



TAHOE FOREST HOSPITAL DISTRICT

# 2017-01-26 Regular Meeting of the Board of Directors

(Revised on 01/23/2017 at 3:25 pm)

Thursday, January 26, 2017 at 4:00 pm

Tahoe Truckee Unified School District (TTUSD)

11603 Donner Pass Road, Truckee CA 96161

# Meeting Book - 2017-01-26 Regular Meeting of the Board of Directors

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# REGULAR MEETING OF THE BOARD OF DIRECTORS

## AGENDA

*(Revised on 01/23/2017 at 3:09 p.m.)*

Thursday, January 26, 2017 at 4:00 p.m.  
Tahoe Truckee Unified School District (TTUSD) Office  
11603 Donner Pass Rd, Truckee, CA

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **CLEAR THE AGENDA/ITEMS NOT ON 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: Report of quality assurance/medical audit committee*

5.2. **Hearing (Health & Safety Code § 32155)◆**

*Subject Matter: Report of quality assurance/medical audit committee*

5.3. **TIMED ITEM – 5:30PM – Hearing (Health & Safety Code § 32155)◆**

*Subject Matter: Medical Staff Credentials*

5.4. **Approval of Closed Session Minutes◆**

12/15/2016

6. **DINNER BREAK**

**APPROXIMATELY 6:00 P.M.**

7. **OPEN SESSION – CALL TO ORDER**

8. **REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

9. **CLEAR THE AGENDA/ITEMS NOT ON 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 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.

Regular Meeting of the Board of Directors of Tahoe Forest Hospital District  
**January 26, 2017 REVISED AGENDA– Continued**

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**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. ACKNOWLEDGMENTS**

**12.1.** Retirement of Chief Human Resources Officer, Jayne O’Flanagan

**13. MEDICAL STAFF REPORT** ♦

**13.1.** Medical Staff Report..... ATTACHMENT

**14. 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.

**14.1. Approval of Minutes of Meetings** ♦

12/15/2016 ..... ATTACHMENT

**14.2. Financial Report** ♦

**14.2.1.** Financial Report- November 2016 ..... ATTACHMENT

**14.2.2.** Financial Report- December 2016..... ATTACHMENT

**14.3. Staff Reports**

**14.3.1.** CIO Board Report..... ATTACHMENT

**14.3.2.** CNO Board Report ..... ATTACHMENT

**14.3.3.** COO Board Report ..... ATTACHMENT

**15. ITEMS FOR BOARD ACTION**

**15.1. 2002 Variable Rate Demand Revenue Bond Refinancing** ♦

Gary Hicks will present documents related to the refunding of the District’s 2002 Variable Rate Demand Revenue Bonds.

**15.1.1.** Debt Management Policy ..... ATTACHMENT

**15.1.2.** Debt Management – Resolution 2017-01 ..... ATTACHMENT

**15.1.3.** Umpqua Bank Proposal ..... ATTACHMENT

**15.1.4.** Umpqua Bank Credit Approval Letter ..... ATTACHMENT

**15.1.5.** Fifth Supplemental Indenture of Trust..... ATTACHMENT

**15.1.6.** Fifth Supplemental Indenture – Resolution 2017-02..... ATTACHMENT

**15.1.7.** Bond Purchase Agreement..... ATTACHMENT

**16. ITEMS FOR BOARD DISCUSSION**

**16.1. TFHD Quality Program Overview** ..... ATTACHMENT

The Board of Directors will receive a presentation on the District’s overall quality program.

**16.2. Disaster Level I Activation Summary**..... ATTACHMENT

The Board of Directors will review a summary of the Disaster Level I Activation during the recent winter storm.

**16.3. Board of Directors 2017 Committee Appointments**..... ATTACHMENT

Board President will review the 2017 Committee Appointments.

**17. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY**

**18. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION**

- 18.1. Quality Committee Meeting – 01/23/2017..... ATTACHMENT
- 18.2. Finance Committee Meeting – 01/23/2017 ..... ATTACHMENT
- 18.3. Community Benefit Committee Meeting – No meeting held in January.
- 18.4. Governance Committee Meeting – No meeting held in January.
- 18.5. Personnel Committee Meeting – No meeting held in January.

**19. CEO INFORMATIONAL REPORT**

- 19.1. CEO Strategic Updates ..... ATTACHMENT  
CEO will provide updates related to his key strategic initiatives.

**20. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS**

**21. ITEMS FOR NEXT MEETING**

-Discussion of a Special Meeting to address CEO Incentive Compensation and Performance Review Criteria

**22. BOARD MEMBERS REPORTS/CLOSING REMARKS**

**23. CLOSED SESSION CONTINUED, IF NECESSARY**

**24. OPEN SESSION**

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

- 26. MEETING EFFECTIVENESS ASSESSMENT..... ATTACHMENT  
The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

**27. ADJOURN**

*The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is February 23, 2017 at 11603 Donner Pass Rd., Truckee, CA. A copy of the Board meeting agenda is posted on the District’s web site ([www.tfhd.com](http://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.

CONFIDENTIAL  
 PLEASE DO NOT REPRODUCE OR DISTRIBUTE  
 This is a Medical Staff Committee document protected by Sec. 1157 of the Calif. Evidence Code

**MEDICAL EXECUTIVE COMMITTEE**  
**Thursday, January 26, 2017**

REFERRED BY:	AGENDA ITEMS	RECOMMEND
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MEDICAL STAFF	During the January 19, 2017 meeting of the Medical Executive Committee, a motion was made, seconded, and carried to recommend approval of the following to the Board of Directors:	
1. Department II (Surgery/Anesthesia)	The Department II meeting recommends approval to the revision of the following privilege forms: > Orthopedic Surgery > Podiatry > General Surgery Fluoroscopy requirements were added to forms	Recommend approval



# REGULAR MEETING OF THE BOARD OF DIRECTORS

## DRAFT MINUTES

Thursday, December 15, 2016 at 4:00 p.m.

Tahoe Truckee Unified School District (TTUSD) Office  
11603 Donner Pass Rd, Truckee, CA

### 1. CALL TO ORDER

Meeting was called to order at 4:00 p.m.

### 2. ROLL CALL

Board: Charles Zipkin, M.D., Board President; Gregory Jellinek, M.D., Vice President; Dale Chamblin, Treasurer; (quorum present)

Staff: Harry Weis, Chief Executive Officer; Crystal Betts, Chief Financial Officer; Jake Dorst, Chief Information Officer; Judy Newland, Chief Operating Officer; Karen Baffone, Chief Nursing Officer; Janet Van Gelder, Director of Quality and Regulations; Ted Owens, Executive Director of Governance and Business Development; Sarah Jackson, Executive Assistant; Jean Steinberg, Director of Medical Staff; Jeff Dodd, MD, Chief of Staff; Scott Baker, Executive Director of Physician Services; Shawni Coll, DO; Alyce Wong; Randy Hill; Chris Arth, MD; Karen Sessler, MD; Paige Thomason, Director of Marketing; Alex MacLennan, Director of Human Resources; Jason Grosdidier; Stephanie Hanson, Compliance Department; Tammi Allowitz, Contract Coordinator;

Other: David Ruderman, Assistant General Counsel; Dr. Gregg Paul; Randy Hill;

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

None.

### 4. INPUT AUDIENCE

No public comment was received.

### 5. BOARD MEMBER REORGANIZATION

Alyce Wong and Randy Hill received and signed the Oath of Office.

Open Session recessed at 4:05 p.m.

### 6. CLOSED SESSION

Discussion was held on privileged items.

### 7. DINNER BREAK

APPROXIMATELY 6:00 P.M.

### 8. OPEN SESSION – CALL TO ORDER

Open Session reconvened at 6:00 p.m.



**9. REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

No reportable action was taken on Items 6.1, 6.2, 6.3, and 6.4. Items 6.5 and 6.6 were approved by the Board of Directors by unanimous vote.

**10. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

**11. INPUT – AUDIENCE**

None public comment was received.

**12. INPUT FROM EMPLOYEE ASSOCIATIONS**

No public comment was received.

**13. ACKNOWLEDGMENTS**

**13.1.** TFHD Board of Directors Recognition of Service. Dr. Karen Sessler was recognized for her 16 years of service as a TFHD Board Member. Mr. John Mohun was recognized for his 6 years of service as a TFHD Board Member.

**13.2.** Ann Ajari was awarded TFHD’s December Employee of the Month.

**13.3.** Ann Ajari was awarded TFHD’s Employee of the Year.

**14. MEDICAL STAFF REPORT ♦**

**14.1.** The Medical Staff Report and recommendations were reviewed by Dr. Dodd. Discussion was held.

**ACTION: Motion made by Director Zipkin seconded by Director Jellinek, to accept the Medical Staff Report as presented.**

No public comment received.

**AYES: Directors Wong, Jellinek, Zipkin, Hill, Chamblin**

**NAYS: None**

**Abstention: 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**

11/17/2016

**15.2. Staff Reports**

**15.2.1.** CIO Report

**15.2.2.** CNO Report

**15.2.3.** COO Report

**15.3. Contracts**

**15.3.1.** Shawni Coll, DO; CMO Administrative Services Agreement

**15.3.2.** North Tahoe Anesthesia Group Amendment

**15.3.3.** Jacob Black, MD; Pain Management PSA

**15.3.4.** Andrew Ringnes, MD; On Call Coverage Agreement Amendment

**15.3.5.** Joseph Logan Norris, BOCO; Independent Contractor Agreement

**15.4. IVCH Foundation Board Members**

Item 15.3.1. was pulled for discussion. Item 15.3.3 was pulled from the agenda.

**ACTION:** Motion made by Director Chamblin, seconded by Director Hill, to accept the Consent Calendar as amended.

No discussion was held.

**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin

**NAYS:** None

**Abstention:** None

**16. ITEMS FOR BOARD DISCUSSION AND/OR ACTION**

**16.1. Tahoe Institute for Rural Health Research** ◆

The Board of Directors will consider for approval an increase to TIRHR, LLC line of credit and operational plan.

Discussion was held.

**ACTION:** Motion made by Director Jellinek, seconded by Director Chamblin, to increase the TIRHR, LLC line of credit to a total of \$3,000,000 with all future expenditures to the line of credit being approved by Mr. Weis, CEO.

**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin

**NAYS:** None

**Abstention:** None

**16.2. Patient Navigation Update**

The Board of Directors will receive an update on Patient Navigation activities within the District.

Discussion was held.

**16.3. Contracts** ◆

**16.3.1. Moss Adams Letter Agreement and PSA** ◆

Discussion was held.

**ACTION:** Motion made by Director Jellinek, seconded by Director Zipkin, to direct Administration to execute the Letter Agreement and PSA not to exceed approximately \$37,000.

**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin

**NAYS:** None

**Abstention:** None

**16.3.2. Master Services Agreement: TFHD services provided to TFHCS** ◆

CFO reviewed Tahoe Forest Healthcare Services, the infrastructure requirements and the services needed to provide to each other.

Discussion was held.

**ACTION:** Motion made by Director Zipkin, seconded by Director Chamblin, to direct Administration to execute the Master Services Agreement.

**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin

**NAYS:** None

**Abstention:** None

**16.3.3. Master Services Agreement: Services provided by TFHCS to TFHD** ◆

Discussion was held.

**ACTION:** Motion made by Director Chamblin, seconded by Director Zipkin, to direct Administration to execute the Master Services Agreement.

**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin

**NAYS:** None

**Abstention:** None

**16.4. 2017 CMS Core Measure Quality Metric Review**

The Board of Directors received an informational report on the proposed 2017 CMS Core Measure Quality Metrics.

Discussion was held.

**16.5. Resolution 2016-11 Incentive Compensation to CEO** ◆

The Board of Directors reviewed and considered for approval a resolution authorizing the payment of incentive compensation to the CEO pursuant to the CEO's Employment Agreement for fiscal year 2016.

Discussion was held.

**ACTION:** Motion made by Director Chamblin, seconded by Director Zipkin, to accept and approve Resolution 2016-11.

**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin

**NAYS:** None

**Abstention:** None

**16.6. Resolution 2016-12 Provide Initial Capitalization of Tahoe Forest Healthcare Services** ◆

The Board of Directors reviewed and considered for approval a resolution authorizing the initial capitalization of Tahoe Forest Healthcare Services.

Discussion was held.

**ACTION:** Motion made by Director Jellinek, seconded by Director Chamblin, to accept and approve resolution 2016-12.

**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin

**NAYS: None**  
**Abstention: None**

**17. DISCUSSION OF CONSENT CALENDAR ITEMS PULLED, IF NECESSARY**

Item 15.3.1. Shawni Coll, DO; Chief Medical Officer Administrative Services Agreement was continued.

Discussion was held.

**ACTION:** Motion made by Director Zipkin, seconded by Director Wong, to approve Administration to fully execute the CMO Administrative Services Agreement.  
**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin  
**NAYS:** None  
**Abstention:** None

**18. BOARD COMMITTEE REPORTS/RECOMMENDATIONS FOR DISCUSSION AND/OR ACTION**

- 18.1. Community Benefit Committee Meeting** – No meeting was held in December.
- 18.2. Governance Committee Meeting** – No meeting was held in December.
- 18.3. Finance Committee Meeting** – No meeting was held in December.
- 18.4. Quality Committee Meeting** – 11/22/2016.
- 18.5. Personnel Committee Meeting** – No meeting was held in November.

**19. INFORMATIONAL REPORTS**

These reports are provided for information only and not intended for discussion. Any Board Member may request discussion on an item, additional information from staff related to items included in a report, or request a topic be placed on a future agenda for further discussion.

**19.1. CEO Strategic Updates**

Discussion was held.

**20. ELECTION OF OFFICERS ♦**

Election of the 2017 President of the Tahoe Forest Board of Directors will take place. The new Board President will then preside over the election of the TFHD Vice President, Secretary, and Treasurer for the 2017 calendar year.

Discussion was held.

**ACTION:** Motion made by Director Chamblin, seconded by Director Wong, to elect Director Zipkin as President of the Board for calendar year 2017.

**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin  
**NAYS:** None  
**Abstention:** None

**ACTION:** Motion made by Director Chamblin, seconded by Director Zipkin, to elect Director Jellinek as Vice-President of the Board for calendar year 2017.  
**AYES:** Directors Wong, Zipkin, Hill, Chamblin

**NAYS: None**  
**Abstention: Jellinek**

**ACTION:** Motion made by Director Zipkin, seconded by Director Wong, to elect Director Hill as Secretary of the Board for calendar year 2017.

**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin

**NAYS: None**

**Abstention: None**

**ACTION:** Motion made by Director Hill, seconded by Director Jellinek, to elect Director Chamblin as Treasurer of the Board for calendar year 2017.

**AYES:** Directors Wong, Jellinek, Zipkin, Hill, Chamblin

**NAYS: None**

**Abstention: None**

**21. BOARD COMMITTEE REVIEW**

Discussion was held.

**22. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS**

**23. ITEMS FOR NEXT MEETING**

-Board Member positions to certain committees will need to be reviewed and which committees are required by by-laws

**24. BOARD MEMBERS REPORTS/CLOSING REMARKS**

**25. MEETING EFFECTIVENESS ASSESSMENT**

No discussion was held on this item.

**26. ADJOURN**

Meeting adjourned at 7:24 p.m.

**TAHOE FOREST HOSPITAL DISTRICT  
NOVEMBER 2016 FINANCIAL REPORT  
INDEX**

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13	STATEMENT OF CASH FLOW

## **NOVEMBER 2016 FINANCIAL NARRATIVE**

The following is the financial narrative analyzing financial and statistical trends for the five months ended November 30, 2016.

### **Activity Statistics**

- ❑ TFH acute patient days were 390 for the current month compared to budget of 313. This equates to an average daily census of 13.00 compared to budget of 10.43.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Emergency Department visits, Surgical cases, Laboratory tests, Diagnostic Imaging, Nuclear Medicine, MRI exams, Ultrasounds, Cat Scans, PET CT's, Pharmacy units, Oncology Pharmacy units, Physical Therapy, and Occupational Therapy.
- ❑ TFH Outpatient volumes were below budget in the following departments by at least 5%: Home Health visits, Endoscopy procedures, Mammography, Oncology procedures, Radiation Oncology procedures, Respiratory Therapy, and Speech Therapy.

### **Financial Indicators**

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 49.4% in the current month compared to budget of 53.9% and to last month's 53.5%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 52.8%, compared to budget of 54.0% and prior year's 56.6%.
- ❑ EBIDA was \$272,997 (1.3%) for the current month compared to budget of \$50,428 (.3%), or \$222,570 (1.0%) above budget.
- ❑ Cash Collections for the current month were \$9,948,095 which is 96% of targeted Net Patient Revenue.
- ❑ Gross Days in Accounts Receivable were 55.7, compared to the prior month of 54.2. Gross Accounts Receivables are \$32,923,909 compared to the prior month of \$33,743,487. The percent of Gross Accounts Receivable over 120 days old is 24.90%, compared to the prior month of 22.57%.

### **Balance Sheet**

- ❑ Working Capital Days Cash on Hand is 26.6 days. S&P Days Cash on Hand is 185.4. Working Capital cash increased \$1,935,000. Cash collections fell short of target by 4% and Accounts Payable increased \$3,745,000. In addition we received \$637,500 from the Medi-Cal PRIME IGT program and sent out \$382,000 for the IGT Programs, for a net decrease of \$255,500.
- ❑ Net Patients Accounts Receivable increased approximately \$767,000. Cash collections were at 96% of target and days in accounts receivable were 55.7 days, a 1.50 days increase.
- ❑ Estimated Settlements, Medi-Cal and Medicare decreased \$256,000. The District remitted its third round of payments to the State to participate in the IGT program and received funding from the Medi-Cal PRIME IGT program.
- ❑ Accounts Payable increased \$3,745,000 due to the timing of the final check run in November. The District also booked an amount due to Mercy Health of \$1,067,000 for the first installment on the EPIC software which was paid in December.
- ❑ Estimated Settlements, Medi-Cal and Medicare increased a net \$136,000 after booking an amount due to the Medicare program for prior period overpayments.



**Operating Revenue**

- ❑ Current month’s Total Gross Revenue was \$20,556,173, compared to budget of \$17,586,638 or \$2,969,535 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$5,985,430, compared to budget of \$4,946,511 or \$1,038,919 above budget.
- ❑ Current month’s Gross Outpatient Revenue was \$14,570,744 compared to budget of \$12,640,127 or \$1,930,617 over budget. Volumes were up in some departments and down in others. See TFH Outpatient Activity Statistics above.
- ❑ Current month’s Gross Revenue Mix was 36.7% Medicare, 20.6% Medi-Cal, .0% County, 2.9% Other, and 39.8% Insurance compared to budget of 34.6% Medicare, 17.8% Medi-Cal, .0% County, 3.5% Other, and 44.1% Insurance. Last month’s mix was 36.6% Medicare, 21.1% Medi-Cal, .0% County, 3.8% Other, and 38.5% Insurance.
- ❑ Current month’s Deductions from Revenue were \$10,395,742 compared to budget of \$8,101,234 or \$2,294,508 above budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 2.17% increase in Medicare, a 2.81% increase to Medi-Cal, a .0% decrease in County, a .70% decrease in Other, and Commercial was under budget 4.28%, 2) Revenues exceeded budget by 16.9%, and 3) AR Days over 90 and 120 increased.

**Operating Expenses**

DESCRIPTION	November 2016 Actual	November 2016 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	3,614,606	3,640,686	26,080	
Employee Benefits	1,352,501	1,319,255	(33,245)	
Benefits – Workers Compensation	53,652	57,011	3,359	
Benefits – Medical Insurance	758,192	694,217	(63,975)	
Professional Fees	1,993,238	1,724,337	(268,901)	Emergency Department coverage, Anesthesia Physician Income Guarantee, services provided to the Medi-Cal PRIME program, I/T security assessment, Outpatient Physical and Occupational Therapist fees, Manage Care contract review, services provided to complete and file the annual cost reports and OSHPD reporting created a negative variance in Professional Fees.
Supplies	1,558,783	1,558,080	(703)	Small Equipment purchases, Sterile Processing concentrate, patient amenity kits, Nutrition Coalition educational supplies, and patient chargeable supplies created a negative variance in Supplies. These were, in most part, offset by a positive variance in Pharmacy Supplies.
Purchased Services	1,172,334	886,229	(286,105)	Services provided for Laundry & Linen, Engineering, Administration, Quality, Wellness Neighborhood, department repairs, outsourced laboratory testing, IP Pharmacy excess order volume fees, and employee wellness screenings created a negative variance in Purchased Services.
Other Expenses	649,139	583,457	(65,682)	Tuition reimbursements, oxygen equipment rental, physician recruitment fees, postage and expenses advanced for TIRHR created a negative variance in Other Expenses.
Total Expenses	11,152,444	10,463,273	(689,172)	



TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF NET POSITION  
NOVEMBER 2016

	Nov-16	Oct-16	Nov-15	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
* CASH	\$ 9,383,665	\$ 7,449,044	\$ 8,761,334	1
PATIENT ACCOUNTS RECEIVABLE - NET	16,849,495	17,616,879	13,455,669	2
OTHER RECEIVABLES	6,224,359	5,650,539	5,795,758	
GO BOND RECEIVABLES	1,127,411	735,477	1,529,958	
ASSETS LIMITED OR RESTRICTED	7,772,675	6,242,071	4,839,945	
INVENTORIES	2,714,231	2,670,244	2,315,512	
PREPAID EXPENSES & DEPOSITS	1,759,042	1,661,172	1,607,376	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	4,437,583	4,693,511	4,162,480	3
<b>TOTAL CURRENT ASSETS</b>	<b>50,268,460</b>	<b>46,718,937</b>	<b>42,468,032</b>	
<b>NON CURRENT ASSETS</b>				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	56,042,742	56,042,742	45,792,365	1
BANC OF AMERICA MUNICIPAL LEASE	981,619	981,619	979,155	
TOTAL BOND TRUSTEE 2002	3	3	2	2
TOTAL BOND TRUSTEE 2015	757,896	622,164	810,837	
GO BOND PROJECT FUND	232,522	232,649	7,513,030	
GO BOND TAX REVENUE FUND	1,364,045	1,364,045	707,050	
BOARD DESIGNATED FUND	-	-	2,297	
DIAGNOSTIC IMAGING FUND	3,168	3,168	2,973	
DONOR RESTRICTED FUND	1,142,590	1,142,590	1,034,660	
WORKERS COMPENSATION FUND	24,833	14,168	11,208	
TOTAL	60,549,418	60,403,148	56,853,577	
LESS CURRENT PORTION	(7,772,675)	(6,242,071)	(4,839,945)	
<b>TOTAL ASSETS LIMITED OR RESTRICTED - NET</b>	<b>52,776,743</b>	<b>54,161,078</b>	<b>52,013,632</b>	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	43,372	43,372	282,871	
PROPERTY HELD FOR FUTURE EXPANSION	836,353	836,353	836,353	
PROPERTY & EQUIPMENT NET	130,608,798	129,230,898	129,259,499	
GO BOND CIP, PROPERTY & EQUIPMENT NET	32,299,394	32,098,267	25,529,095	
<b>TOTAL ASSETS</b>	<b>266,833,120</b>	<b>263,088,903</b>	<b>250,389,482</b>	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	526,877	530,109	565,665	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	2,126,025	2,126,025	1,928,316	
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	6,433,477	6,457,181	1,978,132	
GO BOND DEFERRED FINANCING COSTS	504,844	506,778	306,729	
DEFERRED FINANCING COSTS	207,015	208,056	219,499	
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 9,798,237</b>	<b>\$ 9,828,149</b>	<b>\$ 4,998,341</b>	
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	\$ 7,851,300	\$ 4,106,677	\$ 4,858,593	4
ACCRUED PAYROLL & RELATED COSTS	9,667,393	9,928,176	7,923,877	
INTEREST PAYABLE	482,197	391,099	529,591	
INTEREST PAYABLE GO BOND	1,261,967	946,475	1,441,747	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	194,230	58,327	366,356	5
HEALTH INSURANCE PLAN	1,307,731	1,307,731	1,307,731	
WORKERS COMPENSATION PLAN	1,120,980	1,120,980	404,807	
COMPREHENSIVE LIABILITY INSURANCE PLAN	751,298	751,298	824,203	
CURRENT MATURITIES OF GO BOND DEBT	1,260,000	1,260,000	530,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	2,260,819	2,260,819	2,323,994	
<b>TOTAL CURRENT LIABILITIES</b>	<b>26,157,914</b>	<b>22,131,581</b>	<b>20,510,899</b>	
<b>NONCURRENT LIABILITIES</b>				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	28,040,757	28,145,645	30,322,527	
GO BOND DEBT NET OF CURRENT MATURITIES	103,436,130	103,449,550	100,021,090	
DERIVATIVE INSTRUMENT LIABILITY	2,126,025	2,126,025	1,928,316	
<b>TOTAL LIABILITIES</b>	<b>159,760,825</b>	<b>155,852,801</b>	<b>152,782,832</b>	
<b>NET ASSETS</b>				
NET INVESTMENT IN CAPITAL ASSETS	115,727,942	115,921,661	101,570,331	
RESTRICTED	1,142,590	1,142,590	1,034,660	
<b>TOTAL NET POSITION</b>	<b>\$ 116,870,532</b>	<b>\$ 117,064,251</b>	<b>\$ 102,604,991</b>	

\* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT  
NOTES TO STATEMENT OF NET POSITION  
NOVEMBER 2016

1. Working Capital is at 26.6 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 185.4 days. Working Capital cash increased a net \$1,935,000. Cash collections fell short of target by 4% and Accounts Payable (See Note 4) increased \$3,745,000. In addition, there was a decrease in cash of \$382,000 after remitting funds to the State to participate in the IGT Program (See Note 3).
2. Net Patient Accounts Receivable increased approximately \$767,000. Cash collections were 96% of target. Days in Accounts Receivable are at 55.7 days compared to prior months 54.2 days, a 1.50 days increase.
3. Estimated Settlements, Medi-Cal and Medicare decreased a net \$256,000. The District remitted its third round of payments to the State to participate in the IGT program and received funding from the Medi-Cal PRIME IGT program.
4. Accounts Payable increased \$3,745,000 due to the timing of the final check run in November. The District also booked an amount due to Mercy Health in the amount of \$1,067,000 for the first installment on the EPIC software which was paid in December.
5. Estimated Settlements, Medi-Cal and Medicare increased a net \$136,000 after posting an amount due to the Medicare program for prior period overpayments.

**Tahoe Forest Hospital District  
Cash Investment  
November 2016**

<b>WORKING CAPITAL</b>			
US Bank	\$ 9,146,247		
US Bank/Kings Beach Thrift Store	20,641		
US Bank/Truckee Thrift Store	54,948		
US Bank/Payroll Clearing	161,829		
Local Agency Investment Fund	<u>-</u>	0.68%	
Total			\$ 9,383,665
 <b>BOARD DESIGNATED FUNDS</b>			
US Bank Savings	\$ -	0.03%	
Capital Equipment Fund	<u>-</u>		
Total			\$ -
Building Fund	\$ -		
Cash Reserve Fund	<u>56,042,742</u>	0.68%	
Local Agency Investment Fund			\$ 56,042,742
Banc of America Muni Lease			\$ 981,619
Bonds Cash 2002			\$ 3
Bonds Cash 2015			\$ 757,896
Bonds Cash 2008			\$ 1,596,566
DX Imaging Education	\$ 3,168	0.68%	
Workers Comp Fund - B of A	24,833		
Insurance			
Health Insurance LAIF	-	0.68%	
Comprehensive Liability Insurance LAIF	<u>-</u>	0.68%	
Total			<u>\$ 28,002</u>
<b>TOTAL FUNDS</b>			<b>\$ 68,790,494</b>
 <b>RESTRICTED FUNDS</b>			
Gift Fund			
US Bank Money Market	\$ 8,363	0.03%	
Foundation Restricted Donations	\$ 98,331		
Local Agency Investment Fund	<u>1,035,896</u>	0.68%	
<b>TOTAL RESTRICTED FUNDS</b>			<b><u>\$ 1,142,590</u></b>
<b>TOTAL ALL FUNDS</b>			<b><u><u>\$ 69,933,084</u></u></b>



TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
NOVEMBER 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD		
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	NOV 2015		
\$ 20,556,173	\$ 17,586,638	\$ 2,969,535	16.9%								
<b>OPERATING REVENUE</b>											
					Total Gross Revenue	\$ 104,923,101	\$ 98,210,637	\$ 6,712,464	6.8%	1	\$ 87,381,849
					<b>Gross Revenues - Inpatient</b>						
\$ 2,009,924	\$ 1,660,366	\$ 349,558	21.1%		Daily Hospital Service	\$ 9,975,746	\$ 8,892,639	\$ 1,083,107	12.2%		\$ 8,113,512
3,975,506	3,286,145	689,361	21.0%		Ancillary Service - Inpatient	19,776,063	18,464,442	1,311,620	7.1%		16,202,069
5,985,430	4,946,511	1,038,919	21.0%		Total Gross Revenue - Inpatient	29,751,808	27,357,081	2,394,727	8.8%	1	24,315,581
14,570,744	12,640,127	1,930,617	15.3%		<b>Gross Revenue - Outpatient</b>						
14,570,744	12,640,127	1,930,617	15.3%		Total Gross Revenue - Outpatient	75,171,292	70,853,555	4,317,737	6.1%		63,066,268
					Total Gross Revenue - Outpatient	75,171,292	70,853,555	4,317,737	6.1%	1	63,066,268
					<b>Deductions from Revenue:</b>						
9,999,595	7,224,408	(2,775,186)	-38.4%		Contractual Allowances	46,616,787	40,237,459	(6,379,328)	-15.9%	2	35,546,113
582,698	615,573	32,875	5.3%		Charity Care	3,039,897	3,440,026	400,129	11.6%	2	2,621,745
-	-	-	0.0%		Charity Care - Catastrophic Events	2,968	-	(2,968)	0.0%	2	-
(322,453)	261,253	583,706	223.4%		Bad Debt	(253,297)	1,475,836	1,729,134	117.2%	2	(192,884)
135,903	-	(135,903)	0.0%		Prior Period Settlements	135,772	-	(135,772)	0.0%	2	(43)
10,395,742	8,101,234	(2,294,508)	-28.3%		Total Deductions from Revenue	49,542,127	45,153,322	(4,388,805)	-9.7%		37,974,931
58,271	54,525	3,746	6.9%		Property Tax Revenue- Wellness Neighborhood	242,848	278,178	(35,330)	-12.7%		292,816
1,206,739	973,771	232,969	23.9%		Other Operating Revenue	4,380,323	3,770,971	609,352	16.2%	3	3,271,778
11,425,442	10,513,700	911,742	8.7%		<b>TOTAL OPERATING REVENUE</b>	60,004,145	57,106,463	2,897,682	5.1%		52,971,512
<b>OPERATING EXPENSES</b>											
3,614,606	3,640,686	26,080	0.7%		Salaries and Wages	19,022,762	19,078,837	56,075	0.3%	4	17,732,036
1,352,501	1,319,255	(33,245)	-2.5%		Benefits	6,328,607	6,141,468	(187,139)	-3.0%	4	6,102,364
53,652	57,011	3,359	5.9%		Benefits Workers Compensation	255,317	285,056	29,738	10.4%	4	242,069
758,192	694,217	(63,975)	-9.2%		Benefits Medical Insurance	3,070,808	3,471,085	400,277	11.5%	4	2,866,127
1,993,238	1,724,337	(268,901)	-15.6%		Professional Fees	9,082,119	8,896,131	(185,989)	-2.1%	5	7,508,218
1,558,783	1,558,080	(703)	0.0%		Supplies	8,230,905	8,514,097	283,192	3.3%	6	7,108,470
1,172,334	886,229	(286,105)	-32.3%		Purchased Services	4,795,911	4,411,612	(384,299)	-8.7%	7	4,240,774
649,139	583,457	(65,682)	-11.3%		Other	2,690,151	2,868,886	178,735	6.2%	8	2,355,862
11,152,444	10,463,273	(689,172)	-6.6%		<b>TOTAL OPERATING EXPENSE</b>	53,476,580	53,667,170	190,591	0.4%		48,155,920
<b>272,997</b>	<b>50,428</b>	<b>222,570</b>	<b>441.4%</b>		<b>NET OPERATING REVENUE (EXPENSE) EBIDA</b>	<b>6,527,565</b>	<b>3,439,293</b>	<b>3,088,272</b>	<b>89.8%</b>		<b>4,815,592</b>
<b>NON-OPERATING REVENUE/(EXPENSE)</b>											
448,229	451,975	(3,746)	-0.8%		District and County Taxes	2,289,652	2,254,323	35,330	1.6%	9	1,968,219
391,933	391,933	-	0.0%		District and County Taxes - GO Bond	1,959,667	1,959,667	-	0.0%		1,963,457
46,989	34,080	12,909	37.9%		Interest Income	227,914	160,626	67,288	41.9%	10	132,471
2	-	2	0.0%		Interest Income-GO Bond	348	-	348	0.0%		12,131
53,967	38,917	15,050	38.7%		Donations	142,549	194,583	(52,034)	-26.7%	11	154,831
-	-	-	0.0%		Gain/ (Loss) on Joint Investment	-	(31,250)	31,250	100.0%	12	(41,525)
-	-	-	0.0%		Loss on Impairment of Asset	-	-	-	0.0%	12	-
-	-	-	0.0%		Gain/ (Loss) on Sale of Equipment	-	-	-	0.0%	13	-
-	-	-	0.0%		Impairment Loss	-	-	-	0.0%	14	-
(967,356)	(966,316)	(1,040)	-0.1%		Depreciation	(4,836,782)	(4,831,581)	(5,201)	-0.1%	15	(4,280,078)
(102,101)	(98,851)	(3,250)	-3.3%		Interest Expense	(509,195)	(498,285)	(10,909)	-2.2%	16	(618,411)
(327,710)	(315,492)	(12,219)	-3.9%		Interest Expense-GO Bond	(456,465)	(628,550)	172,085	27.4%		(897,961)
(456,048)	(463,753)	7,705	1.7%		<b>TOTAL NON-OPERATING REVENUE/(EXPENSE)</b>	<b>(1,182,311)</b>	<b>(1,420,468)</b>	<b>238,156</b>	<b>16.8%</b>		<b>(1,606,866)</b>
<b>\$ (183,050)</b>	<b>\$ (413,325)</b>	<b>\$ 230,275</b>	<b>55.7%</b>		<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 5,345,254</b>	<b>\$ 2,018,825</b>	<b>\$ 3,326,429</b>	<b>164.8%</b>		<b>\$ 3,208,726</b>
					<b>NET POSITION - BEGINNING OF YEAR</b>	<b>111,525,278</b>					
					<b>NET POSITION - AS OF NOVEMBER 30, 2016</b>	<b>\$ 116,870,532</b>					
<b>1.3%</b>	<b>0.3%</b>	<b>1.0%</b>			<b>RETURN ON GROSS REVENUE EBIDA</b>	<b>6.2%</b>	<b>3.5%</b>	<b>2.7%</b>			<b>5.5%</b>

**TAHOE FOREST HOSPITAL DISTRICT**  
**NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**NOVEMBER 2016**

		Variance from Budget	
		Fav / <Unfav>	
		NOV 2016	YTD 2017
<b>1) Gross Revenues</b>			
Acute Patient Days were above budget 24.60% or 77 days. Swing Bed days were over budget 44.83% or 13 days. Inpatient Ancillary revenues exceeded budget by 21.00% due to the increase in our patient days.	Gross Revenue -- Inpatient	\$ 1,038,919	\$ 2,395,071
	Gross Revenue -- Outpatient	1,930,617	4,317,393
	Gross Revenue -- Total	\$ 2,969,535	\$ 6,712,464
Outpatient volumes were above budget in the following departments: Emergency Department visits, Surgical cases, Laboratory tests, Diagnostic Imaging, Nuclear Medicine, MRI, Ultrasounds, Cat Scans, PET CT, Pharmacy units, Oncology Pharmacy units, Physical Therapy, and Occupational Therapy.			
<b>2) Total Deductions from Revenue</b>			
The payor mix for November shows a 2.17% increase to Medicare, a 2.81% increase to Medi-Cal, .70% decrease to Other, County at budget, and a 4.28% decrease to Commercial when compared to budget. Contractual Allowances were over budget as a result of revenues exceeding budget by 16.9%, the shift in payor mix from Commercial to Medicare and Medi-Cal, and an increase to AR Days over 90 and 120 days old.	Contractual Allowances	\$ (2,775,186)	\$ (6,379,328)
	Charity Care	32,875	400,129
	Charity Care - Catastrophic	-	(2,968)
	Bad Debt	583,706	1,729,134
	Prior Period Settlements	(135,903)	(135,772)
	Total	\$ (2,294,508)	\$ (4,388,805)
The FY15 Medicare cost report desk audit was finalized for IVCH creating a positive variance in Prior Period Settlements, however, this was offset by an amount due to Medicare for prior period overpayments.			
<b>3) Other Operating Revenue</b>			
Retail Pharmacy revenues fell short of budget by 15.15%.	Retail Pharmacy	\$ (35,028)	\$ 81,614
	Hospice Thrift Stores	(7,922)	9,779
	The Center (non-therapy)	10,254	(9,547)
	IVCH ER Physician Guarantee	(521)	59,667
	Children's Center	(556)	1,213
	Miscellaneous	266,741	466,626
	Oncology Drug Replacement	-	-
	Grants	-	-
	Total	\$ 232,969	\$ 609,352
<b>4) Salaries and Wages</b>			
	Total	\$ 26,080	\$ 56,075
<b>Employee Benefits</b>			
Negative variance in Other related to Employer payroll tax expense. An additional amount was due to the State for the third quarter SUI liability which exceeded budget. We have also struggled with how the budgeting software accounts for Social Security and Medicare tax accruals, however, this planes out by the end of each fiscal year.	PL/SL	\$ 44,417	\$ (111,716)
	Nonproductive	5,697	(52,157)
	Pension/Deferred Comp	414	(409)
	Standby	30,096	91,692
	Other	(113,869)	(114,550)
	Total	\$ (33,245)	\$ (187,139)
<b>Employee Benefits - Workers Compensation</b>			
	Total	\$ 3,359	\$ 29,738
<b>Employee Benefits - Medical Insurance</b>			
	Total	\$ (63,975)	\$ 400,277
<b>5) Professional Fees</b>			
Negative variance in TFH Locums related to ED Locums coverage accrued in October coming in higher than expected along with October Physician call coverage submitted after the close of the October financials.	TFH Locums	\$ (136,148)	\$ (194,883)
	Miscellaneous	(96,207)	(127,762)
	Information Technology	(58,464)	(122,800)
	The Center (includes OP Therapy)	(78,736)	(105,756)
	Multi-Specialty Clinics Admin	6,939	(66,928)
	Oncology	(7,752)	(11,632)
	IVCH ER Physicians	(1,971)	(3,959)
	Home Health/Hospice	50	(1,754)
	Respiratory Therapy	-	(1)
	Patient Accounting/Admitting	-	-
	Business Performance	-	-
	Medical Staff Services	(908)	469
	Administration	8,024	962
	Human Resources	(5,726)	4,863
	Sleep Clinic	(2,629)	10,252
	Managed Care	(10,545)	11,276
	Marketing	2,375	11,875
	Financial Administration	(16,238)	19,431
	TFH/IVCH Therapy Services	3,840	51,651
	Corporate Compliance	39,999	134,376
	Multi-Specialty Clinics	85,194	204,331
	Total	\$ (268,901)	\$ (185,989)
Corporate Compliance legal fees came in below budget, creating a positive variance in this category.			
Positive variance in Multi-Specialty Clinics related to Tahoe Forest Women's Center physician fees not joining the MSC structure in November. This has been delayed to the last quarter of Fiscal Year 2017.			

