qualified (requiring only the customary training and orientation provided to newly hired employees.)

26.13 HR will review open jobs and expected openings and notify managers/directors not to fill these positions until the Union and HR can meet and confer about possible relocation to said

positions. Posted position will be removed from the job posting board until all staff movements have been resolved.

- 26.14 Any employee who transfers to a new position or is Recalled to a vacant position will be given ninety (90) days to demonstrate his or her ability to perform the work. Evaluation of performance during the 90 days will be based on skills, ability and behaviors. If the employee transfers to an open position and does not satisfactorily perform the duties, the employee will be placed on Layoff and will be eligible for any compensation he/she would otherwise have received.
- 26.15 If in those 90 days the employee does not perform satisfactorily he/she will be returned to the Recall list.
- 26.16 Bumping Rights: In the event of Layoffs, an employee who has been promoted or transferred into a different Job Title and/or Department shall retain the right to return to the Job Title and/or Department from which he/she was promoted or transferred. Employees will retain months of service credit in the prior Job Title. If an employee exercises Bumping Rights, said employee must be qualified and able to perform the job the employee formerly held with a reasonable reorientation and must be able to work existing shifts. The employee must be able to perform the basic competencies within the job description without retraining.

ARTICLE 27- Shift Differential

- 27.1 In order to incentivize employees to work specific times of the day that can be challenging to schedule, the District offers the following Shift Differentials outlined below. The Shift Differential shall only apply to hours worked.
- 27.2 Employees working between the hours of 6:00pm (1800 hours) and 11:59pm (2359 hours) will receive an evening Shift Differential of \$2.50 per hour.
- 27.3 Employees working between the hours of 12:00am (0000 hours) and 7:00am (0700 hours) will receive a night Shift Differential of \$4.50 per hour.
- 27.4 Employees working between the hours of 12:00am (0000 hours) Saturday and 11:59pm (2359 hours) Sunday will receive a weekend Shift Differential of \$2.00 per hour.

ARTICLE 28- Grievance, Adjustment and Binding Arbitration/Hearing

- 28.1 Definition/Protocol: A grievance shall be defined as a dispute concerning the interpretation or application of any express provision of this Agreement. An employee may be represented by the Union at any Step in the procedure. A grievance may apply to any alleged violation of this Agreement or any other written agreement between the Union and District. The District shall notify the Union of any disciplinary suspension or discharge imposed on any bargaining unit employee. Suspension based on lapse of required license, certification or legally required health screen will not be deemed a "disciplinary" suspension for purpose of Union notification. A grievance may be filed by the Union or by an employee.
- 28.2 In order to be timely, a grievance must be submitted within the time limits set by this Article as measured from the event giving rise to the grievance, or within thirty (30) days of when the grievant knew, or with reasonable inquiry, should have known of the event. Grievances related

to suspension or termination must be filed within seven (7) business days from the date of notification to the employee or the Union of the action.

28.3 Grievance Procedure: The grievance procedure is a process that allows employees and/or Union representatives and a department head or supervisor to address disputes in a formal manner if they are unable to resolve the issue in an informal manner. The steps of the grievance procedure are as follows:

Step One – Informal Discussion: Within seven (7) calendar days of any alleged violation of this Agreement, employees/Union representatives shall discuss their grievance with the department head or supervisor and Chief Human Resources Officer or designee in an attempt to resolve the dispute in an informal manner.

Step Two – Written Grievance: If the employee or Union representative feels that the dispute was not settled in Step One, they may submit the grievance in writing to the Chief Human Resources Officer or designee with a copy to the department head within seven (7) business days of the Step One discussion. The District shall have seven (7) business days to respond in writing. In order to be valid, a written grievance must state facts upon which the grievance is based, the provision(s) of this Agreement which have been violated or are in dispute, and the requested remedy.

Step Three – Formal Discussion: If a resolution is not reached at Step 2, the grievance may be presented to the District Chief Executive Officer or designee within seven (7) business days from delivery of the District's written response at Step 2. The District Chief Executive Officer or designee may direct the department head or supervisor to meet with the employee and the Chief Human Resources Officer or designee to discuss the matter. Human Resources will arrange the meeting no later than ten (10) business days from the date of presentation to the Chief Human Resources Officer or designee. The Chief Human Resources Officer or designee shall forward a written response to the grievance to the Union President within five (5) business days after the Step Three meeting.

Step Four – Board of Adjustment: If the grievance is not settled in Step 3, the grievance may be submitted to an Adjustment Board by delivering written notice to the Chief Human Resources Officer within ten (10) days of delivery of the Step Three written response. The Adjustment Board consists of two District representatives and a representative from each of the currently certified employee associations for a total of four members. The District shall be solely responsible for choosing its representatives and the Union shall be solely responsible for choosing its representatives. The Adjustment Board members are responsible to hear both sides in the dispute and render a decision if the provisions of the Memorandum of Understanding have been met. The representatives do not represent one side of the dispute or another. They are intended to be impartial and hear both sides in the dispute.

Step Five – Arbitration: If the grievance is not resolved in Step 4, either the District or the Union may submit a request to initiate binding arbitration. Individual employees may not submit a request for arbitration or otherwise move a grievance past Step Four. A Union request to submit the matter to arbitration must be filed with the Chief Human Resources Officer within ten (10) business days of completion of Step 4. A District request to submit the matter to arbitration must be submitted to the Union President within ten (10) business days of completion of Step 4. Only the Union or the District (not individual employees) may move a matter to arbitration.

28.4 If the grievance involves general interpretation of the contract and is submitted by the Union, the grievance automatically advances to Step 3. If the grievance involves a suspension or termination, the grievance automatically advances to Step 4. Grievances alleging unlawful harassment, discrimination or retaliation by an individual supervisor or department head may be submitted directly to the Chief Human Resources Officer or designee and do not need to be copied to the relevant supervisor or department head.

