



TAHOE FOREST HOSPITAL DISTRICT

# 2023-06-22 Regular Meeting of the Board of Directors

Thursday, June 22, 2023 at 4:00 p.m.

Tahoe Forest Hospital - Eskridge Conference Room

10121 Pine Avenue, Truckee, CA 96161



# TAHOE FOREST HOSPITAL DISTRICT

## Meeting Book - 2023-06-22 Regular Meeting of the Board of Directors

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21. ADJOURN



# REGULAR MEETING OF THE BOARD OF DIRECTORS AGENDA

Thursday, June 22, 2023 at 4:00 p.m.  
Tahoe Forest Hospital – Eskridge Conference Room  
10121 Pine Avenue, Truckee, CA 96161

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **DELETIONS/CORRECTIONS TO THE POSTED AGENDA**

4. **INPUT AUDIENCE**

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

5. **CLOSED SESSION**

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

*Subject Matter: BETA SCOR Survey Results Report*

*Number of items: One (1)*

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

*Subject Matter: Third Quarter Fiscal Year 2023 Board Quality Dashboard*

*Number of items: One (1)*

5.3. **Hearing (Health & Safety Code § 32155)**

*Subject Matter: Accreditation Commission for Health (ACHC) Accreditation Survey Report*

*Number of items: One (1)*

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

*Number of Potential Cases: One (1)*

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

5.5.1. 05/25/2023 Regular Meeting

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

*Subject Matter: Medical Staff Credentials*

APPROXIMATELY 6:00 P.M.

6. **DINNER BREAK**

7. **OPEN SESSION – CALL TO ORDER**

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

9. **DELETIONS/CORRECTIONS TO THE POSTED AGENDA**

10. **INPUT – AUDIENCE**

Regular Meeting of the Board of Directors of Tahoe Forest Hospital District  
**June 22, 2023 AGENDA – Continued**

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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 Chair may choose to acknowledge the comment or, where appropriate, briefly answer a question, refer the matter to staff, or set the item for discussion at a future meeting.

**11. INPUT FROM EMPLOYEE ASSOCIATIONS**

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

**12. 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.

**12.1. Approval of Minutes of Meetings**

12.1.1. 05/25/2023 Regular Meeting ..... ATTACHMENT

**12.2. Financial Reports**

12.2.1. Financial Report – May 2023 ..... ATTACHMENT

**12.3. Board Reports**

12.3.1. President & CEO Board Report..... ATTACHMENT

12.3.2. COO Board Report ..... ATTACHMENT

12.3.3. CNO Board Report ..... ATTACHMENT

12.3.4. CIIO Board Report..... ATTACHMENT

12.3.5. CHRO Board Report ..... ATTACHMENT

**12.4. Approve Resolution Authorizing Application to and Participation in the Behavioral Health Continuum Infrastructure Program (BHCIP)**

12.4.1. Resolution 2023-06 ..... ATTACHMENT

**13. ITEMS FOR BOARD APPROVAL**

**13.1. Resolution 2023-05** ♦ ..... ATTACHMENT

The Board of Directors will review and consider approval of a resolution approving the form and authorizing the execution and delivery of a First Amendment to Fifth Supplemental indenture of Trust relating to the Tahoe Forest Hospital District variable rate refunding revenue bonds, Series 2017, and approving certain other actions.

**13.2. Rural Emergency Hospital Assessment** ♦ ..... ATTACHMENT

The Board of Directors will review and discuss support of an assessment process for a Rural Emergency Hospital designation for Incline Village Community Hospital.

**13.3. Approval of Fiscal Year 2024 President & CEO Incentive Compensation Criteria** ♦ ..... ATTACHMENT

The Board of Directors will review and consider approval of the President & CEO’s Fiscal Year 2024 Incentive Compensation Criteria.

**14. ITEMS FOR BOARD DISCUSSION**

**14.1. High Reliability Update** ..... ATTACHMENT

The Board of Directors will receive an update on the District’s High Reliability Program.

**14.2. Community Health Ad Hoc Committee Recommendation**

Regular Meeting of the Board of Directors of Tahoe Forest Hospital District  
**June 22, 2023 AGENDA – Continued**

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The Board of Directors will receive a recommendation on next steps from the Community Health Ad Hoc Committee.