**TAHOE FOREST HOSPITAL DISTRICT**  
**NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**NOVEMBER 2016**

		<b>Variance from Budget</b>	
		<b>Fav / &lt;Unfav&gt;</b>	
		<b>NOV 2016</b>	<b>YTD 2017</b>
<b>6) <u>Supplies</u></b>	Minor Equipment	\$ (24,527)	\$ (41,418)
Small equipment purchases for the Emergency Department, MSC Cardiology, TFH Health Clinic, Sterile Processing, Laboratory, Engineering, and Information Technology created a negative variance in Minor Equipment.	Food	3,455	(14,952)
	Other Non-Medical Supplies	(30,358)	(682)
	Imaging Film	(114)	2,148
	Office Supplies	(5,027)	29,673
	Pharmacy Supplies	135,940	98,842
	Patient & Other Medical Supplies	(80,071)	209,580
	<b>Total</b>	<b>\$ (703)</b>	<b>\$ 283,192</b>
<p>Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues exceeded budget, however, a true-up to prior period accruals created a positive variance in Pharmacy Supplies.</p> <p>Surgical Services and Medical Supplies Sold to Patients revenues exceeded budget by 14.67% creating a negative variance in Patient &amp; Other Medical Supplies.</p>			
<b>7) <u>Purchased Services</u></b>	Miscellaneous	\$ (112,458)	\$ (304,376)
Purchased services for the Laundry & Linen, Engineering, Administration, Quality, and the Wellness Neighborhood created a negative variance in Miscellaneous.	Hospice	(58,163)	(55,135)
	Department Repairs	(33,850)	(46,301)
	Laboratory	(34,230)	(30,121)
Services provided to patients at Eastern Plumas Healthcare created a negative variance in Hospice.	The Center	(11,203)	(11,938)
	Pharmacy IP	(10,420)	(9,721)
	Diagnostic Imaging Services - All	(13,206)	(7,470)
Negative variance in Department Repairs for Cancer Center lab repairs, Center for Health & Sports Performance maintenance projects, bird abatement, lighting maintenance along with various facility repairs created a negative variance in Department Repairs.	Multi-Specialty Clinics	(3,467)	(4,140)
	Medical Records	(1,341)	(4,107)
	Community Development	2,700	969
Negative variance in Laboratory related to outsourced lab testing.	Patient Accounting	23,652	23,021
	Information Technology	(1,947)	28,816
Fitness training, pilates and educational classes created a negative variance in The Center.	Human Resources	(32,171)	36,205
	<b>Total</b>	<b>\$ (286,105)</b>	<b>\$ (384,299)</b>
Negative variance in Pharmacy IP attributed to Cardinal excess order volume fees.			
Diagnostic Imaging Services - All volumes exceeded budget creating a negative variance in radiology reads.			
Employee annual wellness screenings created a negative variance in Human Resources.			
<b>8) <u>Other Expenses</u></b>	Outside Training & Travel	\$ (25,786)	\$ (58,715)
Tuition reimbursements created a negative variance in Outside Training & Travel.	Equipment Rent	(14,971)	(11,952)
	Insurance	(2,421)	(9,305)
	Utilities	(4,431)	(3,626)
Negative variance in Equipment Rent related to oxygen rental.	Innovation Fund	-	-
	Physician Services	(1,276)	47
Recruitment expenses for the Executive Director of Physician Services created a negative variance in Human Resources Recruitment.	Multi-Specialty Clinics Equip Rent	623	2,717
	Other Building Rent	4,155	3,514
	Human Resources Recruitment	(5,851)	7,910
Positive variance in Multi-Specialty Clinics Bldg Rent related to the re-purchase of the Northlake Pediatrics condo and the OBGYN group not joining the multi-specialty structure as planned.	Multi-Specialty Clinics Bldg Rent	13,178	18,886
	Marketing	7,720	55,228
	Dues and Subscriptions	8,888	58,094
	Miscellaneous	(45,510)	115,937
Physician Recruitment fees, postage, and expenses advanced for TIRHR created a negative variance in Miscellaneous.	<b>Total</b>	<b>\$ (65,682)</b>	<b>\$ 178,735</b>
<b>9) <u>District and County Taxes</u></b>	<b>Total</b>	<b>\$ (3,746)</b>	<b>\$ 35,330</b>
<b>10) <u>Interest Income</u></b>	<b>Total</b>	<b>\$ 12,909</b>	<b>\$ 67,288</b>
<b>11) <u>Donations</u></b>	IVCH	\$ 7,560	\$ 22,117
	Operational	7,490	(74,151)
	Capital Campaign	-	-
	<b>Total</b>	<b>15,050</b>	<b>(52,034)</b>
<b>12) <u>Gain/(Loss) on Joint Investment</u></b>	<b>Total</b>	<b>\$ -</b>	<b>\$ 31,250</b>
<b>13) <u>Gain/(Loss) on Sale</u></b>	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>
<b>15) <u>Depreciation Expense</u></b>	<b>Total</b>	<b>\$ (1,040)</b>	<b>\$ (5,201)</b>
<b>16) <u>Interest Expense</u></b>	<b>Total</b>	<b>\$ (3,250)</b>	<b>\$ (10,909)</b>



INCLINE VILLAGE COMMUNITY HOSPITAL  
STATEMENT OF REVENUE AND EXPENSE  
NOVEMBER 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD	
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	NOV 2015	
<b>OPERATING REVENUE</b>										
\$ 1,303,628	\$ 1,271,224	\$ 32,404	2.5%	Total Gross Revenue	\$ 8,000,748	\$ 7,819,709	\$ 181,039	2.3%	1	\$ 7,384,255
<b>Gross Revenues - Inpatient</b>										
\$ 11,716	\$ 2,914	\$ 8,802	302.1%	Daily Hospital Service	\$ 23,340	\$ 11,656	\$ 11,684	100.2%		\$ 16,574
17,188	3,477	13,711	394.3%	Ancillary Service - Inpatient	36,277	16,747	19,529	116.6%		24,146
28,904	6,391	22,513	352.3%	Total Gross Revenue - Inpatient	59,617	28,403	31,213	109.9%	1	40,720
1,274,724	1,264,833	9,891	0.8%	Gross Revenue - Outpatient	7,941,131	7,791,305	149,826	1.9%		7,343,535
1,274,724	1,264,833	9,891	0.8%	Total Gross Revenue - Outpatient	7,941,131	7,791,305	149,826	1.9%	1	7,343,535
<b>Deductions from Revenue:</b>										
508,612	416,790	(91,822)	-22.0%	Contractual Allowances	3,018,780	2,541,810	(476,970)	-18.8%	2	2,333,836
41,973	47,796	5,823	12.2%	Charity Care	276,163	294,422	18,259	6.2%	2	247,498
-	-	-	0.0%	Charity Care - Catastrophic Events	2,968	-	(2,968)	0.0%	2	-
90,335	45,889	(44,446)	-96.9%	Bad Debt	191,531	282,676	91,146	32.2%	2	245,776
(22,833)	-	22,833	0.0%	Prior Period Settlements	(22,833)	-	22,833	0.0%	2	-
618,087	510,475	(107,612)	-21.1%	Total Deductions from Revenue	3,466,608	3,118,909	(347,699)	-11.1%	2	2,827,110
70,945	74,530	(3,585)	-4.8%	Other Operating Revenue	432,856	368,898	63,958	17.3%	3	433,515
756,486	835,279	(78,793)	-9.4%	<b>TOTAL OPERATING REVENUE</b>	4,966,996	5,069,699	(102,703)	-2.0%		4,990,660
<b>OPERATING EXPENSES</b>										
117,495	244,804	127,309	52.0%	Salaries and Wages	1,282,731	1,429,687	146,956	10.3%	4	1,227,438
149,038	146,748	(2,290)	-1.6%	Benefits	495,820	513,955	18,135	3.5%	4	352,494
1,965	1,417	(548)	-38.7%	Benefits Workers Compensation	10,236	7,084	(3,152)	-44.5%	4	11,198
48,665	44,618	(4,047)	-9.1%	Benefits Medical Insurance	199,623	223,092	23,469	10.5%	4	185,043
287,630	227,182	(60,448)	-26.6%	Professional Fees	1,237,049	1,209,148	(27,901)	-2.3%	5	1,195,817
52,627	72,297	19,670	27.2%	Supplies	331,952	426,264	94,312	22.1%	6	344,733
45,585	43,782	(1,804)	-4.1%	Purchased Services	206,444	217,415	10,971	5.0%	7	195,989
53,279	50,735	(2,544)	-5.0%	Other	256,695	263,100	6,405	2.4%	8	250,347
756,285	831,583	75,299	9.1%	<b>TOTAL OPERATING EXPENSE</b>	4,020,550	4,289,744	269,193	6.3%		3,763,059
<b>201</b>	<b>3,696</b>	<b>(3,494)</b>	<b>-94.6%</b>	<b>NET OPERATING REV(EXP) EBIDA</b>	<b>946,446</b>	<b>779,955</b>	<b>166,490</b>	<b>21.3%</b>		<b>1,227,601</b>
<b>NON-OPERATING REVENUE/(EXPENSE)</b>										
7,560	-	7,560	0.0%	Donations-IVCH	22,117	-	22,117	0.0%	9	34,589
-	-	-	0.0%	Gain/ (Loss) on Sale	-	-	-	0.0%	10	-
(64,277)	(64,277)	-	0.0%	Depreciation	(321,383)	(321,383)	-	0.0%	11	(291,795)
(56,717)	(64,277)	7,560	11.8%	<b>TOTAL NON-OPERATING REVENUE/(EXP)</b>	(299,266)	(321,383)	22,117	6.9%		(257,206)
<b>\$ (56,516)</b>	<b>\$ (60,581)</b>	<b>\$ 4,065</b>	<b>-6.7%</b>	<b>EXCESS REVENUE(EXPENSE)</b>	<b>\$ 647,179</b>	<b>\$ 458,572</b>	<b>\$ 188,607</b>	<b>41.1%</b>		<b>\$ 970,395</b>
<b>0.0%</b>	<b>0.3%</b>	<b>-0.3%</b>		<b>RETURN ON GROSS REVENUE EBIDA</b>	<b>11.8%</b>	<b>10.0%</b>	<b>1.9%</b>			<b>16.6%</b>

**INCLINE VILLAGE COMMUNITY HOSPITAL  
NOTES TO STATEMENT OF REVENUE AND EXPENSE  
NOVEMBER 2016**

		<b>Variance from Budget</b>	
		<b>Fav&lt;Unfav&gt;</b>	
		<b>NOV 2016</b>	<b>YTD 2017</b>
<b>1) Gross Revenues</b>			
Acute Patient Days were over budget by 1 at 2 and Observation Days were below budget by 2 at 0.	Gross Revenue -- Inpatient	\$ 8,802	\$ 11,684
	Gross Revenue -- Outpatient	13,711	19,529
		<u>\$ 22,513</u>	<u>\$ 31,213</u>
Outpatient volumes exceeded budget in Emergency Department visits, Surgical cases, Laboratory tests, Cat Scans, Pharmacy units, and Occupational Therapy.			
<b>2) Total Deductions from Revenue</b>			
We saw a shift in our payor mix with a 3.10% decrease in Commercial Insurance, a 3.61% decrease in Medicare, a 7.58% increase in Medicaid, a .87% decrease in Other, and County was at budget.	Contractual Allowances	\$ (91,822)	\$ (476,970)
	Charity Care	5,823	18,259
	Charity Care-Catastrophic Event	-	(2,968)
	Bad Debt	(44,446)	91,146
	Prior Period Settlement	22,833	22,833
	Total	<u>\$ (107,612)</u>	<u>\$ (347,699)</u>
The FY15 Medicare desk audit was finalized, creating a positive variance in Prior Period Settlements.			
<b>3) Other Operating Revenue</b>			
Medically Managed Fitness revenues and Flu Shots revenue was under budget creating a negative variance in Miscellaneous.	IVCH ER Physician Guarantee	\$ (521)	\$ 59,667
	Miscellaneous	(3,064)	4,291
	Total	<u>\$ (3,585)</u>	<u>\$ 63,958</u>
<b>4) Salaries and Wages</b>			
The District had been accruing a placeholder for retroactive wages while awaiting the finalization of the MOUs. Retroactive wages paid out in November were less than estimations.	Total	<u>\$ 127,309</u>	<u>\$ 146,956</u>
<b>Employee Benefits</b>			
	PL/SL	\$ (5,659)	\$ (1,322)
	Standby	2,396	7,935
	Other	(8,360)	3,217
	Nonproductive	8,919	6,027
	Pension/Deferred Comp	413	2,277
	Total	<u>\$ (2,290)</u>	<u>\$ 18,135</u>
<b>Employee Benefits - Workers Compensation</b>	Total	<u>\$ (548)</u>	<u>\$ (3,152)</u>
<b>Employee Benefits - Medical Insurance</b>	Total	<u>\$ (4,047)</u>	<u>\$ 23,469</u>
<b>5) Professional Fees</b>			
A reclassification of Dr. Sutton-Pado's physician fees as related to work performed in the IVCH Health Clinic since the beginning of FY17 created a negative variance in Miscellaneous.	Miscellaneous	\$ (51,929)	\$ (49,131)
	Administration	(314)	(11,706)
	IVCH ER Physicians	(1,971)	(3,959)
	Foundation	(802)	(2,195)
	Multi-Specialty Clinics	(4,728)	796
	Sleep Clinic	(2,629)	10,252
	Therapy Services	1,926	28,041
	Total	<u>\$ (60,448)</u>	<u>\$ (27,901)</u>
<b>6) Supplies</b>			
Negative variance in Office Supplies related to the purchase of holiday cards by the Foundation.	Food	\$ (724)	\$ (6,087)
	Office Supplies	(4,958)	(4,186)
	Imaging Film	157	348
	Minor Equipment	(248)	1,378
	Non-Medical Supplies	1,003	2,788
True-up of prior month accruals created a positive variance in Pharmacy Supplies.	Pharmacy Supplies	16,922	40,964
	Patient & Other Medical Supplies	7,518	59,107
Medical Supplies Sold to Patients revenues fell short of budget by 36.75%, creating a positive variance in Patient & Other Medical Supplies.	Total	<u>\$ 19,670</u>	<u>\$ 94,312</u>



**INCLINE VILLAGE COMMUNITY HOSPITAL  
NOTES TO STATEMENT OF REVENUE AND EXPENSE  
NOVEMBER 2016**

		<b>Variance from Budget</b>	
		<b>Fav&lt;Unfav&gt;</b>	
		<b>NOV 2016</b>	<b>YTD 2017</b>
<b>7) <u>Purchased Services</u></b>	EVS/Laundry	\$ (4,010)	\$ (9,031)
Mailing services for the Foundation's holiday cards helped create a negative variance in Foundation.	Department Repairs	1,693	(2,827)
	Multi-Specialty Clinics	(802)	(375)
	Foundation	(3,161)	(346)
	Pharmacy	(12)	(48)
	Surgical Services	-	-
	Diagnostic Imaging Services - All	(294)	961
	Engineering/Plant/Communications	2,152	3,223
	Miscellaneous	994	7,404
	Laboratory	1,636	12,011
	<b>Total</b>	<b>\$ (1,804)</b>	<b>\$ 10,971</b>
<b>8) <u>Other Expenses</u></b>	Insurance	\$ (1,872)	\$ (9,382)
Oxygen tank rentals created a negative variance in Equipment Rent.	Marketing	(1,513)	(3,447)
	Equipment Rent	(4,534)	(3,322)
	Outside Training & Travel	963	(2,121)
	Physician Services	-	-
	Multi-Specialty Clinics Equip Rent	-	-
	Multi-Specialty Clinics Bldg Rent	-	-
	Other Building Rent	-	-
	Dues and Subscriptions	(1,226)	453
	Utilities	1,051	3,482
	Miscellaneous	4,588	20,741
	<b>Total</b>	<b>\$ (2,544)</b>	<b>\$ 6,405</b>
<b>9) <u>Donations</u></b>	<b>Total</b>	<b>\$ 7,560</b>	<b>\$ 22,117</b>
<b>10) <u>Gain/(Loss) on Sale</u></b>	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>
<b>11) <u>Depreciation Expense</u></b>	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>

TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF CASH FLOWS

	AUDITED FYE 2016	BUDGET FYE 2017	PROJECTED FYE 2017	ACTUAL NOV 2016	BUDGET NOV 2016	DIFFERENCE	ACTUAL 1ST QTR	PROJECTED 2ND QTR	PROJECTED 3RD QTR	PROJECTED 4TH QTR
Net Operating Rev/(Exp) - EBIDA	\$ 16,129,087	\$ 8,354,249	\$ 11,686,624	272,997	\$ 50,428	222,569	\$ 4,905,089	\$ 2,787,020	\$ 3,062,467	\$ 932,048
Interest Income	163,091	249,285	286,755	-	-	-	70,617	85,905	60,097	70,136
Property Tax Revenue	6,120,208	5,682,000	5,733,313	-	-	-	345,312	94,001	3,020,000	2,274,000
Donations	668,318	1,023,000	1,161,150	15,714	30,000	(14,286)	211,916	66,235	405,000	478,000
Debt Service Payments	(3,441,272)	(3,568,341)	(3,554,235)	(240,099)	(241,694)	1,596	(1,217,943)	(722,121)	(889,087)	(725,083)
Bank of America - 2012 Muni Lease	(1,243,650)	(1,243,644)	(1,243,646)	(103,637)	(103,637)	(0)	(310,912)	(310,912)	(310,911)	(310,911)
Copier	(8,758)	(11,520)	(11,294)	(730)	(960)	230	(2,885)	(2,649)	(2,880)	(2,880)
2002 Revenue Bond	(483,555)	(668,008)	(660,955)	-	-	-	(496,951)	-	(164,004)	-
2015 Revenue Bond	(1,705,309)	(1,645,169)	(1,638,339)	(135,732)	(137,097)	1,366	(407,195)	(408,560)	(411,292)	(411,292)
Physician Recruitment	(263,769)	(120,000)	-	-	(10,000)	10,000	-	-	-	-
Investment in Capital										
Equipment	(1,495,214)	(1,262,750)	(1,262,750)	(225,867)	(324,761)	98,894	(452,617)	(703,740)	(106,393)	-
Municipal Lease Reimbursement	1,319,139	979,000	979,000	-	-	-	-	-	-	979,000
GO Bond Project Personal Property	(432,135)	(279,000)	(794,308)	(228,651)	-	(228,651)	(532,573)	(261,735)	-	-
IT	(888,802)	(297,578)	(297,578)	(25,417)	(86,717)	61,300	(90,239)	(207,339)	-	-
Building Projects	(2,095,500)	(4,315,500)	(4,315,500)	(345,077)	(552,283)	207,206	(1,630,513)	(1,133,780)	(909,000)	(642,207)
Health Information/Business System	(92,807)	(7,000,000)	(6,000,000)	(1,532,003)	(1,100,000)	(432,003)	-	(2,332,003)	(2,000,000)	(1,667,997)
Capital Investments										
Properties	-	(2,794,000)	(2,798,710)	-	(1,600,000)	1,600,000	(40,000)	(2,329,710)	(429,000)	-
Measure C Scope Modifications	-	(2,476,716)	(2,476,716)	-	(828,353)	828,353	(558,626)	(261,384)	(1,656,706)	-
Change in Accounts Receivable	(1,194,734)	(2,183,288)	N1 (1,432,279)	767,384	351,789	415,596	(2,178,112)	658,143	(210,814)	298,505
Change in Settlement Accounts	1,387,101	1,175,000	N2 2,748,278	391,381	-	391,381	1,126,982	(293,704)	1,665,000	250,000
Change in Other Assets	(3,180,399)	(890,622)	N3 (1,135,215)	(490,678)	(97,000)	(393,678)	(687,607)	(671,190)	(23,282)	246,864
Change in Other Liabilities	3,702,607	(320,000)	N4 (1,578,460)	3,574,938	500,000	3,074,938	(2,392,808)	1,014,348	(800,000)	600,000
Change in Cash Balance	16,404,918	(8,045,261)	(3,050,630)	1,934,622	(3,908,591)	5,843,214	(3,121,122)	(4,211,055)	1,188,282	3,093,266
Beginning Unrestricted Cash	52,227,897	68,632,815	68,632,815	63,491,786	63,491,786	-	68,632,815	65,511,692	61,300,637	62,488,920
Ending Unrestricted Cash	68,632,815	60,778,463	65,582,185	65,426,408	59,583,194	5,843,214	65,511,692	61,300,637	62,488,920	65,582,184
Expense Per Day	340,958	355,605	354,906	352,848	354,516	(1,668)	352,658	353,372	356,200	354,906
Days Cash On Hand	201	171	185	185	168	17	186	173	175	185

Footnotes:

N1 - Change in Accounts Receivable reflects the 30 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.

**TAHOE FOREST HOSPITAL DISTRICT  
DECEMBER 2016 FINANCIAL REPORT  
INDEX**

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**Board of Directors**  
*Of Tahoe Forest Hospital District*

## **DECEMBER 2016 FINANCIAL NARRATIVE**

The following is the financial narrative analyzing financial and statistical trends for the six months ended December 31, 2016.

### **Activity Statistics**

- ❑ TFH acute patient days were 440 for the current month compared to budget of 353. This equates to an average daily census of 14.19 compared to budget of 11.39.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Emergency Department visits, Laboratory tests, Diagnostic Imaging, Mammography, Nuclear Medicine, Ultrasounds, Cat Scans, Pharmacy units, and Physical Therapy.
- ❑ TFH Outpatient volumes were below budget in the following departments by at least 5%: Surgical cases, Endoscopy procedures, Medical Oncology procedures, Radiation Oncology procedures, PET CT's, Oncology Pharmacy units, Respiratory Therapy, and Speech Therapy.

### **Financial Indicators**

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 59.8% in the current month compared to budget of 54.1% and to last month's 49.4%. Current year's Net Patient Revenue as a percentage of Gross Patient Revenue is 54.0%, compared to budget of 54.0% and prior year's 56.9%.
- ❑ EBIDA was \$3,008,611 (13.6%) for the current month compared to budget of \$910,518 (4.4%), or \$2,098,093 (9.2%) above budget.
- ❑ Cash Collections for the current month were \$10,459,234 which is 102% of targeted Net Patient Revenue.
- ❑ Gross Days in Accounts Receivable were 54.9, compared to the prior month of 55.7. Gross Accounts Receivables are \$33,331,180 compared to the prior month of \$32,923,909. The percent of Gross Accounts Receivable over 120 days old is 24.29%, compared to the prior month of 24.90%.

### **Balance Sheet**

- ❑ Working Capital Days Cash on Hand is 14.5 days. S&P Days Cash on Hand is 172.9. Working Capital cash decreased \$4,245,000. Cash collections exceeded target by 2%, Accounts Payable decreased \$1,562,000, Accrued Payroll & Related Liabilities decreased \$1,542,000, and the District issued its first payment on the EPIC software for \$1,067,000.
- ❑ Net Patients Accounts Receivable increased approximately \$2,309,000. Cash collections were at 102% of target and days in accounts receivable were 54.9 days, a .80 days decrease.
- ❑ Estimated Settlements, Medi-Cal and Medicare decreased a net \$582,000. The District received funds from the IGT SB239 program for FY2015.
- ❑ The District recorded its 51% share of losses in Truckee Surgery Center, LLC for the months of July through September 2016.
- ❑ An adjustment was made to the asset and offsetting liability to reflect the fair value of the Piper Jaffray swap transaction at the close of December.
- ❑ Accounts Payable decreased \$1,562,000 due to the timing of the final check run in December.
- ❑ Accrued Payroll & Related Liabilities decreased \$1,542,000 due to three pay periods in December and a decrease in accrued payroll days in December.

**Operating Revenue**

- ❑ Current month’s Total Gross Revenue was \$22,163,732, compared to budget of \$20,657,106 or \$1,506,626 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$6,257,384, compared to budget of \$5,797,521 or \$459,864 above budget.
- ❑ Current month’s Gross Outpatient Revenue was \$15,906,348 compared to budget of \$14,859,586 or \$1,046,762 above budget. Volumes were up in some departments and down in others. See TFH Outpatient Activity Statistics above.
- ❑ Current month’s Gross Revenue Mix was 30.1% Medicare, 15.3% Medi-Cal, .0% County, 5.8% Other, and 48.8% Insurance compared to budget of 34.3% Medicare, 17.4% Medi-Cal, .0% County, 3.8% Other, and 44.5% Insurance. Last month’s mix was 36.7% Medicare, 20.6% Medi-Cal, .0% County, 2.9% Other, and 39.8% Insurance.
- ❑ Current month’s Deductions from Revenue were \$8,908,816 compared to budget of \$9,479,643 or \$570,827 below budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a 4.16% decrease in Medicare, a 2.10% decrease to Medi-Cal, a .0% decrease in County, a 1.93% increase in Other, and Commercial was over budget 4.33%, and 2) AR Days over 90 and 120 decreased.

**Operating Expenses**

DESCRIPTION	December 2016 Actual	December 2016 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	4,041,960	3,948,583	(93,377)	
Employee Benefits	1,309,076	1,064,150	(244,925)	Negative variance in Employee Benefits related to scheduled vacations, PL Buyouts, Longevity Retention bonuses, and Employer payroll taxes.
Benefits – Workers Compensation	68,286	57,011	(11,275)	
Benefits – Medical Insurance	555,130	694,217	139,087	
Professional Fees	1,795,020	1,878,959	83,939	We saw negative variances in Hospitalist coverage, network configuration services, and consulting services provided to Administration. These variances were offset by positive variances in Radiology and Anesthesia Physician Income Guarantees, Corporate Compliance legal fees, and Multi-Specialty Clinic Physician fees due to the Tahoe Forest Women’s Center not joining the MSC structure as budgeted.
Supplies	1,672,246	1,727,644	55,398	Oncology Drugs Sold to Patients revenue fell short of budget by 5.50% creating a positive variance in Pharmacy Supplies. We also saw a positive variance in Office Supply purchases.
Purchased Services	1,018,112	960,876	(57,236)	Services provided for The Wellness Neighborhood, Community Health, Gene Upshaw Golf Classic, and linen services created a negative variance in Purchased Services.
Other Expenses	566,187	612,588	46,401	Senior Leadership is monitoring controllable costs very closely which is creating a positive variance in Other Expenses.
Total Expenses	11,026,016	10,944,029	(81,987)	



TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF NET POSITION  
DECEMBER 2016

	Dec-16	Nov-16	Dec-15	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
* CASH	\$ 5,138,475	\$ 9,383,665	\$ 6,869,116	1
PATIENT ACCOUNTS RECEIVABLE - NET	19,158,542	16,849,495	15,223,987	2
OTHER RECEIVABLES	6,899,637	6,224,359	6,624,245	
GO BOND RECEIVABLES	1,516,503	1,127,411	1,924,705	
ASSETS LIMITED OR RESTRICTED	7,306,256	7,772,675	5,106,917	
INVENTORIES	2,706,664	2,714,231	2,313,783	
PREPAID EXPENSES & DEPOSITS	1,903,775	1,759,042	1,492,964	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	3,855,247	4,437,583	5,336,009	3
<b>TOTAL CURRENT ASSETS</b>	<b>48,485,098</b>	<b>50,268,460</b>	<b>44,891,726</b>	
<b>NON CURRENT ASSETS</b>				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	56,042,742	56,042,742	45,792,365	1
BANC OF AMERICA MUNICIPAL LEASE	981,619	981,619	979,155	
TOTAL BOND TRUSTEE 2002	3	3	2	2
TOTAL BOND TRUSTEE 2015	893,627	757,896	953,949	
GO BOND PROJECT FUND	232,394	232,522	6,509,655	
GO BOND TAX REVENUE FUND	1,366,886	1,364,045	707,050	
DIAGNOSTIC IMAGING FUND	3,168	3,168	2,973	
DONOR RESTRICTED FUND	1,142,590	1,142,590	1,141,076	
WORKERS COMPENSATION FUND	17,575	24,833	9,667	
TOTAL	60,680,605	60,549,418	56,095,892	
LESS CURRENT PORTION	(7,306,256)	(7,772,675)	(5,106,917)	
<b>TOTAL ASSETS LIMITED OR RESTRICTED - NET</b>	<b>53,374,349</b>	<b>52,776,743</b>	<b>50,988,975</b>	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	(53,723)	43,372	282,871	4
PROPERTY HELD FOR FUTURE EXPANSION	836,353	836,353	836,353	
PROPERTY & EQUIPMENT NET	131,483,072	130,608,798	128,698,377	
GO BOND CIP, PROPERTY & EQUIPMENT NET	32,384,674	32,299,394	26,648,069	
<b>TOTAL ASSETS</b>	<b>266,509,823</b>	<b>266,833,120</b>	<b>252,346,371</b>	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	523,645	526,877	562,433	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	1,612,281	2,126,025	1,880,317	5
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	6,409,772	6,433,477	1,970,495	
GO BOND DEFERRED FINANCING COSTS	502,909	504,844	305,544	
DEFERRED FINANCING COSTS	205,975	207,015	218,458	
<b>TOTAL DEFERRED OUTFLOW OF RESOURCES</b>	<b>\$ 9,254,582</b>	<b>\$ 9,798,237</b>	<b>\$ 4,937,247</b>	
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	\$ 6,289,425	\$ 7,851,300	\$ 6,011,239	6
ACCRUED PAYROLL & RELATED COSTS	8,125,051	9,667,393	6,541,679	7
INTEREST PAYABLE	574,158	482,197	631,044	
INTEREST PAYABLE GO BOND	1,577,459	1,261,967	1,802,771	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	200,496	194,230	366,356	
HEALTH INSURANCE PLAN	1,307,731	1,307,731	1,307,731	
WORKERS COMPENSATION PLAN	1,120,980	1,120,980	404,807	
COMPREHENSIVE LIABILITY INSURANCE PLAN	751,298	751,298	824,203	
CURRENT MATURITIES OF GO BOND DEBT	1,260,000	1,260,000	530,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	1,953,186	2,260,819	2,323,994	
<b>TOTAL CURRENT LIABILITIES</b>	<b>23,159,783</b>	<b>26,157,914</b>	<b>20,743,824</b>	
<b>NONCURRENT LIABILITIES</b>				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	28,243,199	28,040,757	30,218,987	
GO BOND DEBT NET OF CURRENT MATURITIES	103,422,709	103,436,130	100,017,147	
DERIVATIVE INSTRUMENT LIABILITY	1,612,281	2,126,025	1,880,317	5
<b>TOTAL LIABILITIES</b>	<b>156,437,972</b>	<b>159,760,825</b>	<b>152,860,275</b>	
<b>NET ASSETS</b>				
NET INVESTMENT IN CAPITAL ASSETS RESTRICTED	118,183,843	115,727,942	103,282,267	
	1,142,590	1,142,590	1,141,076	
<b>TOTAL NET POSITION</b>	<b>\$ 119,326,433</b>	<b>\$ 116,870,532</b>	<b>\$ 104,423,343</b>	

\* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT  
NOTES TO STATEMENT OF NET POSITION  
DECEMBER 2016

1. Working Capital is at 14.5 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 172.9 days. Working Capital cash decreased a net \$4,245,000. Cash collections exceeded target by 2%, Accounts Payable (See Note 6) decreased \$1,562,000, Accrued Payroll & Related Costs (See Note 7) decreased \$1,542,000 and the District issued its first payment on the EPIC software in the amount of \$1,067,000.
2. Net Patient Accounts Receivable increased approximately \$2,309,000. Cash collections were 102% of target. Days in Accounts Receivable are at 54.9 days compared to prior months 55.7 days, a .80 days decrease.
3. Estimated Settlements, Medi-Cal and Medicare decreased a net \$582,000. The District received funds from the IGT SB239 program for FY2015.
4. The District recorded its 51% share of losses in the Truckee Surgery Center, LLC for the months of July through September 2016. This created a negative variance in Investment in TSC, LLC.
5. 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 December.
6. Accounts Payable decreased \$1,562,000 due to the timing of the final check run in December.
7. Accrued Payroll & Related Liabilities decreased \$1,542,000 due to three pay periods in December and a decrease in accrued payroll days.

**Tahoe Forest Hospital District  
Cash Investment  
December 2016**

<b>WORKING CAPITAL</b>			
US Bank	\$ 4,926,427		
US Bank/Kings Beach Thrift Store	45,663		
US Bank/Truckee Thrift Store	125,019		
US Bank/Payroll Clearing	41,366		
Local Agency Investment Fund	<u>-</u>	0.72%	
Total			\$ 5,138,475
 <b>BOARD DESIGNATED FUNDS</b>			
US Bank Savings	\$ -	0.03%	
Capital Equipment Fund	<u>-</u>		
Total			\$ -
Building Fund	\$ -		
Cash Reserve Fund	<u>56,042,742</u>	0.72%	
Local Agency Investment Fund			\$ 56,042,742
Banc of America Muni Lease			\$ 981,619
Bonds Cash 2002			\$ 3
Bonds Cash 2015			\$ 893,627
Bonds Cash 2008			\$ 1,599,280
DX Imaging Education	\$ 3,168	0.72%	
Workers Comp Fund - B of A	17,575		
Insurance			
Health Insurance LAIF	-	0.72%	
Comprehensive Liability Insurance LAIF	<u>-</u>	0.72%	
Total			<u>\$ 20,743</u>
<b>TOTAL FUNDS</b>			<b>\$ 64,676,490</b>
 <b>RESTRICTED FUNDS</b>			
Gift Fund			
US Bank Money Market	\$ 8,363	0.03%	
Foundation Restricted Donations	\$ 98,331		
Local Agency Investment Fund	<u>1,035,896</u>	0.72%	
<b>TOTAL RESTRICTED FUNDS</b>			<b>\$ 1,142,590</b>
<b>TOTAL ALL FUNDS</b>			<b><u>\$ 65,819,080</u></b>



**TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF NET POSITION  
KEY FINANCIAL INDICATORS  
DECEMBER 2016**

	Current Status	Desired Position	Target	Bond Covenants	FY 2017 Jul 16 to Dec 2016	FY 2016 Jul 15 to June 16	FY 2015 Jul 14 to June 15	FY 2014 Jul 13 to June 14	FY 2013 Jul 12 to June 13	FY 2012 Jul 11 to June 12	FY 2011 Jul 10 to June 11
<b>Return On Equity:</b> <u>Increase (Decrease) in Net Position</u> Net Position		↑	3.7% (1)		6.5%	10.9%	2.19%	.001%	-4.0%	8.7%	6.3%
<b>Days in Accounts Receivable</b> (excludes SNF & MSC) <u>Gross Accounts Receivable</u> 90 Days		↓	FYE 63 Days		55	57	60	75	97	64	59
<u>Gross Accounts Receivable</u> 365 Days				57	55	62	75	93	64	59	
<b>Days Cash on Hand Excludes Restricted:</b> <u>Cash + Short-Term Investments</u> (Total Expenses - Depreciation Expense)/ by 365	 	↑	Budget FYE 170 Days  Budget 2nd Qtr 162 Days  Projected 2nd Qtr 172 Days	60 Days  A- 203 Days  BBB- 142 Days	173	201	156	164	148	203	209
<b>Accounts Receivable over 120 days</b> (excludes payment plan, legal and charitable balances)		↓	13%		23%	19%	18%	22%	29%	15%	11%
<b>Accounts Receivable over 120 days</b> (includes payment plan, legal and charitable balances)		↓	18%		24%	24%	23%	25%	34%	19%	16%
<b>Cash Receipts Per Day</b> (based on 30 day lag on Patient Net Revenue) excludes managed care reserve	 	↑	FYE Budget \$344,601  End 2nd Qtr Budget \$336,770  End 2nd Qtr Actual \$358,300		\$336,317	\$313,153	\$290,776	\$286,394	\$255,901	\$254,806	\$240,383
<b>Debt Service Coverage:</b> <u>Excess Revenue over Exp + Interest Exp + Depreciation</u> <u>Debt Principal Payments + Interest Expense</u>		↑	Without GO Bond 4.20 With GO Bond 2.04	1.95	5.66  2.58	6.19  2.77	3.28  1.59	2.18  1.29	.66  .89	4.83  2.70	4.35  2.45

Footnotes:

- (1) Target Return on Equity was established during the FY17 budgeting process. Fiscal year 2016 ended with a higher net income than projected. Based upon the actual fiscal year end net asset number, our Target Return on Equity was 3.6%.



TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
DECEMBER 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD	
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%	DEC 2015	
\$ 22,163,732	\$ 20,657,106	\$ 1,506,626	7.3%		\$ 127,086,833	\$ 118,867,743	\$ 8,219,090	6.9%	1	\$ 107,421,804
<b>OPERATING REVENUE</b>										
Total Gross Revenue										
Gross Revenues - Inpatient										
\$ 2,059,817	\$ 1,792,351	\$ 267,466	14.9%		\$ 12,035,563	\$ 10,684,989	\$ 1,350,573	12.6%		\$ 9,957,949
4,197,567	4,005,170	192,397	4.8%		23,973,630	22,469,612	1,504,018	6.7%		20,609,125
6,257,384	5,797,521	459,864	7.9%		36,009,193	33,154,602	2,854,591	8.6%	1	30,567,074
Total Gross Revenue - Inpatient										
Gross Revenue - Outpatient										
15,906,348	14,859,586	1,046,762	7.0%		91,077,640	85,713,141	5,364,499	6.3%		76,854,730
15,906,348	14,859,586	1,046,762	7.0%		91,077,640	85,713,141	5,364,499	6.3%	1	76,854,730
Total Gross Revenue - Outpatient										
<b>Deductions from Revenue:</b>										
Contractual Allowances										
8,438,883	8,446,658	7,775	0.1%		55,055,670	48,684,117	(6,371,553)	-13.1%	2	43,332,543
709,294	723,429	14,136	2.0%		3,749,191	4,163,456	414,265	10.0%	2	3,203,965
22,992	-	(22,992)	0.0%		25,960	-	(25,960)	0.0%	2	323,709
(262,353)	309,556	571,908	184.8%		(515,650)	1,785,392	2,301,042	128.9%	2	(365,131)
-	-	-	0.0%		135,772	-	(135,772)	0.0%	2	(221,398)
8,908,816	9,479,643	570,827	6.0%		58,450,942	54,632,965	(3,817,977)	-7.0%		46,273,688
Total Deductions from Revenue										
Property Tax Revenue- Wellness Neighborhood										
104,070	58,573	45,497	77.7%		346,917	336,750	10,167	3.0%		379,560
675,641	618,511	57,130	9.2%		5,055,964	4,389,482	666,482	15.2%	3	4,072,494
Other Operating Revenue										
14,034,627	11,854,547	2,180,080	18.4%		74,038,772	68,961,010	5,077,761	7.4%		65,600,170
<b>TOTAL OPERATING REVENUE</b>										
<b>OPERATING EXPENSES</b>										
Salaries and Wages										
4,041,960	3,948,583	(93,377)	-2.4%		23,064,721	23,027,420	(37,302)	-0.2%	4	21,202,796
1,309,076	1,064,150	(244,925)	-23.0%		7,637,683	7,205,618	(432,065)	-6.0%	4	7,622,654
68,286	57,011	(11,275)	-19.8%		323,603	342,067	18,464	5.4%	4	318,275
555,130	694,217	139,087	20.0%		3,625,938	4,165,301	539,364	12.9%	4	3,565,126
1,795,020	1,878,959	83,939	4.5%		10,877,139	10,775,090	(102,050)	-0.9%	5	8,954,870
1,672,246	1,727,644	55,398	3.2%		9,903,387	10,241,741	338,354	3.3%	6	8,663,739
1,018,112	960,876	(57,236)	-6.0%		5,814,023	5,372,489	(441,535)	-8.2%	7	5,301,254
566,187	612,588	46,401	7.6%		3,256,338	3,481,474	225,136	6.5%	8	2,967,346
11,026,016	10,944,029	(81,987)	-0.7%		64,502,832	64,611,199	108,367	0.2%		58,596,060
<b>TOTAL OPERATING EXPENSE</b>										
<b>3,008,611</b>	<b>910,518</b>	<b>2,098,093</b>	<b>230.4%</b>		<b>9,535,940</b>	<b>4,349,811</b>	<b>5,186,129</b>	<b>119.2%</b>		<b>7,004,110</b>
<b>NET OPERATING REVENUE (EXPENSE) EBIDA</b>										
<b>NON-OPERATING REVENUE/(EXPENSE)</b>										
District and County Taxes										
402,430	447,927	(45,497)	-10.2%		2,692,083	2,702,250	(10,167)	-0.4%	9	2,333,682
391,933	391,933	-	0.0%		2,351,600	2,351,600	-	0.0%		2,356,148
District and County Taxes - GO Bond										
49,450	36,915	12,535	34.0%		277,364	197,540	79,823	40.4%	10	162,938
2	-	2	0.0%		350	-	350	0.0%		14,197
Interest Income-GO Bond										
83,251	38,917	44,334	113.9%		225,800	233,500	(7,700)	-3.3%	11	201,812
(97,095)	(31,250)	(65,845)	-210.7%		(97,095)	(62,500)	(34,595)	-55.4%	12	(41,525)
Gain/ (Loss) on Joint Investment										
-	-	-	0.0%		-	-	-	0.0%	12	-
Loss on Impairment of Asset										
-	-	-	0.0%		-	-	-	0.0%	13	-
Gain/ (Loss) on Sale of Equipment										
-	-	-	0.0%		-	-	-	0.0%	14	-
Impairment Loss										
(967,356)	(966,316)	(1,040)	-0.1%		(5,804,138)	(5,797,897)	(6,242)	-0.1%	15	(5,105,908)
(100,991)	(99,175)	(1,815)	-1.8%		(610,185)	(597,461)	(12,725)	-2.1%	16	(734,831)
Interest Expense										
(314,099)	(305,726)	(8,372)	-2.7%		(770,563)	(934,276)	163,713	17.5%		(1,163,546)
Interest Expense-GO Bond										
(552,474)	(486,775)	(65,699)	-13.5%		(1,734,785)	(1,907,243)	172,458	9.0%		(1,977,033)
<b>TOTAL NON-OPERATING REVENUE/(EXPENSE)</b>										
<b>\$ 2,456,137</b>	<b>\$ 423,742</b>	<b>\$ 2,032,395</b>	<b>479.6%</b>		<b>\$ 7,801,155</b>	<b>\$ 2,442,568</b>	<b>\$ 5,358,587</b>	<b>219.4%</b>		<b>\$ 5,027,077</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>										
<b>NET POSITION - BEGINNING OF YEAR</b>					<b>111,525,278</b>					
<b>NET POSITION - AS OF DECEMBER 31, 2016</b>					<b>\$ 119,326,433</b>					
<b>13.6%</b>	<b>4.4%</b>	<b>9.2%</b>			<b>7.5%</b>	<b>3.7%</b>	<b>3.8%</b>			<b>6.5%</b>
<b>RETURN ON GROSS REVENUE EBIDA</b>										

**TAHOE FOREST HOSPITAL DISTRICT  
NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION  
DECEMBER 2016**







		<b>Variance from Budget</b>	
		<b>Fav / &lt;Unfav&gt;</b>	
		<b>DEC 2016</b>	<b>YTD 2017</b>
<b>1) Gross Revenues</b>			
Acute Patient Days were above budget 24.65% or 87 days. Swing Bed days were below budget 20.83% or 5 days. Inpatient Ancillary revenues exceeded budget by 4.80% due to the increase in our patient days.	Gross Revenue – Inpatient	\$ 459,864	\$ 2,854,935
	Gross Revenue – Outpatient	1,046,782	5,364,155
	Gross Revenue – Total	\$ 1,506,626	\$ 8,219,090
Outpatient volumes were above budget in the following departments: Emergency Department visits, Home Health visits, Laboratory tests, Diagnostic Imaging, Mammography, Nuclear Medicine, Ultrasound, Cat Scans, Pharmacy units, Physical Therapy, and Occupational Therapy.			
<b>2) Total Deductions from Revenue</b>			
The payor mix for December shows a 4.16% decrease to Medicare, a 2.10% decrease to Medi-Cal, 1.93% increase to Other, County at budget, and a 4.33% increase to Commercial when compared to budget. Contractual Allowances were under budget due to the shift in payor mix from Medicare and Medi-Cal to Commercial, and a decrease to AR Days over 90 and 120 Days old.	Contractual Allowances	\$ 7,775	\$ (6,371,553)
	Charity Care	14,136	414,265
	Charity Care - Catastrophic	(22,992)	(25,980)
	Bad Debt	571,908	2,301,042
	Prior Period Settlements	-	(135,772)
	Total	\$ 570,827	\$ (3,817,977)
<b>3) Other Operating Revenue</b>			
Retail Pharmacy revenues fell short of budget by 12.55%.	Retail Pharmacy	\$ (31,954)	\$ 49,660
	Hospice Thrift Stores	(868)	8,912
	The Center (non-therapy)	27,743	18,198
Positive variance in The Center (non-therapy) resulted from Occupational Health testing and Pilates/Personal Training classes.	IVCH ER Physician Guarantee	(6,268)	53,399
	Children's Center	(3,598)	(2,383)
	Miscellaneous	72,073	538,899
Positive variance in Miscellaneous related to Quality Assurance fee received from the State.	Oncology Drug Replacement	-	-
	Grants	-	-
	Total	\$ 57,130	\$ 666,482
<b>4) Salaries and Wages</b>			
	Total	\$ (93,377)	\$ (37,302)
<b>Employee Benefits</b>			
Negative variance in PL/SL related to scheduled vacations and Paid Leave payouts.	PL/SL	\$ (123,498)	\$ (235,214)
	Nonproductive	(59,893)	(112,050)
Longevity Retention Bonuses created a negative variance in Nonproductive.	Pension/Deferred Comp	(822)	(1,031)
	Standby	17,450	109,142
Employer related payroll taxes created a negative variance in Other.	Other	(78,362)	(192,912)
	Total	\$ (244,925)	\$ (432,065)
<b>Employee Benefits - Workers Compensation</b>	Total	\$ (11,275)	\$ 18,464
<b>Employee Benefits - Medical Insurance</b>	Total	\$ 139,087	\$ 539,364
<b>5) Professional Fees</b>			
Negative variance in TFH Locums related to Hospitalist coverage.	TFH Locums	\$ (39,810)	\$ (234,693)
	Information Technology	(12,006)	(134,806)
Network configuration services created a negative variance in Information Technology.	The Center (includes OP Therapy)	10,714	(95,041)
	Miscellaneous	51,483	(78,279)
Radiology and Anesthesia Physician Income Guarantees came in below budget estimations, create a positive variance in Miscellaneous.	Multi-Specialty Clinics Admin	1,263	(65,665)
	Administration	(52,548)	(51,585)
	IVCH ER Physicians	(2,669)	(6,628)
Consulting services provided for Physician onboarding, Physician insurance coverage, RHC analysis, and Project Management created a negative variance in Administration.	Oncology	7,418	(4,214)
	Respiratory Therapy	-	(1)
Corporate Compliance legal fees came in below budget, creating a positive variance in this category.	Patient Accounting/Admitting	-	-
	Business Performance	-	-
	Home Health/Hospice	2,175	421
	Medical Staff Services	-	469
	Human Resources	6,649	11,512
Positive variance in Multi-Specialty Clinics related to Tahoe Forest Women's Center physician fees. TFWC is slated to join the MSC structure the last quarter of Fiscal Year 2017.	Marketing	2,375	14,250
	Managed Care	2,980	14,256
	Sleep Clinic	6,104	16,357
	Financial Administration	2,910	22,341
	TFH/IVCH Therapy Services	11,151	62,803
	Corporate Compliance	34,081	168,457
	Multi-Specialty Clinics	51,667	255,998
	Total	\$ 83,939	\$ (102,050)
<b>6) Supplies</b>			
Restocking of computer equipment created a negative variance in Minor Equipment.	Minor Equipment	\$ (10,587)	\$ (52,241)
	Food	(3,914)	(18,866)
Oncology Drugs Sold to Patients revenue fell short of budget by 5.50%, creating a positive variance in Pharmacy Supplies.	Other Non-Medical Supplies	709	27
	Imaging Film	268	2,416
	Office Supplies	13,189	42,862
	Pharmacy Supplies	57,139	155,981
	Patient & Other Medical Supplies	(1,406)	208,174
	Total	\$ 55,398	\$ 338,354