28.5 Arbitration Procedure (Step 5):

28.5.1 The Chief Human Resources Officer or designee and a Union representative will promptly meet to attempt to mutually select an Arbitrator. If they cannot agree, either the District or the Union may ask the Federal Mediation and Conciliation Service to submit seven names of arbitrators. The Union and the Chief Human Resources Officer or designee shall meet within five (5) business days after receiving the list of arbitrators to alternately strike names until only one person remains. The first strike shall be determined by coin toss.

28.5.2 The arbitrator should convene an arbitration hearing as soon as practicable. Each party to the dispute shall have the opportunity to present evidence, to cross-examine witnesses, and to submit written briefing following the hearing.

28.5.3 The expenses of the arbitration, including the arbitrator's fees, the cost of a reporter and arbitrator's transcript copy, and other expenses incidental to the arbitration shall be shared equally by the Union and the District; except, however, each party shall bear the total cost of preparation and presentation of its own case and witnesses including, but not limited to, any transcripts requested by a party.

28.5.4 The arbitrator shall be empowered to determine all factual controversies and all questions of interpretation and application of any clause of this Agreement that may be relevant to the arbitration. The arbitrator shall not have authority to add to, subtract from or change any provision of this Agreement or District policy in any way. Jurisdiction shall extend to claims of violation of specific written provisions of the Agreement. The arbitrator may not award back wages to the grievant beyond fifteen (15) days prior to the date of filing of the grievance, unless the grievant did not know, or could not have reasonably known of the event, that caused the grievance.

28.5.5 The arbitrator may award reinstatement only or reinstatement with full or partial back pay in all disciplinary disputes (demotion, suspension or discharge matters).

28.5.6 The arbitrator's decision shall be final and binding upon both parties, except upon formal hearing review by the District Board of Directors.

28.5.7 The arbitrator's findings or conclusions regarding either party's compliance with federal, state or local law shall be limited solely to the arbitration and shall not stop any party from litigating or establishing its compliance with such laws in any other forum.

28.5.8 The District Board of Directors may review the decision of the arbitrator and hold a further formal hearing review upon motion to do so. A motion to hold a further formal hearing shall be made and decided within fourteen (14) days of the District's or Union's receipt of the arbitrator's decision; if there is no successful motion to hold a

further formal hearing, the arbitrator's decision shall become final and binding upon all parties.

28.5.9 If the District Board of Directors decides to hold a further formal hearing, it shall do so with at least fourteen (14) days' notice to each party. The hearing review shall consist of a review of the written transcript and exhibits from the arbitration hearing and formal argument presented by the District's representative and the Union's representative. The Board of Directors may also consider evidence or testimony that was excluded by the arbitrator; each party shall be allowed to make, and to respond to, requests for introduction of such evidence or testimony.

28.5.10 The District Board of Directors' decision shall be final and binding upon both parties.

28.5.11 The District Board of Directors' findings or conclusions regarding either party's compliance with federal, state or local law shall be limited solely to the formal hearing and shall not estop any party from litigating or establishing its compliance with such laws in any other forum.

28.6 District Grievances: District grievances shall be submitted at the Step 3 level, in writing, directly to the Union President or designee, who shall arrange a meeting with the Chief Human Resources Officer or designee no later than ten (10) business days from the date of presentation. The Union President or designee shall forward a written response to the grievance to the Chief Human Resources Officer within five (5) business days after the meeting. If no resolution is reached in this Step 3 process, the District may submit the matter to Step 5 binding arbitration by written notice to the Union President within five (5) days of delivery of the Step Three written response.

28.7 Grievances Concerning Strikes or Lockouts: If the District's or the Union's grievance involves alleged violation of the parties' No Strike/No Lockout agreement, the party claiming to be aggrieved may choose among the Grievance and Arbitration Procedure, Public Employment Relations Board (PERB) proceedings or judicial proceedings, as it deems appropriate and proper and consistent with any body's jurisdiction, and may proceed immediately to Step 5 if that option is chosen.

28.8 Time Limits: Time limits may be waived only with the mutual written agreement of the parties. Unless waived or modified by express written agreement, the time limits contained herein shall be strictly construed. No grievance shall be subject to arbitration unless all time limits have been met. If a party fails to respond, or to respond in a timely fashion, the other party may move the grievance to the next Step. If a party has responded and the other party fails to give timely written notice of intention to move the grievance to the next Step, the grievance will be deemed to have been resolved on the basis of the party's last response. The failure to insist upon strict compliance with these time limits and requirements in one or more grievance(s) shall not affect the right to do so in any other grievance.

28.9 Forms and Documents: Necessary forms or documents to be utilized under this procedure shall be adopted by the parties.

ARTICLE 29- Discipline and Discharge

29.1 Employees may be disciplined or discharged, for just cause, for infractions not consistent with District policy and procedures and/or professional conduct according to the process described in this Article.

- 29.2 During the initial probationary period, employees may be disciplined or discharged at the District's discretion without recourse to the grievance procedure or just cause standard.
- 29.3 The parties agree that any discipline or discharge following the initial probationary period shall be subject to the standards and grievance procedures expressly provided under this Agreement.
- 29.4 Managers may provide coaching in a values-supportive discussion regarding behaviors and shall not be considered discipline. Coaching is intended to provide an informal method for direct interaction for addressing perceived issues, and is not subject to the Grievance Procedure.
- 29.4.1 Coaching may be used to substantiate a disciplinary action for up to one (1) year. If there is a demonstrated pattern of behavior, the coaching may be kept for up to two (2) years.
- 29.4.2 Written documentation may be created to identify the behaviors discussed. This documentation regarding Coaching may be kept in the manager's files, but will not be retained in the employee's personnel file kept in Human Resources.
- 29.5 The District may discipline the employee in any of the following ways. Depending on the nature of the behavior, the District may choose the level of discipline appropriate. All behaviors will be reviewed through the Collaborative Culture of Safety (Just Culture) algorithm prior to any disciplinary action taken.
- 29.5.1 Written Warning: This is a documented discussion signed by the employee and manager. The documentation is part of the employee's permanent personnel file and may be used in to substantiate a disciplinary action for up to one (1) year. If there is a demonstrated pattern of behavior, the written warning may be kept for up to two (2) years.
- 29.5.2 Final Written Warning: This is a documented discussion signed by the employee and manager. The documentation is part of the employee's permanent personnel file and may be used to substantiate disciplinary action for up to one (1) year. This is a final opportunity for the employee to correct behaviors. If behaviors continue, termination may result.
- 29.5.3 Suspension without pay: This is a period of time, not to exceed three (3) Scheduled Shifts or 24 hours, whichever is less, when the employee is removed from the Work Schedule without pay. Documentation is kept in the employee's permanent personnel file and may be used in further disciplinary actions for up to two (2) years.
- 29.5.4 Termination. Misconduct may be cause for immediate discharge when behaviors are found to be a continued pattern of behavior, reckless behavior, or other behavior supporting just cause for termination.
- 29.6 The Disciplinary Process is described as follows:
- 29.6.1 Fact finding interview: This is a meeting between an employee and manager to obtain information so that the manager may understand the issues and decide if disciplinary action is warranted. A Human Resources representative may also be present.
- a) This meeting should be scheduled as soon as it is determined that a fact finding meeting is needed and will take place within five (5) business days of the request