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

**16. BOARD COMMITTEE REPORTS**

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

**18. CLOSED SESSION CONTINUED**

**19. OPEN SESSION**

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

**21. ADJOURN**

*The next regularly scheduled meeting of the Board of Directors of Tahoe Forest Hospital District is July 27, 2023 at Tahoe Forest Hospital – Eskridge Conference Room, 10121 Pine Avenue, Truckee, CA, 96161. 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 telephonic 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 or a reasonable modification of the teleconference procedures are necessary (i.e., disability-related aids or other services), please contact the Clerk of the Board at 582-3481 at least 24 hours in advance of the meeting.



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

Thursday, May 25, 2023 at 4:00 p.m.  
Tahoe Forest Hospital – Eskridge Conference Room  
10121 Pine Avenue, Truckee, CA 96161

Additional teleconference location held at:  
Apple Farm Inn, 2015 Monterey Street, San Luis Obispo, CA 93401

## **1. CALL TO ORDER**

Meeting was called to order at 4:02 p.m.

## **2. ROLL CALL**

Board: Alyce Wong, Board Chair; Michael McGarry, Vice Chair; Robert (Bob) Barnett, Secretary (attendance via teleconference); Dale Chamblin, Treasurer; Mary Brown, Board Member

Staff in attendance: Harry Weis, President & Chief Executive Officer; Louis Ward, Chief Operating Officer; Crystal (Betts) Felix, Chief Financial Officer; Dr. Brian Evans, Chief Medical Officer; Matt Mushet, In-House Counsel; Dylan Crosby, Director of Facilities & Construction Management; Martina Rochefort, Clerk of the Board

Other: David Ruderman, General Counsel

## **3. DELETIONS/CORRECTIONS TO THE POSTED AGENDA**

No changes were made to the agenda.

## **4. INPUT AUDIENCE**

No public comment was received.

Open Session recessed at 4:04 p.m.

## **5. CLOSED SESSION**

### **5.1. Hearing (Health & Safety Code § 32155)**

*Subject Matter: First Quarter 2023 Corporate Compliance Report*

*Number of items: One (1)*

Discussion was held on a privileged item.

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

*Subject Matter: Home Health, Hospice and Palliative Care Quality Report*

*Number of items: One (1)*

Discussion was held on a privileged item.

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

*Number of Potential Cases: One (1)*

Discussion was held on a privileged item.

**5.4. Approval of Closed Session Minutes**

**5.4.1.** 04/27/2023 Regular Meeting

**5.4.2.** 05/10/2023 Special Meeting

Discussion was held on a privileged item.

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

*Subject Matter: Medical Staff Credentials*

Discussion was held on a privileged item.

**6. DINNER BREAK**

Open Session reconvened at 6:02 p.m.

**7. OPEN SESSION – CALL TO ORDER**

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

General Counsel noted there was no reportable action on items 5.1. through 5.3. Item 5.4. Closed Session Minutes were approved on a 5-0 vote. Item 5.5. Medical Staff Credentials were approved on a 5-0 vote.

**9. DELETIONS/CORRECTIONS TO THE POSTED AGENDA**

No changes were made to the agenda.

**10. INPUT – AUDIENCE**

Public comment was received from Deirdre Henderson.

**11. INPUT FROM EMPLOYEE ASSOCIATIONS**

No public comment was received.

**12. MEDICAL STAFF EXECUTIVE COMMITTEE**

**12.1. Medical Executive Committee (MEC) Meeting Consent Agenda**

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

Policies with Changes:

- Available CAH Services, TFH & IVCH, AGOV-06
- Quality Assessment/Performance Improvement (QA/PI) Plan, AQPI-05
- Legal Health Record, DHIM-49
- Rapid Response Team, ANS-99
- Standardized Procedure – Nurse Refills, DEMSC-2103

Privilege Form with Changes:

- Neurology Privilege Form

Policies without Changes:

- Rehabilitation PT/OT Policies



**ACTION:** Motion made by Director McGarry to approve Medical Executive Committee Meeting Consent Agenda as presented, seconded by Director Brown. Roll call vote taken.