**TAHOE FOREST HOSPITAL DISTRICT**  
**NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**DECEMBER 2016**

		<b>Variance from Budget</b>	
		<b>Fav / &lt;Unfav&gt;</b>	
		<b>DEC 2016</b>	<b>YTD 2017</b>
<b>7) <u>Purchased Services</u></b>			
Purchased services for The Wellness Neighborhood, Community Health, Gene Upshaw Golf Classic, and Linen services created a negative variance in Miscellaneous.	Miscellaneous	\$ (133,726)	\$ (438,102)
Purchased services for MSC OB/GYN and MSC Orthopedic came in below budget, creating a positive variance in Multi-Specialty Clinics.	Hospice	(2,155)	(57,290)
Software maintenance services fell below budget, creating a positive variance in Information Technology.	Department Repairs	15,362	(30,939)
	Laboratory	3,797	(26,324)
	Pharmacy IP	(665)	(10,386)
	Diagnostic Imaging Services - All The Center	(2,704)	(10,174)
	Medical Records	7,859	(4,079)
	Community Development	451	(3,656)
	Multi-Specialty Clinics	2,700	3,669
	Patient Accounting	12,588	8,448
	Human Resources	6,610	29,631
	Information Technology	10,499	46,705
	<b>Total</b>	<b>\$ 22,147</b>	<b>\$ 50,963</b>
		<b>\$ (57,236)</b>	<b>\$ (441,535)</b>
<b>8) <u>Other Expenses</u></b>			
The first installment for the recruitment of a Chief Human Resource Officer created a negative variance in Human Resources Recruitment.	Outside Training & Travel	\$ 18,303	\$ (40,412)
Controllable costs are being monitored closely by Senior Leadership, lending to positive variances in most of the remaining Other Expense categories.	Equipment Rent	(3,848)	(15,800)
	Human Resources Recruitment	(20,241)	(12,330)
	Insurance	(1,378)	(10,684)
	Utilities	3,282	(344)
	Innovation Fund	-	-
	Physician Services	9	56
	Multi-Specialty Clinics Equip Rent	1,043	3,760
	Other Building Rent	4,094	7,609
	Multi-Specialty Clinics Bldg Rent	(387)	18,499
	Marketing	3,260	58,488
	Dues and Subscriptions	14,355	72,449
	Miscellaneous	27,909	143,846
	<b>Total</b>	<b>\$ 46,401</b>	<b>\$ 225,136</b>
		<b>\$ (45,497)</b>	<b>\$ (10,167)</b>
<b>9) <u>District and County Taxes</u></b>	<b>Total</b>	<b>\$ (45,497)</b>	<b>\$ (10,167)</b>
<b>10) <u>Interest Income</u></b>	<b>Total</b>	<b>\$ 12,535</b>	<b>\$ 79,823</b>
<b>11) <u>Donations</u></b>			
	IVCH	\$ -	\$ 22,117
	Operational	44,334	(29,817)
	Capital Campaign	-	-
	<b>Total</b>	<b>\$ 44,334</b>	<b>\$ (7,700)</b>
<b>12) <u>Gain/(Loss) on Joint Investment</u></b>	<b>Total</b>	<b>\$ (65,845)</b>	<b>\$ (34,595)</b>
The District booked its 51% share in losses in the Truckee Surgery Center for July through September 2016.			
<b>13) <u>Gain/(Loss) on Sale</u></b>	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>
<b>15) <u>Depreciation Expense</u></b>	<b>Total</b>	<b>\$ (1,040)</b>	<b>\$ (6,242)</b>
<b>16) <u>Interest Expense</u></b>	<b>Total</b>	<b>\$ (1,815)</b>	<b>\$ (12,725)</b>



**TAHOE FOREST HOSPITAL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**KEY FINANCIAL INDICATORS**  
**DECEMBER 2016**

	<b>Current Status</b>	<b>Desired Position</b>	<b>Target</b>	<b>FY 2017 Jul 16 to Dec 16</b>	<b>FY 2016 Jul 15 to June 16</b>	<b>FY 2015 Jul 14 to June 15</b>	<b>FY 2014 Jul 13 to June 14</b>	<b>FY 2013 Jul 12 to June 13</b>	<b>FY 2012 Jul 11 to June 12</b>	<b>FY 2011 Jul 10 to June 11</b>
<b>Total Margin:</b> <u>Increase (Decrease) In Net Position</u> Total Gross Revenue		↑	FYE 1.7%  2nd Qtr 2.1%	6.1%	5.5%	1.0%	.01%	-2.2%	5.3%	3.6%
<b>Charity Care:</b> <u>Charity Care Expense</u> Gross Patient Revenue		↓	FYE 3.5%  2nd Qtr 3.5%	3.0%	3.4%	3.1%	3.2%	3.2%	2.6%	3.0%
<b>Bad Debt Expense:</b> <u>Bad Debt Expense</u> Gross Patient Revenue		↓	FYE 1.5%  2nd Qtr 1.5%	-0%	-2%	1.6%	1.6%	4.6%	4.3%	3.8%
<b>Incline Village Community Hospital:</b> EBIDA: Earnings before interest, Depreciation, amortization  <u>Net Operating Revenue &lt;Expense&gt;</u> Gross Revenue		↑	FYE 9.6%  2nd Qtr 10.5%	12.2%	11.3%	9.1%	4.9%	11.5%	10.8%	12.3%
<b>Operating Expense Variance to Budget (Under&lt;Over&gt;)</b>		↑	-0-	\$108,367	\$(7,548,217)	\$(6,371,653)	\$2,129,279	\$(1,498,683)	\$790,439	\$15,188
<b>EBIDA:</b> Earnings before interest, Depreciation, amortization  <u>Net Operating Revenue &lt;Expense&gt;</u> Gross Revenue		↑	FYE 3.6%  2nd Qtr 3.7%	7.5%	7.3%	3.5%	2.0%	.9%	5.6%	5.1%

INCLINE VILLAGE COMMUNITY HOSPITAL  
STATEMENT OF REVENUE AND EXPENSE  
DECEMBER 2016

CURRENT MONTH				Note	YEAR TO DATE				PRIOR YTD DEC 2015	
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%		
<b>OPERATING REVENUE</b>										
\$ 1,757,441	\$ 1,608,062	\$ 149,379	9.3%	Total Gross Revenue	\$ 9,758,189	\$ 9,427,771	\$ 330,418	3.5%	1	\$ 8,850,108
<b>Gross Revenues - Inpatient</b>										
\$ 5,992	\$ 2,914	\$ 3,078	105.6%	Daily Hospital Service	\$ 29,332	\$ 14,570	\$ 14,762	101.3%		\$ 16,574
6,433	3,531	2,902	82.2%	Ancillary Service - Inpatient	42,710	20,278	22,431	110.6%		24,146
12,425	6,445	5,980	92.8%	Total Gross Revenue - Inpatient	72,042	34,848	37,193	106.7%	1	40,720
1,745,016	1,601,618	143,399	9.0%	Gross Revenue - Outpatient	9,686,148	9,392,923	293,225	3.1%		8,809,388
1,745,016	1,601,618	143,399	9.0%	Total Gross Revenue - Outpatient	9,686,148	9,392,923	293,225	3.1%	1	8,809,388
<b>Deductions from Revenue:</b>										
643,467	519,059	(124,408)	-24.0%	Contractual Allowances	3,662,247	3,060,869	(601,378)	-19.6%	2	2,744,665
58,995	60,523	1,528	2.5%	Charity Care	335,158	354,945	19,787	5.6%	2	295,658
22,992	-	(22,992)	0.0%	Charity Care - Catastrophic Events	25,960	-	(25,960)	0.0%	2	-
8,484	58,108	49,624	85.4%	Bad Debt	200,015	340,785	140,770	41.3%	2	355,662
-	-	-	0.0%	Prior Period Settlements	(22,833)	-	22,833	0.0%	2	(58,345)
733,939	637,690	(96,249)	-15.1%	Total Deductions from Revenue	4,200,547	3,756,598	(443,948)	-11.8%	2	3,337,640
65,603	74,530	(8,927)	-12.0%	Other Operating Revenue	498,459	443,428	55,031	12.4%	3	504,840
1,089,105	1,044,902	44,203	4.2%	<b>TOTAL OPERATING REVENUE</b>	<b>6,056,101</b>	<b>6,114,601</b>	<b>(58,500)</b>	<b>-1.0%</b>		<b>6,017,308</b>
<b>OPERATING EXPENSES</b>										
274,843	293,077	18,234	6.2%	Salaries and Wages	1,557,574	1,722,764	165,190	9.6%	4	1,496,803
107,530	77,420	(30,110)	-38.9%	Benefits	603,350	591,375	(11,975)	-2.0%	4	448,232
1,965	1,417	(548)	-38.7%	Benefits Workers Compensation	12,201	8,501	(3,701)	-43.5%	4	13,695
36,107	44,618	8,511	19.1%	Benefits Medical Insurance	235,730	267,711	31,981	11.9%	4	229,224
224,651	232,876	8,225	3.5%	Professional Fees	1,461,700	1,442,024	(19,677)	-1.4%	5	1,422,323
95,072	84,407	(10,665)	-12.6%	Supplies	427,261	510,671	83,410	16.3%	6	409,404
47,476	46,732	(744)	-1.6%	Purchased Services	253,920	264,147	10,227	3.9%	7	245,758
55,669	56,963	1,294	2.3%	Other	312,364	320,062	7,699	2.4%	8	350,214
843,313	837,510	(5,802)	-0.7%	<b>TOTAL OPERATING EXPENSE</b>	<b>4,864,099</b>	<b>5,127,254</b>	<b>263,155</b>	<b>5.1%</b>		<b>4,615,653</b>
<b>245,793</b>	<b>207,392</b>	<b>38,401</b>	<b>18.5%</b>	<b>NET OPERATING REV(EXP) EBIDA</b>	<b>1,192,002</b>	<b>987,347</b>	<b>204,655</b>	<b>20.7%</b>		<b>1,401,655</b>
<b>NON-OPERATING REVENUE/(EXPENSE)</b>										
-	-	-	0.0%	Donations-IVCH	22,117	-	22,117	0.0%	9	35,626
-	-	-	0.0%	Gain/ (Loss) on Sale	-	-	-	0.0%	10	-
(64,277)	(64,277)	-	0.0%	Depreciation	(385,659)	(385,659)	-	0.0%	11	(324,226)
(64,277)	(64,277)	-	0.0%	<b>TOTAL NON-OPERATING REVENUE/(EXP)</b>	<b>(363,543)</b>	<b>(385,659)</b>	<b>22,117</b>	<b>5.7%</b>		<b>(288,600)</b>
<b>\$ 181,516</b>	<b>\$ 143,115</b>	<b>\$ 38,401</b>	<b>26.8%</b>	<b>EXCESS REVENUE(EXPENSE)</b>	<b>\$ 828,459</b>	<b>\$ 601,688</b>	<b>\$ 226,772</b>	<b>37.7%</b>		<b>\$ 1,113,055</b>
<b>14.0%</b>	<b>12.9%</b>	<b>1.1%</b>		<b>RETURN ON GROSS REVENUE EBIDA</b>	<b>12.2%</b>	<b>10.5%</b>	<b>1.7%</b>			<b>15.8%</b>

**INCLINE VILLAGE COMMUNITY HOSPITAL  
NOTES TO STATEMENT OF REVENUE AND EXPENSE  
DECEMBER 2016**

		<u>Variance from Budget</u>	
		<u>Fav&lt;Unfav&gt;</u>	
		<u>DEC 2016</u>	<u>YTD 2017</u>
<b>1) <u>Gross Revenues</u></b>			
Acute Patient Days were above budget by 1 at 2 and Observation Days were at budget at 2.	Gross Revenue -- Inpatient	\$ 5,980	\$ 37,193
	Gross Revenue -- Outpatient	143,399	293,225
		<u>\$ 149,379</u>	<u>\$ 330,418</u>
Outpatient volumes exceeded budget in Emergency Department visits, Surgical cases, Laboratory tests, Radiology exams, Pharmacy units, Sleep Clinic visits, Physical Therapy, and Occupational Therapy.			
<b>2) <u>Total Deductions from Revenue</u></b>			
We saw a shift in our payor mix with a 2.42% decrease in Commercial Insurance, a 4.28% increase in Medicare, a .15% decrease in Medicaid, a 1.71% decrease in Other, and County was at budget.	Contractual Allowances	\$ (124,408)	\$ (601,378)
	Charity Care	1,528	19,787
	Charity Care-Catastrophic Event	(22,992)	(25,960)
	Bad Debt	49,624	140,770
	Prior Period Settlement	-	22,833
	Total	<u>\$ (96,249)</u>	<u>\$ (443,948)</u>
<b>3) <u>Other Operating Revenue</u></b>			
	IVCH ER Physician Guarantee	\$ (6,268)	\$ 53,399
	Miscellaneous	(2,659)	1,632
	Total	<u>\$ (8,927)</u>	<u>\$ 55,031</u>
<b>4) <u>Salaries and Wages</u></b>			
	Total	<u>\$ 18,234</u>	<u>\$ 165,190</u>
<b><u>Employee Benefits</u></b>			
Negative variance in Nonproductive related to Longevity Retention bonuses.	PL/SL	\$ 7,145	\$ 5,823
	Standby	3,536	11,471
	Other	(8,799)	(5,582)
	Nonproductive	(31,992)	(25,965)
	Pension/Deferred Comp	-	2,277
	Total	<u>\$ (30,110)</u>	<u>\$ (11,975)</u>
<b><u>Employee Benefits - Workers Compensation</u></b>	Total	<u>\$ (548)</u>	<u>\$ (3,701)</u>
<b><u>Employee Benefits - Medical Insurance</u></b>	Total	<u>\$ 8,511</u>	<u>\$ 31,981</u>
<b>5) <u>Professional Fees</u></b>			
Sleep Clinic professional fees are tied to collections which fell short of budget in December.	Miscellaneous	\$ 1,065	\$ (48,066)
	Administration	1,629	(10,077)
	IVCH ER Physicians	(2,669)	(6,628)
	Foundation	37	(2,159)
	Multi-Specialty Clinics	84	880
	Sleep Clinic	6,104	16,357
	Therapy Services	1,975	30,016
	Total	<u>\$ 8,225</u>	<u>\$ (19,677)</u>
<b>6) <u>Supplies</u></b>			
Drugs Sold to Patients Revenues exceeded budget by 25.30%, creating a negative variance in Pharmacy Supplies.	Food	\$ (896)	\$ (6,984)
	Office Supplies	(104)	(4,290)
	Imaging Film	223	571
	Minor Equipment	43	1,184
	Non-Medical Supplies	(28)	2,760
	Pharmacy Supplies	(11,077)	29,887
	Patient & Other Medical Supplies	1,174	60,281
	Total	<u>\$ (10,665)</u>	<u>\$ 83,410</u>

**INCLINE VILLAGE COMMUNITY HOSPITAL  
NOTES TO STATEMENT OF REVENUE AND EXPENSE  
DECEMBER 2016**

		<b>Variance from Budget</b>	
		<b>Fav&lt;Unfav&gt;</b>	
		<b>DEC 2016</b>	<b>YTD 2017</b>
<b>7) <u>Purchased Services</u></b>	EVS/Laundry	\$ (3,845)	\$ (12,876)
Negative variance in EVS/Laundry related to linen purchased services. Volumes exceeded budget in December creating the need for an increase in linen needs.	Department Repairs	1,680	(1,148)
Minor repairs performed on the Diagnostic Imaging equipment created a negative variance in Diagnostic Imaging Services - All.	Diagnostic Imaging Services - All	(1,657)	(696)
	Multi-Specialty Clinics	(137)	(512)
	Foundation	27	(319)
	Pharmacy	(12)	(60)
	Surgical Services	-	-
	Engineering/Plant/Communications	(262)	2,962
	Miscellaneous	1,322	8,725
	Laboratory	2,140	14,151
	<b>Total</b>	<b>\$ (744)</b>	<b>\$ 10,227</b>
<b>8) <u>Other Expenses</u></b>	Insurance	\$ (1,872)	\$ (11,255)
Negative variance in Marketing related to website development.	Marketing	(3,766)	(7,212)
	Equipment Rent	92	(3,229)
	Physician Services	-	-
	Multi-Specialty Clinics Equip Rent	-	-
	Multi-Specialty Clinics Bldg Rent	-	-
	Other Building Rent	-	-
	Outside Training & Travel	2,725	604
	Dues and Subscriptions	918	1,371
	Utilities	3,187	6,669
	Miscellaneous	10	20,751
	<b>Total</b>	<b>\$ 1,294</b>	<b>\$ 7,699</b>
<b>9) <u>Donations</u></b>	<b>Total</b>	<b>\$ -</b>	<b>\$ 22,117</b>
<b>10) <u>Gain/(Loss) on Sale</u></b>	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>
<b>11) <u>Depreciation Expense</u></b>	<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>



TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF CASH FLOWS

	AUDITED FYE 2016	BUDGET FYE 2017	PROJECTED FYE 2017	ACTUAL DEC 2016	BUDGET DEC 2016	DIFFERENCE	ACTUAL 1ST QTR	ACTUAL 2ND QTR	PROJECTED 3RD QTR	PROJECTED 4TH QTR
Net Operating Rev/(Exp) - EBIDA	\$ 16,129,087	\$ 8,354,249	\$ 13,382,360	3,008,611	\$ 910,518	2,098,093	\$ 4,905,089	\$ 4,482,756	\$ 3,062,467	\$ 932,048
Interest Income	163,091	249,285	286,755	-	-	-	70,617	85,905	60,097	70,136
Property Tax Revenue	6,120,208	5,682,000	5,733,313	-	-	-	345,312	94,001	3,020,000	2,274,000
Donations	668,318	1,023,000	1,148,710	7,560	20,000	(12,440)	211,916	53,794	405,000	478,000
Debt Service Payments	(3,441,272)	(3,568,341)	(3,552,876)	(240,335)	(241,694)	1,359	(1,217,943)	(720,763)	(889,087)	(725,083)
Bank of America - 2012 Muni Lease	(1,243,650)	(1,243,644)	(1,243,647)	(103,637)	(103,637)	(0)	(310,912)	(310,912)	(310,911)	(310,911)
Copier	(8,758)	(11,520)	(11,300)	(966)	(960)	(6)	(2,885)	(2,656)	(2,880)	(2,880)
2002 Revenue Bond	(483,555)	(668,008)	(660,955)	-	-	-	(496,951)	-	(164,004)	-
2015 Revenue Bond	(1,705,309)	(1,645,169)	(1,636,974)	(135,732)	(137,097)	1,366	(407,195)	(407,195)	(411,292)	(411,292)
Physician Recruitment	(263,769)	(120,000)	-	-	-	-	-	-	-	-
Investment in Capital										
Equipment	(1,495,214)	(1,262,750)	(1,262,750)	(40,565)	(324,761)	284,196	(452,617)	(419,544)	(390,589)	-
Municipal Lease Reimbursement	1,319,139	979,000	979,000	-	-	-	-	-	-	979,000
GO Bond Project Personal Property	(432,135)	(279,000)	(897,068)	(102,760)	-	(102,760)	(532,573)	(364,495)	-	-
IT	(888,802)	(297,578)	(297,578)	11,002	(148,017)	159,019	(90,239)	(48,320)	(159,019)	-
Building Projects	(2,095,500)	(4,315,500)	(4,315,500)	(97,419)	(552,283)	454,864	(1,630,513)	(678,916)	(1,309,000)	(697,071)
Health Information/Business System	(92,807)	(7,000,000)	(7,000,000)	(19,444)	(300,000)	280,556	-	(2,051,447)	(2,713,136)	(2,235,417)
Capital Investments										
Properties	-	(2,794,000)	(2,802,193)	(1,603,483)	(1,600,000)	(3,483)	(40,000)	(2,333,193)	(429,000)	-
Measure C Scope Modifications	-	(2,476,716)	(1,858,648)	-	-	-	(558,626)	(261,384)	(1,038,638)	-
Change in Accounts Receivable	(1,194,734)	(2,183,288)	N1 (2,021,435)	(2,309,047)	(719,891)	(1,589,156)	(2,178,112)	(931,014)	789,186	298,505
Change in Settlement Accounts	1,387,101	1,175,000	N2 2,736,880	588,602	500,000	88,602	1,126,982	(205,102)	1,565,000	250,000
Change in Other Assets	(3,180,399)	(890,622)	N3 (998,872)	(435,657)	(72,000)	(363,657)	(687,607)	(1,034,847)	476,718	246,864
Change in Other Liabilities	3,702,607	(320,000)	N4 (1,090,715)	(3,012,255)	(2,000,000)	(1,012,255)	(2,392,808)	2,093	700,000	600,000
Change in Cash Balance	16,404,918	(8,045,261)	(1,830,617)	(4,245,191)	(4,528,128)	282,937	(3,121,122)	(4,330,476)	3,149,999	2,470,982
Beginning Unrestricted Cash	52,227,897	68,632,815	68,632,815	65,426,408	65,426,408	-	68,632,815	65,511,692	61,181,216	64,331,216
Ending Unrestricted Cash	68,632,815	60,778,463	66,802,197	61,181,217	60,898,280	282,937	65,511,692	61,181,216	64,331,216	66,802,196
Expense Per Day	340,958	355,605	355,159	353,874	354,759	(885)	352,658	353,874	356,537	355,159
Days Cash On Hand	201	171	188	173	172	1	186	173	180	188

Footnotes:

N1 - Change in Accounts Receivable reflects the 30 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.

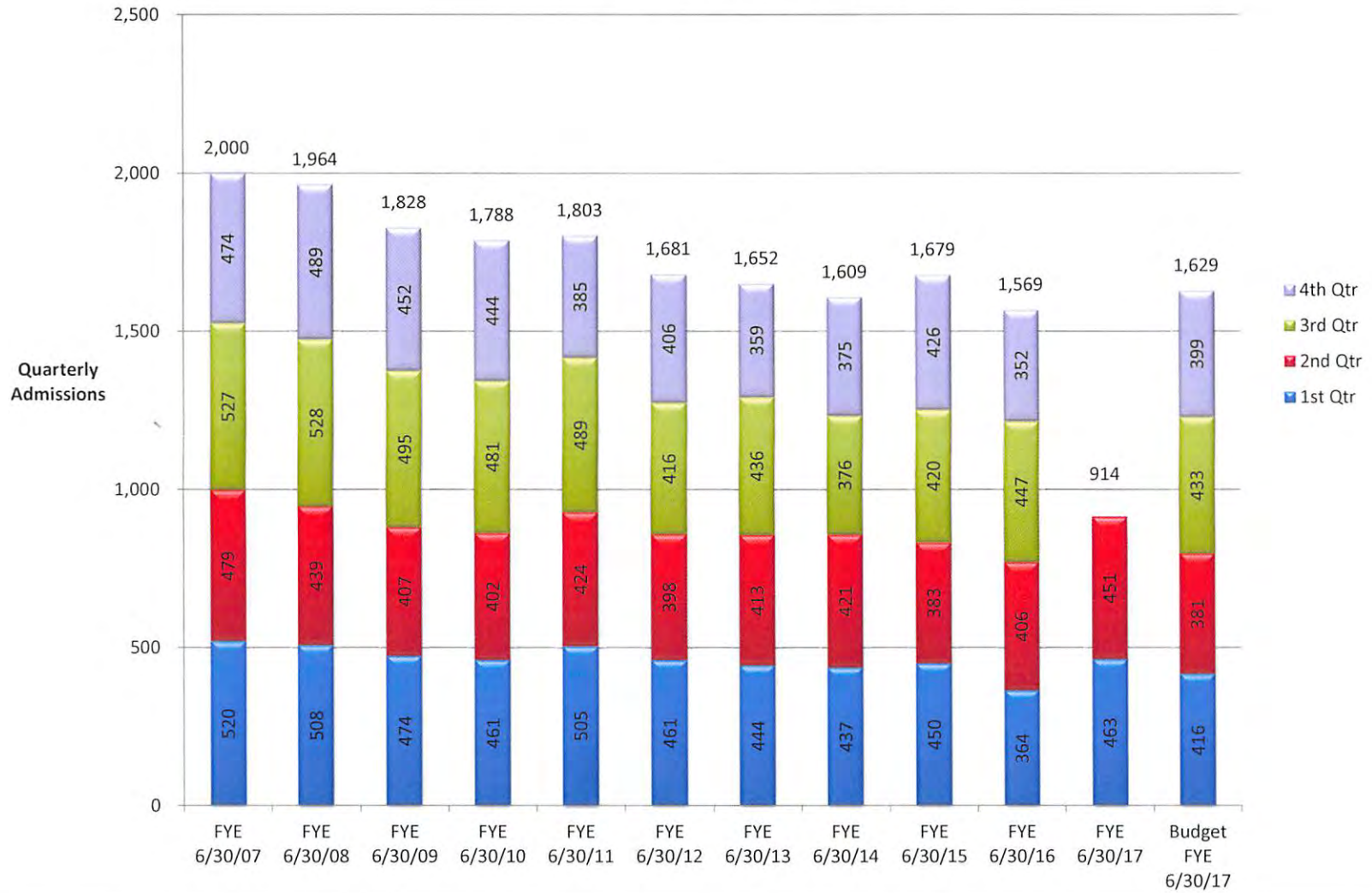
N3 - Change in Other Assets reflect fluctuations in asset accounts on the Balance Sheet that effect cash. For example, an increase in prepaid expense immediately effects cash but not EBIDA.

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.

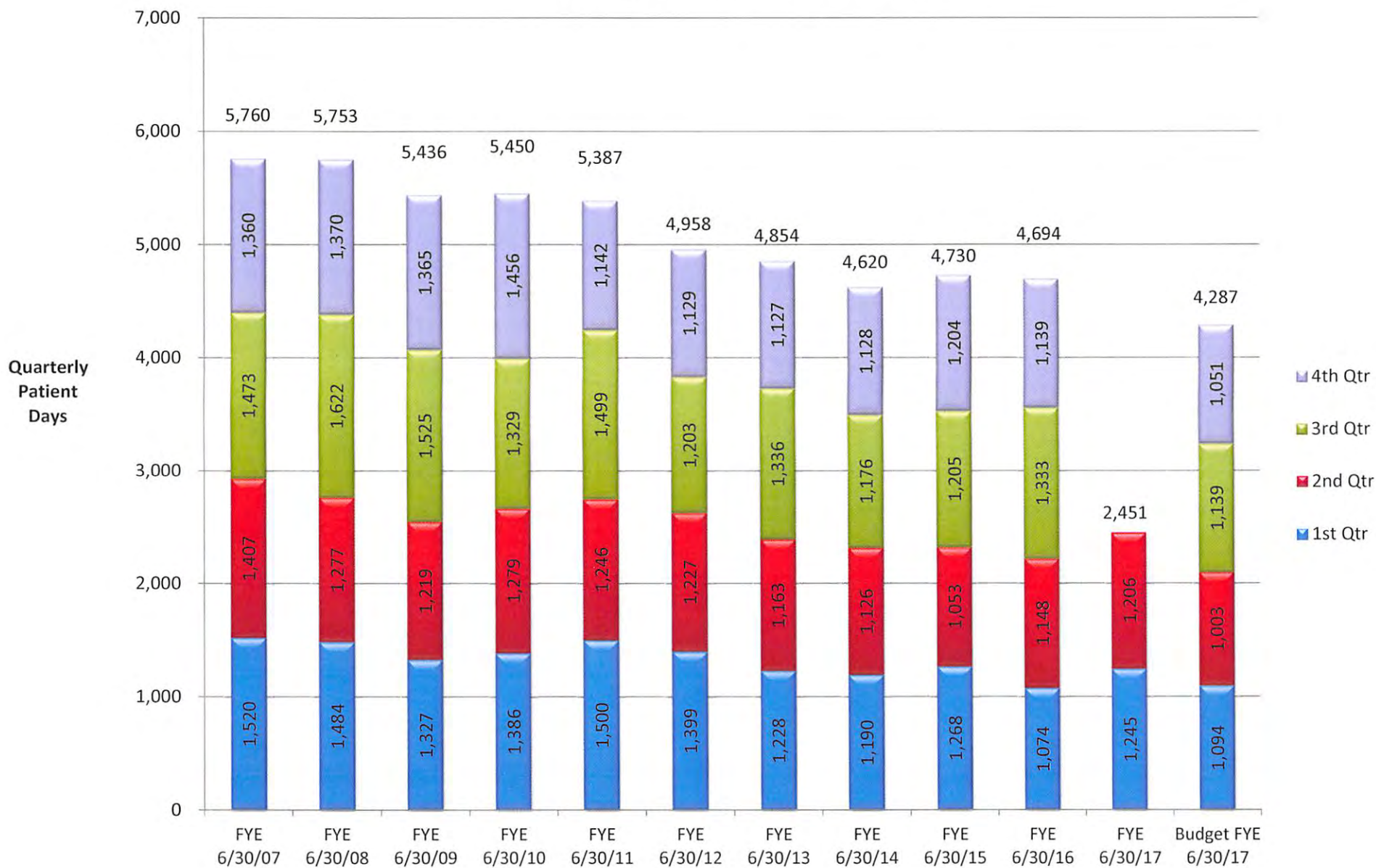
Incline Village Community Hospital  
 Operating Indicators  
 Month & YTD June 2017  
 December 31, 2016

	YTD Actual	YTD Budget	YTD Variance	YTD % Variance
Admissions	2	5	(3)	-60.00%
Registrations	4,945	5,090	(145)	-2.85%
I/P Days	5	5	0	0.00%
Observation Days	15	14	1	7.14%
Total Days	20	19	1	5.26%
Emergency Visits	2,185	2,035	130	6.39%
<b>Surgical Services:</b>				
Cases - Inpatient	0	0	0	0.00%
Cases - Outpatient	56	50	6	12.00%
Total Cases	56	50	6	12.00%
Minutes	17,798	15,230	2,568	16.86%
Laboratory Tests (inc EKG's)	15,840	13,651	2,189	16.04%
Radiology - I/P Exams	2	1	1	100.00%
Radiology - O/P Exams	444	388	56	14.43%
Radiology - ER Exams	973	936	37	3.95%
Radiology (inc mammos) Totals	1,419	1,325	94	7.09%
CT - I/P Exams	1	0	1	0.00%
CT - O/P Exams (Inc. U/S)	87	74	13	17.57%
CT - ER Exams	389	345	44	12.75%
Total Cat Scan Exams	477	419	58	13.84%
Pharmacy - I/P units	187	68	119	175.00%
Pharmacy - O/P units	5,353	4,741	612	12.91%
Pharmacy Totals	5,540	4,809	731	15.20%
IV's - Inpatient	7	2	5	250.00%
IV's - Outpatient	284	142	142	100.00%
Total IV's	291	144	147	102.08%
RT - I/P Procedures	35	0	35	0.00%
RT - O/P Procedures	755	0	755	0.00%
R/T Totals	790	0	790	0.00%
Sleep Clinic Visits	82	85	(3)	-3.53%
<b>Perioperative Services Minutes</b>				
OR - Inpatients	0	0	0	0.00%
OR - Outpatients	4,834	4,291	543	12.65%
OR - Total	4,834	4,291	543	12.65%
Total ASD	11,696	9,678	2,018	20.85%
I/P Recovery	0	0	0	0.00%
O/P Recovery	1,268	1,261	7	0.56%
Total Recovery	1,268	1,261	7	0.56%
Pain Clinic	0	0	0	0.00%
Procedure Room	0	0	0	0.00%
Total Surgicenter Minutes	17,798	15,230	2,568	16.86%
<b>Anesthesia - Minutes</b>				
Inpatient	0	0	0	0.00%
Out Patient	4,815	4,457	358	8.03%
Elsewhere	0	0	0	0.00%
Total Anesthesia - Minutes	4,815	4,457	358	8.03%
<b>Dietary</b>				
Patient Meals	335	434	(99)	-22.81%
Pantries	1,977	1,165	812	69.70%
Non-patient Meals	0	0	0	0.00%
Total Meals	2,312	1,599	713	44.59%
Flu Shots	130	383	(253)	-66.06%
P/T - 42 076	14,172	15,154	(982)	-6.48%
OT - 42 080	597	555	42	7.57%
Diamond Peak - Patients Seen	111	82	29	35.37%
Incline Village Health Clinic	1,264	800	464	58.00%