to meet when possible in order to minimize the distress to the employee. The District will make efforts to schedule this meeting during a normal working shift.

- b) The written request to meet will contain the topic the manager wishes to discuss, along with the meeting time and location.
- c) Employees may bring Union representation to this meeting if they choose.

29.6.2 The manager will inform the employee within five (5) business days from the conclusion of the investigation if discipline is appropriate. This time frame may be extended by mutual agreement of both parties.

29.6.2.1 Notification of intent to impose discipline: If the manager decides to impose discipline, documentation provided to the employee shall include copies of any written materials that will be placed in the employee's personnel file reflecting the planned discipline (for example, a copy of the planned written warning), an explanation of the proposed discipline and an explanation of any documents or other evidence leading to the planned discipline. The employee shall be given the documentation listed above at least seventy-two (72) hours prior to the scheduled Disciplinary Hearing, which will also include the Hearing date, time and location.

29.6.2.2 The employee is afforded the right, either orally or in writing, or both, to respond to the proposed disciplinary decision at the Disciplinary Hearing.

29.6.2.3 The employee may be placed on paid leave from the time of the notification of intent to impose discipline until the time the Disciplinary Hearing is held, but paid leave shall not run for more than one calendar week unless mutually agreed between District and Union.

29.7 An employee has three options upon notification of intent to impose discipline.

29.7.1 The employee may agree to meet at the stated date and time of the Disciplinary Hearing.

29.7.2 The employee may ask to reschedule, upon mutual written agreement of both parties, the stated date and time of the Disciplinary Hearing.

29.7.3 The employee may accept the discipline and decline the Disciplinary Hearing. If an employee chooses to accept the disciplinary action, they are asked to sign the documentation and the signed document is made part of their permanent personnel file.

29.8 The Disciplinary Hearing will include management representatives (usually the employee's manager(s)) and a management representative who was not involved in the fact finding interview. The management representative who was not involved in the fact finding interview will have been trained in the Collaborative Culture of Safety (Just Culture) principles and will provide an impartial view. A Human Resources representative will also be present. Employees may bring Union representation to this meeting if they choose.

29.9 During the Disciplinary Hearing an employee may present a response to the proposed discipline either orally or in writing. The employee may tell his or her side of the story regarding conduct or events leading to the planned discipline. The employee may provide any information that may lead to the District reversing its planned discipline. The employee may specifically address any issues that he or she believes may affect his or her reputation, standing, or community associations, or otherwise stigmatize the employee's public image or future employment prospects.

29.10 After the Disciplinary Hearing the manager has five (5) business days to decide to remove the disciplinary action, reduce the proposed action or uphold the proposed discipline. The manager will notify the employee of their disciplinary decision at this time.

29.11 Disciplinary Process Timeline:

Event	Timeline	Parties Present
Coaching	Prior to Disciplinary Process	Employee and Manager
Fact Finding Interview	Within five (5) business days from request to meet	Employee, Manager(s), Human Resources, Union Representative(s) (at employee request)
Notification of Intent to Impose Discipline	Within five (5) business days from Fact Finding Interview	Employee and Manager
Disciplinary Hearing	At least seventy two hours (72) from Presentation of Planned Discipline	Employee, Manager(s), Human Resources, Union Representative(s) (at employee request), Second manager trained in Collaborative Culture of Safety (Just Culture)
Disciplinary Decision	Within five (5) business days of Disciplinary Hearing	Employee, Manager

29.12 An employee who feels the disciplinary action has been unjustly imposed has the right to the Grievance Procedure as outlined in Article 28.

29.13 Copies of written warnings and documentation of disciplinary action will be placed in the employee’s personnel file. Refusal to sign and/or rebuttal by the employee will also be placed in the file. Upon written request from the employee to Human Resources, any written disciplinary documentation older than two (2) years shall be removed from the file.

29.14 The District will notify the Union of any unpaid suspensions or terminations imposed under this Article.

ARTICLE 30- Job Descriptions & Policies

30.1 Job descriptions for Classifications within the bargaining unit, including descriptions for new positions or changes to existing job descriptions, maintained by the District shall be made available to the Union upon request. Job descriptions for new positions or changes to existing job descriptions will be provided to the Union President.

30.2 The Union and the District will meet and confer as requested to evaluate new or revised job descriptions.

30.3 The District will provide written notice of any range change to a higher range off cycle due to recruitment or retention issues.

ARTICLE 31- Jury Duty

31.1 The District encourages its employees called for Jury Duty to serve. Only in cases of extreme scheduling problems will the District request that an employee be excused from Jury Duty.

31.2 If summoned for Jury Duty, the employee shall present the summons to his/her supervisor or department head the first work day following the receipt.

31.3 If an employee is summoned to Jury service, he/she will be paid for the hours scheduled to work that day or previously scheduled on personal leave. In the event the employee is released from the summons with four or more hours remaining on his/her regularly Scheduled Shift, or prior to noon if the employee works an evening or night shift, he/she shall telephone his/her department head to inquire as to whether the department head wishes him/her to report to work.