**Brown – AYE**

**Chamblin – AYE**

**Barnett – AYE**

**McGarry – AYE**

**Wong – AYE**

### **13. CONSENT CALENDAR**

#### **13.1. Approval of Minutes of Meetings**

**13.1.1.** 04/27/2023 Regular Meeting

**13.1.2.** 05/10/2023 Special Meeting

#### **13.2. Financial Reports**

**13.2.1.** Financial Report – April 2023

#### **13.3. Board Reports**

**13.3.1.** President & CEO Board Report

**13.3.2.** COO Board Report

**13.3.3.** CNO Board Report

**13.3.4.** CMO Board Report

#### **13.4. Approve Incline Village Community Hospital Foundation Board Member**

**13.4.1.** Denise Seminetta

#### **13.5. Approve Committee Charter**

**13.5.1.** Board Governance Committee Charter

#### **13.6. Approve Quarterly Corporate Compliance Report**

**13.6.1.** First Quarter 2023 Corporate Compliance Report

#### **13.7. Amendment to Agreement for Legal Services**

**13.7.1.** Amendment No. 1 to Agreement for Legal Services for the Tahoe Forest Hospital District

**ACTION:** Motion made by Director Chamblin to approve Consent Calendar as presented, seconded by Director McGarry. Roll call vote taken.

**Brown – AYE**

**Chamblin – AYE**

**Barnett – AYE**

**McGarry – AYE**

**Wong – AYE**

### **14. ITEMS FOR BOARD DISCUSSION**

#### **14.1. Trauma Program Update**

Dr. Ellen Cooper, Trauma Program Director, and Addie Brixey, Trauma Program Manager, provided an update on the Level III Trauma Program. Discussion was held.

*Director Barnett departed the meeting at 6:32 p.m.*

*Director Barnett rejoined the meeting at 6:34 p.m.*

**14.2. Peak Program**

Damara Stone, Clinical Coordinator Education, presented the Peak Nursing Program to the Board of Directors. Discussion was held.

**14.3. State of Nursing**

Jan Iida, Chief Nursing Officer, presented the current state of nursing to the Board of Directors. Discussion was held.

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

Not applicable.

**16. BOARD COMMITTEE REPORTS**

Director Wong provided a report from the May 4, 2023 Board Governance Committee meeting.

Director Brown provided a report from the May 11, Tahoe Forest Health System Foundation meeting.

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

The ACHD Annual Meeting will be held September 13-15, 2023 in Olympic Valley.

**18. CLOSED SESSION CONTINUED**

Not applicable.

**19. OPEN SESSION**

Not applicable.

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

Not applicable.

**21. ADJOURN**

Meeting adjourned at 7:24 p.m.

**TAHOE FOREST HOSPITAL DISTRICT  
MAY 2023 FINANCIAL REPORT  
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**Board of Directors**  
*Of Tahoe Forest Hospital District*  
**MAY 2023 FINANCIAL NARRATIVE**

The following is the financial narrative analyzing financial and statistical trends for the eleven months ended May 31, 2023.

**Activity Statistics**

- ❑ TFH acute patient days were 356 for the current month compared to budget of 467. This equates to an average daily census of 11.5 compared to budget of 15.1.
- ❑ TFH Outpatient volumes were above budget in the following departments by at least 5%: Home Health visits, Hospice visits, Surgery cases, Lab Send Out tests, EKG, Cardiac Rehab, Mammography, Nuclear Medicine, MRI, Cat Scan, PET CT, Drugs Sold to Patients, Respiratory Therapy, Gastroenterology cases, Tahoe City Physical Therapy, Outpatient Physical Therapy, Physical Therapy Aquatic, Speech Therapy, and Occupational Therapy.
- ❑ TFH Outpatient volumes were below budget in the following departments by at least 5%: Emergency Department visits, Pathology, Blood units, Medical and Radiation Oncology procedures, Ultrasounds, and Oncology Drugs Sold to Patients.

**Financial Indicators**

- ❑ Net Patient Revenue as a percentage of Gross Patient Revenue was 50.26% in the current month compared to budget of 49.09% and to last month's 47.08%. Year-to-Date Net Patient Revenue as a percentage of Gross Patient Revenue was 49.36% compared to budget of 48.94% and prior year's 51.13%.
- ❑ EBIDA was \$2,472,926 (5.1%) for the current month compared to budget of \$484,878 (1.1%), or \$1,988,048 (4.0%) above budget. Year-to-Date EBIDA was \$22,197,824 (4.3%) compared to budget of \$23,567,215 (4.6%) or \$(1,369,391) (-.2%) below budget.
- ❑ Net Income was \$1,751,898 for the current month compared to budget of \$243,164 or \$1,508,734 above budget. Year-to-Date Net Income was \$18,292,515 compared to budget of \$20,817,465 or \$(2,524,950) below budget.
- ❑ Cash Collections for the current month were \$23,031,851, which is 94% of targeted Net Patient Revenue.
- ❑ EPIC Gross Accounts Receivables were \$93,454,764 at the end of May compared to \$94,054,083 at the end of April.