## TOTAL TFH ADMISSIONS

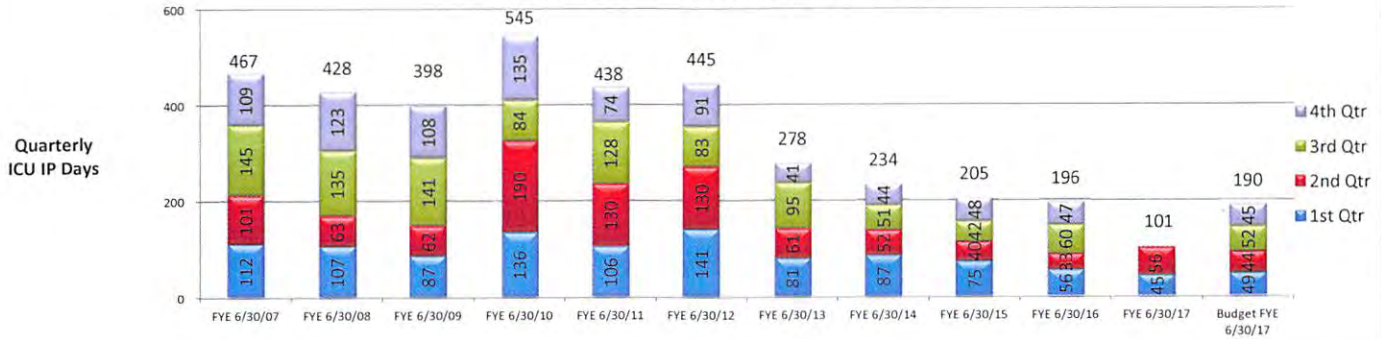


## TOTAL TFH PATIENT DAYS

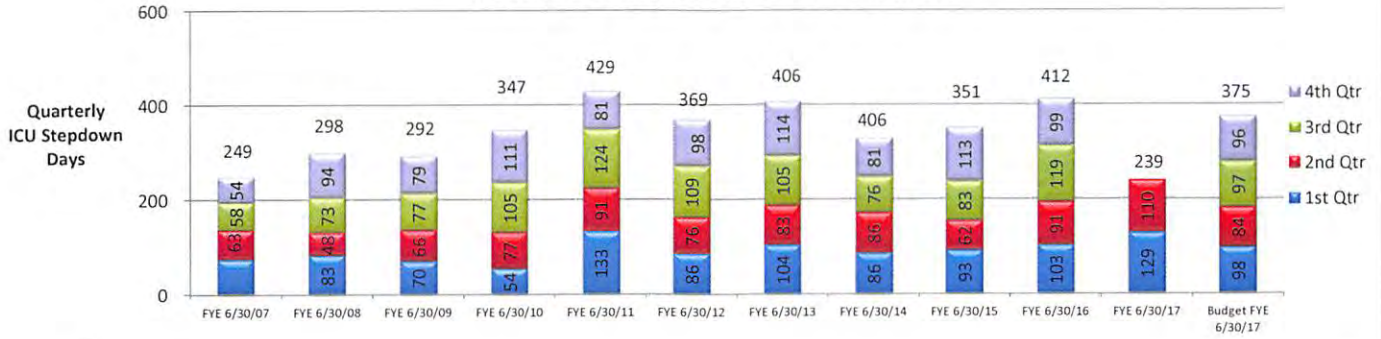




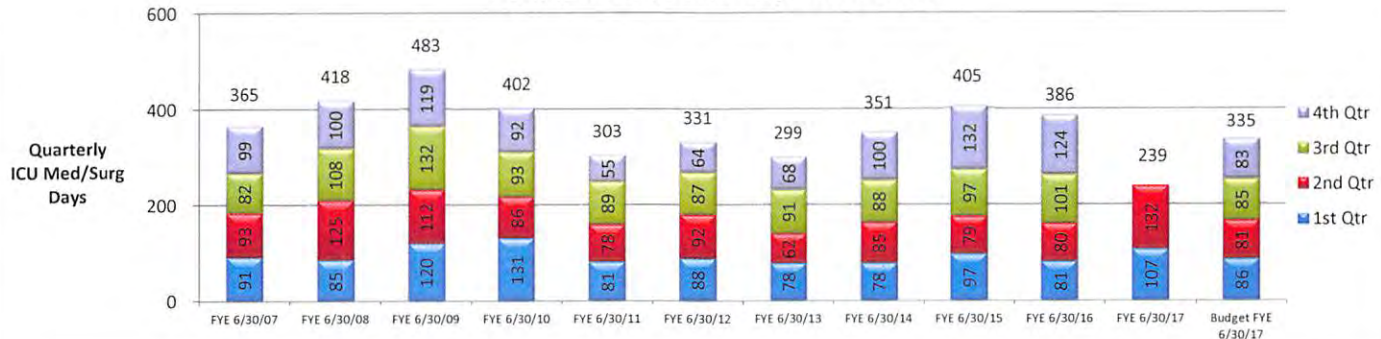
### TOTAL TFH ICU INPATIENT DAYS



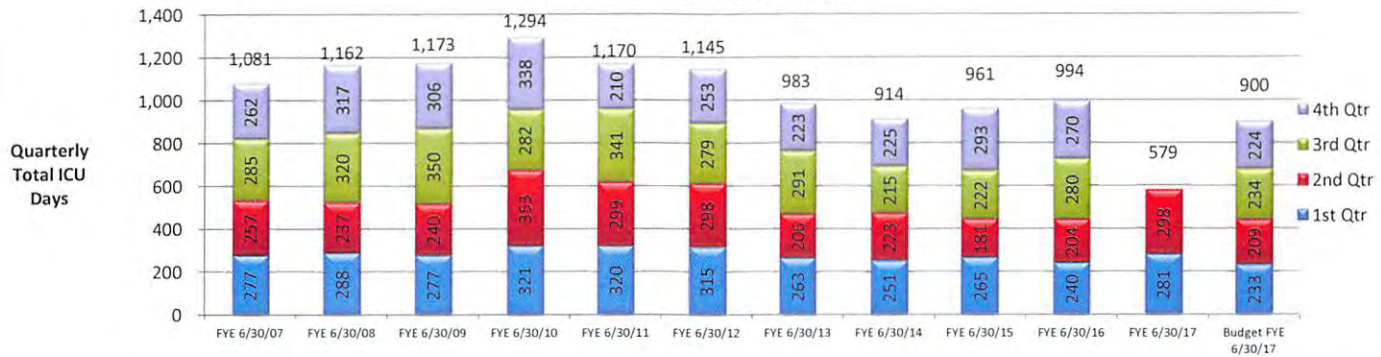
### TOTAL TFH ICU STEPDOWN DAYS



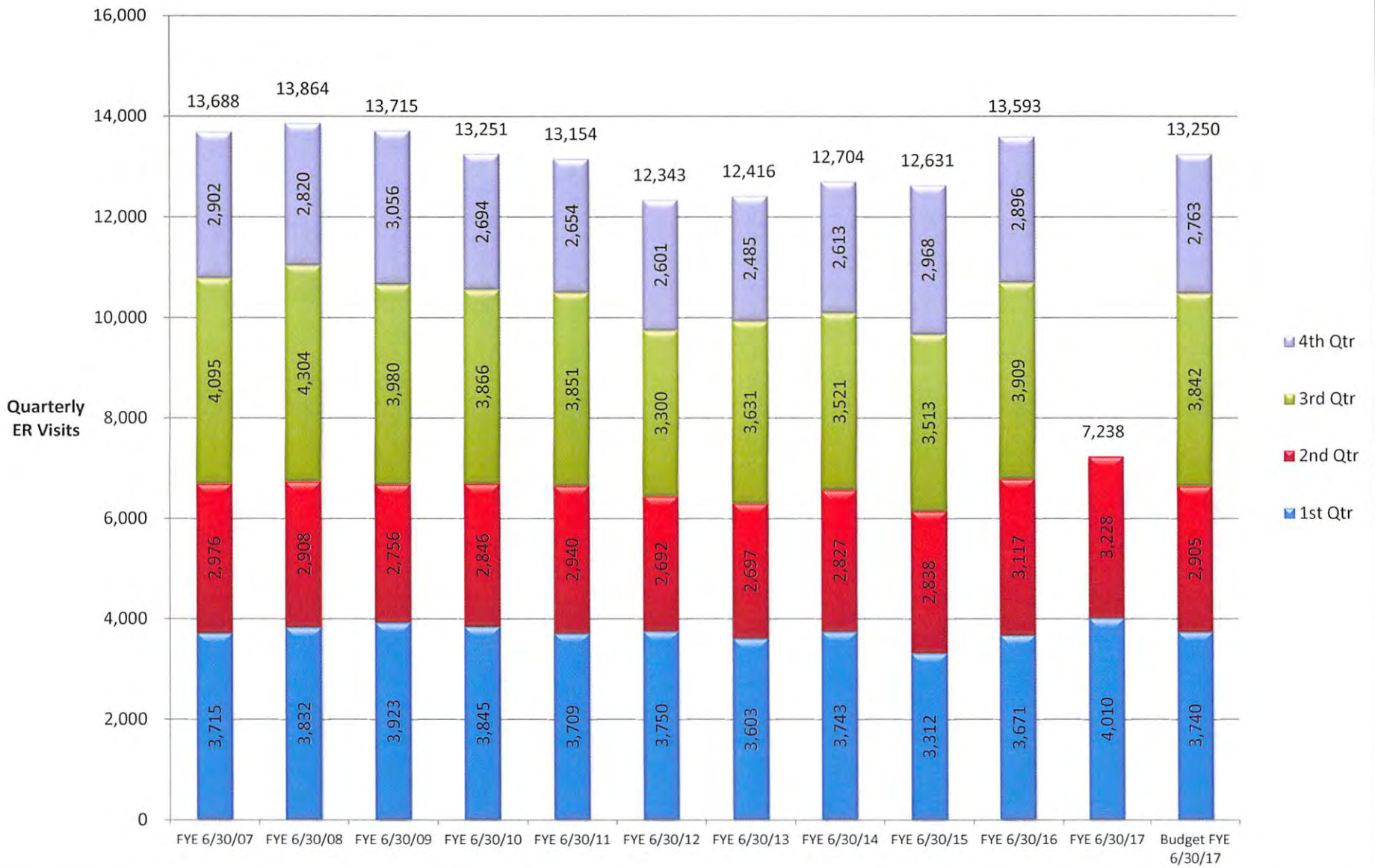
### TOTAL TFH ICU MED/SURG DAYS



### TOTAL TFH ICU DAYS

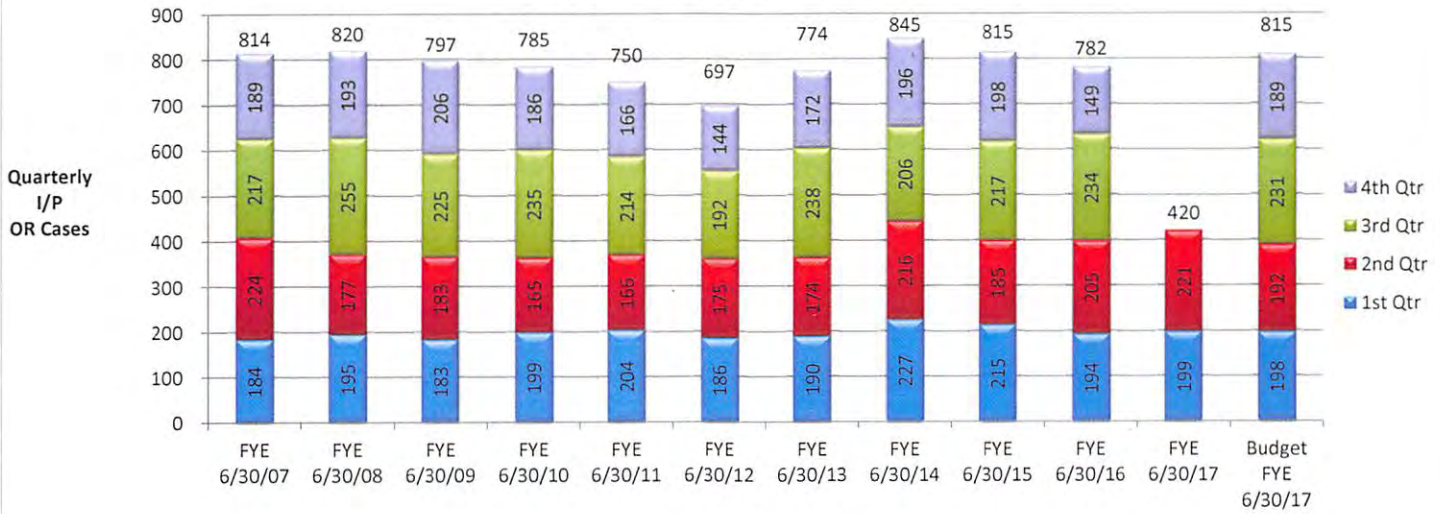


# TOTAL TFH ER VISITS

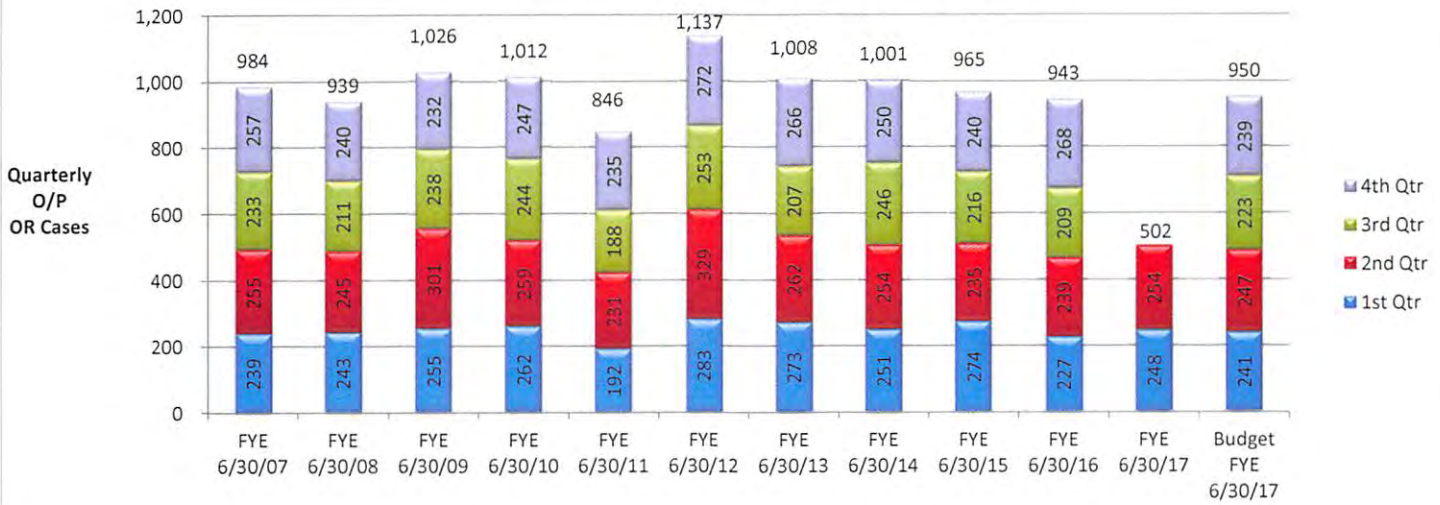




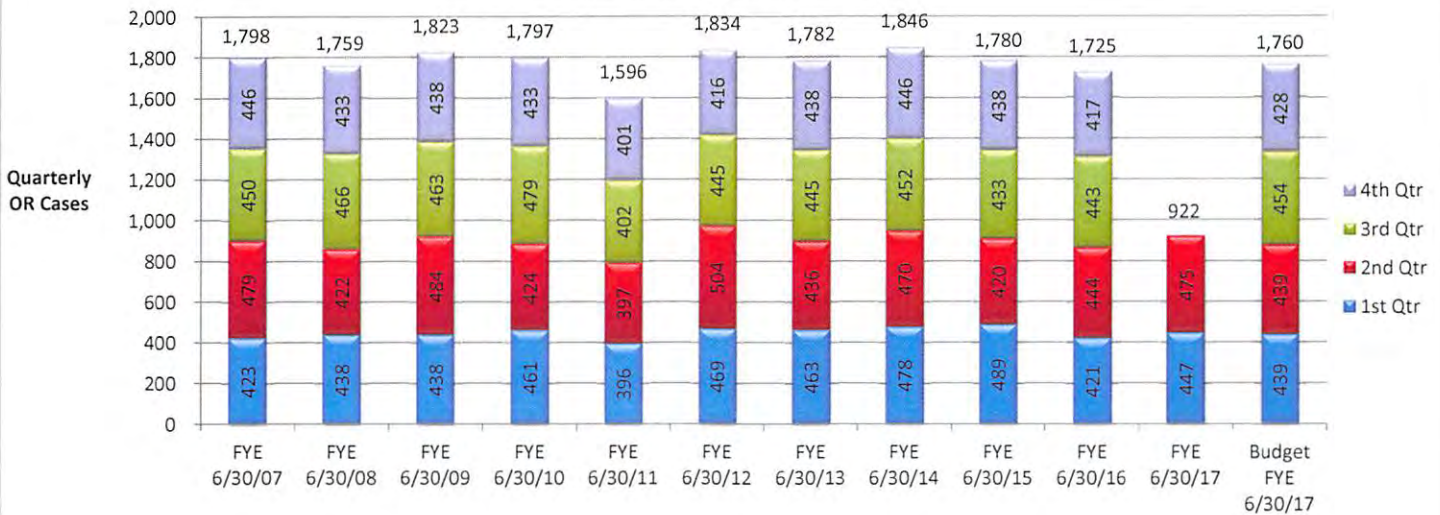
### TOTAL TFH INPATIENT OR CASES



### TOTAL TFH OUTPATIENT OR CASES

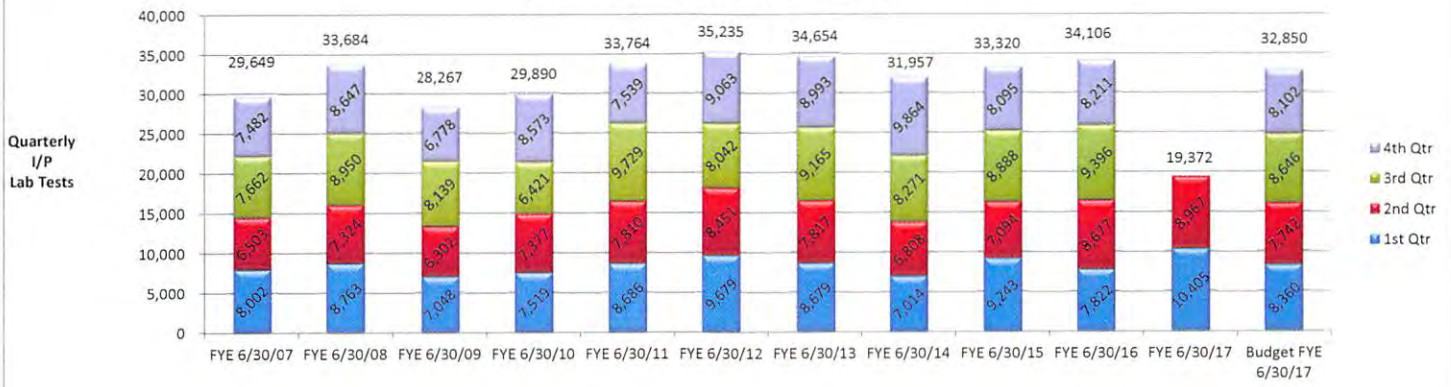


### TOTAL TFH OR CASES

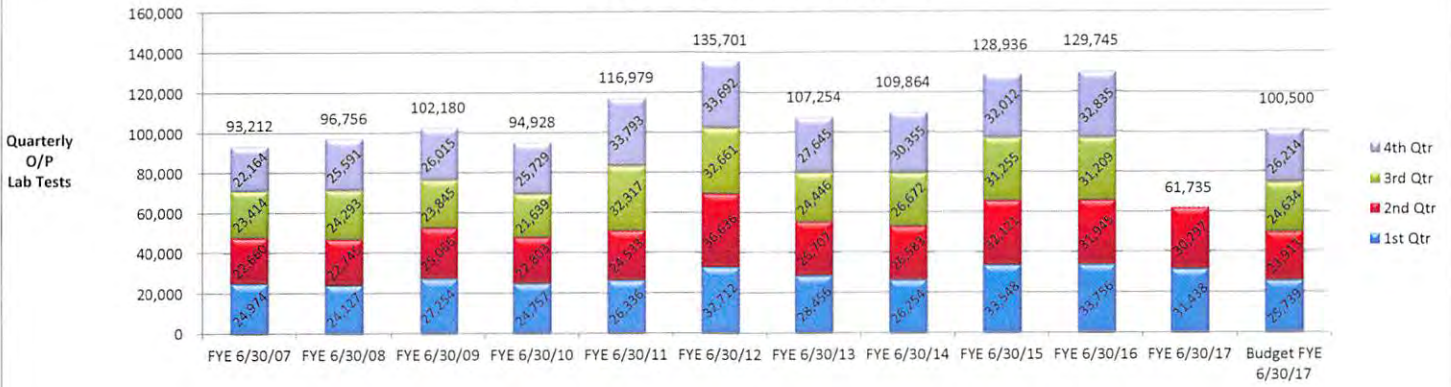




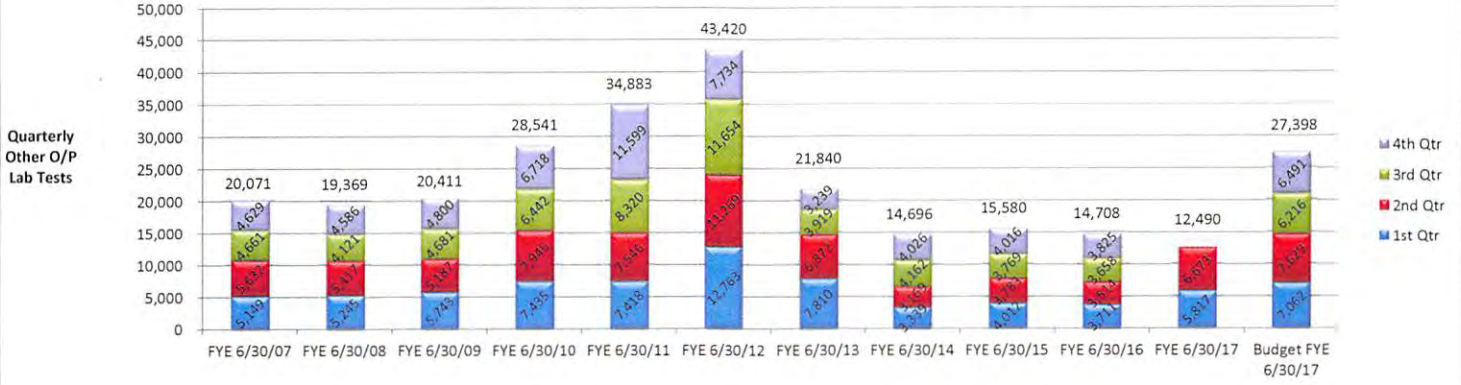
### TOTAL TFH INPATIENT LAB TESTS



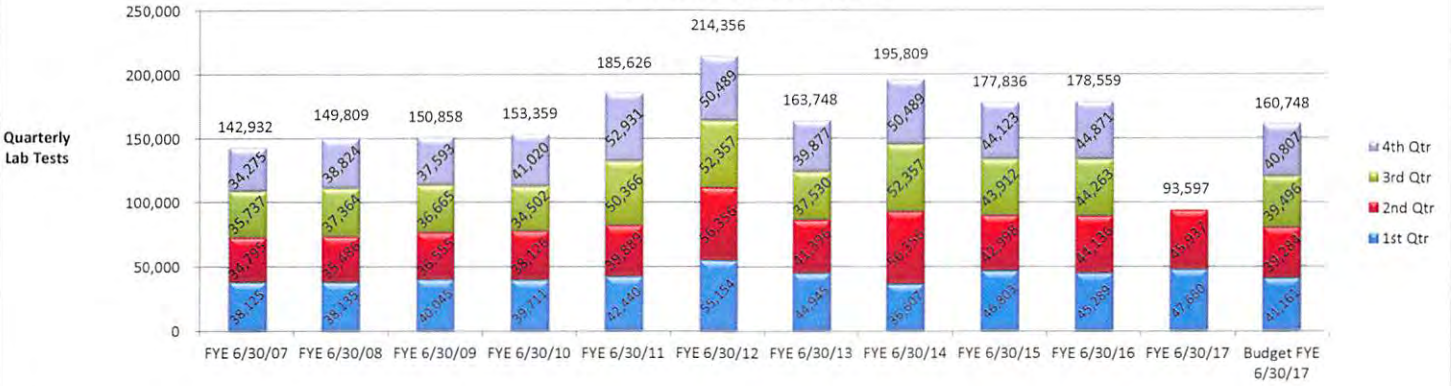
### TOTAL TFH OUTPATIENT LAB TESTS



### TOTAL TFH OTHER OUTPATIENT LAB TESTS

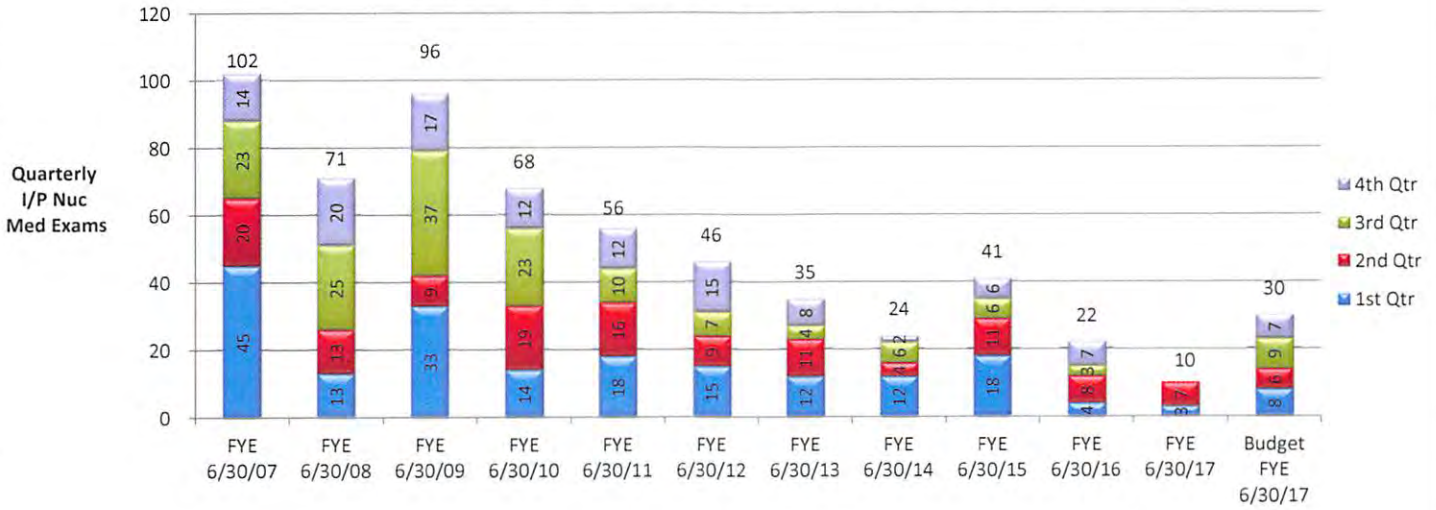


### TOTAL TFH LAB TESTS

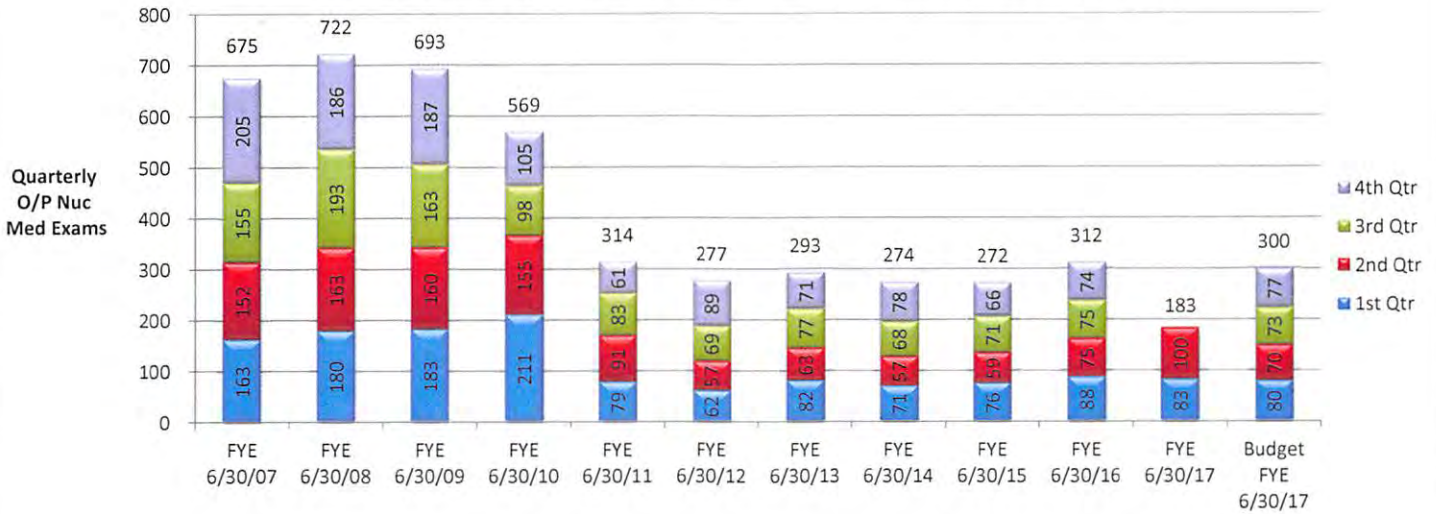




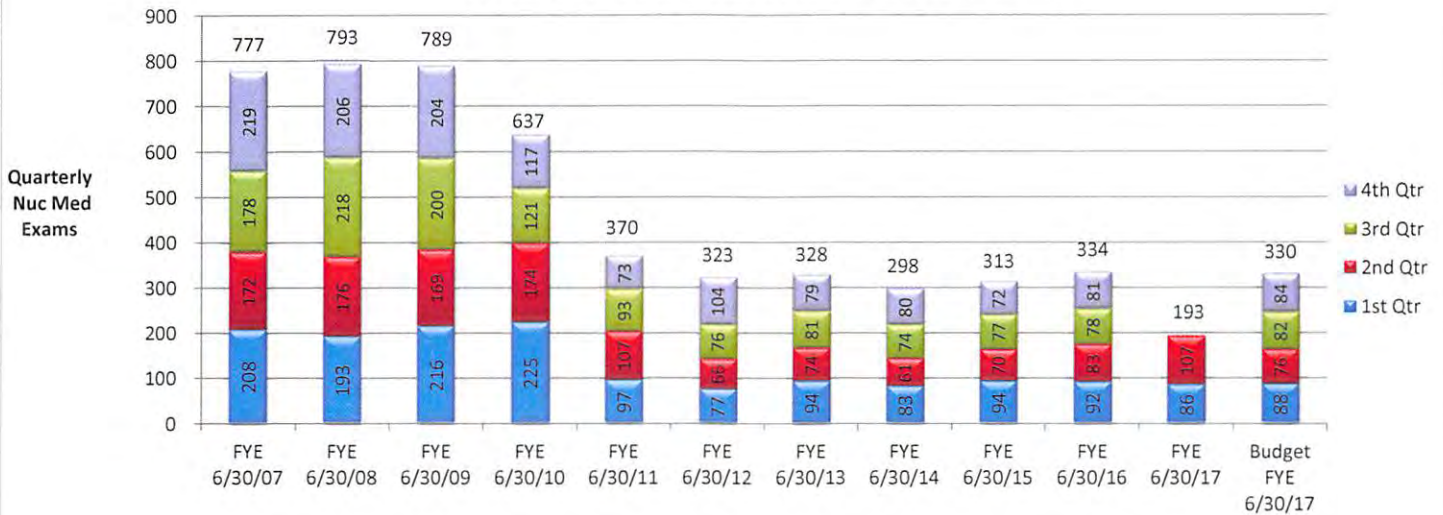
### TOTAL TFH NUCLEAR MEDICINE INPATIENT EXAMS



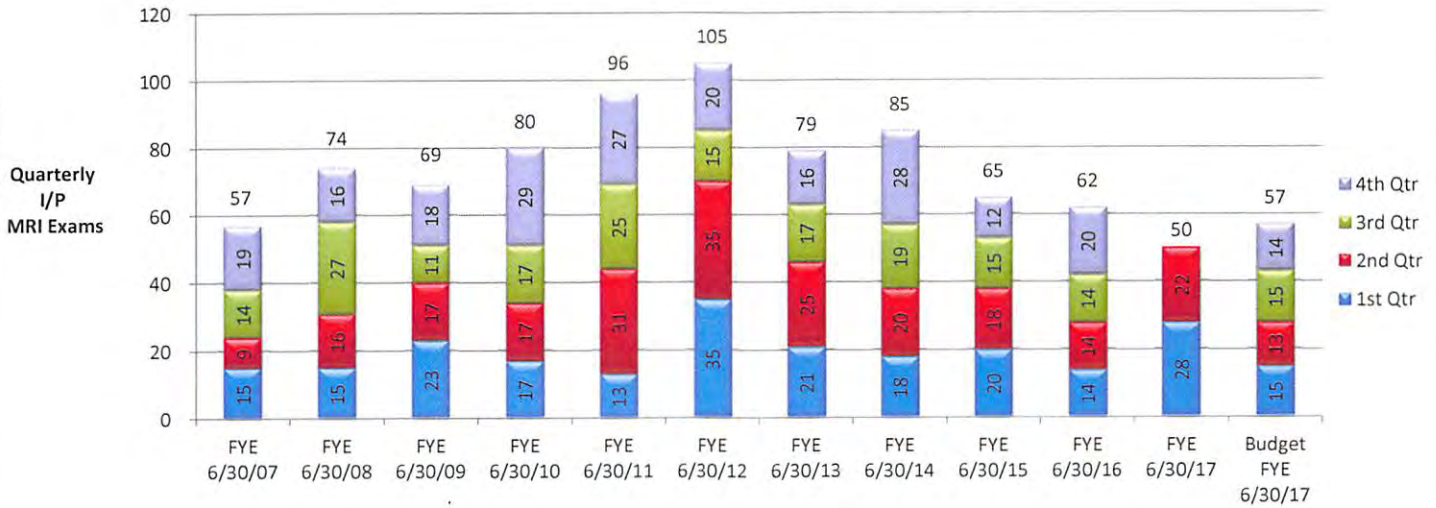
### TOTAL TFH NUCLEAR MEDICINE OUTPATIENT EXAMS



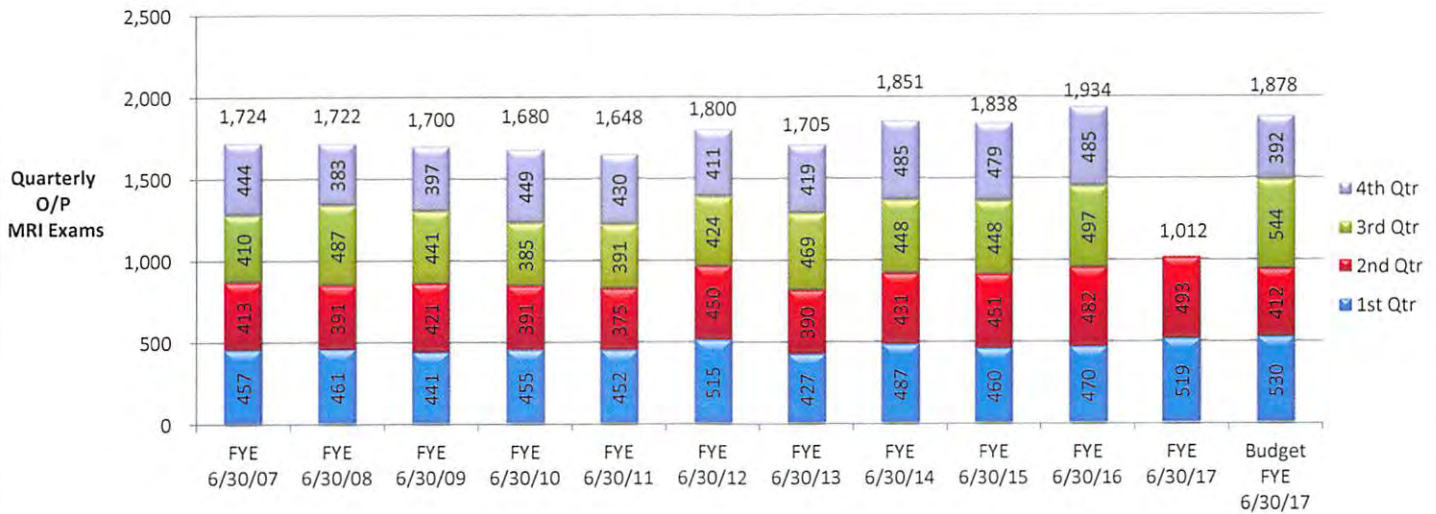
### TOTAL TFH NUCLEAR MEDICINE EXAMS



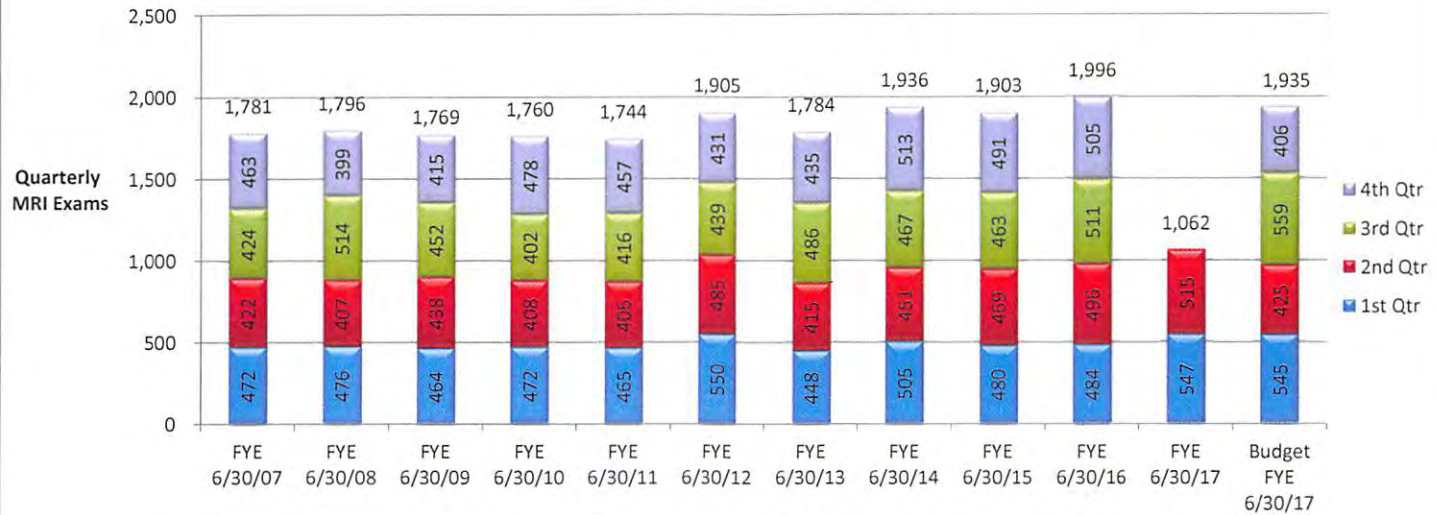
### TOTAL TFH MRI INPATIENT EXAMS



### TOTAL TFH MRI OUTPATIENT EXAMS

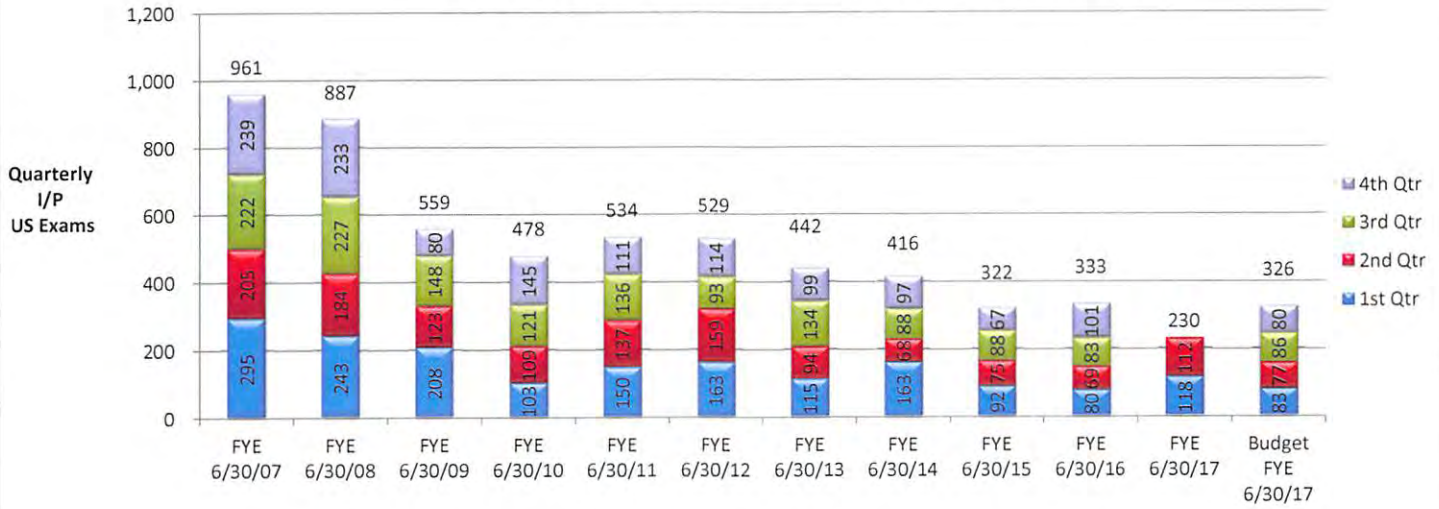


### TOTAL TFH MRI EXAMS

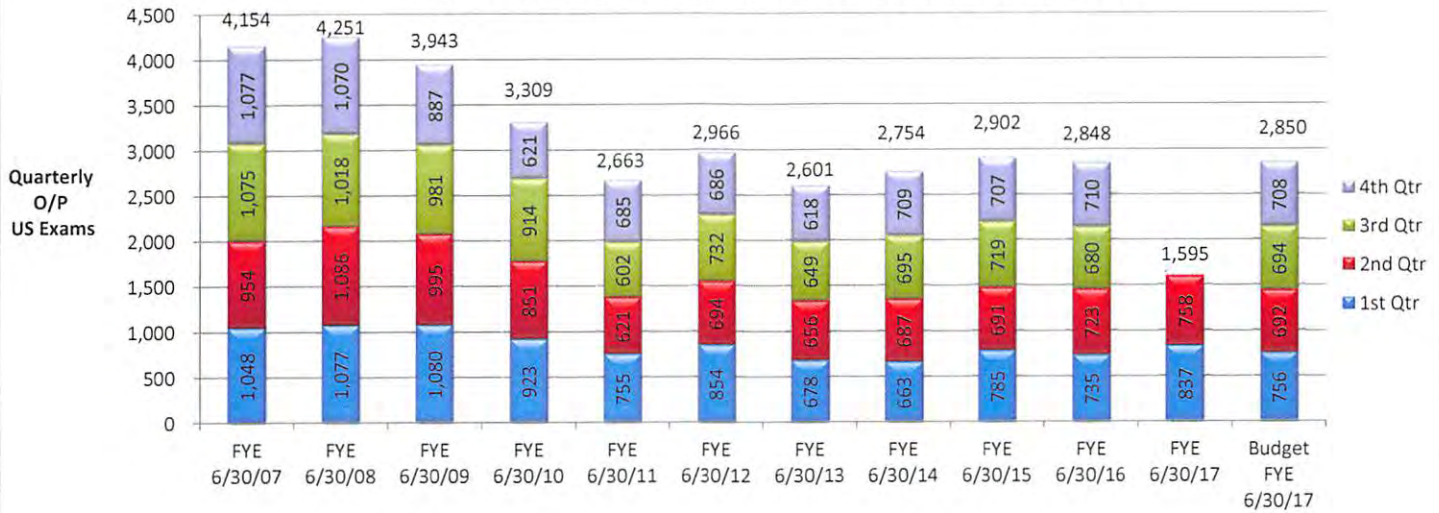




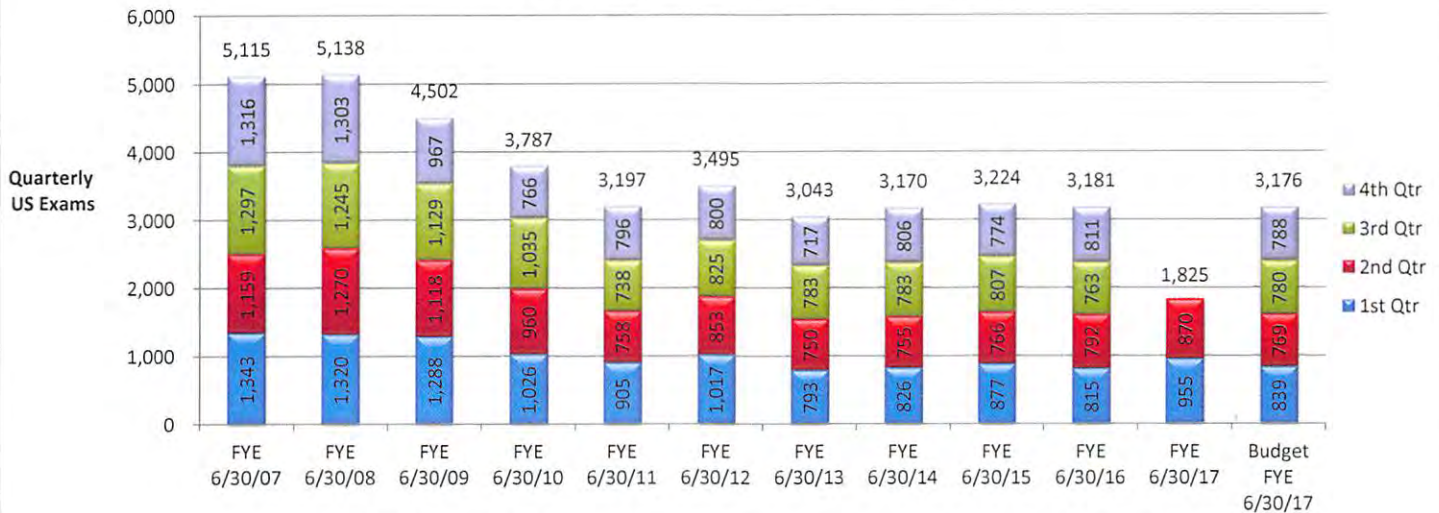
### TOTAL TFH ULTRASOUND INPATIENT EXAMS



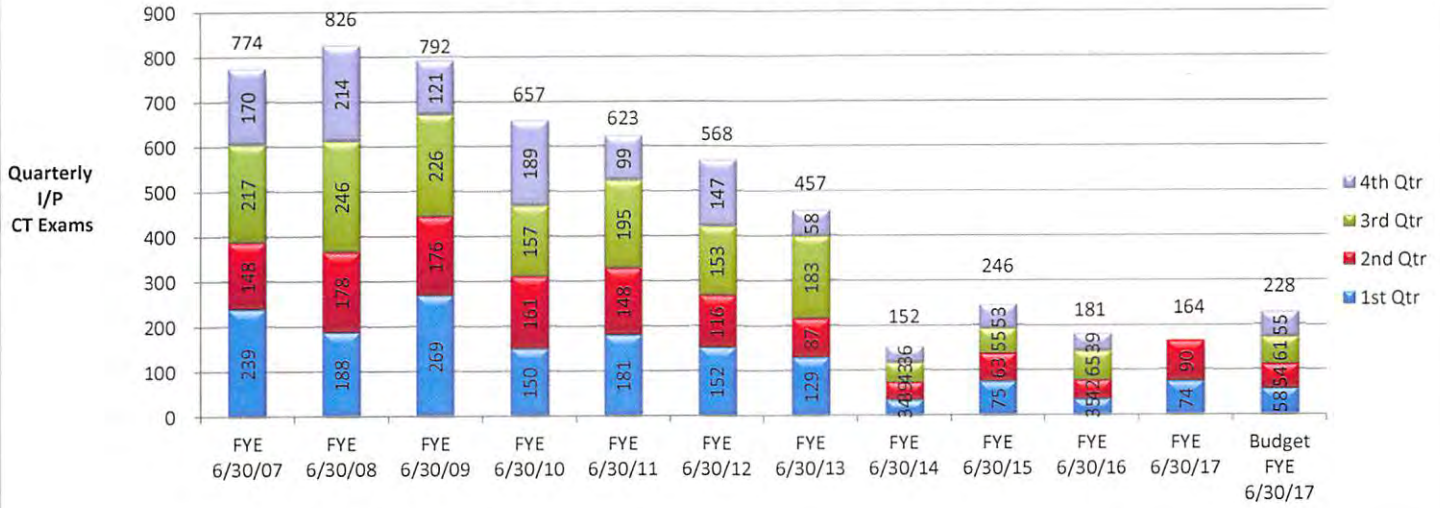
### TOTAL TFH ULTRASOUND OUTPATIENT EXAMS