31.4 When an employee receives a Jury Duty check for witness fees, he/she must endorse it over to the District and present it to the Payroll Department.

31.5 Employees will be compensated for Jury service only on days that they have been scheduled to work or scheduled for personal leave.

31.6 At no time will Jury Duty pay result in overtime payment.

ARTICLE 32-Time Off Requests

32.1 Management approval for all time off requests is based on District/staffing needs, however, every effort will be made to accommodate employees' requests.

32.2 Annual Time Off Requests: In order to allow employees to schedule time off in advance and allow the District to anticipate coverage needs, time off will be requested on an annual basis following the below procedures:

32.2.1. Employees shall submit time off requests in writing no later than February 1st of each year.

32.2.2. The form for such purposes will be provided by the District and will cover the period of April 1st to March 31st.

32.2.3. Employees are required to request time off in order of priority, beginning with their first choice. Based on the number of requests for a specific time period, approval may be limited to two (2) weeks.

32.2.4. Requests received during this time will be considered based on seniority within Job Title in a Department. Job Titles with tiered employees will be considered the same Job Title for the purpose of time off requests. For example, Patient Access Rep I and Patient Access Rep II will be considered the same Job Title when approving time off requests.

32.2.5. Department managers will review all requests and approve or disapprove an employee's first choice for time off as available. If an employee's first choice is unavailable, then the manager will select the next available choice from the employee's list. Department managers will continue to review and grant time off until all requests have been approved or disapproved.

32.2.6. The department manager shall respond no later than March 1st, approving or disapproving the request. On March 1st, a list indicating approved time off requests shall be posted in the Department.

32.3 Time off requests outside of the Annual Time Off Request Period: Employees may also request time off outside of the Annual Time Off Request Period. Time off requests received after February 1st will be considered on a first received basis.

33.3.1. If employees need time off once a schedule has been posted, they must attempt to trade shifts with another employee. If a shift trade is not possible, employees must make arrangements with their manager in advance of the date.

33.3.2. If an employee has a need to miss part of their shift (for example, to go to an appointment), they must also get this approved in advance of the schedule being posted. If this is not possible, the employee must make arrangements with their manager prior to the date of the appointment and use Personal Leave for the portion of the shift that is missed.

32.4 Management does not have the right to cancel approved time off, provided the employee has sufficient Personal Leave available.

32.5 Management must respond to a request within thirty (30) days of receipt. Management's failure to meet the deadline does not result in automatic approval of a time off request.

ARTICLE 33- Probationary Period

33.1 All employees serve an initial probationary period upon hire with the District. During the initial probationary period an employee may be discharged for any reason.

33.2 Full Time and Regular Part Time employees shall serve a probationary period of ninety (90) calendar days. This period can be extended for an additional sixty (60) days with a documented improvement plan.

33.3 Short hour, Casual and Per Diem employees shall serve a probationary period of six (6) months.

33.4 Probationary period related to promotion or transfer:

Employees who are promoted or transferred to a new position shall be given orientation as necessary and such employees shall serve a probationary period of ninety (90) calendar days. If the employee fails to perform satisfactorily during the probationary period, the employee shall be returned to his/her former position at the former rate of pay without loss of seniority.

33.5 Probationary period related to Bumping Rights:

If an employee exercises Bumping Rights as outlined in Article 26, said employee must be qualified and able to perform the job the employee formally held with a reasonable reorientation and must be able to work existing shifts. The employee must be able to perform the basic competencies within the job description without retraining. The employee will be subject to a ninety (90) day probationary period. If during this probationary period the employee fails to perform satisfactorily, they will be returned to the Recall list.

ARTICLE 34- No Discrimination

34.1 The Union and the District agree that neither the Union nor the District shall discriminate in any way on the basis of Union activity and both shall follow all federal and state regulations regarding discrimination in employment.

ARTICLE 35- Unemployment Insurance

35.1 The District will participate in the California Unemployment Insurance Program and make payroll contributions to the program for employees covered by this Agreement.

ARTICLE 36- Full Understanding, Modifications and Waiver

36.1 It is intended that this Memorandum of Understanding set forth the full and entire understanding of the parties regarding the matters set forth herein, and any other prior to existing understanding or agreements by the parties regarding the matters set forth herein, whether formal or informal, regarding any such matters, are hereby superseded or terminated in their entirety.

36.2 Except as specifically provided herein, it is agreed and understood that each party hereto voluntarily waives its right, and agrees that the other shall not be required to negotiate with respect to any subject or matter covered herein during the term of this Memorandum of Understanding; however, this shall not preclude the employees from filing grievances on the subject matter of this Agreement or interpretation thereof.

36.3 Any agreement, alteration, understanding, variation, waiver, or modification of any of the terms or provisions contained herein shall not be binding upon the parties hereto unless made and executed in writing by all parties hereto, and if required, approved and implemented by the District's Board of Directors and the Union.

36.4 The waiver of any breach, term or condition of this Memorandum of Understanding by either party shall not constitute a precedent in the future enforcement of all its terms and provisions.

ARTICLE 37- Savings Clause

37.1 Both parties intend to honor the provisions of the Memorandum of Understanding as they have been defined and developed under the Meyers-Milias-Brown Act. If any provision of this Memorandum of Understanding is found to be unlawful as the result of a final decision by a state or federal court or agency having authority to render such decision, the remaining provision of this Memorandum of Understanding shall remain in full force and effect.

ARTICLE 38- No Strike-No Lockout

38.1 No Strike or Interference: The parties realize that District facilities are different in their operations from other industries because of the nature of services rendered to the community. For this reason, during the term of this Agreement, employees covered by this Agreement shall not engage in any strike, sympathy strike, slowdown, sit-down, work stoppage or boycott at any of the District's premises, or other interruption of work or interference with the District's operations. Neither the employees, the Union, nor any of its officers, agents or representatives shall authorize, assist, lend support to, or in any way participate in any such activities at any District facility.