**Balance Sheet**

- ❑ Working Capital is at 37.5 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 194.5 days. Working Capital cash increased a net \$9,464,000. Accounts Payable decreased \$574,000 and Accrued Payroll & Related Costs increased \$1,788,000. The District received \$3,445,000 from Anthem for participation in the CY2021 Rate Range IGT program, \$1,469,000 from the State for the FY22 AB915 filing, and \$3,848,000 in property tax revenues from Nevada and Placer counties. Cash Collections were 6% below target.
- ❑ Net Patient Accounts Receivable decreased \$240,000 and cash collections were 96% of target. EPIC Days in A/R were 61.2 compared to 62.7 at the close of April, a 1.50 days decrease.
- ❑ Other Receivables and GO Bond Receivables decreased a net \$3,390,000 and \$1,802,000, respectively, after recording receipt of property tax revenues from Nevada and Placer counties.
- ❑ Estimated Settlements, Medi-Cal & Medicare decreased a net \$4,153,000. The District recorded its monthly estimated receivables due from the Medi-Cal Rate Range, Hospital Quality Assurance Fee, and Medi-Cal PRIME/QIP programs and received \$3,445,000 from Anthem for participation in the CY2021 Rate Range IGT program and \$1,469,000 from the State for the FY22 AB915 filing.
- ❑ Unrealized Gain/(Loss) Cash Investment Fund increased \$431,000 after recording the unrealized losses in its funds held with Chandler Investments in May.
- ❑ GO Bond Tax Revenue Fund increased \$2,234,000 after transferring the property tax revenues received from Nevada and Placer counties.
- ❑ Investment in TSC, LLC increased \$23,000 after recording the estimated loss for May and truing up the net gains for April.
- ❑ The District implemented GASB No. 87, requiring the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases or rental expenses. The life of the lease agreement is classified as an Intangible Lease Asset net of its associated Accumulated Amortization and decreased \$141,000 in May.

May 2023 Financial Narrative

- ❑ Accounts Payable decreased \$574,000 due to the timing of the final check run in May.
- ❑ Accrued Payroll & Related Costs increased a net \$1,788,000 due to additional accrued payroll days in May.

**Operating Revenue**

- ❑ Current month’s Total Gross Revenue was \$48,600,780 compared to budget of \$43,243,088 or \$5,357,692 above budget.
- ❑ Current month’s Gross Inpatient Revenue was \$8,471,417, compared to budget of \$8,314,294 or \$157,123 above budget.
- ❑ Current month’s Gross Outpatient Revenue was \$40,129,363 compared to budget of \$34,928,794 or \$5,200,569 above budget.
- ❑ Current month’s Gross Revenue Mix was 37.7% Medicare, 15.9% Medi-Cal, .0% County, 1.2% Other, and 45.2% Commercial Insurance compared to budget of 37.2% Medicare, 16.4% Medi-Cal, .0% County, 2.4% Other, and 44.0% Commercial Insurance. Last month’s mix was 35.3% Medicare, 14.5% Medi-Cal, .0% County, 2.1% Other, and 48.1% Commercial Insurance. Year-to-date Gross Revenue Mix was 37.5% Medicare, 14.7% Medi-Cal, .0% County, 1.8% Other, and 46.0% Commercial Insurance compared to budget of 37.2% Medicare, 16.2% Medi-Cal, .0% County, 2.4% Other, and 44.2% Commercial Insurance.
- ❑ Current month’s Deductions from Revenue were \$24,177,946 compared to budget of \$22,017,010 or \$2,160,936 above budget. Variance is attributed to the following reasons: 1) Payor mix varied from budget with a .53% increase in Medicare, a .45% decrease to Medi-Cal, County at budget, a 1.20% decrease in Other, and Commercial Insurance was above budget 1.12%, 2) Revenues were above budget by 12.4%, and 3) the Business Office continues to clean up older claims in EPIC which is also causing a negative variance against budget in Contractual Allowances.