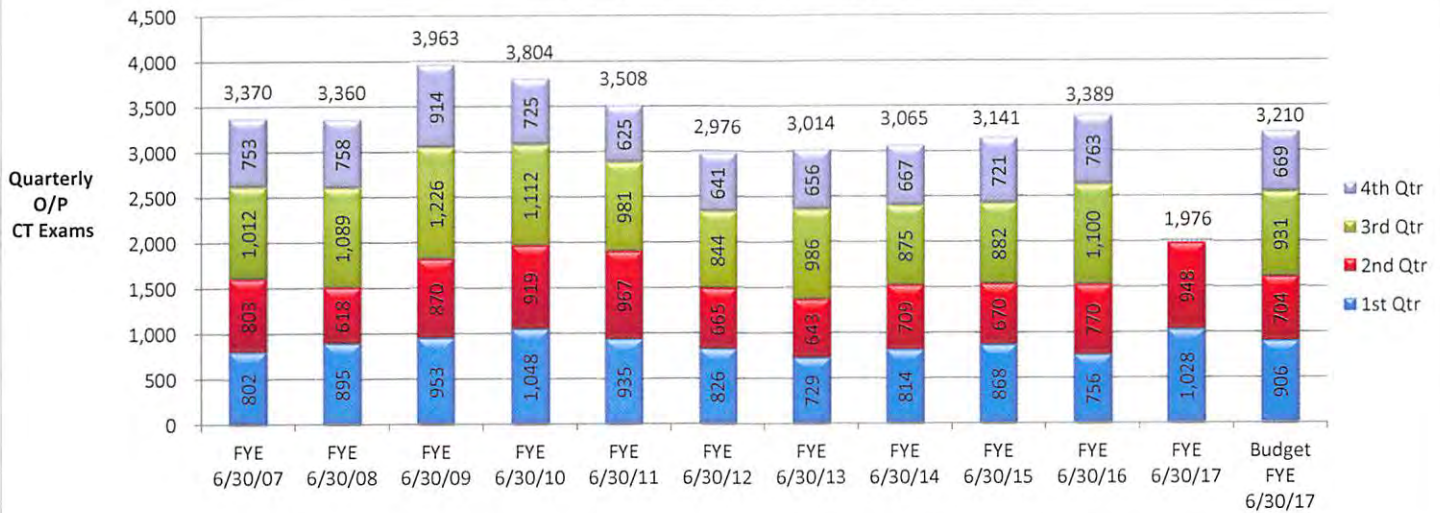
### TOTAL TFH ULTRASOUND EXAMS



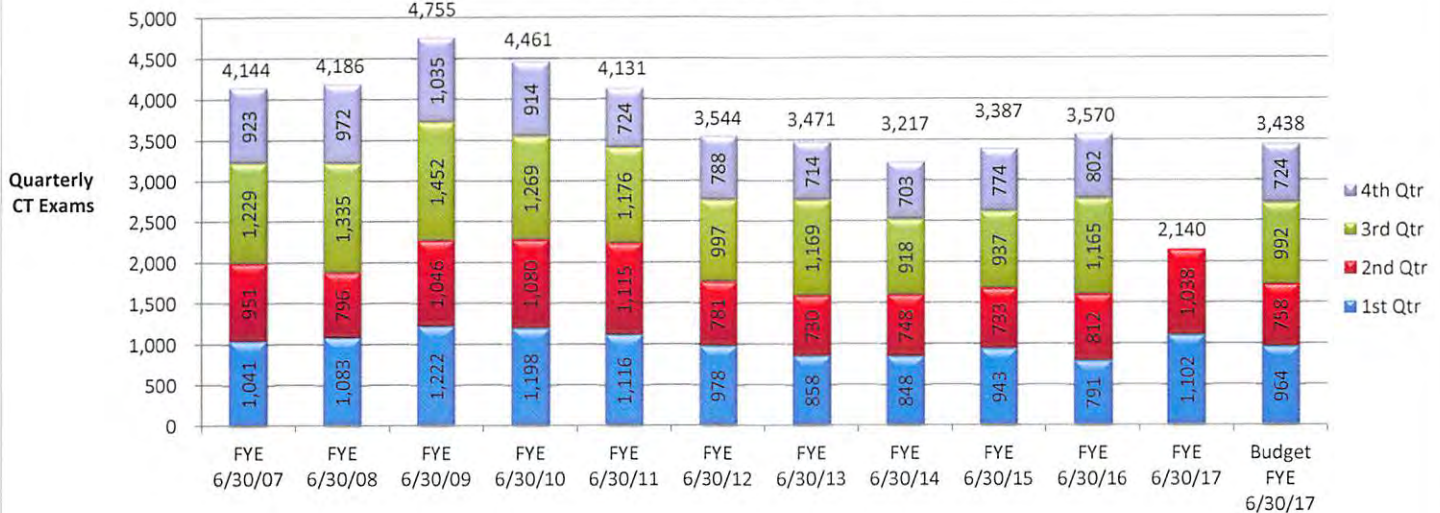
### TOTAL TFH CT INPATIENT EXAMS



### TOTAL TFH CT OUTPATIENT EXAMS

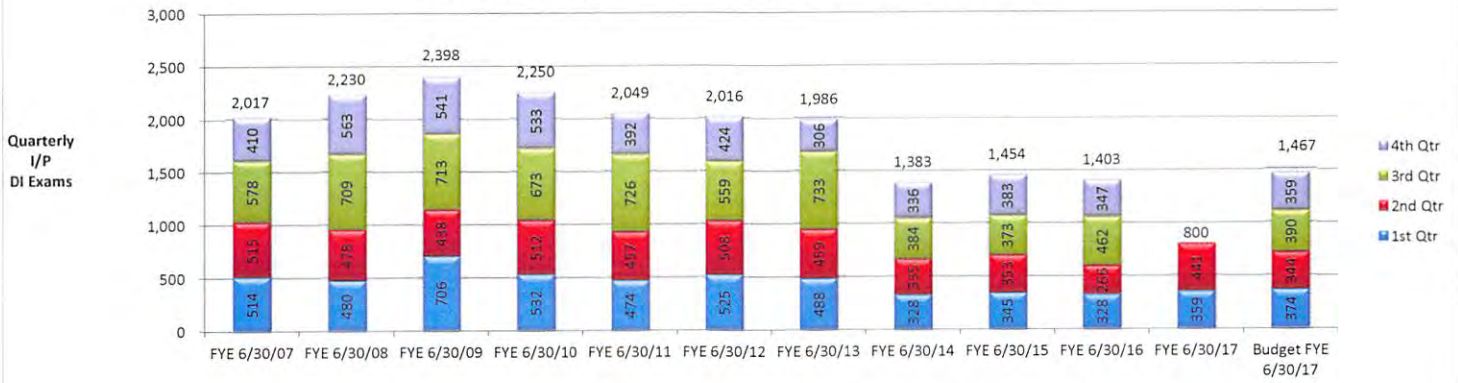


### TOTAL TFH CT EXAMS

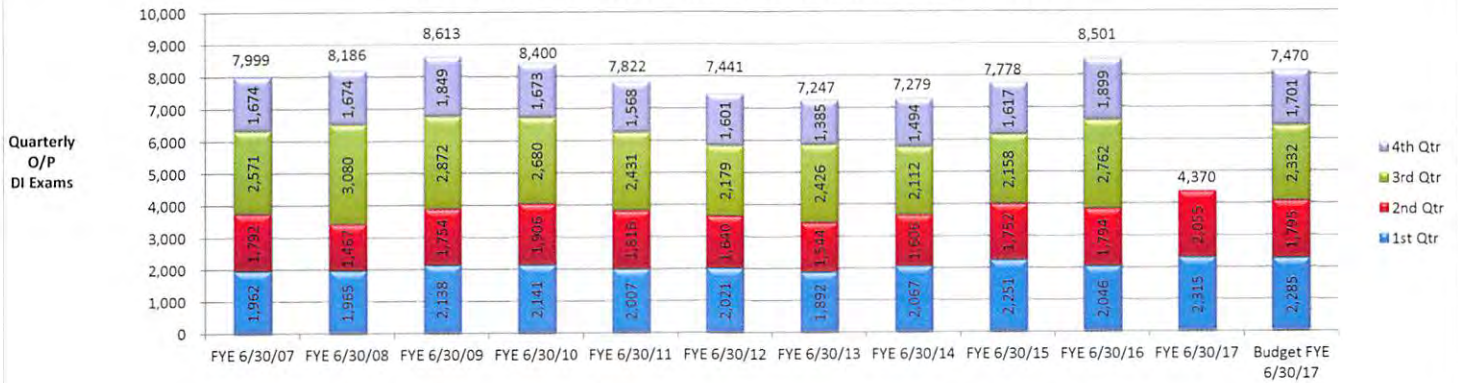




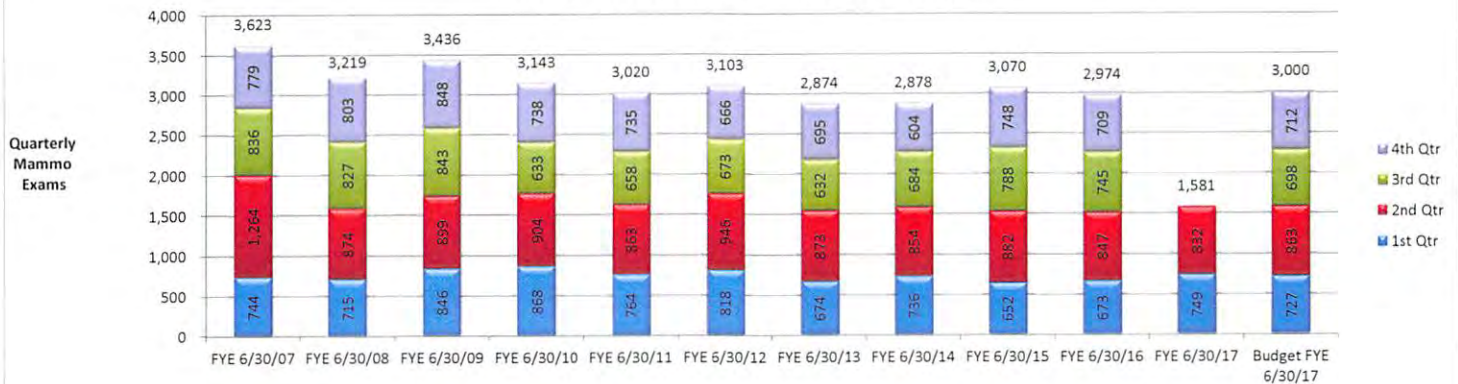
### TOTAL TFH INPATIENT DIAGNOSTIC IMAGING EXAMS



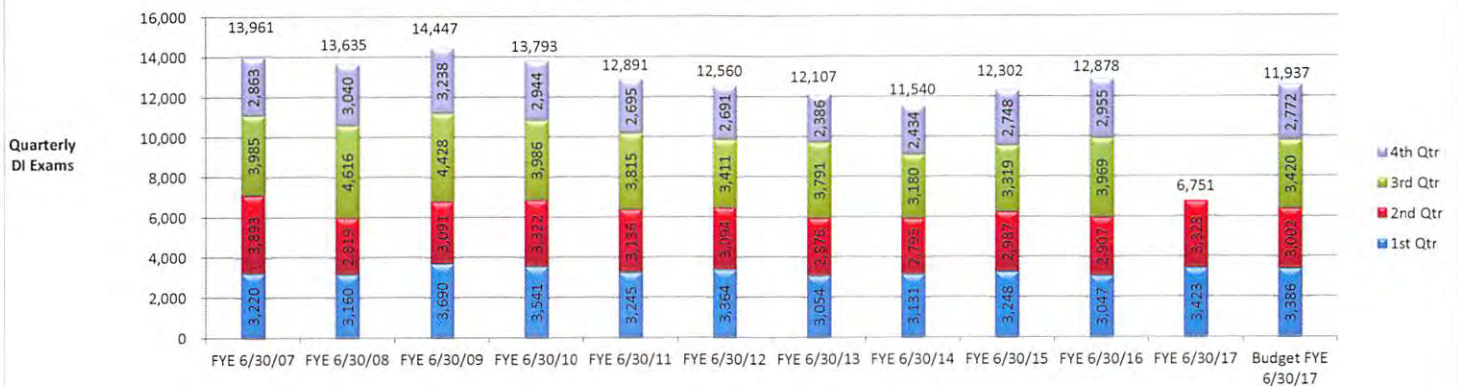
### TOTAL TFH OUTPATIENT DIAGNOSTIC IMAGING EXAMS



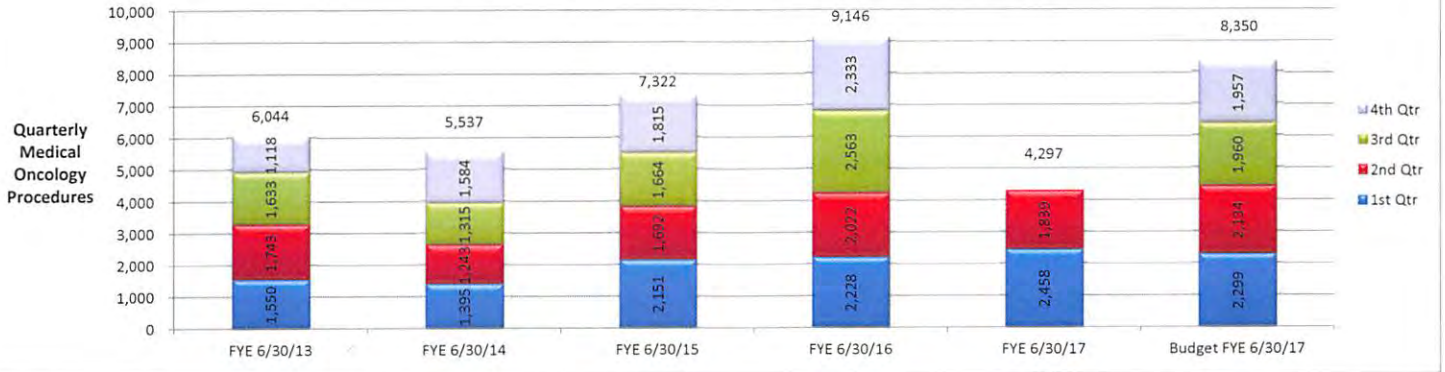
### TOTAL TFH MAMMOGRAPHY EXAMS



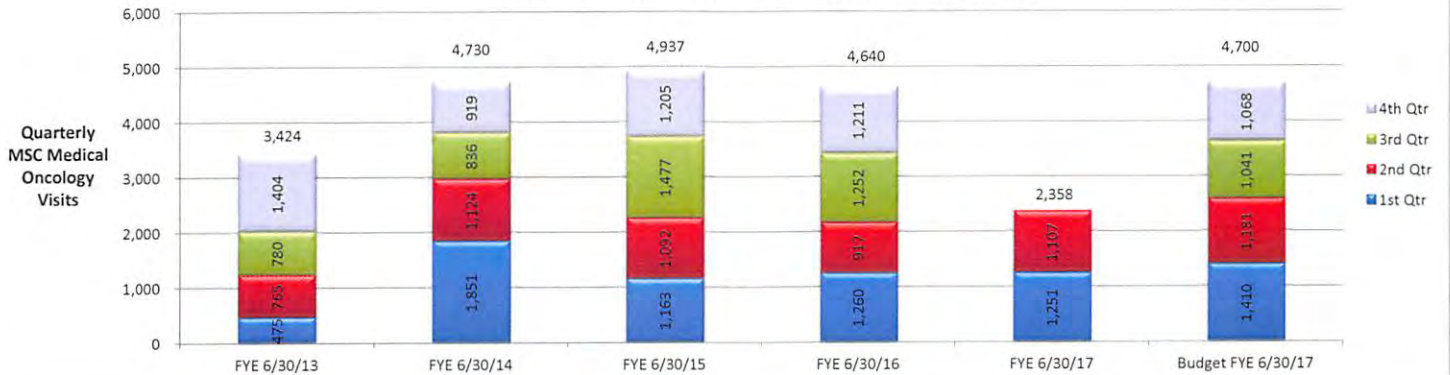
### TOTAL TFH DIAGNOSTIC IMAGING EXAMS



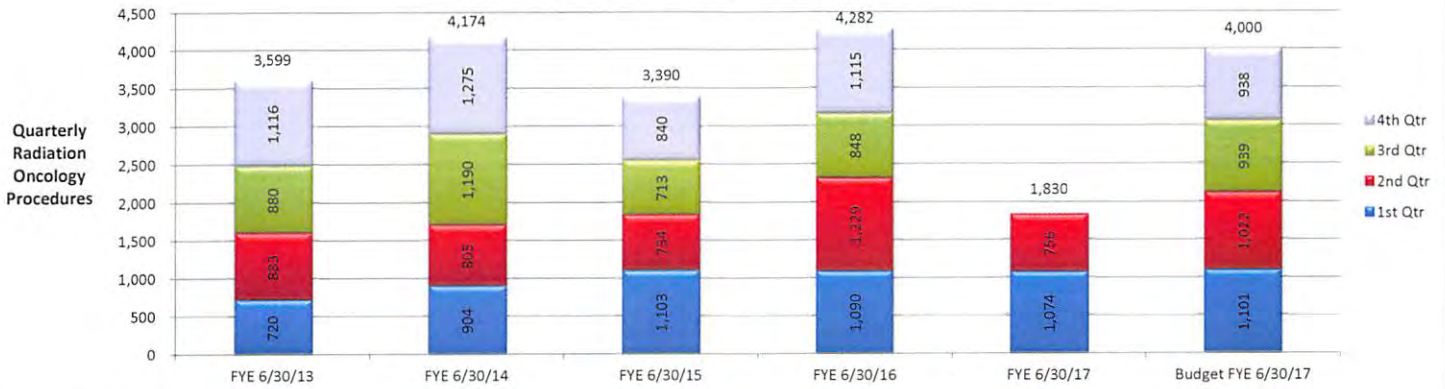
### TOTAL TFH MEDICAL ONCOLOGY PROCEDURES



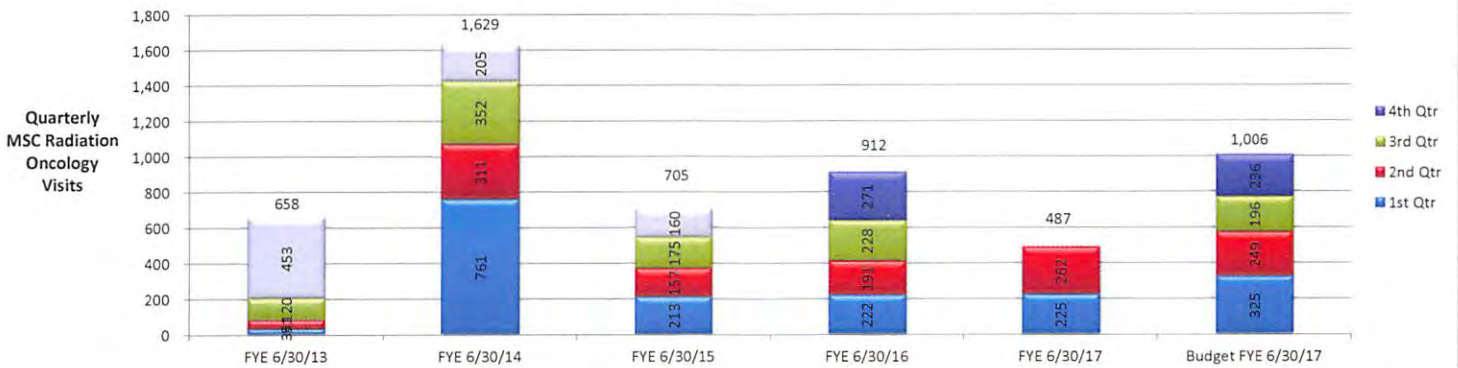
### TOTAL TFH MSC MEDICAL ONCOLOGY VISITS



### TOTAL TFH RADIATION ONCOLOGY PROCEDURES

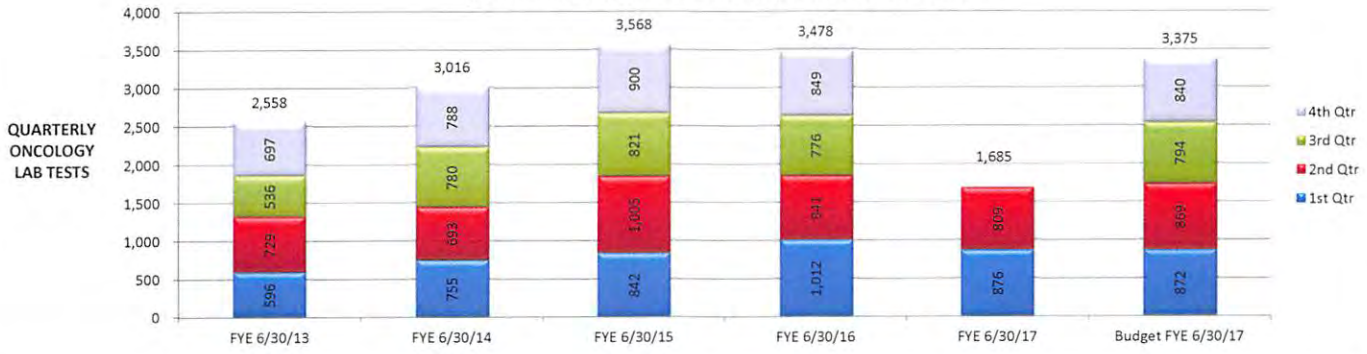


### TOTAL TFH MSC RADIATION ONCOLOGY VISITS

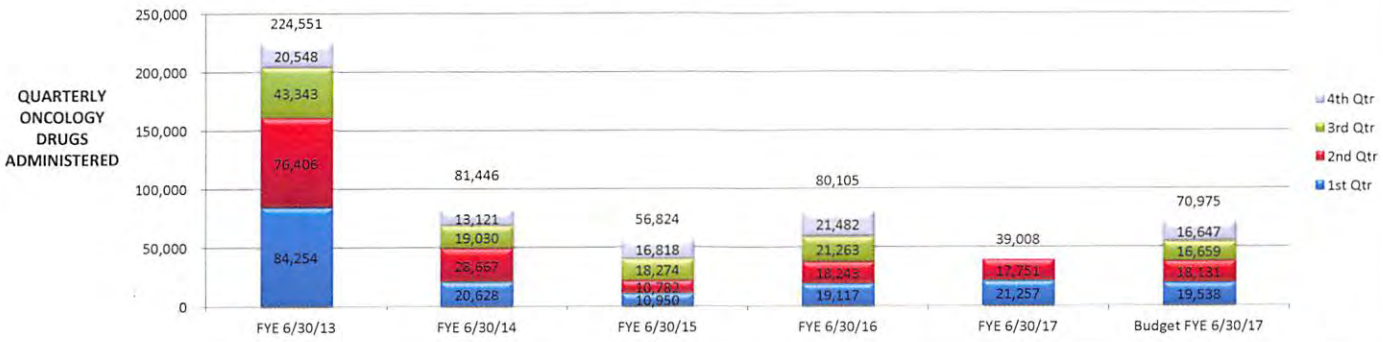




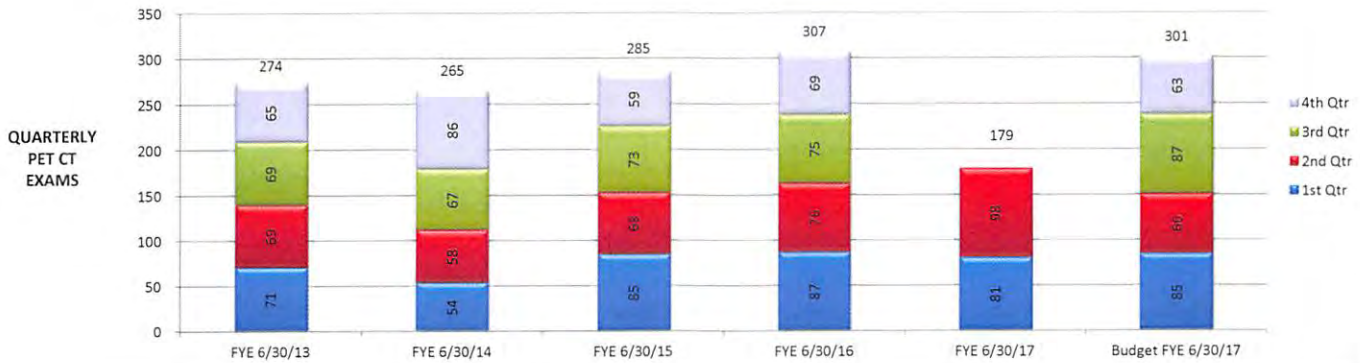
### TOTAL TFH ONCOLOGY LABORATORY TESTS



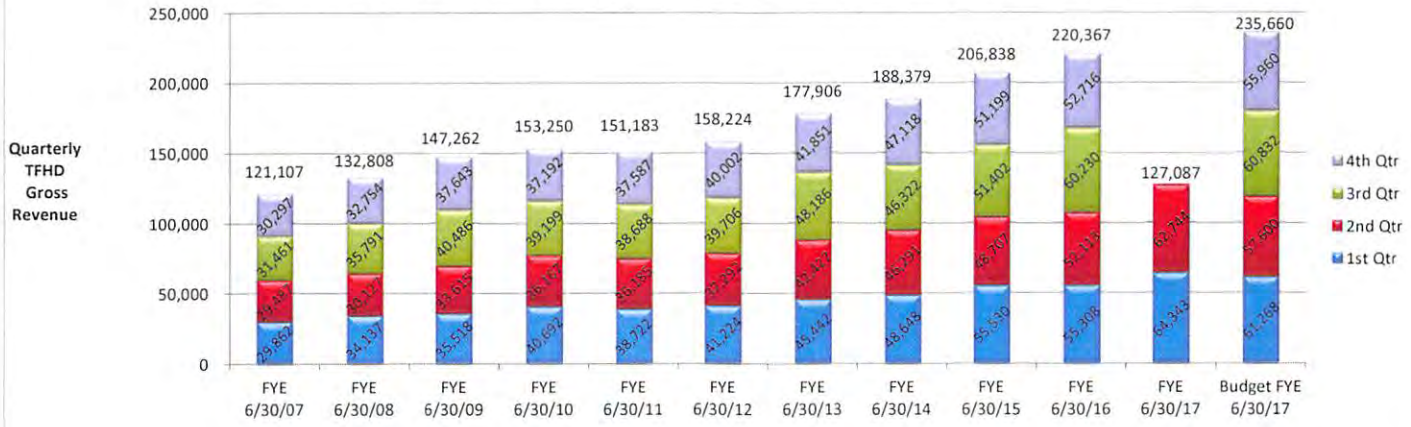
### TOTAL TFH ONCOLOGY DRUGS SOLD TO PATIENTS



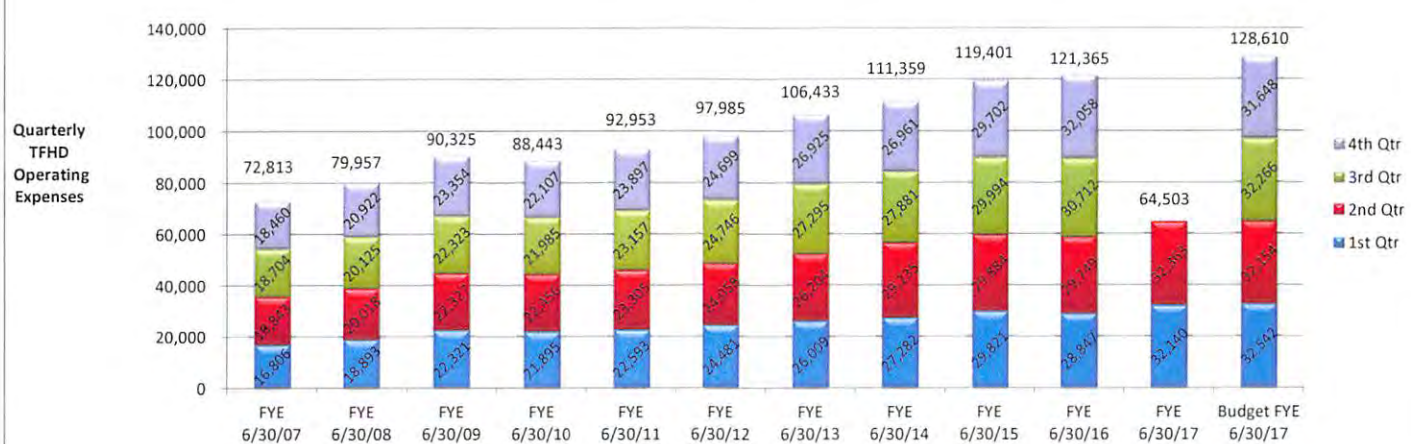
### TOTAL TFH PET CT EXAMS



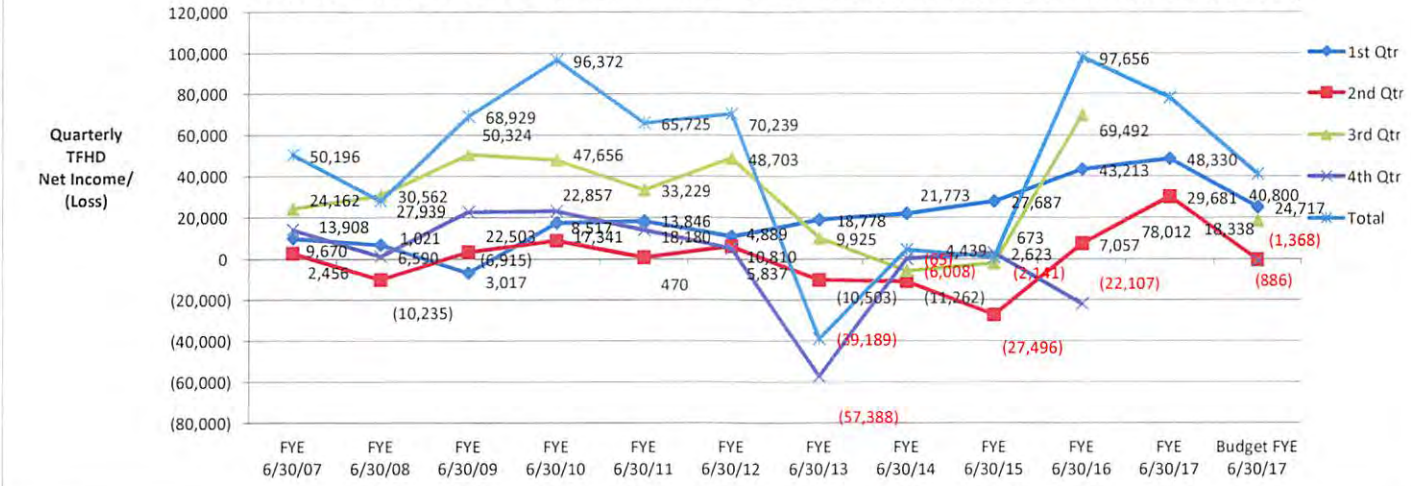
### TAHOE FOREST HOSPITAL DISTRICT TOTAL GROSS REVENUE (In Thousands)



### TAHOE FOREST HOSPITAL DISTRICT TOTAL OPERATING EXPENSES (In Thousands)



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







## Board Informational Report

**By: Jake Dorst**  
CIO

**DATE:** 1/16/2016

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### **STRATEGIC INITIATIVE 4.3**

**Develop a long-range IT EMR plan (3-10 years) to optimize potential strategic technology investments and execute after approval from the Board of Directors.**

#### **Mercy Epic**

- Discovery meetings are almost complete where current state is analyzed.
- Beginning demos of their build and weekly meetings for all modules to take current state to future state. Many workflows to analyze. Their build is looking good so far.
- Have not started on Home Health and Hospice yet. This is being scheduled.
- Mercy on site next week for Ambulatory and IP Hardware assessments.
- Mercy on site the following week for Training planning-meeting with all areas

#### **Pending Decisions Soft Blood Bank versus Mediware**

#### **Pending Decisions OBIX vs GE for Fetal Monitoring**

#### **Device Integration**

- NantHealth (Isirona) is the third party vendor for device integration
- They will be onsite Jan 19<sup>th</sup> for our device walkthrough and plan
- Integration of both EDs, ICU, PACUs, Anesthesia machines is planned

#### **Data Migration**

- Work underway for Master Patient Index loads from both OCHIN Epic and CPSI to Mercy Epic. We are supplying the data files.
- Epic has a complex formula for a step by step analysis to get the best working MPI for go live. Will take months.
- Batch load of all possible clinical data from OCHIN Epic to Mercy Epic: will include Allergies, Meds, Immunizations, Problem List at the field level
- Boston Software is a possible solution for migration of other information. Scope of work reviewed with Boston in an initial call. Awaiting pricing.

#### **Interface Resource: Mirth Contract**

- Scope of work fully defined except  
Finalizing all Premiere/Aperek interfaces  
GE Fetal Monitoring: if we go that direction requires 4 interfaces

## **Upgrades**

- Powerscribe 360 for Radiology almost complete. Go live Feb 14
- Varian testing underway. Move to live in March
- T Systems Hot Fix. Had to cancel last week due to power outage. Rescheduling.

## **CancerLinQ**

- On site for go live and training on Jan 30<sup>th</sup>. Impressive displays of our CC data.
- They are complimentary about the quality of our Cancer Center documentation and say we are a “showpiece”.

## **Return PBX to in house operators**

- Goal date is Monday 24<sup>th</sup> of January
- New employee trained and completing training documentation for registration team
- Working with Registration to train staff
- Getting the consoles set up in ED and the front lobby



## Board CNO Report

**By: Karen Baffone, RN, MS**  
Chief Nursing Officer

**DATE: January 2017**

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**Strategy Two: Choosing and implementing the correct new Electronic Health Record for our system that spans all physician, OP and IP services. Plus acquiring any other critical companion business operations software.**

Ongoing work within all department is in progress for the implementation of the EPIC EMR. Next steps is Epic's clinical operational readiness (CORE) program that promotes long-term success of all clinical departments by engaging leadership for this program. This program will create and implement goals and objectives for the install. The CNO will serve as the lead of this program throughout the planning and implementation process.

**Strategy Four: Developing and implementing a comprehensive Care Coordination Plan coupled with Patient Navigation for all patients that touch our healthcare system.**

Orthopedic Services: Completion of the Patient Education Guide and submitted for editing and printing for patient that attend the Joint Camp classes. Working toward development of a marketing plan that will allow for improved communication both inside and outside the community. Plan to work with the Marketing Department to find an outside resource with the experience of orthopedic marketing.

Navigation Services: Patient Navigation implementation was delayed related to the winter storm and closed our non-clinical departments. The "one call does it all" phone has been assigned. Job descriptions and assignments for the lay navigators has been completed. The Orthopedic Care Coordinator that will facilitate orthopedic services has been completed and will be posted in the up and coming week. This position will allow for triage of both sports medicine as well as orthopedic cases that enter the system.

The Joseph Family Center for Women and Newborn Care will look to expand services into the Care Coordination department. This nurse will work to facilitate care for those patients that are in need of addition support (gestational diabetes etc) and lactation services. Discussion with physician will occur in the January OB/PEDs section. This transition will promote seamless care within the system and be an addition to the Care Coordination and Navigation programs already implemented.

**Strategy Five: "Just Do It" Continue to show measureable annual improvements in Quality, and Patient Satisfaction.**

Efforts to communicate strategies to improve patient satisfaction and the patient experience has been initially developed for implementation within the organization. This is being done collaboratively with the COO to ensure that all departments are included in this strategy.

AIDET is a framework for TFHD staff to communicate with patients and their families as well as with each other. It is a simple acronym that represents a very powerful way to communicate with people who are often nervous, anxious and feeling vulnerable. It can also be used as we communicate with other staff and colleagues, especially when we are providing an internal service. It is a piece of customer relations that will provide a standard of communication with all stakeholders. AIDET was developed within the Studer Organization and have proved success and is best practice.



## Board COO Report

**By: Judith B. Newland**

**DATE: January 2017**

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**“Just Do It” – Demonstrate measurable improvements annually in both Quality and Patient Satisfaction.**

TFHS activated our Hospital Incident Command System (HICS) on Tuesday, January 10<sup>th</sup> in response to weather conditions that created power outages, closed major highways and created transportation challenges for staff. An emergency command center was opened in the Eskridge Conference Room and Karen Baffone, CNO, oversaw the command center as the Incident Commander. We maintained ongoing communication with leadership, hospital and medical staff through conference calls, emails, and texts. The command center stayed in place through January 10<sup>th</sup> until the power for the hospital came back up. IVCH did not have power for 10 hours and TFH did not have power for 14 hours. Ms. Baffone continued as the Incident Commander for 6 days to assure we continued monitoring of campus power outages, supplies, food, services, and housing for staff. The staff at IVCH and TFHD were exceptional during this event. Many staff members went above and beyond making themselves available to assist with staffing for those who could not make it into work. The engineer department and others worked long hours to assure the facilities got back to normal. TFHS has a remarkable and dedicated team and their commitment to serve our communities during this challenging time was extraordinary.

TFHS is scheduling training for all staff to be educated on a communication framework with patients and their families as well as with each other. Currently TFHS has no formal communication framework to assist staff in their daily work. This opportunity was identified with the implementation of the staff Gain Sharing program and supporting staff in improving patient satisfaction results. The framework includes when communicating with patients, families and each other to Acknowledge, Introduce, give Duration of service, Explanation, and end with a Thank You. It represents a powerful way to communicate with people who are often nervous, anxious and feeling vulnerable. It can also be used as we communicate with other staff and colleagues, especially when we are providing a service. Those who have utilized this framework consistently find it to be a tremendously valuable tool for organizing patient communication and providing patient with the information and caring relationship that they want and need.

At Tahoe Forest Hospital, the Measure C project for South Building received approval for Stock and Staff from OSHPD which allows both the Dietary Department and Joseph Family Women and Newborn Care unit to begin stocking their departments with supplies and equipment. Stock and Staff also allows use of the corridors and the helipad to be opened. We are planning for the helipad opening late January after the storage container is removed, helipad policy and procedure is updated and staff responders are all educated on helipad safety. We anticipate Temporary Certificate of Occupancy from OSHPD in February that will allow us to care for patients in the new area.



The Pharmacy Department had their one day Sterile Compounding License inspection by the Board of Pharmacy January. Congratulations to the pharmacy staff for passing the inspection and receiving no violations. The pharmacy team along with support from the Engineering and EVS departments prepared for this inspection. Please give congratulation to our pharmacy team for this successful survey.

**Develop solid connections and relationships within the communities we serve.**

Karli Epstein begins January 23<sup>rd</sup> as the new IVCH Executive Director of Foundation and Community Outreach. Ms. Epstein brings experience in fund development and relationship management. Her experience includes national and regional level responsibilities for the American Red Cross as the Field Fundraising and Marketing Associate and Chief Development Officer. We are fortunate to have Ms. Epstein join our organization and please join me in welcoming her to our Health System team.

**TAHOE FOREST HOSPITAL DISTRICT**

**RESOLUTION NO. 2017-01**

**RESOLUTION OF THE BOARD OF DIRECTORS OF THE TAHOE FOREST HOSPITAL DISTRICT APPROVING A DEBT MANAGEMENT POLICY**

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

WHEREAS, pursuant to the provisions of section 8855(i) of the California Government Code, prior to the issuance or incurrence of any debt, the District is required to adopt local debt policies concerning the use of debt and that any proposed debt issuance is consistent with those local debt policies; and

WHEREAS, a debt management policy has been developed for the District and the Board desires to adopt such policy in connection with any proposed debt issuance by the District;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

*Section 1.* The debt management policy, in the form attached hereto as Exhibit A (the "Debt Policy"), is hereby adopted by the Board for the District. The Debt Policy has been developed to provide guidance in the issuance and management of debt by the District or its related entities and is intended to comply with section 8855(i) of the California Government Code effective on January 1, 2017. The main objectives are to establish conditions for the use of debt, to ensure that debt capacity and affordability are adequately considered, to minimize the District's interest and issuance costs, to maintain the highest possible credit rating, to provide complete financial disclosure and reporting and to maintain financial flexibility for the District.

*Section 2.* The President of the Board, the Vice President 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 resolution of the Board to act on behalf of the District are hereby authorized and directed to take any actions and execute and deliver any and all documents as are necessary to accomplish the provisions and directives of this Resolution.

*Section 3.* This Resolution shall be effective upon adoption by the Board.

\*\*\*\*\*

PASSED AND ADOPTED at the meeting of the Tahoe Forest Hospital District Board of Directors held on the 26th day of January, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Charles Zipkin, M.D.  
President, Board of Directors  
Tahoe Forest Hospital District

ATTEST:

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Randy Hill  
Secretary, Board of Directors  
Tahoe Forest Hospital District

## EXHIBIT A

### DEBT MANAGEMENT POLICY

This Debt Management Policy (the “Debt Policy”) of the TAHOE FOREST HOSPITAL DISTRICT (the “District”) was approved by the Board of Directors of the District (the “Board”) on January 26, 2017. The Debt Policy may be amended by the Board as it deems appropriate from time to time in the prudent management of the debt of the District.

This Debt Policy will also apply to any debt issued by any other public agency for which the Board of the District acts as its legislative body.

The Debt Policy has been developed to provide guidance in the issuance and management of debt by the District or its related entities and is intended to comply with Section 8855(i) of the California Government Code effective on January 1, 2017. The main objectives are to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the District’s interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the District.

Debt, properly issued and managed, is a critical element in any financial management program. It assists in the District’s effort to allocate limited resources to provide the highest quality of service to the public. The District understands that poor debt management can have ripple effects that hurt other areas of the District. On the other hand, a properly managed debt program promotes economic growth and enhances the vitality of the District for its residents and businesses.

#### 1. Findings

This Debt Policy shall govern all debt undertaken by the District. The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District’s sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the District’s credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District.
- Ensure that the District’s debt is consistent with the District’s planning goals and objectives and capital improvement program or budget, as applicable.
- Encourage those that benefit from a facility/improvement to pay the cost of

that facility/improvement without the need for the expenditure of limited general fund resources.

## **2. Policies**

### **A. Purposes For Which Debt May Be Issued**

The District will consider the use of debt financing primarily for capital improvement projects (CIP) when the project's useful life will equal or exceed the term of the financing and when resources are identified sufficient to fund the debt service requirements. An exception to this CIP driven focus is the issuance of short-term instruments such as tax and revenue anticipation notes, which are to be used for prudent cash management purposes and conduit financing, as described below. Bonded debt should not be issued for projects with minimal public benefit or support, or to finance normal operating expenses.

If a department has any project which is expected to use debt financing, the department director is responsible for expeditiously providing the Chief Executive Officer and the Chief Financial Officer with reasonable cost estimates, including specific revenue accounts that will provide payment for the debt service. This will allow an analysis of the project's potential impact on the District's debt capacity and limitations. The department director shall also provide an estimate of any incremental operating and/or additional maintenance costs associated with the project and identify sources of revenue, if any, to pay for such incremental costs.

(i) Long-Term Debt. Long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and/or operated by the District.

(a) Long-term debt financings are appropriate when the following conditions exist:

- When the project to be financed is necessary to provide basic services.
- When the project to be financed will provide benefit to constituents over multiple years.
- When total debt does not constitute an unreasonable burden to the District and its taxpayers and ratepayers.
- When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.

(b) Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.

(c) The District may use long-term debt financings subject to the following conditions:



- The project to be financed has been or will be approved by the Board.
- The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%, unless specific conditions exist that would mitigate the extension of time to repay the debt and it would not cause the District to violate any covenants to maintain the tax-exempt status of such debt, if applicable.
- The District estimates that sufficient income or revenues will be available to service the debt through its maturity.
- The District determines that the issuance of the debt will comply with the applicable requirements of state and federal law.
- The District considers the improvement/facility to be of vital, time-sensitive need of the community and there are no plausible alternative financing sources

(d) Periodic reviews of outstanding long-term debt will be undertaken to identify refunding opportunities. Refundings will be considered (within federal tax law constraints, if applicable) if and when there is a net economic benefit of the refunding. Refundings which are non-economic may be undertaken to achieve District objectives relating to changes in covenants, call provisions, operational flexibility, tax status of the issuer, or the debt service profile.

In general, refundings which produce a net present value savings of at least 4% of the principal amount of refunded debt will be considered economically viable. Refundings which produce a net present value savings of less than 4% or negative savings will be considered on a case-by-case basis.

(ii) Short-term debt. Short-term borrowings may be issued to generate funding for cash flow needs in the form of Tax and Revenue Anticipation Notes (TRAN).

Short-term borrowings, such as commercial paper, and lines of credit, will be considered as an interim source of funding in anticipation of long-term borrowing. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing-related costs. Prior to issuance of the short-term debt, a reliable revenue source shall be identified to secure repayment of the debt. The final maturity of the debt issued to finance the project shall be consistent with the economic or useful life of the project and, unless the Board determines that extraordinary circumstances exist, must not exceed seven years.

Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment, and such equipment leases may be longer than seven years.

(iii) Financings on Behalf of Other Entities. The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein. In no event will the District incur any liability or assume responsibility for payment of debt service on such debt.

## **B. Types of Debt**

In order to maximize the financial options available to benefit the public, it is the policy of the District to allow for the consideration of issuing all generally accepted types of debt, including, but not exclusive to the following:

- General Obligation (GO) Bonds: General Obligation Bonds are suitable for use in the construction or acquisition of improvements to real property that benefit the public at large. Examples of projects include hospitals, and public safety facilities. All GO bonds shall be authorized by the requisite number of voters in order to pass.
- Revenue Bonds: Revenue Bonds are limited-liability obligations tied to a specific enterprise or special fund revenue stream where the projects financed clearly benefit or relate to the enterprise or are otherwise permissible uses of the special revenue. An example of projects that would be financed by a Revenue Bond would be improvements to a health facility, which would be paid back with money raised from the rates and charges to health facility users. Generally, no voter approval is required to issue this type of obligation.
- Lease-Backed Debt/Certificates of Participation (COP/Lease Revenue Bonds): Issuance of Lease-backed debt is a commonly used form of debt that allows a public entity to finance projects where the debt service is secured via a lease agreement or installment sale agreement and where the payments are budgeted in the annual operating budget of the District. Lease-Backed debt does not constitute indebtedness under the state or the District's constitutional debt limit and does not require voter approval.

The District may from time to time find that other forms of debt would be beneficial to further its public purposes and may approve such debt without an amendment of this Debt Policy.

To maintain a predictable debt service burden, the District will give preference to debt that carries a fixed interest rate. An alternative to the use of fixed rate debt is variable rate debt. The District may choose to issue securities that pay a rate of interest that varies according to a pre-determined formula or results from a periodic remarketing of securities. When making the determination to issue bonds in a variable rate mode, consideration will be given in regards to the useful life of the project or facility being financed or the term of the project requiring the funding, market conditions, credit risk

and third party risk analysis, and the overall debt portfolio structure when issuing variable rate debt for any purpose. The maximum amount of variable-rate debt should be limited to no more than 20 percent of the total debt portfolio.

The District will limit the use of derivatives, such as interest rate swaps, in its debt program. A derivative product is a financial instrument which derives its own value from the value of another instrument, usually an underlying asset such as a stock, bond, or an underlying reference such as an interest rate. Derivatives are commonly used as hedging devices in managing interest rate risk and thereby reducing borrowing costs. However, these products bear certain risks not associated with standard debt instruments.

### **C. Relationship of Debt to Capital Improvement Program and Budget**

The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's capital budget and its capital improvement plan.

The District shall strive to fund the upkeep and maintenance of its infrastructure and facilities due to normal wear and tear through the expenditure of available operating revenues. The District shall seek to avoid the use of debt to fund infrastructure and facilities improvements that are the result of normal wear and tear, unless a specific revenue source has been identified for this purpose.

The District shall integrate its debt issuances with the goals of its capital improvement program by timing the issuance of debt to ensure that projects are available when needed in furtherance of the District's public purposes.

The District shall seek to issue debt in a timely manner to avoid having to make unplanned expenditures for capital improvements or equipment from its operating funds.

### **D. Policy Goals Related to Planning Goals and Objectives**

The District is committed to financial planning, maintaining appropriate reserve levels and employing prudent practices in governance, management and budget administration. The District intends to issue debt for the purposes stated in this Debt Policy and to implement policy decisions incorporated in the District's annual operating budget.

It is a policy goal of the District to protect taxpayers, ratepayers and constituents by utilizing conservative financing methods and techniques so as to obtain the highest practical credit ratings (if applicable) and the lowest practical borrowing costs.