38.2 No Lockout: The District shall not lockout employees represented by the Union and subject to this Agreement during the term of this Agreement.

ARTICLE 39- Safety

39.1 The District shall provide safe working conditions consistent with all State and Federal standards that are applicable to the District. If an employee receives a work assignment that he/she believes is not in accordance with this requirement or believes that the general working conditions are not in compliance with this requirement, he/she may report such problems to the

Administrator. The District shall promptly investigate any such complaint and where the District determines that the complaint has merit, it shall remedy the problem.

ARTICLE 40- Work Out of Classification

- 40.1 Working out of class is when an employee is temporarily performing the duties and responsibilities of another Job Title of a higher Classification from the employee's current Job Title.
- 40.2 Employees who are assigned to work in a higher Classification by their department head shall be paid 5% above their Base Pay, or the first step of the higher Classification, whichever is higher. Employees assuming a position in a higher Classification for more than two (2) weeks shall have the right to negotiate a higher percentage.
- 40.3 Classifications and their ranges may be obtained by contacting Human Resources. Job Titles are listed in Appendix A.
- 40.4 Employees who are performing preceptor duties will be paid five percent (5%) above their Base Pay, unless it is a requirement of their Job Description. The department director must submit a PAF designating the employee as a preceptor.
- 40.5 Employees who assume a department management position on an interim basis shall be paid ten percent (10%) above their Base Pay. Employees assuming a management position for more than two (2) weeks have the right to negotiate, with their department head and Human Resources, for an increase above ten percent (10%) related to the amount of management responsibilities assumed.
- 40.6 Employees designated to work in one of the following roles will receive additional compensation as listed below:

Charge Nurse/Team Leader:

Receives a five percent (5%) increase for designation during a Scheduled Shift. Only applicable when three or more nurses are working for a designated shift. In addition to providing patient care, collaborates with all members of the interdisciplinary team to ensure patients' needs are met during a shift based on Job Description.

Lead Roles:

Move up two (2) ranges and receives a five percent (5%) increase.

Responsibilities:

- Day-to-day operations
- In-service department employees
- Update policies and procedures
- Ordering
- **Coordinator Roles:** Move up four (4) ranges and receives a ten percent (10%) increase
- Responsibilities in addition to Lead Role:
 - Provide leadership to Department
 - Participate in long-range planning
 - Facilitate problem solving
 - Represent area in meetings

- 40.7 It is not Management's intent to rotate employees into or out of higher Classifications to avoid paying a higher pay percentage.

ARTICLE 41- Term

41.1 This Memorandum of Understanding shall be effective as of July 1, 2019 and shall continue in effect through June 30, 2022. No changes in this MOU provision can be made without the consent of both parties in writing.

Tahoe Forest Hospital District
Employee's Association of Professionals

Tahoe Forest Hospital District

By: _____

By: _____

Jen Buchanan Ingalls on behalf of the
Employee's Association of Professionals

Alex MacLennan on behalf of Tahoe
Forest Hospital District

Appendix A - EAP Job Titles 7/1/2019

Bereavement Spiritual Care Coordinator
Cardiac Sonographer
Care Coordinator
Care Coordinator, PRIME
Case Manager, Acute
Case Manager, Lead
Clinical Documentation Specialist
Clinical Program Analyst
Clinical Program Analyst, Cancer Ctr.
Clinical Psychologist
CI Research Data Specialist
CLS
CLS, GS
CLS Technical Specialist
Clinical Nurse Leader, Clinics
CLS, Lead Micro
Coordinator, CT
Coordinator, CT & Diagnostic Imaging
Coordinator, MRI
Coordinator, Physician Informatics
Coordinator Resident Assessment/Staff Dev
Coordinator, Surgical Board
Diagnostic Imaging Tech II
Diagnostic Imaging Tech III
Dietitian, Acute
Exercise Physiologist
Float Nurse, PAAS/Nursing Admin
Infection Control Practitioner
Infusion Room Charge Nurse
Internal Clinical Auditor
Lead Staff Nurse, Cardiac Rehab
LVN, LTC
MRI Technologist
Nuclear Medicine Technologist
Nurse Navigator
Nurse Practitioner
Nurse Practitioner, Cancer Center
Nursing Informatics Clinical Analyst
Occupational Therapist
Orthopedic Physician Assistant
Patient Advocate
Pharmacist
Pharmacist, Clinical Program Analyst
Pharmacist, Retail
Physical Therapist

Physician's Assistant
PA/NP Case Mgr.
PACS/Clinical Systems Analyst
Radiation Therapist
Respiratory Care Practitioner
Respiratory Care Practitioner Support
School Care Coordinator
Social Worker, Acute
Social Worker, ECC
Social Worker, Home Health
Social Worker, Hospice
Social Worker, Wellness Neighborhood
Speech Therapist
Staff Nurse, Cancer Center
Staff Nurse, Cardiac Rehab
Staff Nurse, CPSP
Staff Nurse, Endo Services
Staff Nurse, ER
Staff Nurse, ER IVCH
Staff Nurse, Home Health
Staff Nurse, Hospice
Staff Nurse, ICU
Staff Nurse, Lakeview
Staff Nurse, LTC
Staff Nurse, Med/Surg
Staff Nurse, PAAS
Staff Nurse, Pre-Admit
Staff Nurse, Radiation Oncology
Staff Nurse, Surgical Services
Staff Nurse, W & F
Staff Nurse/Educator
Staff Nurse/Staff Development
Ultrasound Technologist
Ultrasound Technologist II

Appendix B - Health Insurance Plan Design

Following is a brief summary of health coverage. Full details are available in the Summary Plan Description.