DESCRIPTION	May 2023 Actual	May 2023 Budget	Variance	BRIEF COMMENTS
Salaries & Wages	10,284,551	10,107,297	(177,254)	
Employee Benefits	3,293,582	3,395,852	102,270	
Benefits – Workers Compensation	58,436	120,244	61,808	
Benefits – Medical Insurance	2,349,183	1,441,338	(907,845)	We have several additional high dollar claims that account for the negative variance in Medical Insurance. We hope to realize reimbursement from our Third Party Administrator once the claims exceed our Stop Loss Deductible.
Medical Professional Fees	421,324	408,255	(13,069)	Anesthesiologists who have not joined the employment model created a negative variance in Medical Professional Fees.
Other Professional Fees	166,559	264,409	97,850	We saw positive variances in Outsourced legal fees provided to Administration and Medical Staff along with physician fair market valuations coming in below budget, creating a positive variance in Other Professional Fees.
Supplies	3,569,272	3,032,043	(537,229)	Drugs Sold to Patients and Oncology Drugs Sold to Patients revenues were above budget, an increase in food purchases due to Cafeteria Sales coming in above budget, and Non-Medical Supply purchases were above budget, creating a negative variance in Supplies.
Purchased Services	2,360,362	2,132,733	(227,629)	Snow removal services, Trauma Center Level III monitoring, Bank & Credit Card fees, and Scribe Services for the Multi-Specialty Clinics came in above budget, creating a negative variance in Purchased Services.
Other Expenses	910,858	1,037,056	126,198	Utilities, Dietary transfers, and Outside Training & Travel came in below budget, creating a positive variance in Other Expenses.
Total Expenses	23,414,127	21,939,227	(1,474,900)	

TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF NET POSITION  
MAY 2023

	May-23	Apr-23	May-22	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
* CASH	\$ 27,656,669	\$ 18,193,013	\$ 21,760,543	1
PATIENT ACCOUNTS RECEIVABLE - NET	42,106,443	41,866,498	45,843,282	2
OTHER RECEIVABLES	9,423,856	12,814,082	8,079,447	3
GO BOND RECEIVABLES	(627,464)	1,174,551	(601,493)	4
ASSETS LIMITED OR RESTRICTED	10,157,938	9,999,045	9,524,608	
INVENTORIES	4,370,149	4,373,207	4,249,365	
PREPAID EXPENSES & DEPOSITS	3,252,166	2,936,421	1,968,733	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	14,798,896	18,951,878	13,168,046	5
<b>TOTAL CURRENT ASSETS</b>	<b>111,138,652</b>	<b>110,308,693</b>	<b>103,992,531</b>	
<b>NON CURRENT ASSETS</b>				
ASSETS LIMITED OR RESTRICTED:				
* CASH RESERVE FUND	10,165,848	10,165,848	54,505,988	1
* CASH INVESTMENT FUND	105,619,813	105,503,951	80,173,987	1
UNREALIZED GAIN/(LOSS) CASH INVESTMENT FUND	(2,949,076)	(2,517,824)	-	6
MUNICIPAL LEASE 2018			725,756	
TOTAL BOND TRUSTEE 2017	21,000	20,926	20,533	
TOTAL BOND TRUSTEE 2015	1,247,112	1,106,703	1,211,554	
TOTAL BOND TRUSTEE GO BOND	5,764	5,764	5,764	
GO BOND TAX REVENUE FUND	4,773,823	2,540,299	4,262,027	7
DIAGNOSTIC IMAGING FUND	3,404	3,404	3,350	
DONOR RESTRICTED FUND	1,148,979	1,148,978	1,139,077	
WORKERS COMPENSATION FUND	36,004	29,683	6,750	
TOTAL	120,072,671	118,007,733	142,054,787	
LESS CURRENT PORTION	(10,157,938)	(9,999,045)	(9,524,608)	
TOTAL ASSETS LIMITED OR RESTRICTED - NET	109,914,733	108,008,689	132,530,179	
NONCURRENT ASSETS AND INVESTMENTS:				
INVESTMENT IN TSC, LLC	(3,148,015)	(3,171,311)	(2,149,701)	8
PROPERTY HELD FOR FUTURE EXPANSION	1,694,072	1,694,072	1,694,072	
PROPERTY & EQUIPMENT NET	195,009,804	194,588,631	177,287,617	
GO BOND CIP, PROPERTY & EQUIPMENT NET	1,799,906	1,857,146	1,841,116	
TOTAL ASSETS	416,409,152	413,285,920	415,195,814	
DEFERRED OUTFLOW OF RESOURCES:				
DEFERRED LOSS ON DEFEASANCE	274,752	277,985	313,541	
ACCUMULATED DECREASE IN FAIR VALUE OF HEDGING DERIVATIVE	378,109	378,109	824,691	
DEFERRED OUTFLOW OF RESOURCES ON REFUNDING	4,584,510	4,608,215	4,868,966	
GO BOND DEFERRED FINANCING COSTS	447,049	449,370	474,900	
DEFERRED FINANCING COSTS	125,873	126,914	138,357	
INTANGIBLE LEASE ASSET NET OF ACCUM AMORTIZATION	7,604,263	7,744,994	-	9
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$ 13,414,557	\$ 13,585,586	\$ 6,620,454	
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
ACCOUNTS PAYABLE	\$ 7,881,800	\$ 8,456,096	\$ 8,386,396	10
ACCRUED PAYROLL & RELATED COSTS	21,021,502	19,233,212	16,030,087	11
INTEREST PAYABLE	531,427	455,543	449,164	
INTEREST PAYABLE GO BOND	1,075,260	806,445	1,104,561	
ESTIMATED SETTLEMENTS, M-CAL & M-CARE	290,618	290,618	11,255,206	
HEALTH INSURANCE PLAN	2,224,062	2,224,062	2,403,683	
WORKERS COMPENSATION PLAN	2,947,527	2,947,527	3,180,976	
COMPREHENSIVE LIABILITY INSURANCE PLAN	2,082,114	2,082,114	1,704,145	
CURRENT MATURITIES OF GO BOND DEBT	2,195,000	2,195,000	1,945,000	
CURRENT MATURITIES OF OTHER LONG TERM DEBT	5,645,977	5,645,977	3,952,678	
<b>TOTAL CURRENT LIABILITIES</b>	<b>45,895,288</b>	<b>44,336,594</b>	<b>50,411,896</b>	
<b>NONCURRENT LIABILITIES</b>				
OTHER LONG TERM DEBT NET OF CURRENT MATURITIES	26,059,072	26,399,506	23,905,443	
GO BOND DEBT NET OF CURRENT MATURITIES	92,972,232	92,990,188	95,382,700	
DERIVATIVE INSTRUMENT LIABILITY	378,109	378,109	824,691	
<b>TOTAL LIABILITIES</b>	<b>165,304,701</b>	<b>164,104,397</b>	<b>170,524,729</b>	
<b>NET ASSETS</b>				
NET INVESTMENT IN CAPITAL ASSETS	263,370,029	261,618,132	250,152,461	
RESTRICTED	1,148,979	1,148,978	1,139,077	
<b>TOTAL NET POSITION</b>	<b>\$ 264,519,008</b>	<b>\$ 262,767,110</b>	<b>\$ 251,291,539</b>	