The District will comply with applicable state and federal law as it pertains to the maximum term of debt and the procedures for levying and imposing any related taxes, assessments, rates and charges.

Except as described in Section 2.A., when refinancing debt, it shall be the policy goal of the District to realize, whenever possible, and subject to any overriding non-financial policy considerations minimum net present value debt service savings equal to or greater than 4% of the principal amount of refunded debt.

#### **E. Internal Control Procedures**

When issuing debt, in addition to complying with the terms of this Debt Policy, the District shall comply with any other applicable policies regarding initial bond disclosure, continuing disclosure, post-issuance compliance, and investment of bond proceeds.

The District will periodically review the requirements of and will remain in compliance with the following:

- any continuing disclosure undertakings under SEC Rule 15c2-12,
- any federal tax compliance requirements, including without limitation arbitrage and rebate compliance, related to any prior bond issues, and
- the District's investment policies as they relate to the investment of bond proceeds.

Whenever reasonably possible, proceeds of debt will be held by a third-party trustee and the District will submit written requisitions for such proceeds. The District will submit a requisition only after obtaining the signature of the Chief Executive Officer or the Chief Financial Officer.

#### **F. Waivers of Debt Policy**

There may be circumstances from time to time when strict adherence to a provision of this Debt Policy is not possible or in the best interests of the District and the failure of a debt financing to comply with one or more provisions of this Debt Policy shall in no way affect the validity of any debt issued by the District in accordance with applicable laws.



# TAHOE FOREST HEALTH SYSTEM

Origination Date:	N/A
Last Approved:	N/A
Last Revised:	N/A
Next Review:	N/A
Department:	Board - ABD
Applies To:	System

## Debt Management Policy, ABD-25

This Debt Management Policy (the "Debt Policy") of the TAHOE FOREST HOSPITAL DISTRICT (the "District") was approved by the Board of Directors of the District (the "Board"). The Debt Policy may be amended by the Board as it deems appropriate from time to time in the prudent management of the debt of the District.

This Debt Policy will also apply to any debt issued by any other public agency for which the Board of the District acts as its legislative body.

The Debt Policy has been developed to provide guidance in the issuance and management of debt by the District or its related entities and is intended to comply with Section 8855(i) of the California Government Code effective on January 1, 2017. The main objectives are to establish conditions for the use of debt; to ensure that debt capacity and affordability are adequately considered; to minimize the District's interest and issuance costs; to maintain the highest possible credit rating; to provide complete financial disclosure and reporting; and to maintain financial flexibility for the District.

Debt, properly issued and managed, is a critical element in any financial management program. It assists in the District's effort to allocate limited resources to provide the highest quality of service to the public. The District understands that poor debt management can have ripple effects that hurt other areas of the District. On the other hand, a properly managed debt program promotes economic growth and enhances the vitality of the District for its residents and businesses.

### 1. Findings

This Debt Policy shall govern all debt undertaken by the District. The District hereby recognizes that a fiscally prudent debt policy is required in order to:

- Maintain the District's sound financial position.
- Ensure the District has the flexibility to respond to changes in future service priorities, revenue levels, and operating expenses.
- Protect the District's credit-worthiness.
- Ensure that all debt is structured in order to protect both current and future taxpayers, ratepayers and constituents of the District.
- Ensure that the District's debt is consistent with the District's planning goals and objectives and capital improvement program or budget, as applicable.
- Encourage those that benefit from a facility/improvement to pay the cost of that facility/improvement without the need for the expenditure of limited general fund resources.

### 2. Policies

## A. Purposes For Which Debt May Be Issued

The District will consider the use of debt financing primarily for capital improvement projects (CIP) when the project's useful life will equal or exceed the term of the financing and when resources are identified sufficient to fund the debt service requirements. An exception to this CIP driven focus is the issuance of short-term instruments such as tax and revenue anticipation notes, which are to be used for prudent cash management purposes and conduit financing, as described below. Bonded debt should not be issued for projects with minimal public benefit or support, or to finance normal operating expenses.

If a department has any project which is expected to use debt financing, the department director is responsible for expeditiously providing the Chief Executive Officer and the Chief Financial Officer with reasonable cost estimates, including specific revenue accounts that will provide payment for the debt service. This will allow an analysis of the project's potential impact on the District's debt capacity and limitations. The department director shall also provide an estimate of any incremental operating and/or additional maintenance costs associated with the project and identify sources of revenue, if any, to pay for such incremental costs.

- i. **Long-Term Debt.** Long-term debt may be issued to finance or refinance the construction, acquisition, and rehabilitation of capital improvements and facilities, equipment and land to be owned and/or operated by the District.
  - a. Long-term debt financings are appropriate when the following conditions exist:
    - When the project to be financed is necessary to provide basic services.
    - When the project to be financed will provide benefit to constituents over multiple years.
    - When total debt does not constitute an unreasonable burden to the District and its taxpayers and ratepayers.
    - When the debt is used to refinance outstanding debt in order to produce debt service savings or to realize the benefits of a debt restructuring.
  - b. Long-term debt financings will not generally be considered appropriate for current operating expenses and routine maintenance expenses.
  - c. The District may use long-term debt financings subject to the following conditions:
    - The project to be financed has been or will be approved by the Board.
    - The weighted average maturity of the debt (or the portion of the debt allocated to the project) will not exceed the average useful life of the project to be financed by more than 20%, unless specific conditions exist that would mitigate the extension of time to repay the debt and it would not cause the District to violate any covenants to maintain the tax-exempt status of such debt, if applicable.
    - The District estimates that sufficient income or revenues will be available to service the debt through its maturity.
    - The District determines that the issuance of the debt will comply with the applicable requirements of state and federal law.
    - The District considers the improvement/facility to be of vital, time-sensitive need of the community and there are no plausible alternative financing sources
  - d. Periodic reviews of outstanding long-term debt will be undertaken to identify refunding opportunities. Refundings will be considered (within federal tax law constraints, if applicable) if and when there is a net economic benefit of the refunding. Refundings which are non-economic may be undertaken to achieve District objectives relating to changes in



covenants, call provisions, operational flexibility, tax status of the issuer, or the debt service profile.

In general, refundings which produce a net present value savings of at least 4% of the principal amount of refunded debt will be considered economically viable. Refundings which produce a net present value savings of less than 4% or negative savings will be considered on a case-by-case basis.

(ii) **Short-term debt.** Short-term borrowings may be issued to generate funding for cash flow needs in the form of Tax and Revenue Anticipation Notes (TRAN).

Short-term borrowings, such as commercial paper, and lines of credit, will be considered as an interim source of funding in anticipation of long-term borrowing. Short-term debt may be issued for any purpose for which long-term debt may be issued, including capitalized interest and other financing-related costs. Prior to issuance of the short-term debt, a reliable revenue source shall be identified to secure repayment of the debt. The final maturity of the debt issued to finance the project shall be consistent with the economic or useful life of the project and, unless the Board determines that extraordinary circumstances exist, must not exceed seven years.

Short-term debt may also be used to finance short-lived capital projects; for example, the District may undertake lease-purchase financing for equipment, and such equipment leases may be longer than seven years.

(iii) **Financings on Behalf of Other Entities.** The District may also find it beneficial to issue debt on behalf of other governmental agencies or private third parties in order to further the public purposes of the District. In such cases, the District shall take reasonable steps to confirm the financial feasibility of the project to be financed and the financial solvency of any borrower and that the issuance of such debt is consistent with the policies set forth herein. In no event will the District incur any liability or assume responsibility for payment of debt service on such debt.

## **B. Types of Debt**

In order to maximize the financial options available to benefit the public, it is the policy of the District to allow for the consideration of issuing all generally accepted types of debt, including, but not exclusive to the following:

- **General Obligation (GO) Bonds:** General Obligation Bonds are suitable for use in the construction or acquisition of improvements to real property that benefit the public at large. Examples of projects include hospitals, and public safety facilities. All GO bonds shall be authorized by the requisite number of voters in order to pass.
- **Revenue Bonds:** Revenue Bonds are limited-liability obligations tied to a specific enterprise or special fund revenue stream where the projects financed clearly benefit or relate to the enterprise or are otherwise permissible uses of the special revenue. An example of projects that would be financed by a Revenue Bond would be improvements to a health facility, which would be paid back with money raised from the rates and charges to health facility users. Generally, no voter approval is required to issue this type of obligation.
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All revision dates:

**Attachments:**

No Attachments



Umpqua Bank  
Term Sheet for  
Tahoe Forest  
Hospital District



MEMBER FDIC EQUAL HOUSING LENDER  SBA PREFERRED LENDER

December 15, 2016

Mike Cavanaugh  
Managing Director  
Hilltop Securities, Inc.  
2533 South Coast Hwy STE 250  
Cardiff, CA 92007

### **Terms & Conditions**

Umpqua Bank (“Umpqua”) would like to express its interest in underwriting and obtaining credit approval for the following Credit Facility for the Tahoe Forest Hospital District (the “Borrower”) on the terms and conditions outlined below.

**Preface:** Umpqua’s expression of interest in underwriting and obtaining credit approval for the Credit Facility is for discussion purposes only and does not constitute a commitment from Umpqua. Any commitment to lend is subject to the fulfillment of a number of conditions that include, but are not limited to, our normal credit approval process, an in-depth investigation of the Credit Facility Purpose, the Borrower, and the Collateral (as defined herein), the results of which are deemed satisfactory to Umpqua in our sole discretion.

**Confidentiality:** Except as required by law, neither this document nor its contents will be disclosed publicly or privately except to those individuals who are your officers, employees or advisors who have a need to know as a result of being involved in the proposed financing.

**Borrower:** Tahoe Forest Hospital District

The Credit Facility is contemplated as a private purchase of bonds (the “Bonds”) to be issued on by the Borrower, and the Bonds will be booked by Umpqua as a loan. No official statement, ratings, CUSIPs, or DTC bond registration is anticipated.

### **Tax-Exempt Credit Facility**

**Credit Facility Purpose:** Refinance the District's 2002 Variable Rate Demand Revenue Bonds (the "2002 Bonds").

**Credit Facility Amount:** Approximately \$9,000,000

**Collateral:** Limited obligation of the District payable solely from revenues and secured by a pledge of the District's Gross Revenues. This refunding will be on parity with the 2015 Bonds placed with Western Alliance.

**Loan Term:** 15-years (maturity of July 1, 2032)

**Interest Rate:** Variable rate, Tax-Exempt BQ: **65% of (LIBOR + 170) (Currently 1.56%)**

### **Additional Conditions**

Periodic financial and collateral reporting by the District, as well as representations and warranties of the District regarding its status and ability to repay and related matters, taxability gross-up and covenants and conditions that are appropriate for a Credit Facility of the scope and nature proposed herein will be determined as part of Umpqua Bank's normal underwriting and approval process. The following should be additionally noted:

**Costs of Issuance:** Documents to be prepared by the District's Bond Counsel for review by Umpqua's counsel Nixon Peabody, LLP. Legal fees and expenses of Nixon Peabody, LLP are estimated to at \$15,000 but shall not exceed \$20,000. All other filing fees and related fees shall be paid by the District in connection with the issuance (including applicable CDIAC fees).



**Default Interest Rate:** In an event of default, a default rate equal to the Interest Rate + 3.00% will be required. The Borrower will be provided adequate notice and given opportunity to cure the default prior to the default rate going into effect.

**Depository Relationship**

**Discount:** 10- 25 bps rate reduction of the above rates with an establishment of a depository relationship at Umpqua Bank (dependent upon established balances).

**Prepayment Provision:** Prepayment of the proposed credit facility will be allowably at 103% of par in years 1-3, declining to 102% in years 4-6, and 101% in years 7-9. The obligation will be redeemable at par beginning in year 10 and thereafter.

**Financial Covenants:** Operating budget DSCR (excluding non-cash items) to measure 1.75x for the upcoming fiscal year.  
DSCR after operational expenditures (excluding non-cash items) of 1.25x, or 1.10x if the District maintains 75 days' cash on hand.

**Miscellaneous:** Besides bankruptcy, non-payment, or non-compliance with District representations, including financial and reporting covenants, there will be no other events of default including any material changes to the District's operations.

There will be no "Increased costs of business" that will be passed to the District post-closing.

An event of taxability will only be triggered and thus invoking the taxable equivalent rate in a Borrower-caused event.

The agreed upon interest rate will not be subject to any future changes in corporate taxation.

By signing below, Borrower:

- Acknowledges that Umpqua's expression of interest in underwriting and obtaining credit approval for the described Credit Facilities is for discussion purposes only and is a general, non-binding expression of interest on the part of Umpqua.
- Certify that any and all information presented to Umpqua for its underwriting and obtaining credit approval for Credit Facilities is and will be correct and complete.
- Authorize Umpqua, either directly or through any agent, to investigate its credit and background status and to inspect and review the proposed Collateral. Umpqua may share this information with our affiliates unless you provide a written request to not share that information in accordance with Umpqua's privacy procedures.

I look forward to your review and response. If you wish to have me pursue approval of the Credit Facility, please sign and return the enclosed copy of this letter to my attention.

Sincerely,



Trevor Mael  
VP, Commercial Relationship Manager  
2998 Douglas Blvd, Suite 100  
Roseville, CA 95765

Please pursue underwriting and approval of a commitment for the described Credit Facility.

**Borrower**

By: Crystal Betts

Printed Name: CRYSTAL BETTS

Title: CFO



January 18, 2017

Gary Hicks  
President  
GL Hicks Financial, LLC  
5033 Riverpark Way  
Provo, UT 84604

Hello from Umpqua:

Please accept this letter as acknowledgement that Umpqua Bank has provided credit approval for the refunding of the Tahoe Forest Hospital District's 2002 Variable Rate Demand Revenue Bonds, as detailed in the term sheet dated December 15, 2016.

I appreciate this opportunity to welcome the District into the Umpqua Family, and look forward continuing our work together.

Please feel free to reach out to me directly with any questions.

A handwritten signature in black ink, appearing to read "T. Mael".

Trevor Mael  
Vice President  
[trevormael@umpquabank.com](mailto:trevormael@umpquabank.com)  
916.774.3921

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**FIFTH SUPPLEMENTAL INDENTURE OF TRUST**

**by and between the**

**TAHOE FOREST HOSPITAL DISTRICT**

**and**

**U.S. BANK NATIONAL ASSOCIATION, as Trustee**

**Dated as of March 1, 2017**

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**Relating to**  
**\$ \_\_\_\_\_**  
**Tahoe Forest Hospital District**  
**(Placer and Nevada Counties, California)**  
**Variable Rate Refunding Revenue Bonds, Series 2017**

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## FIFTH SUPPLEMENTAL INDENTURE OF TRUST

THIS FIFTH SUPPLEMENTAL INDENTURE OF TRUST, is dated as of March 1, 2017 (the "Fifth Supplemental Indenture"), by and between the TAHOE FOREST HOSPITAL DISTRICT, a local health care district organized and existing under the constitution and laws of the State of California (the "District"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created, as trustee (the "Trustee"), amending and supplementing that certain Indenture of Trust, dated as of July 1, 1999, by and between the District and BNY Western Trust Company (the "Original Indenture"), as amended and supplemented by that certain First Supplemental Indenture, dated as of October 1, 2002, by and between the District and BNY Western Trust Company (the "First Supplemental Indenture"), as amended and supplemented by that certain Second Supplemental Indenture, dated as of February 1, 2006, by and between the District and The Bank of New York Trust Company, N.A. (the "Second Supplemental Indenture"), as amended and supplemented by that certain Third Supplemental Indenture, dated as of May 1, 2006, by and between the District and The Bank of New York Trust Company, N.A. (the "Third Supplemental Indenture"), and as amended and supplemented by that certain Fourth Supplemental Indenture, dated as of May 1, 2015, by and between the District and the Trustee (the "Fourth Supplemental Indenture" and, with the First Supplemental Indenture, the Second Supplemental Indenture, the Third Supplemental Indenture and the Fifth Supplemental Indenture, the "Indenture");

### WITNESSETH:

WHEREAS, the District has heretofore issued its \$14,830,000 Tahoe Forest Hospital District Revenue Bonds, Series 1999A (the "1999A Bonds"), and its \$5,125,000 Tahoe Forest Hospital District Revenue Bonds, Series 1999B (the "1999B Bonds, and, with the 1999A Bonds, the "1999 Bonds"), for the purpose of financing and refinancing the remodeling, expansion, improvement and equipping of the health facilities owned and operated by the District;

WHEREAS, the 1999 Bonds were issued pursuant to the Original Indenture;

WHEREAS, the District has also heretofore issued its \$12,000,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Demand Revenue Bonds, Series 2002, currently outstanding in the principal amount of \$8,890,000 (the "2002 Bonds"), for the purpose of financing the remodeling, expansion, improvement and equipping of the health facilities owned and operated by the District;

WHEREAS, the 2002 Bonds were issued pursuant to the Original Indenture, as amended and supplemented by the First Supplemental Indenture;

WHEREAS, the District has also heretofore issued its \$27,385,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Hospital Revenue Bonds, Series 2006 (the "2006 Bonds"), for the purpose of (a) refunding a portion of the 1999A Bonds and (b) financing the remodeling, expansion, improvement and equipping of the health facilities owned and operated by the District;

WHEREAS, the 2006 Bonds were issued pursuant to the Original Indenture, as amended and supplemented and as further amended and supplemented by the Second Supplemental Indenture and the Third Supplemental Indenture;



WHEREAS, the District has also heretofore issued its \$20,979,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Hospital Refunding Revenue Bonds, Series 2015, currently outstanding in the principal amount of \$20,217,886 (the "2015 Bonds"), for the purpose of refunding the 2006 Bonds;

WHEREAS, the 2015 Bonds were issued pursuant to the Original Indenture, as amended and supplemented and as further amended and supplemented by the Fourth Supplemental Indenture;

WHEREAS, none of the 1999 Bonds or the 2006 Bonds are currently outstanding;

WHEREAS, the District desires to refund all outstanding 2002 Bonds;

WHEREAS, to refund the 2002 Bonds, the District has determined to issue its Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Refunding Revenue Bonds, Series 2017 (the "2017 Bonds"), on a parity as to payment and security with the 2015 Bonds;

WHEREAS, in order to provide for the authentication and delivery of the 2017 Bonds, to establish and declare the terms and conditions upon which the 2017 Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the Board of Directors of the District has authorized the execution and delivery of this Fifth Supplemental Indenture; and

WHEREAS, the District has determined that all acts and proceedings required by law necessary to make the 2017 Bonds, when executed by the District, authenticated and delivered by the Trustee and duly issued, the valid, binding and legal special obligations of the District, and to constitute the Fifth Supplemental Indenture a valid and binding agreement for the uses and purposes herein set forth, in accordance with its terms, have been done and taken; and the execution and delivery of the Fifth Supplemental Indenture have been in all respects duly authorized;

NOW, THEREFORE, THE FIFTH SUPPLEMENTAL INDENTURE WITNESSETH, that in order to secure the payment of the principal of and the interest and premium (if any) on all 2017 Bonds at any time issued and Outstanding under the Indenture, according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the 2017 Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 2017 Bonds by the Owners thereof, and for other valuable consideration, the receipt whereof is hereby acknowledged, the District does hereby covenant and agree with the Trustee, for the benefit of the respective Owners from time to time of the 2017 Bonds, as follows:

## ARTICLE I

### DEFINITIONS; AUTHORIZATION AND PURPOSE OF BONDS; EQUAL SECURITY

Section 1.01. Definitions. All terms which are defined in Section 1.01 of the Indenture shall have the same meanings in this Fifth Supplemental Indenture as such terms are given in said Section 1.01. Unless the context otherwise requires, the additional terms defined in this Section 1.01 or in the preambles hereof shall for all purposes of this Fifth Supplemental Indenture and of the 2017 Bonds and of any certificate, opinion, request or other documents herein mentioned have the meanings specified in the recitals and in this Section 1.01.

*"Authorized Denomination"* means \$1 or any integral multiple thereof.

*"Business Day"* means (a) any day that is not a Saturday, Sunday or legal holiday on which banking institutions in the State or in any state in which the city in which the principal corporate trust office of the Trustee is located, or (b) a day on which the New York Stock Exchange is closed.

*"Closing Date"* means the date upon which there is a physical delivery of the 2017 Bonds in exchange for the amount representing the purchase price of the 2017 Bonds by the Initial Owner.

*"Code"* means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Indenture or this Fifth Supplemental Indenture) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Code.

*"Default Rate"* means the current rate of interest with respect to the 2017 Bonds plus 3%.

*"Determination of Taxability"* means, and shall be deemed to have occurred on the first to occur of, the following:

(i) on the date when the District files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) on the date when the Owner or any former Owner notifies the District that it has received a written opinion by a nationally recognized attorney or firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by the District of such notification from the Owner or any former Owner, the District shall deliver to the Owner and any former Owner (a) absent any occurrence described in clauses (i), (iii) or (iv) of this definition of "Determination of Taxability, an opinion of a nationally recognized attorney or firm of attorneys of substantial experience on the subject of Tax-Exempt municipal finance reasonably acceptable to the Owner stating that an Event of Taxability has occurred or (b) a ruling or determination letter issued to or on behalf of the District by the Commissioner or any District Director of the Internal Revenue Service (or any other governmental official exercising the same or a substantially similar function from time to time) to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) on the date when the District shall be advised in writing by the Commissioner or any District Director of the Internal Revenue Service (or any other government official or agent exercising the same or a substantially similar function from time to time) that, based upon filings of the District, or upon any review or audit of the District or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) on the date when the District shall receive notice from the Owner or any former Owner that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of such Owner or such former Owner the interest with respect to the 2017 Bonds due to the occurrence of an Event of Taxability;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless the District has been afforded the opportunity, at its expense, to contest any such assessment, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; provided further, however, that upon demand from the Owner or former Owner, the District shall promptly reimburse such Owner or former Owner for any payments, including any taxes, interest, penalties or other charges, such Owner (or former Owner) shall be obligated to make as a result of the Determination of Taxability.

*“Event of Taxability”* means (i) the taking of any action by the District, or the failure to take any action by the District, or the making by the District of any misrepresentation herein or in any certificate required to be given in connection with the issuance, sale or delivery of the 2017 Bonds, which has the effect of causing interest paid or payable with respect to the 2017 Bonds to become includable, in whole or in part, in the gross income of the Owner or any former Owner for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or the Department of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable with respect to the 2017 Bonds to become includable, in whole or in part, in the gross income of the Owner or any former Owner for federal income tax purposes with respect to the 2017 Bonds. Actions outside the control of the District, including legislation that eliminates the tax exemption of municipal bonds, shall not constitute an Event of Taxability.

*“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) the investment is the Local Agency Investment Fund of the State.

*“Interest Payment Date”* means, with respect to the 2017 Bonds, January 1 and July 1 in each year, beginning July 1, 2017, and continuing so long as any 2017 Bonds remain Outstanding.

*“Initial Owner”* means Umpqua Bank or an affiliated entity, and its successors and assigns.

*“Owner”* means the registered owner of the 2017 Bonds.

*“Refunding Bond Law”* means the provisions of section 53570 *et seq.* of the California Government Code.

*“Taxable Period”* has the meaning set forth in Section 2.02(b) hereof.

*“Taxable Rate”* means, with respect to a Taxable Period, the current interest rate with respect to the 2017 Bonds plus \_\_\_% during such period.

*“Trustee”* means U.S. Bank National Association or another trustee, which must be a banking association, banking corporation or trust company acting in the capacity of successor trustee.

*“2002 Bonds”* means the District’s \$12,000,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Demand Revenue Bonds, Series 2002, currently outstanding in the principal amount of \$8,890,000.

*“2015 Bonds”* means the District’s \$20,979,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Hospital Refunding Revenue Bonds, Series 2015, currently outstanding in the principal amount of \$20,217,886.

*“2017 Bonds”* means the Bonds authorized by Article II hereof.

*“2017 Costs of Issuance Account”* means the account by that name established and held by the Trustee pursuant to Section 3.02.

Section 1.02. Rules of Construction. All references in this Fifth Supplemental Indenture to “Articles,” “Sections,” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Fifth Supplemental Indenture; and the words “herein,” “hereof,” “hereunder,” and other words of similar import refer to this Fifth Supplemental Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include corporations and associations, including public bodies, as well as natural persons.

Section 1.03. Authorization and Purpose of the 2017 Bonds. The District has reviewed all proceedings heretofore taken relative to the authorization of the 2017 Bonds and has found, as a result of such review, and hereby finds and determines that all things, conditions, and acts required by law to exist, happen and/or be performed precedent to and in the issuance of the 2017 Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the District is now authorized, as an exercise of the municipal affairs power of the District under the constitution and laws of the State and pursuant to the Local Health Care District Law and each and every requirement of law, to issue the 2017 Bonds in the manner and form provided in this Fifth Supplemental Indenture. Accordingly, the District hereby authorizes the issuance of the 2017 Bonds pursuant to the Refunding Bond Law and the Indenture.

## ARTICLE II

### ISSUANCE OF 2017 BONDS

#### Section 2.01. Issuance of the Bonds; Terms of the 2017 Bonds.

(a) *Issuance of the 2017 Bonds.* The 2017 Bonds authorized to be issued by the District under and subject to the Refunding Bond Law and the Indenture shall be designated the "Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Refunding Revenue Bonds, Series 2017" and shall be issued in the original aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_).

#### (b) *Terms of the Bonds.*

(i) **Registration.** The 2017 Bonds shall be registered in the name of the Owner and shall be evidenced by one fully registered 2017 Bond in the total principal amount thereof. Registered ownership of the 2017 Bonds may not thereafter be transferred except as set forth herein.

(ii) **Dated Date and Interest Payment Dates.** The 2017 Bonds shall be dated as of the Closing Date and interest thereon shall be payable semiannually on each Interest Payment Date.

(iii) **Variable Rate.** The 2017 Bonds shall mature on July 1, 2032, and shall bear interest at a variable rate equal to 65% of the aggregate of the 30-day LIBOR plus 1.70%. Interest on the 2017 Bonds shall be calculated on the basis of a three hundred sixty (360) day year of twelve thirty (30) day months.

(iv) **Default Rate.** Upon the occurrence and continuation of an Event of Default, the 2017 Bonds shall bear interest at the Default Rate.

#### (v) **Taxable Rate.**

(A) In the event a Determination of Taxability occurs, to the extent not payable to each Owner under the terms of this Fifth Supplemental Indenture and the 2017 Bonds, the District hereby agrees to pay to each Owner on demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to such Owner on the 2017 Bonds during the period for which interest on the 2017 Bonds is included in the gross income of such Owner if the 2017 Bonds had borne interest at the Taxable Rate, beginning on the Taxable Date (the "Taxable Period"), and (B) the amount of interest actually paid to the Owner during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by such Owner as a result of interest on the 2017 Bonds becoming included in the gross income of such Owner, together with any and all external attorneys' fees, court costs, or other reasonable out-of-pocket costs incurred by such Owner in connection therewith.

(B) Subject to the provisions of clauses (C) and (D) below, such Owner shall afford the District the opportunity, at the District's sole cost and expense, to contest (1) the validity of any amendment to the Code which causes the interest on the 2017 Bonds to be included in the gross income of such Owner or (2) any challenge to the validity of the tax exemption with respect to the interest on the

2017 Bonds, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals).

(C) As a condition precedent to the exercise by the District of its right to contest set forth in clause (B) above, the District shall, within thirty (30) days of the written demand therefor, reimburse such Owner for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by such Owner in its sole discretion) that may be incurred by the Owner in connection with any such contest, and shall, on demand, immediately reimburse the Owner for any and all penalties or other charges payable by such Owner for failure to include such interest in its gross income; and

(D) The obligations of the District under this Section 2.02(b)(v) shall survive the termination of this Fifth Supplemental Indenture, and the redemption or other payment in full of the 2017 Bonds.

(vi) **Payment.** The principal or sinking fund installments of, and redemption premium, if any, of the Bonds shall be payable in lawful money of the United States of America at the Principal Corporate Trust Office. Payment of the interest on any Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the Owner thereof as of the Record Date for each Interest Payment Date, such interest to be paid by check or draft mailed on each Interest Payment Date to the Owner at his or her address as it appears on such registration books; provided that such interest shall be paid by wire transfer to any Owner of at least \$1,000,000 in aggregate principal amount of Bonds if the Owner makes a written request of the Trustee prior to the Record Date for an Interest Payment Date specifying the account address in the United States.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the Owners on such Record Date and shall be paid to the person in whose name the 2017 Bond is registered at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice of which shall be given to the Owners by first class mail not less than ten (10) days prior to such Special Record Date.

(vii) **No Rating, DTC Registration or Offering Document.** The 2017 Bonds shall not be (i) assigned a rating by any rating agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of offering document or official statement, or (iv) be assigned a CUSIP number by Standard & Poor's CUSIP Service Bureau.

Section 2.02. Redemption of the 2017 Bonds.

(a) *Optional Redemption of the 2017 Bonds.* The 2017 Bonds are subject to redemption prior to their stated maturity, at the option of the District, in whole or in part on any date, in inverse order of sinking fund payment dates, at a redemption price equal to the principal amount of 2017 Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, plus a premium as shown in the following table:

<u>Redemption Period</u>	<u>Redemption Premium</u>
Closing Date through February 28, 2020	3%
March 1, 2020, through February 28, 2023	2%
March 1, 2023, through February 28, 2026	1%
March 1, 2026, and thereafter	0%



(b) *Mandatory Sinking Fund Redemption of the 2017 Bonds.* The 2017 Bonds are subject to mandatory redemption on July 1 in each year on and after July 1, 2017, to and including July 1, 2032, from mandatory sinking fund installments to be paid by the District with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

Mandatory Redemption Date (July 1)	Principal Amount to be Redeemed	Mandatory Redemption Date (July 1)	Principal Amount to be Redeemed
2017		2025	
2018		2026	
2019		2027	
2020		2028	
2021		2029	
2022		2030	
2023		2031	
2024		2032†	

†Maturity

In the event that the Trustee shall redeem the 2017 Bonds in part but not in whole pursuant to subsection (a) of this Section 2.02, the amount of the 2017 Bonds to be redeemed in each subsequent year pursuant to this subsection (b) shall be reduced as shall be determined by the District and specified in writing to the Trustee.

(c) *Notice of Redemption.* Notice of any optional (but not mandatory sinking fund) redemption shall be given by the Trustee on behalf and at the expense of the District by mailing a copy of a redemption notice by first class mail at least thirty (30) days and not more than sixty (60) days prior to the date fixed for redemption to each Owner of the 2017 Bond or 2017 Bonds to be redeemed at the address shown on the Registration Books; *provided, however,* that neither the failure to receive such notice nor any defect in any notice shall affect the sufficiency of the proceedings for the redemption of the 2017 Bonds.

All notices of redemption shall be dated and shall state: (i) the redemption date, (ii) the redemption price, (iii) if less than all Outstanding 2017 Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the 2017 Bonds to be redeemed, (iv) that on the redemption date the redemption price will become due and payable with respect to each such 2017 Bond or portion thereof called for redemption, and that interest with respect thereto shall cease to accrue from and after said date, (v) the place where such 2017 Bonds are to be surrendered for payment of the redemption price, and (vi) in the case of a redemption pursuant to Section 2.02(a), that such notice of redemption is revocable, no later than five days prior to the date set for redemption, notification of such revocation to be provided in the same manner as notice of redemption had been provided.

Notice of redemption having been given as aforesaid, the 2017 Bonds or portions of the 2017 Bonds so to be redeemed shall, on the redemption date, become due and payable at the redemption price therein specified, and from and after such date (unless the District shall default in the payment of the redemption price) interest with respect to such 2017 Bonds or portions of the 2017 Bonds shall cease to accrue and be payable. Upon surrender of such 2017 Bonds for redemption in accordance with said notice, such 2017 Bonds shall be paid by the Trustee at the redemption price. Installments of interest due on or prior to the redemption date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any 2017 Bond, there shall be prepared for the Owner a new 2017 Bond or 2017 Bonds of the same maturity in the amount of the unpaid principal. All 2017 Bonds which have

been redeemed shall be canceled by the Trustee, shall not be reissued and shall be destroyed pursuant to Section 12.04 of the Indenture.

The 2017 Bonds are not required to be surrendered for the payment of mandatory sinking fund redemption and payment shall be made by wire transfer to the Owner, so long as the 2017 Bonds are held by a single Owner.

Section 2.03. Transfers of the 2017 Bonds.

(a) The 2017 Bonds may, in accordance with their terms, be transferred in whole or in part, upon the registration books by the person in whose name it is registered, in person or by his attorney duly authorized in writing upon surrender of the 2017 Bonds for cancellation at the Principal Corporate Trust Office, accompanied by delivery of a written instrument of transfer in a form approved by the Trustee, duly executed. Whenever the 2017 Bonds shall be surrendered for registration of transfer, the Trustee shall execute and deliver a 2017 Bond for like aggregate principal amount. The District shall pay any costs of the Trustee incurred in connection with such transfer except that the Trustee may 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. The Trustee shall not be required to transfer (i) the 2017 Bonds during the period between the date fifteen (15) days prior to the date of selection of 2017 Bonds for redemption and such date of selection, or (ii) any 2017 Bonds selected for redemption.

(b) Ownership of the 2017 Bonds may be transferred in whole or in part but only to a person that the Owner reasonably believes is:

(i) a qualified institutional buyer within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended,

(ii) subject to the requirements of the Securities Act of 1933, as amended, an accredited investor as defined in section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act of 1933, as amended, or

(iii) a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to qualified institutional buyers or, subject to the requirements of the Securities Act of 1933, as amended, accredited investors;

in each case that executes and delivers to the Trustee an investor letter in substantially the form attached hereto as Exhibit B; *provided, however*, if transferred in part, such transfer shall not be to more than 5 transferees and in amounts not less than \$500,000.

## ARTICLE III

### APPLICATION OF PROCEEDS

Section 3.01. Application of Proceeds of Sale of the 2017 Bonds. Upon the receipt of payment for the 2017 Bonds on the Closing Date, the Trustee shall apply the proceeds of sale thereof (being \$\_\_\_\_\_ ) as follows:

(a) The Trustee shall transfer to the letter of credit bank relating to the 2002 Bonds the amount of \$\_\_\_\_\_, to be applied to reimburse the draw made on the letter of credit relating to the 2002 Bonds to purchase 2002 Bonds tendered and to redeem the 2002 Bonds; and

(b) The Trustee shall deposit in the 2017 Costs of Issuance Account the amount of \$\_\_\_\_\_, which represents the amount necessary for the payment of the Costs of Issuance of the 2017 Bonds.

The Trustee may, in its discretion, establish a temporary fund or account to facilitate the foregoing transfer.

Section 3.02. 2017 Costs of Issuance Account. There is hereby created a separate account within the Costs of Issuance Fund to be known as the "2017 Costs of Issuance Account," to be held in trust by the Trustee. The Trustee shall disburse moneys in the 2017 Costs of Issuance Account for the purpose of paying or reimbursing the payment of the Costs of Issuance of the 2017 Bonds, in accordance with the provisions of the Indenture. The moneys in the 2017 Costs of Issuance Account shall be used and withdrawn by the Trustee to pay the Costs of Issuance of the 2017 Bonds.

Any amounts remaining in the 2017 Costs of Issuance Account after May 16, 2017, shall be applied to the payment of debt service on the 2017 Bonds and the 2017 Costs of Issuance Account shall be closed.

Section 3.03. Satisfaction of Requirements of Additional Bonds. The District hereby certifies that all provisions of Sections 3.05 and 3.06 of the Indenture relating to the issuance of Additional Bonds have been satisfied such that the 2017 Bonds are payable from Revenues and secured by the pledge made under the Indenture equally and ratably with the 2002 Bonds and such Additional Bonds as the District may hereafter issue.

Section 3.04. Validity of Bonds. The validity of the authorization and issuance of the 2017 Bonds shall not be affected in any way by any proceedings taken by the District and the recital contained in the 2017 Bonds that the same are issued pursuant to the Refunding Bond Law shall be conclusive evidence of their validity of their issuance.

## ARTICLE IV

### REVENUES; FUNDS AND ACCOUNTS

Section 4.01. Pledge of Revenues, Revenue Fund. The District has heretofore transferred, placed a charge upon, assigned and set over to the Trustee, for the benefit of the Owners, that portion of the Revenues which is necessary to pay the principal or Redemption Price of and interest on the Bonds (including the 2017 Bonds) in any year, together with all moneys on deposit in the Revenue Fund, to the punctual payment of the principal or Redemption Price of and interest on the Bonds (including the 2017 Bonds).

Section 4.02. Administration of Funds and Accounts. All funds and accounts created pursuant to the Indenture shall continue to be administered by the Trustee in the manner provided by the Indenture and this Fifth Supplemental Indenture as if there were a single issue of Bonds concurrently sold and delivered.

#### Section 4.03. Application of Sinking Fund Account.

(a) The Trustee shall establish and maintain a separate subaccount within the Principal Account, such account to be designated "Series 2017 Sinking Fund Account."

(b) All amounts in the Series 2017 Sinking Fund Account shall be used and withdrawn by the Trustee solely to purchase or redeem or pay at maturity the 2017 Bonds as provided herein and in the Indenture.

(c) Subject to the terms and conditions set forth in the Indenture and in this Section 4.03, the 2017 Bonds shall be redeemed (or paid at maturity, as the case may be) by application of sinking fund installments in the amounts and upon the dates set forth in Section 2.02(b) hereof.

Section 4.04. Fees, Charges and Expenses of Trustee. Notwithstanding the provisions of Sections 8.04 and 9.06 of the Indenture, the Trustee shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, if any, including interest on all such advances at its prime rate then in effect, external counsel fees (including expenses), the allocated cost of internal legal services (to the extent such services are not redundant of services performed by external counsel) and all disbursements of internal counsel, and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services and, in the Event of Default, the Trustee shall have a first and prior lien on the funds held hereunder to secure the same; *provided, however,* that in no event shall the Trustee have a lien on premiums paid in connection with an optional redemption of 2017 Bonds or of any moneys held for the benefit of 2017 Owners. The Trustee's compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust. The Trustee's rights hereunder shall survive its resignation or removal and final payment of the 2017 Bonds.

#### Section 4.05. Investments.

(a) All moneys in any of the funds or accounts established with the Trustee pursuant to this Fifth Supplemental Indenture shall be invested by the Trustee solely in Permitted Investments, as directed pursuant to the Request of the District filed with the Trustee at least two (2) Business Days in advance of the making of such investments. In the absence of any such directions from the District, the Trustee shall invest any such moneys in Permitted Investments described in clause (5) of the definition thereof. Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. All interest or gain

derived from the investment of amounts in any of the funds or accounts established hereunder shall be deposited in the fund or account from which such investment was made. The Trustee may act as principal or agent in the acquisition of any investment. The Trustee shall incur no liability for losses arising from any investments made pursuant to this Section 4.05. The District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the District the right to receive brokerage confirmations of security transactions as they occur, the District specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the District with monthly account statements as provided herein which include detail for all investment transactions made by the Trustee hereunder.

(b) For investment purposes, the Trustee may commingle the funds and accounts established hereunder, but shall account for each separately.

Section 4.06. Acquisition; Valuation and Disposition of Investments. Except as otherwise provided in the next sentence, all investments of amounts deposited in any fund or account created by or pursuant to this Indenture, or otherwise containing gross proceeds of the 2017 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 Indenture of the Code) by the District at Fair Market Value. 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).

ARTICLE V  
COVENANTS

Section 5.01. Tax Covenants.

(a) *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 2017 Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code.

(b) *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 2017 Bonds.

(c) *No Arbitrage.* The District shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the 2017 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 2017 Bonds would have caused the 2017 Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code.

(d) *Prohibited Facilities.* No portion of the proceeds of the 2017 Bonds shall be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling, or store the principal business of which is the sale of alcoholic beverages for consumption off premises. No portion of the proceeds of the 2017 Bonds shall be used for an office unless the office is located on the premises of the facilities constituting the Project and unless not more than a *de minimis* amount of the functions to be performed at such office is not related to the day-to-day operations of the Project.

(e) *Use Covenant.* The District shall not use or knowingly permit the use of any proceeds of the 2017 Bonds or any other funds of the District, directly or indirectly, in any manner, and shall not take or permit to be taken any other action or actions, which would result in any of the 2017 Bonds being treated as an obligation not described in section 145 of the Code by reason of such 2017 Bond not meeting the requirements of section 145 of the Code.

(f) *Maintenance of Tax-Exemption.* The District shall take all actions necessary to assure the exclusion of interest on the 2017 Bonds from the gross income of the Owners of the 2017 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 2017 Bonds.

(g) *Rebate of Excess Investment Earnings to United States.* The District hereby covenants to calculate or cause to be calculated excess investment earnings to the extent required by section 148(f) of the Code and shall cause payment of an amount equal to excess investment earnings to the United States in accordance with the Regulations, in each case at the sole expense of the District.

In order to provide for the administration of this Section 5.01(g), the District may provide for the employment of independent attorneys (including Bond Counsel), accountants and consultants compensated on such reasonable basis as the District or the Trustee may deem appropriate, and in addition to and without limitation of the provisions hereof, the Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the opinions, calculations, determinations, directions and advice of such attorneys, accountants and consultants employed by the District or the Trustee hereunder. The Trustee may rely conclusively upon the District’s determinations, calculations and certifications required by this



Section 5.01. The Trustee shall have no responsibility to independently make any calculation or determination or to review the District's calculations hereunder.

Section 5.02. Reporting Requirements. The District shall keep proper books of record and account in which full, true and correct entries will be made of all dealings or transactions of or in relation to its business and affairs on a consolidated or combined basis in accordance with Generally Accepted Accounting Principles. The District shall furnish to the Owner copies of each of the following:

(a) *Annual Financial Statements*. As soon as available, and in any event within 180 days after the close of each Fiscal Year of the District, the financial statements of the District which shall be audited and reported on without qualification by an accountant and shall be certified to the District by such accountant as (i) having been prepared in accordance with Generally Accepted Accounting Principles (applied on a basis consistent with that of the preceding Fiscal Year) and (ii) fairly presenting the financial condition of the District as of the end of such Fiscal Year and reflecting its operations during such Fiscal Year and (iii) showing all material liabilities, direct or contingent, and disclosing the existence of any Off-Balance Sheet Liability, and shall include, without limitation, balance sheets, profit and loss statements and statements of cash flows, together with notes and supporting schedules, all on a consolidated and consolidating basis and in reasonable detail and including a copy of any management letter or audit report provided to the District by such Accountant.

(b) *Quarterly Financial Statements*. As soon as available, and in any event within 45 days after the end of each fiscal quarterly period of each Fiscal Year of the District, the unaudited financial statements of the District, including an income statement, a balance sheet, and changes in net assets, which shall be internally prepared by management of the District and presented to the Owner, along with a certification by a principal financial officer of the District as to the matters set forth under clauses (i), (ii) and (iii) of subsection (a) above.

Section 5.03. Other Information. Such other information respecting the business, properties or the condition or operations, financial or otherwise, of the District as the Owner may from time to time reasonably request, including without limitation, reports of any governmental audits and inspections and the extent not included in the audited financial statements of the District, assessed valuations and secured tax charges and delinquencies for the preceding fiscal year within 210 days following the end of each fiscal year of the District, and any other information that the Owner may reasonably request from time to time.