MEDICAL	TFHD*	In Network	Out of Network
Calendar Year Deductible			
Individual	\$500	\$500	\$1,000
Individual + 1 Dependent	\$1,000	\$1,000	\$2,000
Family	\$1,500	\$1,500	\$3,000
Out Of Pocket Maximum <i>(Coinsurance + Deductible)</i>			
Individual	\$3,000	\$3,000	\$6,000
Individual + 1 Dependent	\$6,000	\$6,000	\$12,000
Family	\$6,000	\$6,000	\$12,000
Lifetime Maximum	No Lifetime Maximum		
In-Patient Hospital Services	100%	80%	50%
In-Patient Hospital Services Additional Copay/ Admit	none	\$750	\$1,000
Out-Patient Surgery	100%	80%	50%
Out-Patient Surgery Additional Copay/ Surgery	none	\$750	\$1,000
Lab & X-Ray	100%	80%	50%
Emergency Room			
Facility	\$150	80%	50%
ER Physicians	80%	80%	50%
Physician's Office Visit	N/A	\$30 Copay	50%
Urgent Care		\$30 Copay	50%
Pain Clinic	\$30 Copay	\$30 Copay	50%
Surgery (In Physician office)	N/A	\$30 Copay	50%
Mental Health/Alcohol and Substance Abuse			
In Patient	N/A	\$500 Copay	\$1,000 Copay
Out Patient	N/A	80% \$40 copay	50% \$40 copay
Prescription Drug Benefit - 34 day supply			
Generic	\$10	\$20	\$40
Brand	\$25	\$45	\$60
Non-Formulary	\$50 or 50%	\$60	\$100
TFHD Only 90 Day Supply	90 day supply for 2-copays at TFHD only		

*TFHD refers to services provided and billed by Tahoe Forest Hospital District (TFHD). This does not include physician or other charges not billed by TFHD.

DENTAL	Coverage
Deductible	\$35 Individual \$70 Family
Maximum Benefit	\$1,500 Per Calendar Year per covered Individual
Class A Services - Preventive	100% (deductible does not apply)
Class B Services - Basic	80% (after deductible)
Class C Services - Major	80% (after deductible)
VISION	VSP Coverage
Copayment:	\$20
Benefits:	
Exam	Once every 12 months
Lenses	Once every 24 months
Frames	Once every 24 months

Appendix C - Health Plan Premiums

Monthly Premiums	Base	Screened
Full time single	\$98.77	\$48.77
Full time plus spouse	\$247.81	\$197.81
Full time plus child(ren)	\$222.11	\$172.11
Full time plus family	\$331.32	\$281.32
Part time single	\$147.54	\$97.54
Part time plus spouse	\$346.27	\$296.27
Part time plus child(ren)	\$312.00	\$262.00
Part time plus family	\$457.60	\$407.60

Effective January 1, 2020



Board Informational Report

By: Jim Hook
Corporate Compliance
Consultant, The Fox Group

DATE: July 25, 2019

2019 Compliance Program 2nd Quarter Report (Open Session)

The Compliance Committee is providing the Board of Directors (BOD) with a report of the 2nd Quarter 2019 Compliance Program activities (Open Session). This report assists the BOD to meet its obligations to be knowledgeable about the content and operation of the seven components of the Compliance Program.

2019 Corporate Compliance Program 2nd Quarter Report

OPEN SESSION

Period Covered by Report: **April 1, 2019- June 30, 2019**
Completed by: James Hook, Compliance Officer, The Fox Group

1. Written Policies and Procedures

1.1. The District's Corporate Compliance Policies and Procedures are reviewed and updated as needed. The following policies were reviewed or revised by the Compliance Department with recommendations to the Board of Directors:

2. Compliance Oversight / Designation of Compliance Individuals

2.1. Corporate Compliance Committee Membership as of March 31, 2018:

Jim Hook, The Fox Group – Compliance Consultants
Judy Newland, RN – Chief Operating Officer
Karen Baffone RN- Chief Nursing Officer
Harry Weiss – Chief Executive Officer
Crystal Betts – Chief Financial Officer
Jake Dorst – Chief Information and Innovation Officer
Alex MacLennan – Chief Human Resources Officer
Matt Mushet – In-house Legal Counsel
Stephanie Hanson, RN – Compliance Analyst
Temera Royston, Health Information Management Director
Scott Baker, Executive Director of Physician Services

3. Education & Training

3.1. The Compliance Department furnishes Compliance Program training to new directors, managers and supervisors every quarter.

3.2. All new employees are oriented to compliance on first day orientation by Compliance Analyst. All employees were also assigned new HIPAA and Compliance Program training via Health Stream in the 1st quarter of 2019

3.3. Added Code of Conduct and Health Stream compliance and privacy training for new Medical staff members and physician employees as part of initial orientation.

4. Effective Lines of Communication/Reporting

4.1. A Compliance log is maintained for all calls to the Compliance Hotline and other reports made to the Compliance Department. Two reports were made either directly to the Compliance Department or through the hot line in the 2nd Quarter of 2019.

4.2. HIPAA violations are reported to the Privacy Officer. The Privacy Officer maintains a log of reported events and investigations. Nine reports were made to the Privacy Officer in the 2nd Quarter of 2019.

OPEN SESSION

4.3. The Compliance Department published two articles in the Pacesetter in the second quarter of 2019.

5. Enforcing Standards through well-publicized Disciplinary Guidelines

5.1. One hundred percent of required Health Stream corporate compliance modules were completed by new hires for the 2nd Quarter of 2019.

5.2. Ninety five percent of required Health Stream corporate compliance modules for 2019 were completed by existing employees as of the end of the 2nd Quarter of 2019.

5.3. All new staff hires, and newly privileged physicians, receive criminal background checks and are checked against the OIG and GSA list of exclusions prior to hiring/appointment. Members of the Medical Staff are checked against the OIG/GSA exclusion lists each month. All employees are screened against the OIG/GSA exclusion list every quarter. All vendors are checked continuously using the vendor credentialing program.

6. Auditing & Monitoring

6.1. Two audits were completed during the 2nd Quarter of 2019 as part of the 2019 corporate compliance work plan.

6.1.1. Payments to physicians for medical director and proctoring services in the 1st Quarter of 2019 were audited. No discrepancies were found.