\* Amounts included for Days Cash on Hand calculation

TAHOE FOREST HOSPITAL DISTRICT  
NOTES TO STATEMENT OF NET POSITION  
MAY 2023

1. Working Capital is at 37.5 days (policy is 30 days). Days Cash on Hand (S&P calculation) is 194.5 days. Working Capital cash increased a net \$9,464,000. Accounts Payable decreased \$574,000 (See Note 10) and Accrued Payroll & Related Costs increased \$1,788,000 (See Note 11). The District received \$3,445,000 from Anthem for participation in the CY2021 Rate Range IGT program and \$1,469,000 from the State for its FY22 AB915 filing (See Note 5) and received \$3,848,000 in property tax revenues from Nevada and Placer Counties (See Note 3). Cash Collections were below target by 6% (See Note 2).
2. Net Patient Accounts Receivable increased a net \$240,000. Cash collections were 96% of target. EPIC Days in A/R were 61.2 compared to 62.7 at the close of April, a 1.50 days decrease.
3. Other Receivables decreased a net \$3,390,000 after recording the receipt of property tax revenues from Nevada and Placer counties.
4. GO Bond Receivables decreased a net \$1,802,000 after recording the receipt of property tax revenues from Nevada and Placer counties.
5. Estimated Settlements, Medi-Cal & Medicare decreased a net \$4,153,000. The District recorded its monthly estimated receivables due from the Medi-Cal Rate Range, Hospital Quality Assurance Fee, and Medi-Cal PRIME/QIP programs and received \$3,445,000 from Anthem for participation in the CY2021 Rate Range IGT program and \$1,469,000 from the State for the FY22 AB915 filing.
6. Unrealized Gain/(Loss) Cash Investment Fund increased \$431,000 after recording the unrealized losses in its funds held with Chandler Investments for the month of May.
7. GO Bond Tax Revenue Fund increased \$2,234,000 after transferring the property tax revenues received from Nevada and Placer counties.
8. Investment in TSC, LLC increased a net \$23,000 after recording the estimated loss for May and truing up the net gains for April.
9. The District implemented GASB No. 87, requiring the recognition of certain lease assets and liabilities for leases that were previously classified as operating leases or rental expenses. The life of the lease agreement is classified as an Intangible Lease Asset net of its associated Accumulated Amortization and decreased \$141,000 in May.
10. Accounts Payable decreased \$574,000 due to the timing of the final check run in May.
11. Accrued Payroll & Related Costs increased a net \$1,788,000 due to additional accrued payroll days in May.