Section 5.04. Notice of Material Litigation or Governmental Proceeding that May Have a Material Adverse Effect. The District hereby covenants to provide to the Owner notice of any material litigation or governmental proceeding initiated against the District or any other action or event that is known to the District that may have a material adverse effect. "Material litigation or governmental proceeding" means any action, suit, proceeding, inquiry or investigation against the District in any court or before any arbitrator of any kind or by or before any governmental authority, of which the District has notice or knowledge and which, if determined adversely to the District, may have a material adverse effect on the Revenues of the District's facilities, may adversely affect the exclusion of interest with respect to the 2017 Bonds from gross income for federal income tax purposes or the exemption of such interest for state income tax purposes. "Material adverse effect" means an event or occurrence which adversely affects in any manner (a) the authority for or the issuance, validity or enforceability of the 2017 Bonds, (b) the Revenues in an amount greater than \$2,500,000, (c) the exclusion of interest with respect to the 2017 Bonds from gross income for federal income tax purposes, (d) the exemption of such interest for state income tax purposes, (e) the existence of the District as a health care district under the laws of the State, (f) the overall operation of the District's facilities as a going concern (such as a loss of license or accreditation, casualty losses, change in laws or such other

events or occurrence which materially adversely affects the long-term operations of the District's facilities), or (g) the ability of the District to make payments on the 2017 Bonds.

Section 5.05. Material Nonpublic Information.. By its receipt of material non-public information hereunder, the Owner acknowledges that information furnished to it pursuant to the Indenture may include material non-public information concerning the District or its securities and confirms that it will treat such information as confidential information and will handle such non-public information in accordance with any applicable law, including federal and state securities laws; provided however, nothing in this paragraph shall prohibit the Owner from sharing such information with any subsequent transferee or assignee.

Section 5.06. Confirmation of Indenture. Except as otherwise provided herein, all covenants made in Article VII of the Indenture are hereby confirmed as applicable to the 2017 Bonds under this Fifth Supplemental Indenture.

Section 5.07. Deposit Relationship. The District agrees that, within 90 days of the Closing Date, it will deposit and maintain deposited with the Original Purchaser a minimum amount of \$\_\_\_\_\_, to be invested at the direction of the District in any type of account offered by the Original Purchaser in the normal course of business, including but not limited to checking, savings, money market accounts and certificates of deposit (excluding CDARS). If the funds are deposited into an interest-bearing account, such account shall pay interest at the comparable market rate. If, at any time prior to the maturity date of the Bonds, the depository relationship is terminated, the current interest rate (which may be the Taxable Rate or the Default Rate) with respect to the Bonds will be increased by 0.\_\_\_\_%.

## ARTICLE VI

### MISCELLANEOUS

Section 6.01. Notices. All written notices to be given under this Fifth Supplemental Indenture shall be given by mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed to have been received upon actual receipt.

If to the District:	Tahoe Forest Hospital District 10121 Pine Avenue Truckee, CA 96160 Attention: Chief Financial Officer Phone: (530) 582-6656 Fax: (530) 587-2532
If to the Trustee	U.S. Bank National Association One California Street, Suite 1000 San Francisco, CA 94111 Attention: Global Corporate Trust Services Phone: (415) 677-3622 Fax: (415) 677-3769
To the Initial Owner:	Umpqua Bank 2998 Douglas Boulevard, Suite 100 Roseville, CA 95661 Attention: Ms. Amy Booth Telephone: (916) 774-3931 Fax: (916) 783-2448 E-mail: amybooth@umpquabank.com

Section 6.02. Execution in Several Counterparts. This Fifth Supplemental Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the District and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 6.03. Force Majeure. From the effective date of this Fifth Supplemental Indenture, the Trustee, or any successor in interest, shall not be considered in breach of or in default in its obligations with respect to any obligations created hereunder or progress in respect thereto, in the event of delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, acts of God, or of the public enemy, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee.

Section 6.04. Electronic Communications. The Trustee agrees to accept and act upon instructions or directions pursuant to this Fifth Supplemental Indenture sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods; *provided, however*, that, the Trustee shall have received an incumbency certificate listing persons designated to give

such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the District elects to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee acts upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee'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 Trustee, including without limitation the risk of interception and misuse by third parties.

IN WITNESS WHEREOF, the TAHOE FOREST HOSPITAL DISTRICT has caused this Fifth Supplemental Indenture to be signed in its name by its Chief Financial Officer, and U.S. BANK NATIONAL ASSOCIATION, as Trustee, in token of its acceptance of the trusts created hereunder, has caused this Fifth Supplemental Indenture to be signed in its corporate name by its authorized officers, all 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  
Trustee

By \_\_\_\_\_  
David Jason  
Vice President



**EXHIBIT A**  
**FORM OF 2017 BOND**

THE HOLDER OF THIS BOND BY ITS ACCEPTANCE HEREOF AGREES THAT NO TRANSFER OF A BOND (OR ANY INTEREST THEREIN) SHALL BE MADE EXCEPT TO (A) A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, AN ACCREDITED INVESTOR AS DEFINED IN SECTION 501(A)(1), (2), (3) OR (7) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (C) A TRUST, PARTNERSHIP, CUSTODIAL ARRANGEMENT OR SIMILAR ENTITY, INTERESTS IN WHICH ARE OFFERED AND SOLD IN A PRIVATE PLACEMENT OR LIMITED OFFERING ONLY TO QUALIFIED INSTITUTIONAL BUYERS OR, SUBJECT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, AS AMENDED, ACCREDITED INVESTORS; IN EACH CASE THAT EXECUTES AND DELIVERS AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM ATTACHED AS EXHIBIT B TO THE INDENTURE (AS HEREINAFTER DEFINED)

STATE OF CALIFORNIA  
PLACER AND NEVADA COUNTIES

**TAHOE FOREST HOSPITAL DISTRICT**  
**Variable Rate Refunding Revenue Bond, Series 2017**

INTEREST RATE	MATURITY DATE	DATED DATE
Variable*	July 1, 2032	March 27, 2017

REGISTERED OWNER: UNPQUA BANK

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The TAHOE FOREST HOSPITAL DISTRICT, a local health care district, duly organized and existing under the laws of the State of California (herein called the "District"), for value received, hereby promises to pay (but only out of the Revenues and other moneys and securities hereinafter referred to) to the Registered Owner identified above or registered assigns (the "Registered Owner"), on the Maturity Date stated above (subject to any right of prior redemption hereinafter mentioned), the Principal Amount 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 (as herein defined) next preceding the date of authentication of this Bond (unless this Bond is authenticated on or before June 15, 2017, in which event it shall bear interest from the Dated Date stated above) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each January 1 and July 1, commencing July 1, 2017 (each, an "Interest Payment Date"). The principal (or redemption price) hereof is payable at the Principal Corporate Trust Office (as such term is defined in the hereinafter defined Indenture) of U.S. Bank National Association (together with any successor trustee under the Indenture, the

\* Interest is payable at a variable rate equal to 65% of the aggregate of the 30-day LIBOR plus 1.70%. If an Event of Default shall occur, interest shall be payable at the Default Rate and upon, the occurrence of an Event of Taxability, interest shall be payable at the Taxable Rate, as set forth in the Indenture.

"Trustee"). Interest hereon is payable by check of the Trustee mailed by first class mail on each Interest Payment Date to the Registered Owner as of the fifteenth (15th) day of the month preceding each Interest Payment Date (except as otherwise provided in the Indenture with respect to defaulted interest) at the address shown on the registration books maintained by the Trustee; *provided however*, that payment of interest will be made by wire transfer in immediately available funds to an account in the United States of America to any Registered Owner of Bonds (hereinafter defined) in the aggregate principal amount of \$1,000,000 or more who shall furnish written wire instructions to the Trustee before the fifteenth day of the month preceding the applicable Interest Payment Date. Interest on the Bonds shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

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) Revenue Bonds" (herein called the "Bonds"), unlimited in aggregate principal amount, except as otherwise provided in the Indenture hereinafter mentioned, which issue consists or may consist of one or more series of varying dates, maturities, interest rates, redemption and other provisions, all issued pursuant to the provisions of the section 53570 *et seq.* of the California Government Code (herein called the "Law"), and pursuant to an Indenture of Trust, dated as of July 1, 1999, by and between the District and BNY Western Trust Company, as trustee (the "Trustee"), as amended and supplemented by that certain First Supplemental Indenture, dated as of October 1, 2002, by and between the District and BNY Western Trust Company, as trustee, as further amended and supplemented by that certain Second Supplemental Indenture, dated as of February 1, 2006, by and between the District and The Bank of New York Trust Company, N.A., as trustee, as further amended and supplemented by that certain Third Supplemental Indenture, dated as of May 1, 2006, by and between the District and The Bank of New York Trust Company, N.A., as trustee, as further amended and supplemented by that certain Fourth Supplemental Indenture, dated as of May 1, 2015, by and between the District and U.S. Bank National Association, as trustee, and as further amended and supplemented by that certain Fifth Supplemental Indenture, dated as of March 1, 2017, by and between the District and U.S. Bank National Association, as trustee (collectively, the "Indenture").

This Bond is also one of a duly authorized series of Bonds designated "Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Refunding Revenue Bonds, Series 2017 (herein called the "2017 Bonds"), in the aggregate principal amount of \_\_\_\_\_ dollars (\$\_\_\_\_\_), issued to refund the District's outstanding Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Demand Revenue Bonds, Series 2002.

Reference is hereby made to the Indenture (a copy of which is on file at the Principal Corporate Trust Office of the Trustee) and all indentures supplemental thereto and to the Law for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the District thereunder, to all the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

The 2017 Bonds are subject to redemption prior to their respective stated maturities at the option of the District as a whole on any date, or in part by such maturities as are selected by the District (or if the District fails to designate such maturities, in inverse order of maturity and by lot within a maturity) on any date, from moneys deposited in the Special Redemption Account derived from the proceeds of insurance or condemnation awards with respect to the Facilities, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, as indicated below.

The 2017 Bonds are subject to redemption prior to their stated maturity, at the option of the District, in whole or in part on any date, in inverse order of sinking fund payment dates, at a redemption price equal to the principal amount of 2017 Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, plus a premium as shown in the following table:

Redemption Period	Redemption Premium
Closing Date through February 28, 2020	3%
March 1, 2020, through February 28, 2023	2%
March 1, 2023, through February 28, 2026	1%
March 1, 2026, and thereafter	0%

The 2017 Bonds are subject to mandatory redemption on July 1 in each year on and after July 1, 2017, to and including July 1, 2032, from mandatory sinking fund installments to be paid by the District with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

Mandatory Redemption Date (July 1)	Principal Amount to be Redeemed	Mandatory Redemption Date (July 1)	Principal Amount to be Redeemed
2017		2025	
2018		2026	
2019		2027	
2020		2028	
2021		2029	
2022		2030	
2023		2031	
2024		2032†	

†Maturity

In the event that the Trustee shall optionally redeem 2017 Bonds in part but not in whole, the amount of 2017 Bonds to be redeemed from mandatory sinking fund installments in each subsequent year shall be reduced *pro rata*.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Bonds may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such declaration and its consequences may be rescinded by the registered owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, or by the Trustee.

Bonds are transferable by the registered owner hereof, in person or by his attorney duly authorized in writing, at the office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, of the same series and maturity for the same aggregate principal amount, will be issued to the transferee in exchange herefor.

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

The Bonds are issuable as fully registered Bonds in "Authorized Denominations." The term Authorized Denominations means \$5,000 or any integral multiple thereof. Subject to the

limitations provided in the Indenture, Bonds may be exchanged, at said corporate trust office of the Trustee, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity.

The Indenture and the rights and obligations of the District and of the registered owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (i) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided for in the Indenture for the payment of this maturity of Bonds, or reduce the rate of interest thereon, or extend the time of payment of interest hereon, or reduce any premium payable upon the redemption hereof, without the consent of the registered owner hereof, or (ii) reduce the percentage of Bonds the consent of the registered owners of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged as security for the Bonds prior to or on a parity with the lien created by the Indenture, or deprive the registered owners of the Bonds of the lien created by the Indenture on such Revenues and other assets (except as expressly provided in the Indenture), without the consent of the registered owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

The Bonds and the interest thereon are payable from Revenues (as that term is defined in the Indenture) and are secured by a pledge and assignment of said Revenues and of amounts held in the funds and accounts established pursuant to the Indenture (except any amounts held in the Rebate Fund, as such term is defined in the Indenture), subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

The Bonds are limited obligations of the District and are not a lien or charge upon the funds or property of the District, except to the extent of the aforementioned pledge and assignment. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE DISTRICT IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Law and by the Constitution and 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 the Law, or by the Constitution and laws of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been signed by the Trustee.

IN WITNESS HEREOF, Tahoe Forest Hospital District has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the President of its Board of Directors and attested by the facsimile signature of the Secretary of its Board of Directors, all as of the dated date identified above.

TAHOE FOREST HOSPITAL DISTRICT

By \_\_\_\_\_  
President of the Board of Directors

Attest:

\_\_\_\_\_  
Secretary of the Board of Directors

**FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION**

This is one of the 2017 Bonds described in the within-mentioned Indenture and registered on the registration books of the Trustee.

Dated:

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

By \_\_\_\_\_  
Authorized Signatory

## FORM OF ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto

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

the within-registered Bond and hereby irrevocably constitute(s) and appoints(s)

attorney, to transfer the same on the Bond register of the Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature:

Note: The signature(s) 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.

Signature Guaranteed:

Note: Signature(s) must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchanges Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallions Securities Program ("MSP") or an "eligible guarantor."



## EXHIBIT B

### FORM OF INVESTOR'S LETTER

Tahoe Forest Hospital District  
Truckee, California

U.S. Bank National Association  
San Francisco, California

Re: Tahoe Forest Hospital District (Placer and Nevada Counties, California)  
Variable Rate Refunding Revenue Bonds, Series 2017

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Ladies and Gentlemen:

The undersigned authorized representative of \_\_\_\_\_ (the "Purchaser"), being the purchaser of the above-referenced bonds (the "2017 Bonds") does hereby certify, represent and warrant for the benefit of the Tahoe Forest Hospital District (the "District") and the U.S. Bank National Association (the "Trustee") that:

(a) The Purchaser (MARK OR INDICATE APPROPRIATELY):

is a "qualified institutional buyer" (a "Qualified Institutional Buyer") within the meaning of Rule 144A promulgated under the Securities Act of 1933, as amended (the "Securities Act"),

is an "accredited investor" as defined in Section 501(a)(1), (2), (3) or (7) of Regulation D promulgated under the Securities Act (an "Accredited Investor"), or

is a trust, partnership, custodial arrangement or similar entity, interests in which are offered and sold in a private placement or limited offering only to Qualified Institutional Buyers or Accredited Investors.

(b) The Purchaser understands that the 2017 Bonds have not been registered under the United States Securities Act of 1933, as amended, or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the 2017 Bonds by it, and further acknowledges that any current exemption from registration of the 2017 Bonds does not affect or diminish such requirements.

(c) The Purchaser is not now and has never been controlled by, or under common control with, the District. The District has never been and is not now controlled by the Purchaser. The Purchaser has entered into no arrangements with the District or with any affiliate in connection with the 2017 Bonds, other than as disclosed to the District.

(d) The Purchaser has authority to purchase the 2017 Bonds and to execute this letter and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the 2017 Bonds. The individual who is

signing this letter on behalf of the Purchaser is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the 2017 Bonds, representations and warranties contained herein by execution of this letter on behalf of the Purchaser.

(e) The Purchaser understands that the 2017 Bonds are not secured by any pledge of any moneys received or to be received from taxation by the District, the State of California or any political subdivision or taxing district thereof; that the 2017 Bonds will never represent or constitute a general obligation or a pledge of the faith and credit of the District, the State of California or any political subdivision thereof; that no right will exist to have taxes levied by the State of California or any political subdivision thereof for the payment of principal and interest with respect to the 2017 Bonds; and that the liability of the District with respect to the 2017 Bonds is subject to further limitations as set forth in the Lease Agreement.

(f) The Purchaser has been informed that the 2017 Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

(g) The Purchaser acknowledges that it has the right to sell and transfer the 2017 Bonds, subject to compliance with the transfer restrictions set forth in Section 2.03 of the Fifth Supplemental Indenture of Trust, including in certain circumstances the requirement for the delivery to the District and the Trustee of an investor's letter in the same form as this Investor's Letter, including this paragraph. Failure to comply with the provisions of Section 2.03 of the Fifth Supplemental Indenture of Trust shall cause the purported transfer to be null and void. The Purchaser agrees to indemnify and hold harmless the District with respect to any claim asserted against the District that arises with respect to any sale, transfer or other disposition of the 2017 Bonds by the Purchaser or any transferee thereof in violation of the provisions of the Fifth Supplemental Indenture of Trust.

(h) The Purchaser acknowledges that the 2017 Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the District has not undertaken to provide any continuing disclosure with respect to the 2017 Bonds.

(i) The Purchaser intends to treat the acquisition of the 2017 Bonds as a loan and hold the 2017 Bonds in its loan portfolio.

The Purchaser acknowledges that the sale of the 2017 Bonds to the Purchaser is made in reliance upon the certifications, representations and warranties herein by the addressees hereto. Capitalized terms used herein and not otherwise defined have the meanings given such terms in the Indenture.

[PURCHASER]

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

**TAHOE FOREST HOSPITAL DISTRICT****RESOLUTION NO. 2017-02****RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIFTH SUPPLEMENTAL INDENTURE OF TRUST AND A BOND PURCHASE AGREEMENT IN CONNECTION WITH THE ISSUANCE, SALE AND DELIVERY OF THE TAHOE FOREST HOSPITAL DISTRICT (PLACER AND NEVADA COUNTIES, CALIFORNIA) VARIABLE RATE REFUNDING REVENUE BONDS, SERIES 2017, AND APPROVING CERTAIN OTHER ACTIONS**

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WHEREAS, TAHOE FOREST HOSPITAL DISTRICT (the "District") is a healthcare district duly organized and existing under the Local Health Care District Law of the State of California;

WHEREAS, the District has heretofore issued its \$14,830,000 Tahoe Forest Hospital District Revenue Bonds, Series 1999A (the "1999A Bonds"), and its \$5,125,000 Tahoe Forest Hospital District Revenue Bonds, Series 1999B (the "1999B Bonds, and, with the 1999A Bonds, the "1999 Bonds"), for the purpose of financing and refinancing the remodeling, expansion, improvement and equipping of the health facilities owned and operated by the District;

WHEREAS, the 1999 Bonds were issued pursuant to that certain Indenture of Trust, dated as of July 1, 1999 (the "Original Indenture"), by and between the District and BNY Western Trust Company, as trustee;

WHEREAS, the District has also heretofore issued its \$12,000,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Demand Revenue Bonds, Series 2002, currently outstanding in the principal amount of \$8,890,000 (the "2002 Bonds"), for the purpose of financing the remodeling, expansion, improvement and equipping of the health facilities owned and operated by the District;

WHEREAS, the 2002 Bonds were issued pursuant to the Original Indenture, as amended and supplemented by that certain First Supplemental Indenture, dated as of October 1, 2002, by and between the District and BNY Western Trust Company, as trustee;

WHEREAS, the District has also heretofore issued its \$27,385,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Hospital Revenue Bonds, Series 2006 (the "2006 Bonds"), for the purpose of (a) refunding a portion of the 1999A Bonds and (b) financing the remodeling, expansion, improvement and equipping of the health facilities owned and operated by the District;

WHEREAS, the 2006 Bonds were issued pursuant to the Original Indenture, as amended and supplemented, and as amended and supplemented by that certain Second Supplemental Indenture, dated as of February 1, 2006, by and between the District and The Bank of New York Trust Company, N.A., as successor trustee, and that certain Third Supplemental Indenture, dated as of May 1, 2006, by and between the District and The Bank of New York Trust Company, N.A., as successor trustee;

WHEREAS, the District has also heretofore issued its \$20,979,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Hospital Refunding Revenue Bonds, Series 2015, currently outstanding in the principal amount of \$20,217,886 (the "2015 Bonds"), for the purpose of refunding the 2006 Bonds;

WHEREAS, the 2015 Bonds were issued pursuant to the Original Indenture, as amended and supplemented and as amended and supplemented by that certain Fourth Supplemental Indenture, dated as of May 1, 2015, by and between the District and U.S. Bank National Association, as successor trustee (the "Trustee");

WHEREAS, none of the 1999 Bonds or 2006 Bonds are currently outstanding;

WHEREAS, the District desires to refund all outstanding 2002 Bonds;

WHEREAS, to refund the 2002 Bonds, the District has determined to issue its Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Refunding Revenue Bonds, Series 2017 (the "2017 Bonds"), on a parity as to payment and security with the 2015 Bonds; and

WHEREAS, the District has determined to authorize the officers of the District to take all necessary action to accomplish the issuance, sale and delivery of the 2017 Bonds;

NOW, THEREFORE, it is hereby ORDERED and DETERMINED, as follows:

*Section 1.* The issuance of the 2017 Bonds to refund the 2002 Bonds is hereby authorized and approved.

*Section 2.* The form of the fifth supplemental indenture of trust, by and between the District and U.S. Bank National Association, as trustee (the "Trustee"), amending and supplementing the Original Indenture, as amended, as presented to this meeting (the "Fifth Supplemental Indenture"), is hereby approved. The President of the Board of Directors (the "Board") of the District, the Vice President 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 (the "Designated Officers"), acting alone, is hereby authorized and directed, for and in the name of the District, to execute and deliver the Fifth Supplemental Indenture in the form presented to this meeting, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery

of the Fifth Supplemental Indenture. The various provisions of the 2017 Bonds shall be as provided in the Fifth Supplemental Indenture as finally executed.

*Section 3.* The form of bond purchase agreement by and between the District and Umpqua Bank (the "Purchaser"), as presented to this meeting (the "Bond Purchase Agreement"), is hereby approved. Any Designated Officer, acting alone, is hereby authorized and directed for and in the name of the District, to execute and deliver the Bond Purchase Agreement, in the form presented to this meeting, with such changes therein as the officer executing the same may approve, such approval to be conclusively evidenced by the execution and delivery of the Bond Purchase Agreement.

*Section 4.* Each Designated Officer is hereby authorized and directed, for and in the name of the District, to execute and deliver any other documents as may be deemed necessary or appropriate to implement the refunding of the 2002 Bonds or to issue the 2017 Bonds, such approval to be conclusively evidenced by the execution and delivery of such documents.

*Section 5.* The 2017 Bonds shall be executed by the manual or facsimile signature of the President, the Vice President, the Chief Executive Officer or the Chief Financial Officer, or the designee thereof, and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Board, in the form set forth in and otherwise in accordance with the Fifth Supplemental Indenture.

*Section 6.* The 2017 Bonds, when so executed, shall be delivered to the Trustee for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the 2017 Bonds by executing the Trustee's Certificate of Authentication appearing thereon, and to deliver the 2017 Bonds, when duly executed and authenticated, to the order of the Purchaser in accordance with written instructions of the District. Said instructions shall provide for the delivery of the 2017 Bonds to the order of the Purchaser upon payment of the purchase price thereof.

*Section 7.* The Secretary or the Assistant Secretary of the Board is hereby authorized and directed to attest the signature of the President, the Vice President, the Chief Executive Officer, the Chief Financial Officer, or the designee thereof, as may be required in connection with the execution and delivery of the Fifth Supplemental Indenture, the Bond Purchase Agreement and the 2017 Bonds in accordance with this Resolution.

*Section 8.* The President, the Vice President, the Chief Executive Officer, the Chief Financial Officer, or the designee thereof, are each hereby authorized and directed to do the following with respect to the issuance of the 2017 Bonds:

(a) take any and all actions and execute, acknowledge, deliver and file any and all agreements, instruments or other documents of any kind required of the District; and

(b) act as an agent to the District for the purposes of issuing the 2017 Bonds and any additional negotiations, authorizations, approval, executions, consents, notices, deliveries or other acts required to issue such 2017 Bonds.

*Section 9.* All actions taken by the President, the Vice President, the Chief Executive Officer, the Chief Financial Officer, or the designee thereof, and other officers or directors of the District which have been undertaken to date or which will be undertaken with respect to the planning, negotiation, authorization, approvals and implementation of the financing plan are hereby ratified, confirmed and approved in all respects.

*Section 10.* This resolution shall take effect immediately upon its passage.

\* \* \* \* \*

PASSED AND ADOPTED at the meeting of the Tahoe Forest Hospital District Board of Directors held on the 26th day of January, 2017, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Charles Zipkin, M.D.  
President, Board of Directors  
Tahoe Forest Hospital District

ATTEST:

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Randy Hill  
Secretary, Board of Directors  
Tahoe Forest Hospital District



\$ \_\_\_\_\_  
**TAHOE FOREST HOSPITAL DISTRICT**  
**(Placer and Nevada Counties, California)**  
**Variable Rate Refunding Revenue Bonds, Series 2017**

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**BOND PURCHASE AGREEMENT**

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January 27, 2017

Tahoe Forest Hospital District  
10121 Pine Avenue  
Truckee, California 96160

Ladies and Gentlemen:

Umpqua Bank (the "Purchaser"), offers to enter into this Bond Purchase Agreement (the "Bond Purchase Agreement") with Tahoe Forest Hospital District (the "District"), which, upon acceptance of this offer, will be binding upon the District and the Purchaser.

This offer is made subject to acceptance by the District at or before 11:59 p.m., California time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Purchaser upon written notice delivered to the District at any time prior to such acceptance. The Purchaser is not acting as a fiduciary of the District, but rather is acting solely in its capacity as Purchaser for its own account.

Capitalized terms used but not otherwise defined herein shall have the meanings assigned to them in the Indenture of Trust, dated as of July 1, 1999, by and between the District and BNY Western Trust Company, as trustee, as amended and supplemented by that certain First Supplemental Indenture, dated as of October 1, 2002, by and between the District and BNY Western Trust Company, as trustee, as further amended and supplemented by that certain Second Supplemental Indenture, dated as of February 1, 2006, by and between the District and The Bank of New York Trust Company, N.A., as successor trustee, as further amended and supplemented by that certain Third Supplemental Indenture, dated as of May 1, 2006, by and between the District and The Bank of New York Trust Company, N.A., as successor trustee, as further amended and supplemented by that certain Fourth Supplemental Indenture, dated as of May 1, 2015, by and between the District and U.S. Bank National Association, as successor trustee (the "Trustee"), and as further amended and supplemented by that certain Fifth Supplemental Indenture, dated as of March 1, 2017 (the "Fifth Supplement"), by and between the District and the Trustee (collectively, the "Indenture").

The District hereby acknowledges and agrees that (a) the purchase of the Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the District and the Purchaser, (b) in connection therewith and with the discussions leading up to the consummation of such transaction, the Purchaser is and has been acting solely as a principal and is not acting as the agent or fiduciary of the District, (c) the Purchaser has not assumed an advisory or fiduciary responsibility in favor of the District with respect to the Bonds contemplated hereby or the discussions leading thereto (irrespective of whether the

Purchaser has provided other services or is currently providing other services to the District on other matters) and the Purchaser has no obligation to the District with respect to the purchase of the Bonds contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, and (d) the District has consulted its own legal, financial and other advisors to the extent it has deemed appropriate in connection with the issuance of the Bonds and the other matters contemplated by this Bond Purchase Agreement.

### **Section 1. Purchase of Bonds.**

(a) Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Purchaser hereby agree to purchase from the District, and the District hereby agrees to sell to the Purchaser, the District's \$\_\_\_\_\_ aggregate principal amount of Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Refunding Revenue Bonds, Series 2017 (the "Bonds"), at a purchase price of \$\_\_\_\_\_.00 (representing the aggregate principal amount of the Bonds). The Bonds will be dated as of the Closing Date (hereinafter defined) and interest thereon will be payable semiannually on January 1 and July 1 of each year, commencing on July 1, 2017. The Bonds will mature on July 1, 2032, and will bear interest at variable rate equal to 65% of the aggregate of the 30-day LIBOR plus 1.70% (or the Default Rate or the Taxable Rate), calculated on the basis of a three hundred sixty (360) day year of twelve thirty (30) day months. The Bonds will be subject to optional and sinking fund redemption as set forth in Schedule A attached hereto.

(b) The Bonds will be as described in and will be issued pursuant to the Indenture, substantially in the form previously submitted to the Purchaser, with only such changes therein as shall be mutually agreed upon. The proceeds from the sale of the Bonds will be used to (i) refund the District's outstanding Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Demand Revenue Bonds, Series 2002, currently outstanding in the principal amount of \$8,890,000 (the "2002 Bonds"), issued to finance the remodeling, expansion, improvement and equipping of the health facilities owned and operated by the District, and (iii) pay certain costs and expenses related to the issuance of the Bonds.

(c) The Bonds will be limited obligations of the District payable solely from Revenues and secured by a pledge of the District's Gross Revenues and of amounts held in certain funds and accounts established pursuant to the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The Bonds will be on a parity as to payment and security with the District's \$20,979,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Hospital Refunding Revenue Bonds, Series 2015, currently outstanding in the principal amount of \$20,217,886.

### **Section 2. Private Placement.**

(a) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other obligations of a nature similar to the Bonds to be able to evaluate the risks and merits of the purchase of the Bonds.

(b) The Purchaser is acquiring the Bonds for its own account and not with a view to, or for sale in connection with, any distribution of the Bonds or any part thereof. The Purchaser has not offered to sell, solicited offers to buy, or agreed to sell the Bonds or any part thereof, and the Purchaser has no current intention of reselling or otherwise disposing of the Bonds; *provided, however*, such representation shall not preclude the Purchaser from transferring or selling of the Bonds in accordance with the Indenture. The Purchaser is not acting in a broker-dealer capacity

in connection with its purchase of the Bonds. The Purchaser intends to book and hold the Bonds as a loan in its loan portfolio.

(c) The Purchaser has made its own credit inquiry and analysis with respect to the District and the Bonds and has made an independent credit decision based upon such inquiry and analysis and in reliance on the truth, accuracy, and completeness of the representations and warranties of the District set forth in the Indenture and this Bond Purchase Agreement and in the information set forth in any materials submitted to the Purchaser by the District. The Purchaser acknowledges that it has reviewed information, including financial statements and other financial information regarding the District, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the District and the Bonds.

(d) The Purchaser understands that the Bonds have not been registered under the United States Securities Act of 1933 or under any state securities laws. The Purchaser agrees that it will comply with any applicable state and federal securities laws then in effect with respect to any disposition of the Bonds by it, and further acknowledges that any current exemption from registration of the Bonds does not affect or diminish such requirements.

(e) The Purchaser has authority to purchase the Bonds and to execute this Bond Purchase Agreement and any other instruments and documents required to be executed by the Purchaser in connection with the purchase of the Bonds. The undersigned is a duly appointed, qualified, and acting officer of the Purchaser and is authorized to cause the Purchaser to make the representations and warranties contained herein by execution of this Bond Purchase Agreement on behalf of the Purchaser.

(f) The Purchaser has been informed that the Bonds (i) have not been and will not be registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any jurisdiction, and (ii) will not be listed on any stock or other securities exchange.

(g) The Purchaser acknowledges that the Bonds are transferable with certain requirements, as described in the Indenture.

(h) The Purchaser has been informed that the Bonds are exempt from the requirements of Rule 15c2-12 of the Securities and Exchange Commission and that the District has not undertaken to provide any continuing disclosure with respect to the Bonds.

### *Section 3. Closing.*

(a) At 8:00 a.m., Pacific Standard time, on March 27, 2017, or on such earlier or later date and time as shall be agreed upon in writing by the District and the Purchaser (the "Closing Date"), the District shall direct the Trustee to deliver the Bonds (which may be typewritten) to the Purchaser, in definitive form, duly executed and authenticated, at the offices of Quint & Thimmig LLP, Larkspur, California ("Bond Counsel"), or at such other location as may be designated by the Purchaser and approved by the District, and shall deliver to the Purchaser the other documents herein mentioned at the offices of Bond Counsel, or such other location as may be mutually agreed upon by the District and the Purchaser. The Purchaser will accept such delivery and pay the purchase price of the Bonds as set forth in Section 1(a) hereof in immediately available funds by federal funds or wire transfer to the order of the Trustee. The Bonds shall be issued in the form of one fully registered Bond registered in the name of the Purchaser.

(b) As required by the Purchaser, the Bonds will not be (i) assigned a rating by any rating agency, (ii) registered with The Depository Trust Company or any other securities

depository, (iii) issued pursuant to any type of offering document or official statement, or (iv) assigned a CUSIP number by Standard & Poor's CUSIP Service Bureau.

(c) It shall be a condition to the obligation of the Purchaser to purchase and accept delivery of the Bonds that all Bonds be sold and delivered by the District to the Purchaser at the Closing and that all obligations of the parties to this Bond Purchase Agreement shall have been satisfied or waived in writing prior to the Closing.

**Section 4. Representations, Warranties and Agreements of the District.** The District represents and warrants to and agrees with the Purchaser that:

(a) The District is and will be at the Closing Date a political subdivision of the State of California and a local health care district duly organized and existing under The Local Health Care District Law, constituting Division 23 of the California Health and Safety Code, with the full power and authority to issue the Bonds and to execute this Bond Purchase Agreement and the Indenture, and to carry out and consummate all transactions on its part contemplated by this Bond Purchase Agreement and the Indenture;

(b) When delivered to and paid for by the Purchaser at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding limited obligations of the District in conformity with, and entitled to the benefit and security of, the Indenture;

(c) The issuance of the Bonds and the execution and delivery of the Indenture and this Bond Purchase Agreement, and compliance with the provisions on the District's part contained therein or herein, will not conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the District is a party or is otherwise subject, nor will any such issuance, execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the District under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Indenture;

(d) The District is not in breach of or in default under any existing law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, mortgage, resolution, agreement or other instrument to which the District is a party or is otherwise subject, and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case in any manner or to any extent which could have a material adverse effect on the financial condition of the District, the operation by the District of its facilities (the "Health Facilities") or the transactions contemplated by this Bond Purchase Agreement, or have an adverse effect on the validity or enforceability in accordance with their respective terms of the Bonds, the Indenture or the Fifth Supplement, or in any way adversely affect the existence or powers of the District or in any way materially adversely affect the excludability from gross income for federal or State income tax purposes of interest on the Bonds;

(e) The District is not, nor has it been at any time subsequent to June 30, 2016, in default in the payment of principal of or interest on any obligation issued or guaranteed by the District;

(f) No consent or approval of any trustee or holder of any indebtedness of the District, and no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except in connection with Blue Sky proceedings, as to which no

representation is being made) is necessary in connection with the execution and delivery of this Bond Purchase Agreement or the Indenture or the consummation of any transaction therein or herein contemplated, except as have been obtained or made and are in full force and effect. The District makes no representation as to any approvals or actions as may be required under any state or federal blue sky or securities laws;

(g) The District has received and there remain currently in full force and effect, or will receive prior to the delivery of the Bonds, all governmental consents and approvals (i) that would constitute a condition precedent to the performance by the District of its obligations hereunder or under the Indenture or the consummation of the transactions contemplated by this Bond Purchase Agreement, and (ii) to qualify the District for reimbursement for its costs and expenses under all third party payor programs accounting for a significant portion of the District's gross revenues, including without limitation, Medicare and Medi-Cal;

(h) No Event of Default has occurred or is continuing under the Indenture;

(i) Between the date hereof and the Closing Date, the District will not, without the prior written consent of the Purchaser, incur any material liabilities, direct or contingent, other than in the ordinary course of business;

(j) The Health Facilities are owned or leased and operated by the District. The District has all necessary leases, licenses, permits, accreditations and certifications required to carry on and operate the Health Facilities. The District has all power and authority to consummate the transactions contemplated by this Bond Purchase Agreement, including the execution, delivery and/or approval of all documents and agreements referred to herein. The District has not received notice of an alleged violation and, to the best of its knowledge, the District is not in violation of any zoning, land use, environmental or other similar law or regulation applicable to any of the District's property or the Health Facilities that could adversely affect the District's operations or financial condition;

(k) The District duly authorized all necessary action to be taken by it for: (i) the issuance and sale of the Bonds by the District upon the terms and conditions set forth herein and in the Indenture and the approval of the Bonds; and (ii) the execution, delivery and receipt of this Bond Purchase Agreement and the Indenture, and any and all such agreements, certificates and documents as may be required to be executed, delivered and received by the District to carry out, effect and consummate the transactions contemplated hereby, including but not limited to such certifications as may be necessary to establish and preserve excludability from gross income for federal income tax purposes of interest on the Bonds;

(l) The District's audited financial statements as of June 30, 2016, and for the fiscal year then ended, are a fair presentation of the financial position of the District as of the dates indicated and the results of its operations and changes in its net assets for the periods specified. Since June 30, 2016, there has been no material adverse change in the condition, financial or otherwise, of the District from that set forth in the audited financial statements as of and for the period ended that date; and the District has not, since June 30, 2016, incurred any material liabilities, directly or indirectly, except in the ordinary course of its operations;

(m) The District will not take or omit to take any action that will in any way cause the proceeds from the sale of the Bonds to be applied or result in such proceeds being applied in a manner other than as provided in the Indenture or to affect the federal and State tax status of interest on the Bonds; and

(o) There is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court or governmental agency or body, pending or threatened against the

District, to restrain or enjoin the execution or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Bonds or the Indenture or contesting the powers of the District to enter into or perform its obligations under the foregoing including the ability to make all debt service payments on the Bonds.

(p) The resolution of the District approving the execution and delivery of the Fifth Supplemental Indenture and this Bond Purchase Agreement has been duly adopted by the District, has not been amended, modified or repealed and is in full force and effect on the date hereof.

(q) All information, reports and other papers and data furnished by the District to the Purchaser were, at the time the same were so furnished, complete and accurate in all material respects and insofar as necessary to give the Purchaser a true and accurate knowledge of the subject matter and were provided in expectation of the Purchaser's reliance thereon in entering into the transactions contemplated by this Bond Purchase Agreement. No fact is known to the District which has had or, so far as the District can now reasonably foresee, may in the future have a Material Adverse Effect, which has not been set forth in the financial statements previously furnished to the Purchaser or in other such information, reports, papers and data or otherwise disclosed in writing to the Purchaser prior to the Closing Date. Any financial, budget and other projections furnished to the Purchaser by the District or its or their agents were prepared in good faith on the basis of the assumptions stated therein, which assumptions were fair and reasonable in light of the conditions existing at the time of delivery of such financial, budget or other projections, and represented, and as of the date of this representation, represent the District's best estimate of its future financial performance. No document furnished nor any representation, warranty or other written statement made to the Purchaser in connection with the negotiation, preparation or execution of this Bond Purchase Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state (as of the date made or furnished) any material fact necessary in order to make the statements contained herein or therein, accurate and complete in all respects.

(r) The District is in compliance in all material respects with all federal, state and local laws, regulations, quality and safety standards, accreditation standards and requirements of all federal, state or local governmental authorities including, without limitation, Medicare and Medi-Cal laws and regulations and those relating to the quality and adequacy of medical care, distribution of pharmaceuticals, rate setting, equipment, personnel, operating policies, additions to facilities and services and fee splitting. Without limiting the generality of any other representation or warranty made herein, the District and each of the Facilities and, to any to the best of its knowledge, its licensed employees and contractors (other than contracted agencies) in the exercise of their respective duties on behalf of the District or and each of the Facilities, is in compliance in all material respects with all applicable statutes, laws, ordinances, rules and regulations of any federal, state or local governmental authority with respect to regulatory matters primarily relating to patient healthcare (including without limitation Section 1128B(b) of the Social Security Act, as amended, 42 U.S.C. Section 1320a 7(b) (Criminal Penalties Involving Medicare or State Health Care Programs), commonly referred to as the "Federal Anti-Kickback Statute," and the Social Security Act, as amended, Section 1877, 42 U.S.C. Section 1395 (Prohibition Against Certain Referrals), commonly referred to as the "Stark Statute" (collectively, "Healthcare Laws")). The District has maintained in all material respects all records required to be maintained by The Joint Commission, the Food and Drug Administration, Drug Enforcement Agency and State Boards of Pharmacy and the federal and state Medicare and Medi-Cal programs as required by the Healthcare Laws and, to the knowledge of the District, there are no presently existing circumstances which would result or likely would result in material violations of the Healthcare Laws. To the knowledge of the District, there currently exist no material restrictions, deficiencies, required plans of correction actions or other such remedial measures with respect to federal and state Medicare and Medi-Cal certifications or



licensure surveys. The Health Facilities is in compliance in all material respects with all requirements for participation in Medicare and Medi-Cal, including, without limitation, the Medicare and Medicaid Patient Protection Act of 1987; the Health facilities is in conformance in all material respects in with all insurance, reimbursement and cost reporting requirements, and has a current provider agreement which is in full force and effect under Medicare and Medi-Cal, to the extent that the failure to comply would not result in a material adverse effect on the District.

(s) Each representation, warranty or agreement stated in any certificate signed by any official of the District and delivered to the Purchaser on or before the Closing Date shall constitute a representation, warranty or agreement by the District upon which the Purchaser shall be entitled to rely.

**Section 5. Conditions to the Obligations of the Purchaser.** The obligation of the Purchaser to purchase, accept delivery of, and pay for the Bonds on the Closing Date shall be subject to the performance prior to or concurrently with the Closing Date by the District of its obligations to be performed under this Bond Purchase Agreement and the accuracy of the representations and warranties of the District contained herein as of the date hereof and as of the Closing Date, and shall also be subject to the following additional conditions:

(a) At the time of Closing, (i) each of the Indenture and the Bonds shall have been duly authorized, executed and delivered, and each of the foregoing shall be in full force and effect in the form heretofore submitted to the Purchaser and shall not have been amended, modified or supplemented except as may have been agreed to by the Purchaser, (ii) the proceeds of sale of the Bonds shall be paid to the Trustee for deposit or use as described in the Indenture and (iii) there shall have been taken in connection with the issuance of the Bonds and with the transactions contemplated thereby and by this Bond Purchase Agreement all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

(b) Between the date hereof and the Closing Date, the Bonds shall not have been materially adversely affected, in the reasonable judgment of the Purchaser, by reason of any of the following:

(i) legislation enacted (or resolution passed) by or introduced or pending legislation amended in the Congress or recommended for passage by the President of the United States, the Secretary of the Treasury or any member of Congress, or a decision rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed), official statement, press release or other form of notice or communication issued or made by or on behalf of the Treasury Department or the Internal Revenue Service of the United States, by the President or other agency of the federal government or members of Congress with the purpose or effect, directly or indirectly, of imposing federal income taxation upon interest as would be received by the Purchaser in owning the Bonds;

(ii) the United States shall have become engaged in hostilities which have resulted in a declaration of war or a national emergency, or there shall have occurred any other outbreak or escalation of hostilities, or a local, national or international calamity or crisis, financial or otherwise, the effect of such outbreak or escalation, calamity or crisis;

(iii) 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;

(iv) the imposition by the New York Stock Exchange or 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, underwriters;

(v) an order, decree or injunction issued by any court of competent jurisdiction, or order, ruling, regulation (final, temporary or proposed), official statement or other form of notice or communication issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that (A) obligations of the general character of the Bonds, or the Bonds, including any or all underlying arrangements, are not exempt from registration under the Securities Act of 1933, as amended, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended, or (B) the execution and delivery, offering or sale of obligations of the general character of the Bonds, or the execution and delivery, offering or sale of the Bonds, including any or all underlying obligations, as contemplated hereby, is or would be in violation of the federal securities laws as amended and then in effect; or

(vi) there shall have occurred any materially adverse change in the affairs or financial condition of the District.