6.1.2. The use of Code 44 to flag patients originally admitted as inpatient but re-evaluated as Observation status only was found to be correct in the three cases where Code 44 was appropriate.

7. Responding to Detected Offenses & Corrective Action Initiatives

7.1. Investigations of suspected and actual compliance issues incidents were initiated. Some investigations revealed no violations. Remediation measures included: refunds of overpayments, additional staff training, changes in processes, and updated policies and procedures were implemented to prevent further violations.

**TAHOE FOREST HOSPITAL DISTRICT
RESOLUTION NO. 2019-08**

**RESOLUTION TO SUBMIT A RURAL HEALTH CLINIC RELOCATION
APPLICATION FOR TAHOE FOREST MULTISPECIALTY CLINIC –
PEDIATRICS**

WHEREAS, TAHOE FOREST HOSPITAL DISTRICT (“District”) is a hospital district duly organized and existing under the “Local Health Care District Law” of the State of California; and

WHEREAS, the Board of Directors of Tahoe Forest Hospital District desires to relocate Tahoe Forest Multispecialty Clinic Pediatrics, a rural healthcare clinic operating as an outpatient department of the hospital, from 10956 Donner Pass Road, suite 130 to 10956 Donner Pass Road suite 310, in Truckee California, for the benefit of its communities; and

WHEREAS, the Board of Directors has delegated authority to the Director of Primary Care to handle all decisions concerning the daily operation of Tahoe Forest Multispecialty Clinic - Pediatrics; and

NOW, THEREFORE, BE IT RESOLVED the Board of Directors of the Tahoe Forest Hospital District hereby would submit an application for the relocation of a rural health clinic operating as an Outpatient department of the hospital, under the hospital license from 10956 Donner Pass Road, suite 130 to 10956 Donner Pass Road suite 310, in Truckee California.

PASSED AND ADOPTED at the meeting of the Tahoe Forest Hospital District Board of Directors held on the 25th day of July, 2019 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST:

Alyce Wong
Chair, Board of Directors
Tahoe Forest Hospital District

Sarah Wolfe
Secretary, Board of Directors
Tahoe Forest Hospital District



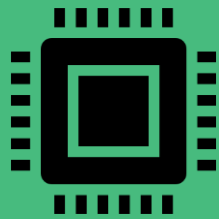
CYBER SECURITY

WHAT TFHS IS DOING TO KEEP OUR DATA SAFE

DEFINITION

- CYBER SECURITY REFERS TO THE BODY OF TECHNOLOGIES, PROCESSES, AND PRACTICES DESIGNED TO PROTECT NETWORKS, DEVICES, PROGRAMS, AND DATA FROM ATTACK, DAMAGE, OR UNAUTHORIZED ACCESS. CYBER SECURITY MAY ALSO BE REFERRED TO AS INFORMATION TECHNOLOGY SECURITY.

WHY IS IT IMPORTANT?



It is important because government, military, corporate, financial, and medical organizations collect, process, and store unprecedented amounts of data on computers and other devices. A significant portion of that data can be sensitive information, whether that be intellectual property, financial data, personal information, or other types of data for which unauthorized access or exposure could have negative consequences. Organizations transmit sensitive data across networks and to other devices in the course of doing businesses, and cyber security describes the discipline dedicated to protecting that information and the systems used to process or store it.



As the volume and sophistication of cyber attacks grow, companies and organizations, especially those that are tasked with safeguarding information relating to national security, health, or financial records, need to take steps to protect their sensitive business and personnel information. As early as March 2013, the nation's top intelligence officials cautioned that cyber attacks and digital spying are the top threat to national security, eclipsing even terrorism.

COMMON CYBERSECURITY TERMS AND THEIR MEANINGS



Phishing



Malware



Virus



Ransomware

PHISHING

- THE FRAUDULENT PRACTICE OF SENDING EMAILS PURPORTING TO BE FROM REPUTABLE COMPANIES OR INDIVIDUALS IN ORDER TO INDUCE INDIVIDUALS TO REVEAL PERSONAL INFORMATION, SUCH AS PASSWORDS AND CREDIT CARD NUMBERS.
- USED TO GET TRUSTED STAFF TO MAKE CHANGES TO THINGS LIKE PASSWORDS, OR DIRECT DEPOSIT PAYROLL DEDUCTIONS.

PROTECTION FROM PHISHING = EMPLOYEE AWARENESS

- USE SOFTWARE TO TEST USERS INTO CLICKING ON FRAUDULENT LINKS.
- INTRODUCE MANDATORY EDUCATION FOR THOSE THAT FALL FOR THE BAIT.

MALWARE

- SOFTWARE THAT IS SPECIFICALLY DESIGNED TO DISRUPT, DAMAGE, OR GAIN UNAUTHORIZED ACCESS TO A COMPUTER SYSTEM.
- TYPICALLY DEPLOYED THROUGH PHISHING SCAMS OR EMBEDDED IN SOFTWARE THAT CAN BE DOWNLOADED FROM THE INTERNET.

MALWARE PROTECTION

- USER EDUCATION.
- LOCKING DOWN AUTHORITY FOR STANDARD USERS SO THEY CAN NOT UNINTENTIONALLY INSTALL OR HARM OUR SYSTEM.
- LOCK DOWN HARDWARE SO USB DRIVES AND THE LIKE CAN NOT BE USED ON OUR MACHINES.
- MALWARE AND VIRUS ENDPOINT PROTECTION THAT WILL RECOGNIZE MALICIOUS SOFTWARE AND PREVENT HARM.

VIRUSES

- A COMPUTER VIRUS IS A TYPE OF MALICIOUS CODE OR PROGRAM WRITTEN TO ALTER THE WAY A COMPUTER OPERATES AND IS DESIGNED TO SPREAD FROM ONE COMPUTER TO ANOTHER. A VIRUS OPERATES BY INSERTING OR ATTACHING ITSELF TO A LEGITIMATE PROGRAM OR DOCUMENT THAT SUPPORTS MACROS IN ORDER TO EXECUTE ITS CODE. IN THE PROCESS, A VIRUS HAS THE POTENTIAL TO CAUSE UNEXPECTED OR DAMAGING EFFECTS, SUCH AS HARMING THE SYSTEM SOFTWARE BY CORRUPTING OR DESTROYING DATA.

