

RESOLUTION NO. 15-03

RESOLUTION OF THE HI-DESERT MEMORIAL HEALTH CARE DISTRICT BOARD OF DIRECTORS CALLING A SPECIAL ALL MAIL BALLOT ELECTION AND REQUESTING THE SERVICES OF THE SAN BERNARDINO COUNTY ELECTIONS OFFICE OF THE REGISTRAR OF VOTERS

WHEREAS, the Hi-Desert Memorial Health Care District (“District”) owns and operates (a) Hi-Desert Medical Center, a 59-bed acute care facility located at 6601 White Feather Road in Joshua Tree, California (“Hospital”), (b) the Continuing Care Center, a 120-bed distinct part skilled nursing facility located on the Hospital campus, and (c) other ancillary and outpatient clinics and health care businesses and services incident to the operation of the Hospital and the Continuing Care Center (collectively the “Medical Center Businesses”); and

WHEREAS, the District desires to transfer certain assets and operations of the Medical Center Businesses and to enter into a long-term lease of the real property associated with the Medical Center Businesses for the purpose of furthering the District’s mission and assuring that quality health care services will continue to be provided to District residents by a financially strong health care operator with significant background and experience in operating facilities similar to the Medical Center Businesses; and

WHEREAS, the District and HDMC Holdings, LLC (“New Operator”), an affiliate of Tenet Healthcare Corporation, have agreed to the terms of a purchase agreement and a thirty-year long-term lease whereby New Operator will lease and operate the Medical Center for an annual lease amount of \$2,000,000, which has been determined by an independent appraiser to be fair market value; and

WHEREAS, prior to the long-term transfer of the Medical Center Business assets and operations from District to New Operator, a majority of the voters voting on a ballot measure must approve the transfer; and

WHEREAS, if the transfer is approved by a majority of the voters voting on the measure, the District would continue to have an oversight role over the performance of New Operator, and the District would continue to own and operate its federally qualified health centers as well as continue to oversee the operations of the Hi-Desert Memorial Health Care District Foundation.

The Board of Directors of the Hi-Desert Memorial Health Care District does hereby resolve as follows:

RESOLVED, that pursuant to the authority contained in Section 32121(p) of the Health & Safety Code of the State of California, the Board of Directors of the Hi-Desert Memorial Health Care District does hereby call for a special election of the voters of the District to be held on June 23, 2015, to approve a measure, by a majority of the voters

voting on the measure, proposing the transfer of all of the real and personal property associated with the Medical Center and its facilities and operations by long-term lease pursuant to the Purchase Agreement and the Medical Center Lease dated as of March 25, 2015. "Full text" is not required to appear in the Sample Ballot Pamphlet.

The ballot measure shall read and appear on the ballot as follows:

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| <p>Measure _____</p> <p>Shall the Hi-Desert Memorial Health Care District enter into the Purchase Agreement and the Medical Center Lease dated March 25, 2015, adopted by Resolution No. 15-02, on March 25, 2015, to transfer certain assets and operations to, and enter into a lease with, HDMC Holdings, LLC, an affiliate of Tenet Healthcare Corporation?</p> <p>Yes _____ No _____</p> |
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BE IT FURTHER RESOLVED, that pursuant to Section 32121(p) of the Health & Safety Code, the appraised fair market value of the District's assets being transferred is reasonably represented in the rounded amount of \$21,750,000, based on March 24, 2015, Appraisal Report by Principle Valuation, LLC, an independent expert on valuation of such facilities, and the consideration received by the District from New Operator in exchange for the long-term transfer of the District's facilities and operations consists of those considerations set forth in the Board's Resolution 15-02, dated March 25, 2015, incorporated herein.

BE IT FURTHER RESOLVED, that pursuant to Sections 4108 and 10002 of the California Elections Code and Section 32121(p) of the Health & Safety Code, the Board does hereby notify the County of San Bernardino and the San Bernardino County Elections Office of the Registrar of Voters, that the District chooses to hold such election on the 23rd day of June 2015, to be conducted by all-mailed ballots pursuant to Division 4 of the Elections Code (commencing with Section 4000), among the electorate of the District.

BE IT FURTHER RESOLVED, that pursuant to Elections Code section 10002, the Board of Directors of the Hi-Desert Memorial Health Care District hereby requests the San Bernardino Elections Office of the Registrar of Voters to render all services otherwise required to be performed by the Secretary of the District for the election to be held on June 23, 2015. Said services include, but are not limited to:

- Publication of Notices calling the election
- Publication of Notices calling for ballot arguments
- Provision of voter lists
- Preparation, printing, and mailing of sample ballots and ballots
- Counting of ballots
- Certification of election
- All aspects of an election not specified above that may be agreed upon by the County Registrar of Voters and the Secretary of the District

BE IT FURTHER RESOLVED THAT the County is hereby authorized and directed to canvass the returns of the election and to certify the results of the election to the District as required by law.

BE IT FURTHER RESOLVED, that the Chair of the Board or her designee(s) is hereby authorized to execute any other document and to perform all acts necessary to place the measure on the ballot including signing a services agreement with San Bernardino County, and to comply with all requirements of law and election officials.

BE IT FURTHER RESOLVED, that the Hi-Desert Memorial Health Care District shall reimburse the County of San Bernardino for all costs and expenses incurred by the County in conducting said election upon presentation of a bill to the District and in compliance with any service agreement that may be entered into between the District and the County.

BE IT FURTHER RESOLVED, that the District Secretary is hereby authorized and directed to file a copy of this Resolution with the Clerk of the Board for the Board of Supervisors and the Registrar of Voters upon its adoption by the Board of Directors of the Hi-Desert Memorial Health Care District.

PASSED AND ADOPTED this _____ day of March, 2015, by the following votes:

AYES:

NOES:

ABSENT:

Patricia Cooper, President

ATTEST:

Secretary to the Board