(c) At or prior to the Closing, the Purchaser shall have received the following, in each case satisfactory in form and substance to the Purchaser:

(i) A certificate, dated the Closing Date, signed by an authorized officer of the District to the effect that (A) since June 30, 2016, the District has not incurred any material liabilities, direct or contingent, nor has there been any material adverse change in the financial position, results of operation or condition of the District, unless arising from transactions in the ordinary course of business; (B) no litigation is pending or, to such officer's best knowledge, threatened (i) to restrain or enjoin the collection of Gross Revenues pledged or to be pledged under the Indenture, (ii) in any way contesting or affecting any authority for the issuance of the Bonds, the validity of the Bonds, the Indenture, the Fifth Supplement or this Bond Purchase Agreement or the exemption from federal income taxation of interest on the Bonds or (iii) in any way contesting the powers or operations of the District; (C) there has been no change or threatened change in the governmental status of the District; (D) at the time of Closing, no default or event of default has occurred and is continuing, and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute a default or an event of default under the Indenture, this Bond Purchase Agreement, or any other material agreement or material instrument to which the District is a party or by which it is or may be bound or to which any of the District's property or other assets is or may be subject; (E) the resolution of the Board of Directors of the District authorizing and approving the execution and delivery of the Indenture, the Fifth Supplement and this Bond Purchase Agreement and the form of the Bonds have been duly adopted by such Board of Directors and have not been modified, amended or repealed; and (F) the representations of the District herein and in the Indenture are true and correct in all material respects as of the Closing Date.

(ii) A certificate, satisfactory in form and substance to the Purchaser, of one or more duly authorized officers of the Trustee, dated the Closing Date, as to the due

acceptance, execution and delivery of the Indenture by the Trustee and the due authentication and delivery of the Bonds by the Trustee thereunder.

(iii) The approving opinion, dated the Closing Date, of Bond Counsel, together with a reliance letter addressed to the Purchaser.

(iv) An opinion, dated the Closing Date, addressed to the District and the Purchaser, of Colantuono, Highsmith & Whatley, PC, counsel to the District, in substantially the form attached hereto as Exhibit A.

(v) A supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the District and the Purchaser to the effect that: (A) this Bond Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by and validity against the Purchaser, 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 in the State of California; and (B) the Bonds are not subject to the registration requirements of the Securities Act and the Indenture is exempt from qualification under the Trust Indenture Act.

(vi) A certificate of the Trustee dated the Closing Date, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Purchaser, to the effect that:

(A) the Trustee is a national banking association duly organized and existing under and by virtue of the laws of the United States of America authorized to carry out corporate trust powers and has all necessary power and authority to enter into and perform its duties under the Indenture and to authenticate the Bonds;

(B) the representations of the Trustee in the Indenture are true and correct in all material respects as of the Closing Date;

(C) to the best of its knowledge, no litigation is pending or threatened (either in state or federal courts) (1) to restrain or enjoin the authentication or delivery of any of the Bonds or the collection of revenues pledged under the Indenture, or (2) in any way contesting or affecting any authority for the authentication or delivery of the Bonds or the validity or enforceability of the Indenture;

(D) the Trustee is duly authorized to authenticate and deliver the Bonds to the Purchaser upon instruction by the District pursuant to the terms of the Indenture, and the Indenture constitutes the legal, valid and binding obligation of the Trustee enforceable in accordance with its terms;

(E) to the best of its knowledge, the execution and delivery of the Indenture and compliance with the provisions thereof, will not conflict with, or constitute a breach of or default, of the Trustee's duties under said documents or any law, administrative regulation, court decree, resolution, charter, bylaws or other agreement to which the Trustee is subject or by which it is bound; and

(F) the Bonds have been validly authenticated and delivered by the Trustee;

(vii) The opinion of counsel to the Trustee, addressed to the Purchaser and the District, dated the Closing Date, to the effect that:

(A) the Trustee has been duly organized and is validly existing in good standing as a national banking association under the laws of the United States of America, with full corporate power to enter into the Indenture and to accept the trust as provided therein, and to perform its obligations under the Indenture;

(B) the Trustee has duly authorized, executed and delivered the Indenture and by all proper corporate action has authorized the acceptance of the trust of the Indenture;

(C) assuming the due authorization, execution and delivery by the other parties to the Indenture, the Indenture constitutes the legally valid and binding agreement of the Trustee, enforceable against the Trustee in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws or equitable principles relating to or limiting creditors' rights generally;

(D) the Bonds have been validly authenticated by the Trustee; and

(E) to the best of such counsel's knowledge, no authorization, approval, consent or order of any governmental agency or any other person or corporation is required for the valid authorization, execution and delivery of the Indenture by the Trustee or the authentication by the Trustee of the Bonds;

(viii) A copy of the general resolution of the Trustee authorizing the execution and delivery of the Indenture;

(ix) A tax certificate and agreement by the District in form and substance satisfactory to Bond Counsel;

(x) A copy of the executed Information Returns for Tax-Exempt Governmental Bond Issues, Form 8038-G (current revision), and evidence of the filing thereof with the Internal Revenue Service regarding the Bonds;

(xi) A certified copy of the resolution of the Board of Directors of the District approving and authorizing the execution and delivery of the Indenture, the Fifth Supplement and this Bond Purchase Agreement;

(xii) The Certificate of the District required by Section 3.06(b) of the Indenture;

(xiii) Original or certified copies of the documents required pursuant to Section 3.06(c) of the Indenture;

(xiv) The opinion of Bond Counsel required by Section 3.06(d) of the Indenture, addressed to the District, the Trustee and the Purchaser;

(xv) The opinion of Bond Counsel as to the defeasance of the 2002 Bonds, addressed to the District, the Trustee and the Purchaser; and

(xvi) Such additional certificates, proceedings, opinions, instruments and other documents as the Purchaser may reasonably request in connection with the transactions

contemplated by this Bond Purchase Agreement, including, but not limited to, such additional certificates, proceedings, instruments and opinions as the Purchaser may reasonably request to evidence the consummation of the transactions contemplated by this Bond Purchase Agreement and all matters relating to this Bond Purchase Agreement, the Bonds and the sale thereof, and the Indenture.

If the District shall be unable to satisfy the conditions to the obligation of the Purchaser contained in this Bond Purchase Agreement, or if the obligation of the Purchaser shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be canceled by the Purchaser, and, upon such cancellation, neither the Purchaser nor the District shall be under any further obligation hereunder except as provided in Section 6 hereof.

*Section 6. Expenses.* All reasonable expenses and costs of the District incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Purchaser, including printing costs, fees and expenses of the Trustee, fees and expenses of consultants and reasonable fees and expenses of Bond Counsel, counsel to the District and counsel to the Purchaser, shall be paid by the District. All fees and expenses to be paid by the District pursuant to this Bond Purchase Agreement may be paid from Bond proceeds to the extent permitted by the Indenture. All out-of-pocket expenses of the Purchaser, including travel and other expenses, CUSIP Service Bureau charges and California Debt Advisory Commission fees, shall be paid by the Purchaser.

*Section 7. Notices.* Any notice or other communication to be given to the District under this Bond Purchase Agreement may be given by delivering the same in writing at the District's address set forth above; any notice or other communication to be given to the Purchaser under this Bond Purchase Agreement may be given by delivering the same in writing to Umpqua Bank, 2998 Douglas Boulevard, Suite 100, Roseville, CA 95765, Attention: Mr. Trevor Mael, Vice President. The approval of the Purchaser when required hereunder or the determination of its satisfaction as to any document referred to herein shall be in writing signed by the Purchaser and delivered to the District.

*Section 8. Parties in Interest; Survival of Representations and Warranties.* This Bond Purchase Agreement is made solely for the benefit of the District and the Purchaser (including the successors or assigns of the Purchaser), and no other person shall acquire or have any right hereunder or by virtue hereof. All the representations, warranties and agreements made by the District in this Bond Purchase Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of the Purchaser, (ii) delivery of and payment for the Bonds hereunder and (iii) any termination of this Bond Purchase Agreement.

*Section 9. Governing Law.* This Bond Purchase Agreement shall be governed by the laws of the State of California.

*Section 10. Miscellaneous.* The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be part hereof.

*Section 11. Counterparts.* This Bond Purchase Agreement may be signed in two or more counterparts (including counterparts represented by facsimile copies and/or containing facsimile signatures); all of such counterparts, when signed by the parties, shall constitute but one single agreement.

Very truly yours,

UMPQUA BANK, as Purchaser

By \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

The foregoing is hereby accepted as of the date first written above.

TAHOE FOREST HOSPITAL DISTRICT

By \_\_\_\_\_  
Crystal Betts  
Chief Financial Officer



## SCHEDULE A

### REDEMPTION PROVISIONS

*Optional Redemption of Bonds.* The Bonds are subject to redemption prior to their stated maturity, at the option of the District, in whole or in part on any date, in inverse order of sinking fund payments dates, at a redemption price equal to the principal amount of Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, plus a premium as shown in the following table:

Redemption Period	Redemption Premium
Closing Date through February 28, 2020	3%
March 1, 2020, through February 28, 2023	2%
March 1, 2023, through February 28, 2026	1%
March 1, 2026, and thereafter	0%

*Mandatory Sinking Fund Redemption of Bonds.* The Bonds are subject to mandatory redemption on July 1 in each year on and after July 1, 2017, to and including July 1, 2032, from mandatory sinking fund installments to be paid by the District with respect to each such redemption date, at a redemption price equal to the principal amount thereof to be redeemed, together with accrued interest thereon to the date fixed for redemption, without premium, as follows:

Mandatory Redemption Date (July 1)	Principal Amount to be Redeemed	Mandatory Redemption Date (July 1)	Principal Amount to be Redeemed
2017		2025	
2018		2026	
2019		2027	
2020		2028	
2021		2029	
2022		2030	
2023		2031	
2024		2032†	

†Maturity

## EXHIBIT A

### OPINION OF DISTRICT COUNSEL

[Closing Date]

Umpqua Bank  
2998 Douglas Boulevard, Suite 100  
Roseville, CA 95765

Re: \$\_\_\_\_\_ Tahoe Forest Hospital District (Placer and Nevada Counties, California)  
Variable Rate Refunding Revenue Bonds, Series 2017

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Ladies and Gentlemen:

We have served as special counsel to 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) Variable Rate Refunding Revenue Bonds, Series 2017, in the aggregate principal amount of \$\_\_\_\_\_ (the "Bonds").

The Bonds are issued pursuant to the provisions of section 53570 *et seq.* of the California Government Code and are issued under and secured by the Indenture of Trust, dated as of July 1, 1999, by and between the District and BNY Western Trust Company, as trustee, as amended and supplemented by that certain First Supplemental Indenture, dated as of October 1, 2002, by and between the District and BNY Western Trust Company, as trustee, as further amended and supplemented by that certain Second Supplemental Indenture, dated as of February 1, 2002, by and between the District and The Bank of New York Trust Company, N.A., as trustee, as further amended and supplemented by that certain Third Supplemental Indenture, dated as of May 1, 2002, by and between the District and The Bank of New York Trust Company, N.A., as trustee, as further amended and supplemented by that certain Fourth Supplemental Indenture, dated as of May 1, 2015, by and between the District and U.S. Bank National Association, as trustee (the "Trustee"), as further amended and supplemented by that certain Fourth Supplemental Indenture, dated as of May 1, 2015, by and between the District and the Trustee, as further amended and supplemented by that certain Fifth Supplemental Indenture, dated as of March 1, 2017, by and between the District and the Trustee (collectively, the "Indenture"). The Bonds are being sold pursuant to a Bond Purchase Agreement, dated January 27, 2017 (the "Bond Purchase Agreement"), by and between the District and Umpqua Bank. Capitalized terms used herein, unless otherwise defined, shall have the meanings set forth in the Bond Purchase Agreement.

In connection with this opinion, we have assumed the authenticity of all records, documents, and instruments submitted to us as originals, the genuineness of all signatures, the legal capacity of natural persons and the conformity to the originals of all records, documents, and instruments submitted to us as copies. We also have assumed that there are no facts or circumstances relating to you that might prevent you from enforcing any of the rights to which our opinion relates. We have based our opinion upon our review of the following records, documents and instruments:

- (a) A copy of the Indenture.
- (b) A copy of the Bond Purchase Agreement.
- (c) Resolution No. \_\_\_\_ (the "Resolution"), adopted by the District on January 26, 2017, authorizing the execution and delivery of the Bonds and the Transaction Documents (hereinafter defined).

The documents and instruments listed in items (a) through (d) above are collectively referred to herein as the "Transaction Documents."

Where our opinion relates to our "knowledge", such knowledge is based upon our examination of the records, documents, instruments, and certificates enumerated or described above and the actual knowledge of attorneys in this firm who are currently involved in substantive legal representation of the District. With your consent, we have not examined any records of any court, administrative tribunal or other similar entity in connection with our opinion. Except as described herein, we have undertaken no investigation or verification of such matters.

Based upon the foregoing and our examination of such questions of law as we have deemed necessary or appropriate for the purpose of this opinion, and subject to the limitations and qualifications expressed below, it is our opinion that:

- (1) The District is a local health care district duly existing under the laws of the State of California, has full legal right, power and authority to enter into the Indenture and, the Bond Purchase Agreement (collectively, the "Transaction Documents"), and to carry out and consummate all transactions contemplated by the Indenture and the Bond Purchase Agreement.
- (2) The Resolution was duly adopted at a meeting of the governing body of the District which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and voted and is in full force and effect and has not been modified, amended or rescinded.
- (3) To our knowledge, there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body pending or threatened against the District to restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, contesting any authority for the issuance of the Bonds or the validity of the Bonds, the Indenture or the Bond Purchase Agreement, contesting the existence or powers of the District with respect to the issuance of the Bonds or the security therefor wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Indenture or the Bond Purchase Agreement or the validity of the Bonds.
- (4) The Bonds, the Indenture and the Bond Purchase Agreement have been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto where applicable, are valid and binding limited obligations of the District enforceable in accordance with their terms.
- (5) The authorization, execution and delivery of the Transaction Documents by the District will not conflict with or constitute a breach or default, in any material respect, any law, administrative regulation, court decree, resolution, ordinance or other agreement to which the District is subject or by which it is bound.

This opinion is limited to the federal laws of the United States of America and the laws of the State of California. We disclaim any opinion as to the laws of any other jurisdiction and we further disclaim any opinion as to any statute, rule, regulation, ordinance, order or other promulgation of any regional or local governmental body. This opinion is based upon the law in effect on the date hereof, and we assume no obligations to revise or supplement this opinion should such law be changed by legislative action, judicial decision, or otherwise. In connection with this opinion letter, we also have assumed the following: (a) consideration has been duly given under the Transaction Documents; (b) the District is the legal, beneficial and record owner of the collateral described in any Transaction Documents and the descriptions of collateral in the Transaction Documents sufficiently describe the collateral intended to be covered by such documents; (c) any lien documents are in suitable form, notarized if required, and duly filed or recorded with the appropriate government offices; (d) the Transaction Documents accurately describe the mutual understanding of the parties thereto, and that there are no oral or written statements that modify, amend, or vary, or purport to modify, amend, or vary, any of the terms of the Transaction Documents; (e) the information, factual matters, representations and warranties contained in the Transaction Documents, records, certificates and other documents we have reviewed are true, correct and complete; and (f) the other parties to Transaction Documents have the proper authority to engage in the

transactions contemplated thereunder and at all times have complied and will comply with the Transaction Documents and related documents and with all applicable requirements governing their actions and will act in a commercially reasonable manner.

In connection with this opinion, we advise you that:

A. Enforceability is subject (i) to bankruptcy, insolvency, reorganization, arrangement, moratorium, and other laws of general applicability relating to or affecting creditors' rights, (ii) to general principles of equity, whether such enforcement is considered in a proceeding in equity or at law, (iii) to limitations imposed by applicable law or public policy on the enforceability of the indemnification provisions, and (iv) to the qualification that certain waivers, procedures, remedies, and other provisions of the Transaction Documents may be unenforceable under or limited by applicable law.

B. The enforceability of the Transaction Documents is further subject to the effect of general principles of equity. These principles include, without limitation, concepts of commercial reasonableness, materiality and good faith and fair dealing. These principles require the parties to act reasonably, in good faith and in a manner that is not arbitrary or capricious in the administration and enforcement of the Transaction Documents and will preclude them from invoking penalties for defaults that bear no reasonable relation to the damage suffered or that would otherwise work a forfeiture.

C. The effectiveness of indemnities, rights of contribution, exculpatory provisions and waivers of the benefits of statutory provisions may be limited on public policy grounds.

D. Section 1717 of the California Civil Code provides that, in any action on a contract where the contract specifically provides that attorneys' fees and costs incurred to enforce that contract shall be awarded either to one of the parties or to the prevailing party, then the party who is determined to be the party prevailing in the action, whether that party is the party specified in the contract or not, shall be entitled to reasonable attorneys' fees in addition to other costs.

E. Any provisions of the Transaction Documents requiring that waivers must be in writing may not be binding or enforceable if a non-executory oral agreement has been created modifying any such provision or an implied agreement by trade practice or course of conduct has given rise to a waiver.

F. Section 9109(d)17 of the California Uniform Commercial Code (the "Code") provides that the secured transactions provisions of the Code do not apply to transfers by a government or governmental unit, and, therefore, the rights and remedies of the Trustee under the Transaction Documents which purport to incorporate rights and remedies under the Code may not be enforceable and as such, we express no opinion on such matters.

G. Any provisions of the Transaction Documents regarding another party's right to apply proceeds of fire or other casualty insurance policies or awards of damages in condemnation proceedings against the District's secured obligations will not be enforceable unless application of such proceeds or damages is reasonably necessary to protect such security interests.

H. We assume that in the enforcement of any lien documents, all parties will act in accordance with applicable statutory and other legal requirements, including applicable case law and that enforcement of rights or remedies thereunder may be limited when imposing fees and charges in the event of default, upon acceleration of the District's obligations for transfers of interests, leases, or grants of junior encumbrances, attempting to secure a deficiency claim before exhausting the secured property or other remedies, among other things.

I. We have further relied on certain representations, warranties and covenants of the District in the Transaction Documents. Any variations may affect the opinions we are giving.

J. In connection with our opinion, we have not reviewed and express no opinion on (i) financial statements or covenants, financial or audit reports or the consents related thereto or similar provisions requiring financial calculations or determinations, (ii) provisions relating to the occurrence of a "material adverse effect" or similar words, or (iii) parol evidence bearing on interpretation or construction.

We express no opinion as to: (a) the priority of any lien or security interest created, or purported to be created, by any of the Transaction Documents or the enforceability of any lien in the real property of the District; (b) any securities, tax, anti-trust, land use, export, safety, environmental, hazardous materials, choice of law, insurance company or banking laws, rules or regulations; (c) applicable interest rate limitations of California law for loans or forbearances; or (d) the effect on the District's obligations, and any other party's rights, under the Transaction Documents of laws relating to fraudulent transfers and fraudulent obligations set forth in Sections 544 and 548 of the federal Bankruptcy Code and Sections 3439 et seq. of the California Civil Code.

In rendering our opinion, we are expressing no opinion on the validity of the Bonds.

We furnish this opinion as special counsel to the District and only the addressee and Quint & Thimmig LLP may rely upon it. This letter shall not be used, quoted, distributed, circulated or relied upon by any other person or entity for any purpose, without our prior written consent.

Respectfully submitted,



## Board Executive Summary

By: Janet Van Gelder, RN, DNP, CPHQ  
Director of Quality and Regulations

DATE: January 2, 2017

### QUALITY REPORT: Quality & Regulation Review

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#### ISSUE:

The Board of Directors (BOD) of Tahoe Forest Health System (TFHS) has the ultimate responsibility for the quality of care and services provided throughout the system. The BOD assures that a planned and systematic process is in place for measuring, analyzing and improving the quality and safety of the Health System activities.

Quality, grounded in patient safety, is a value and a discipline of knowledge, skills and practices to achieve excellence in products, services and environments based on the requirements, perceptions and future needs of those served. The foundations for quality include evidence-based medicine and practice, relevant and rigorous measurement, teamwork and transparency, detection and reductions of errors and defects, and design of reliable systems of care to prevent harm, eliminate waste and unnecessary complexity in all forms (*Blueprint for Advancing Quality & Patient Safety in California*, Hospital Quality Institute, May 2014).

Quality principles include leadership; customer focus with the patient and family as the primary customers; results and outcome focus; shared meaning and value; evidence based practice; statistical thinking; data based decision making; systems or process flow perspective; continual improvement and learning; a just and fair culture; open sharing of data; continual pursuit of eliminating waste and adding value; informatics solutions for data capture, clinical decision support and information transfer; teamwork; methods, tools, and common language to accelerate learning (*Blueprint for Advancing Quality & Patient Safety in California*, Hospital Quality Institute, May 2014).

#### BACKGROUND/SUMMARY:

Training and education are essential to promote a culture of quality within the Tahoe Forest Health System. All employees and Medical Staff receive education about performance improvement upon initial orientation. Employees and Medical Staff receive additional annual training on various topics related to performance improvement. This presentation will provide a brief overview of the Quality Assurance/Performance Improvement plan.

#### ACTION REQUESTED:

There is no action required. This is an educational presentation.



# Tahoe Forest Health System Board of Directors Quality & Regulations

Janet Van Gelder, RN, DNP, CPHQ



# Quality Program Building Blocks

- Mission
- Vision
- Values
- Five Foundations of Excellence
- Strategic Plan
- Federal and State Regulations



# Quality Assurance / Performance Improvement (QA/PI) Plan

- Framework for promoting and sustaining Quality & PI to improve the:
  - quality of care
  - enhance organizational performance
- Goals include
  - proactively reduce risk to our patients by eliminating or reducing risk factors that contribute to adverse events and/or outcomes
  - provide high quality care and services
- Accomplished through the support and involvement of:
  - BOD, Administration, Medical Staff, Management, & Staff
- Utilize a collaborative approach that supports:
  - innovation, data management, PI, proactive risk assessment
  - commitment to customer satisfaction & patient safety
  - Just Culture principles



# Key Quality Initiatives for 2017

- Top decile quality of care and patient satisfaction metric results
- Support Patient and Family Centered Care
- Sustain a Just Culture philosophy that promotes patient safety, openness, & transparency
- Promote lean principles to improve processes, reduce waste, and eliminate inefficiencies
- Implement Epic electronic health record and integrate medical services at all levels of the organization
- Facilitate integrated continuum of care management system
- Ensure Patient Safety across the entire Health System
- Achieve Public Hospital Redesign and Incentives in Medi-Cal (PRIME) Project Initiatives

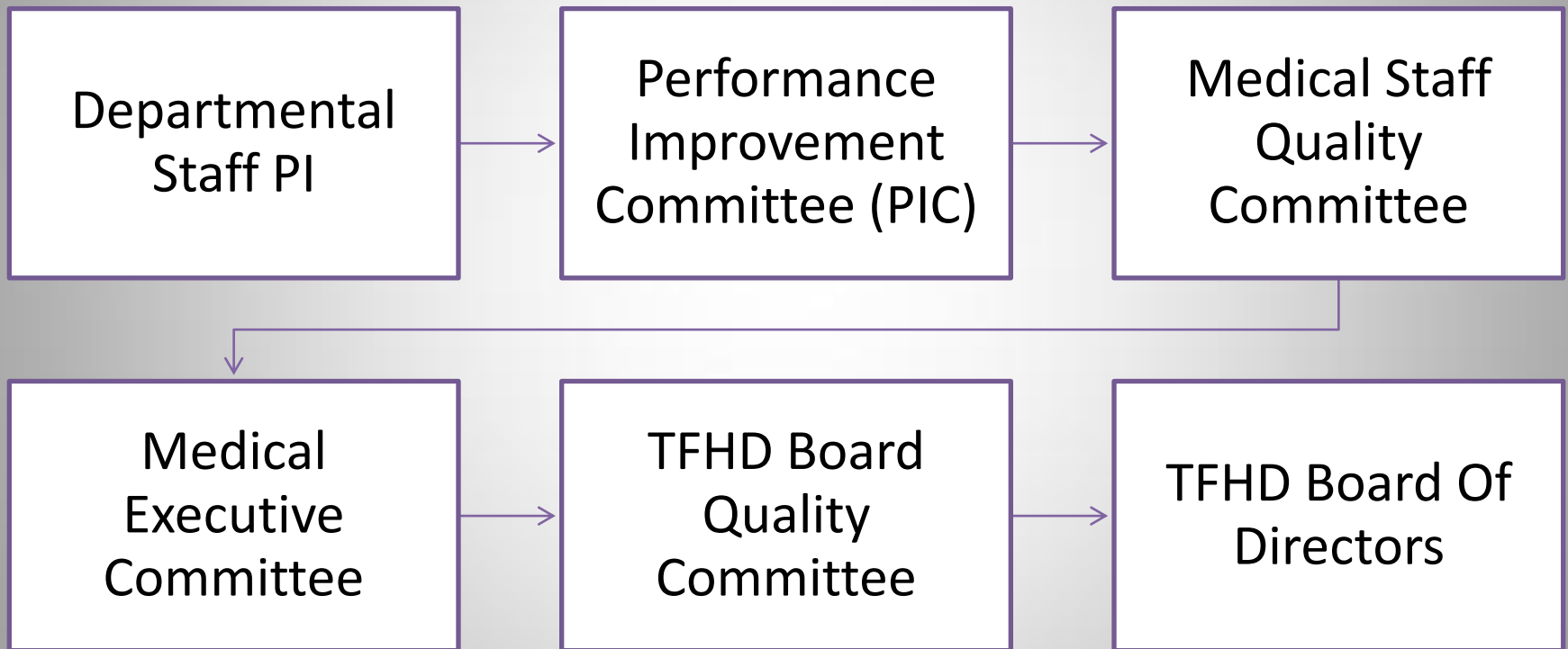


# Quality: Board of Directors

- ultimate responsibility for the quality of care and services provided throughout the system
- assure that a planned and systematic process is in place for measuring, analyzing and improving the quality and safety through the following:
  - Delegate the responsibility for developing, implementing, and maintaining performance improvement activities to administration, medical staff, management, and employees;
  - Recognize that performance improvement is a continuous, never-ending process, and therefore they will provide the necessary resources to carry out this philosophy;
  - Provide direction for the organization's improvement activities through the development of strategic initiatives;
  - Evaluate the organization's effectiveness in improving quality through reports from the various Board Committees, Medical Executive Committee and Medical Staff Quality Committee

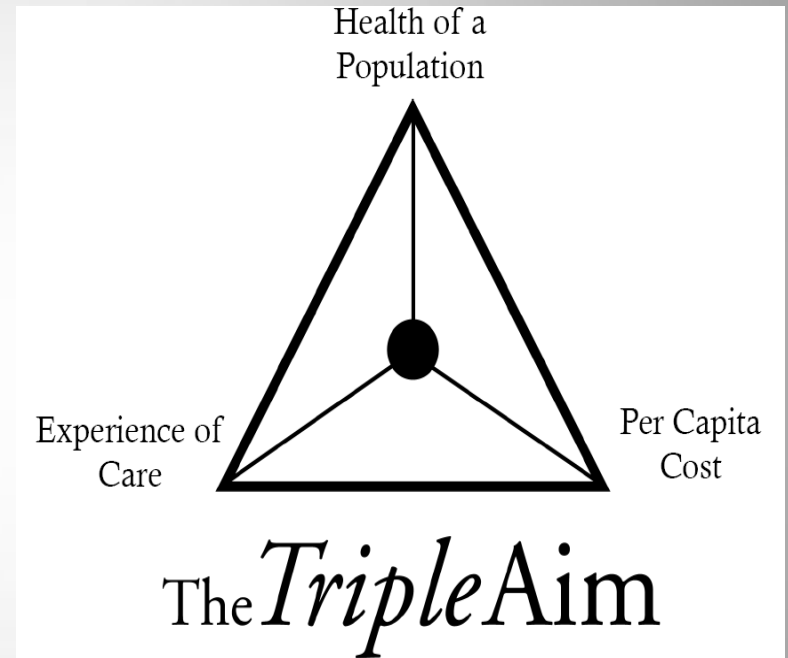


# Quality: Internal Reporting Mechanisms



# Quality Principles

- S=Safe
- T=Timely
- E=Effectively
- E=Efficient
- E=Equitable
- Patient Centered Care





# Scientific Method for Achieving Performance Improvement



# Quality: Mandatory External Reporting

## Centers for Medicare and Medicaid Services (CMS)

- Quality Health Care Indicators
- Home Health Consumer Assessment of Providers and Systems (HHCAPs)
- Hospice Quality Reporting Program (HQRP)
- Minimum Data Sets (MDS)
- Outcome & Assessment Information Set (OASIS)
- EHR Incentive Program (Meaningful Use)
- Physician Quality Reporting System (PQRS)

## State of Nevada

- Trauma Registry
- Immunization records

## State of California

- Utilizes the National Healthcare Safety Network (NHSN)
- Office of Statewide Health Planning & Development (OSHPD)



# Quality: Voluntary External Reporting

- California Nursing Outcome Coalition (CALNOC)
- Hospital Consumer Assessment of Healthcare Providers & Systems (HCAHPS)
- Hospital Compare (core measures)
- Outcome Based Quality Improvement (QBQI)



# Regulatory: Licensing and Certification

- Health Care Facilities Accreditation (HFAP)
  - Deemed accreditation from CMS
  - Hospitals, Clinics, Cancer Center
- Centers for Medicare and Medicaid Services (CMS)
  - California Department of Health Services conducts CMS survey & Title 22 survey
    - ECC SNF, Home Health, Hospice
- Nevada Bureau of Health Care Quality & Compliance (HCQC)
  - IVCH, Home Health, Hospice



# What is Health Care Facilities Accreditation (HFAP)?

- nationally recognized healthcare facility accreditation organization, with deeming authority from the Centers for Medicare and Medicaid Services (CMS)
- provide accreditation to all hospitals, ambulatory care/surgical facilities, mental health facilities, physical rehabilitation facilities, clinical laboratories, and critical access hospitals
- triennial unannounced survey of the CMS Conditions or Participation (COP) standards

# Quality & Regulation Staff

- Peter Taylor, MD, Quality Medical Director
- Janet Van Gelder, RN, DNP, CPHQ, Director of Quality & Regulations (ext. 6629)
- Carl Blumberg, RN, MHS, CPHRM, Patient Safety Risk Manager (ext. 6637)
- Trish Foley, LMFT, Patient Advocate (ext. 6567)
- Whitney Robinson, MPH, Quality Specialist (ext. 3272)





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# WINTER STORM 2017

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## BACKGROUND

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A winter blizzard was forecasted for January 10, 2017 lasting overnight and reducing in strength throughout the day, January 11, 2017. Heavy winds and snow caused a tree to fall which damaged a major power artery and the whole Tahoe-Truckee area lost power on January 10, 2017 at 21:48. The hospital emergency generators at both Tahoe Forest Hospital and Incline Village Community Hospitals started and transferred power into the hospital for approximately 16 1/2 hours at Tahoe Forest and approximately 12 3/4 hours at Incline Village. The Medical Office Building's generator required manual activation which occurred at approximately 5 am on January 11<sup>th</sup>. The possibility of this type of event was anticipated and TFHD scheduled extra Engineering staff to be on-call through the night on January 10<sup>th</sup>. The Emergency Department and hospital clinical areas were uneventful from the initial power outage through the night. Come morning, administration assessed the impacts for both hospitals and declared a Code Triage External Level One as all departments in the hospital system were affected. After the initial activation and risk assessments were made the incident increased to a Code Triage External Level 2.

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## SITUATION SUMMARY

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- TFH systems that were down ( 1 patient transferred to Reno):
  - CT
  - MRI
  - Mammography
  - Nuclear Medicine
- All surgeries except emergencies were cancelled while hospital on generator power. No emergency surgeries required.
- All hospital clinical departments were staffed.
- Patient census:
  - ICU: 4 patients
  - MedSurg: 9 patients
  - OB: 2 Moms plus infants
- Cancer Center Radiation Oncology open. Oncology transfusion patients treated in ICU.
- Non-clinical departments closed.
- All MSC clinics closed.
  - IMCARD (Lombard's office): no backup power capabilities. Medications were relocated.
- Retail pharmacy opened on January 11<sup>th</sup> from 11 am to 4 pm. This was the only local pharmacy that was open.
- Both TFH & IVCH had backup generator fuel levels to last greater than the 4 days regulatory requirements.

- Food, equipment, and medical supplies evaluated and good.
- Increased levels of Community members at TFH for food, warmth and use of power to charge electronic devices.

## ACTIVATION

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1. Activate IC Procedures on January 11, 2017 at 0900.
2. Support departments by providing additional resources needed to maintain operations.
3. Established housing options to support staffing
4. Confirm generator functionality.
5. Troubleshoot equipment operation.

## DE-ACTIVATION

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1. IVCH power was restored on 1/11/17 at approximately 1030.
2. TFH Main Hospital and MSC clinic power was restored on 1/11/17 at 14:15.
3. De-Activate Command Center procedures on 1/11/17 at 14:16.
4. Ongoing issues/resolutions with adjacent hospital properties as follows:
  - a. Hospice House (10083 Lake Ave): closed until 1/18/17 due to flooding and tree concerns.
  - b. Lake Street House (10145 Lake Ave): closed until further notice. Issues:
    - i. Flooding
    - ii. No power
    - iii. Trees causing unsafe conditions
  - c. Van Gundy House (10151 Lake Ave): closed until 1/19/17. Unsafe trees were removed.
  - d. Red House (10999 Spring Lane): closed until further notice due to unsafe tree concerns.
  - e. North Tahoe Orthopedics: Power restored on 1/12/17.
  - f. Child Care Center: Power restored on 1/12/17.
  - g. Quality & Regulations (10977 Spring lane): water was turned off until 1/12/17 when it was determined the source of water flow on the side of the house was from an 180 drainage pipe.

## THINGS THAT WENT WELL

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1. Dietary was well supplied to serve TFH staff and Community.
2. Communication between all TFHD departments.
3. Risk assessments in each area.
4. Facilities remained on-site overnight to troubleshoot issues.
5. IC Cart was well organized.
6. Communication with the Tahoe Donner Public Utilities District (TDPUD).
7. Pharmacy & Material Management supplies were sufficient.
8. Retail Pharmacy opened to the public while all other local pharmacies remained closed.
9. Staffing maintained to support clinical services
10. Contracted services and Facilities combined efforts to ensure good snow removal to both hospital locations.



# Tahoe Forest Hospital District

## Board of Directors – 2017 Committee Assignments

### Officers:

President – Chuck Zipkin, MD

Vice President – Greg Jellinek, MD

Secretary – Randy Hill

Treasurer – Dale Chamblin

### 2017 Board Committee Appointments (Chair in bold):

Finance Committee: **Chamblin** / Jellinek

Staff Rep: Crystal Betts

Personnel Committee: **Wong** / Chamblin

Staff Rep: Jayne O’Flanagan, Alex MacLennan

Community Benefit: **Zipkin** / Hill

Staff Rep: Karen Gancitano

Quality Committee: **Wong** / Zipkin

Staff Rep: Janet Van Gelder, Peter Taylor MD

Governance Committee: **Jellinek** / Hill

Staff Rep: Ted Owens

Med Tech: Jellinek

COC: Chamblin

IVCH Foundation: Zipkin

TFHS Foundation: Chamblin

Bioethics: Wong

TIRHR: Hill

Joint Conference: Zipkin / Jellinek

OAC: Hill

Legislative Ad Hoc: Wong



# QUALITY COMMITTEE AGENDA

Monday, January 23, 2017 at 11:30 a.m.  
Tahoe Conference Room, Tahoe Forest Hospital  
10054 Pine Avenue, Truckee, CA

1. **CALL TO ORDER**
2. **ROLL CALL**  
Alyce Wong, RN, Chair; Charles Zipkin, M.D., Board Member
3. **CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**
4. **INPUT – AUDIENCE**  
This is an opportunity for members of the public to address the Committee 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 Committee cannot take action on any item not on the agenda. The Committee 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.
5. **APPROVAL OF MINUTES OF: 11/22/2016 ..... ATTACHMENT**
6. **ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**
  - 6.1. **Quality Committee Charter and Goals 2017 ..... ATTACHMENT**  
Review and approve the Quality Committee Charter and proposed 2017 goals.
  - 6.2. **Quality Assurance Process Improvement (QA/PI) Plan..... ATTACHMENT**  
Review and approve the QA/PI Plan 2017.
  - 6.3. **Patient & Family Centered Care (PFCC)**
    - 6.3.1. **Patient & Family Advisory Council Update ..... ATTACHMENT**  
An update will be provided related to the activities of the Patient and Family Advisory Council (PFAC).
    - 6.3.2. **Patient Experience Presentation**  
Identify patients that may be interested in sharing their healthcare story at an upcoming TFHD Board of Directors (BOD) or BOD Quality Committee meeting.
  - 6.3 **Patient Satisfaction Survey Process ..... ATTACHMENT**  
Review the patient satisfaction surveys and discuss if we should send surveys to our patients via electronic mail instead of the postal service. Discuss the status of the date of service and service provided on the Outpatient Survey to remind patients which service they are rating.
  - 6.4 **Healthcare Facilities Accreditation Program (HFAP) Survey**

Provide an update on preparation for the unannounced triennial HFAP accreditation survey in the spring of 2017.

**6.5 Medical Staff Quality Committee (MSQAC)**

Discuss the option of having two Board members attend the open session bimonthly MSQAC meeting instead of having a separate Board Quality Committee meeting.

**6.6 Quadruple Aim .....ATTACHMENT**

6.6.1 Sikka, R., Morath, J., & Leape, L. *The Quadruple Aim: care, health, cost and meaning in work.* BMJ Quality & Safety (2015)

6.6.2 Feeley D, Swensen SJ. *Restoring joy in work for the healthcare workforce.* Healthcare Executive. 2016 Sept; 31(5):70-71.

While burnout in the health professions is alarmingly high, restoring joy in work is more than just reducing burnout. This article describes four key steps that leaders can take to restore, foster, and nurture joy in the healthcare workforce. Discuss plan to obtain physician and staff engagement information with a goal to improve the experience of providing care.

**6.7 Board Quality Education .....ATTACHMENT**

The committee will review and discuss topics for future Board quality education.

**7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

**8. NEXT MEETING DATE**

The date and time of the next committee meeting, Tuesday, March 14, 2017, at 12:00 p.m. will be confirmed.

**9. ADJOURN**

\*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.



**TAHOE  
FOREST  
HEALTH  
SYSTEM**

# **FINANCE COMMITTEE AGENDA**

Wednesday, January 25, 2017 at 8:00 a.m.  
Foundation Conference Room, Tahoe Forest Health System  
10976 Donner Pass Road, Truckee, CA

**1. CALL TO ORDER**

**2. ROLL CALL**

Dale Chamblin, Chair; Greg Jellinek, M.D., Board Member

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

**4. INPUT – AUDIENCE**

This is an opportunity for members of the public to address the Committee 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 Committee cannot take action on any item not on the agenda. The Committee 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.

**5. APPROVAL OF MINUTES OF: 10/24/2016 ..... ATTACHMENT**

**6. ITEMS FOR COMMITTEE DISCUSSION AND/OR RECOMMENDATION**

**6.1. Financial Reports**

- 6.1.1. Financial Report – November 2016 ..... ATTACHMENT
- 6.1.2. Financial Report – December 2016 Quarterly Packet ..... ATTACHMENT
- 6.1.3. Quarterly Review of Separate Entities..... ATTACHMENT
- 6.1.4. Quarterly Review of Payor Mix..... ATTACHMENT
- 6.1.5. TIRHR Expenditure Report ..... ATTACHMENT
- 6.1.6. Truckee Surgery Center LLC - Oct – Dec 2016 Financial Statements..... ATTACHMENT\*

**6.2. 2002 Variable Rate Demand Revenue Bond Refinancing**

The Finance Committee will review documents related to the refunding of the District’s 2002 Variable Rate Demand Revenue Bonds.

- 6.2.1. Debt Management Policy ..... ATTACHMENT
- 6.2.2. Debt Management – Resolution 2017-01 ..... ATTACHMENT
- 6.2.3. Variable Rate Refunding Revenue Bond Finance Schedule..... ATTACHMENT
- 6.2.4. Variable Rate Pricing Comparisons..... ATTACHMENT
- 6.2.5. Umpqua Bank Proposal..... ATTACHMENT
- 6.2.6. Umpqua Bank Credit Approval Letter..... ATTACHMENT
- 6.2.7. Fifth Supplemental Indenture of Trust ..... ATTACHMENT
- 6.2.8. Fifth Supplemental Indenture – Resolution 2017-02 ..... ATTACHMENT
- 6.2.9. Bond Purchase Agreement ..... ATTACHMENT

**7. REVIEW FOLLOW UP ITEMS / BOARD MEETING RECOMMENDATIONS**

**8. AGENDA INPUT FOR NEXT FINANCE COMMITTEE MEETING..... ATTACHMENT**

**9. NEXT MEETING DATE ..... ATTACHMENT**



**10. ADJOURN**

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## Board Informational Report

**By: Harry Weis**  
CEO

**DATE: January 16, 2017**

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I want to thank our entire team for the tremendous hard work they have performed during the Holiday Season and also during the return of a more normal winter. The community came out in large numbers last week to visit TFHS as there was no electricity, no stores, restaurants or gas in the region for a period of time.

We are targeting to have an in-house team available by the end of January to answer all phone calls for the health system not answered via our computer software directional system. We believe this will be a quality improvement for all relative to how our phones are answered.

We would especially like to acknowledge Jayne O'Flanagan's 43 years of dedicated service to Tahoe Forest Health System, covering many positions in our health system and for the last many years serving as our Chief Human Resource Officer. We are asking Alex MacLennan to serve as the Interim CHRO until a permanent CHRO is named.

Dr. Peter Taylor has agreed to be the sole shareholder for Tahoe Forest Medical Group, our "friendly Professional Corporation" which will allow us to employ physicians should they ask to be employed instead of having an independent contractor relationship with us. This will take us a few months to put all of the details together.

Related to our Physician Services makeover, one of our 6 critical strategies, we are pursuing applications for 3 of the 4 Rural Health Clinic (RHC) sites we would like to have operational. These three are first in our 3 story medical office building across the street, our IM/Cardiology office practice and our second floor clinic at IVCH. The fourth RHC site will be in our Cancer Center.

Also related to our Physician Services makeover, we are gearing up to meet with each of the physicians who may be relocated to a more appropriate space to address current and future space needs.

Tahoe Forest Healthcare Services, our management service organization, began operations smoothly on 1/1/17 and had its first payroll on 1/13/17.

Additionally regarding our Physician Services makeover, we are now starting to move on a timeline to fully affiliate our independent OB/GYN group with Tahoe Forest Health System.

In our critical "just do it" strategy regarding improving financial performance, Karli Epstein has accepted the Executive Director of our Incline Village Community Hospital Foundation. She has great philanthropic experience.

We are working to transform both of our philanthropic foundations as philanthropy is a critical cash flow resource for great healthcare systems.

We are actively looking to recruit a full time Neurologist, GI Specialist, and two Family Practitioners. We are reviewing several GI candidates now.

Our leadership team is focusing on planning and strategy as we prepare to meet with the Board of Directors in February to review where we have been and what may need refinement in the future.

We will be bring forward changes in healthcare to the Board as they surface. We continue to monitor all federal and state changes and expect that we will be more active and vigilant in the coming months and years in this area.

# Tahoe Forest Hospital District

## Board of Directors Meeting Evaluation Form

Date: \_\_\_\_\_

		Exceed Expectations		Meets Expectations		Below Expectations
1	Overall, the meeting agenda is clear and includes appropriate topics for Board consideration	5	4	3	2	1
2	The consent agenda includes appropriate topics and worked well	5	4	3	2	1
3	The Board packet & handout materials were sufficiently clear and at a 'governance level'	5	4	3	2	1
4	Discussions were on target	5	4	3	2	1
5	Board members were prepared and involved	5	4	3	2	1
6	The education was relevant and helpful	5	4	3	2	1
7	Board focused on issues of strategy and policy	5	4	3	2	1
8	Objectives for meeting were accomplished	5	4	3	2	1
9	Meeting ran on time	5	4	3	2	1

Please provide further feedback here:

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