WHAT ARE THE SIGNS OF A COMPUTER VIRUS?

- **FREQUENT POP-UP WINDOWS.** POP-UPS MIGHT ENCOURAGE YOU TO VISIT UNUSUAL SITES. OR THEY MIGHT PROD YOU TO DOWNLOAD ANTIVIRUS OR OTHER SOFTWARE PROGRAMS.
- **CHANGES TO YOUR HOMEPAGE.** YOUR USUAL HOMEPAGE MAY CHANGE TO ANOTHER WEBSITE, FOR INSTANCE. PLUS, YOU MAY BE UNABLE TO RESET IT.
- **MASS EMAILS BEING SENT FROM YOUR EMAIL ACCOUNT.** A CRIMINAL MAY TAKE CONTROL OF YOUR ACCOUNT OR SEND EMAILS IN YOUR NAME FROM ANOTHER INFECTED COMPUTER.
- **FREQUENT CRASHES.** A VIRUS CAN INFLICT MAJOR DAMAGE ON YOUR HARD DRIVE. THIS MAY CAUSE YOUR DEVICE TO FREEZE OR CRASH. IT MAY ALSO PREVENT YOUR DEVICE FROM COMING BACK ON.
- **UNUSUALLY SLOW COMPUTER PERFORMANCE.** A SUDDEN CHANGE OF PROCESSING SPEED COULD SIGNAL THAT YOUR COMPUTER HAS A VIRUS.
- **UNKNOWN PROGRAMS THAT START UP WHEN YOU TURN ON YOUR COMPUTER.** YOU MAY BECOME AWARE OF THE UNFAMILIAR PROGRAM WHEN YOU START YOUR COMPUTER. OR YOU MIGHT NOTICE IT BY CHECKING YOUR COMPUTER'S LIST OF ACTIVE APPLICATIONS.
- **UNUSUAL ACTIVITIES LIKE PASSWORD CHANGES.** THIS COULD PREVENT YOU FROM LOGGING INTO YOUR COMPUTER

HOW TO DEFEND AGAINST VIRUSES

- VIRUS ENDPOINT PROTECTION IS SOFTWARE THAT IS INSTALLED ON EACH COMPUTER AND UPDATED FROM A MAIN SERVER ON A FREQUENT BASIS.
- THIS SOFTWARE LOOKS FOR TELL TALE SIGNED OF INFECTION AND WILL PREVENT THOSE PROGRAMS FROM RUNNING AND ACTIVELY REMOVE THEM.
- THESE PROGRAMS ALSO LOOK FOR SUSPICIOUS BEHAVIOR AND ALERT SECURITY PERSONNEL THAT THERE MAY BE AN ISSUE.

WHAT IS TFHD DOING TO HELP PREVENT CYBERSECURITY

- PALO ALTO NEXT GENERATION FIREWALL:
- OUR FIREWALLS INSPECT OUR NETWORK TRAFFIC AND LOOKS FOR PATTERNS BASED ON OUR RULES AND STOP KNOWN THREATS. FOR EXAMPLE WE DON'T WANT UNKNOWN EXECUTABLES ENTERING OUR NETWORK.
- THE CLOUD-DELIVERED WILDFIRE[®] MALWARE ANALYSIS SERVICE USES DATA AND THREAT INTELLIGENCE FROM THE INDUSTRY'S LARGEST GLOBAL COMMUNITY AND APPLIES ADVANCED ANALYSIS TO AUTOMATICALLY IDENTIFY UNKNOWN THREATS AND STOP ATTACKERS IN THEIR TRACKS.
- AUTOMATICALLY PREVENT ZERO-DAY EXPLOITS AND MALWARE
- TRADITIONAL MALWARE ANALYSIS AND SANDBOXING TECHNIQUES SIMPLY AREN'T KEEPING PACE WITH NEW EXPLOITS. WILDFIRE GOES BEYOND LEGACY TECHNOLOGY TO KEEP YOU A STEP AHEAD. IT USES SHARED COMMUNITY-SOURCED THREAT DATA AND ADVANCED ANALYSIS, AND IMMEDIATELY SHARES PROTECTIONS ACROSS THE NETWORK, ENDPOINT AND CLOUD.
- WILDFIRE AUTOMATICALLY DELIVERS PROTECTIONS ABOUT EVERY FIVE MINUTES, PREVENTING SUCCESSFUL CYBERATTACKS

END POINT SECURITY

- WE USE SOFTWARE ON EACH ENDPOINT CALLED TRAPS FROM PALO ALTO.
- THIS SOFTWARE MONITORS THE LOCAL MACHINES AND WATCHED FOR THREATS AND BREACH ATTEMPTS AND STOPS THEM IN THEIR TRACK WHILE ALSO INFORMING THE IT DEPARTMENT THAT THERE IS AN ISSUE WITH THE COMPUTER.

YEARLY SECURITY AUDITS



- WE USE AN OUTSIDE COMPANY TO RUN AUDITS ON OUR NETWORK AND PERFORM AN ON-SITE SECURITY AUDIT ANNUALLY.
- WE HAVE CALLS MONTHLY TO GO OVER OUR REMEDIATION EFFORTS OF CURRENT SECURITY VULNERABILITIES AS WELL AS BE APPRISED OF ANY NEW THREATS THAT WE MAY BE EXPOSED TO.

SECURITY ROADMAP

- ADDING IN EAST/WEST TRAFFIC AND AI/ML SOFTWARE TO ADJUST FOR ANOMALIES.
- DATA LOSS PREVENTION SOFTWARE (DLP) TO STOP SENSITIVE DATA FROM GETTING OUT OF YOUR ORGANIZATION AT THE GREATEST POINT OF RISK – THE ENDPOINT.
- PHISHING TESTS AND END USER EDUCATION.

QUESTION AND ANSWER