**Tahoe Forest Hospital District  
Cash Investment  
May 31, 2023**

**WORKING CAPITAL**

US Bank	\$ 26,537,480	4.66%	
US Bank/Kings Beach Thrift Store	23,087		
US Bank/Truckee Thrift Store	80,397		
US Bank/Payroll Clearing	-		
Umpqua Bank	<u>1,015,705</u>	0.01%	
Total			\$ 27,656,669

**BOARD DESIGNATED FUNDS**

US Bank Savings	\$ -		
Chandler Investment Fund	<u>105,619,813</u>	4.66%	
Total			\$ 105,619,813

Building Fund	\$ -		
Cash Reserve Fund	<u>10,165,848</u>	3.02%	
Local Agency Investment Fund			\$ 10,165,848

Municipal Lease 2018			\$ -
Bonds Cash 2017			\$ 21,000
Bonds Cash 2015			\$ 1,247,112
GO Bonds Cash 2008			\$ 4,779,588

DX Imaging Education	\$ 3,404		
Workers Comp Fund - B of A	36,004		

Insurance			
Health Insurance LAIF	-		
Comprehensive Liability Insurance LAIF	<u>-</u>		
Total			<u>\$ 39,408</u>

<b>TOTAL FUNDS</b>			<b>\$ 149,529,437</b>
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**RESTRICTED FUNDS**

Gift Fund			
US Bank Money Market	\$ 8,366	0.10%	
Foundation Restricted Donations	27,309		
Local Agency Investment Fund	<u>1,113,303</u>	3.02%	
<b>TOTAL RESTRICTED FUNDS</b>			<b><u>\$ 1,148,979</u></b>

<b>TOTAL ALL FUNDS</b>			<b><u><u>\$ 150,678,416</u></u></b>
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TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
MAY 2023

CURRENT MONTH					YEAR TO DATE					PRIOR YTD MAY 2022
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%		
<b>OPERATING REVENUE</b>										
\$ 48,600,780	\$ 43,243,088	\$ 5,357,692	12.4%	Total Gross Revenue	\$ 511,025,478	\$ 515,607,530	\$ (4,582,052)	-0.9%	1	\$ 463,054,393
<b>Gross Revenues - Inpatient</b>										
\$ 2,974,369	\$ 4,012,759	\$ (1,038,390)	-25.9%	Daily Hospital Service	\$ 34,063,217	\$ 44,172,845	\$ (10,109,628)	-22.9%		\$ 37,490,167
5,497,049	4,301,535	1,195,514	27.8%	Ancillary Service - Inpatient	41,322,864	53,276,981	(11,954,117)	-22.4%		48,439,625
8,471,417	8,314,294	157,123	1.9%	Total Gross Revenue - Inpatient	75,386,081	97,449,826	(22,063,745)	-22.6%	1	85,929,792
<b>Gross Revenue - Outpatient</b>										
40,129,363	34,928,794	5,200,569	14.9%	Gross Revenue - Outpatient	435,639,397	418,157,704	17,481,693	4.2%		377,124,601
40,129,363	34,928,794	5,200,569	14.9%	Total Gross Revenue - Outpatient	435,639,397	418,157,704	17,481,693	4.2%	1	377,124,601
<b>Deductions from Revenue:</b>										
23,593,252	19,690,117	(3,903,135)	-19.8%	Contractual Allowances	247,778,121	235,533,396	(12,244,725)	-5.2%	2	215,126,366
(274,862)	1,535,046	1,809,908	117.9%	Charity Care	3,358,472	18,302,470	14,943,998	81.7%	2	12,700,321
840,593	791,847	(48,746)	-6.2%	Bad Debt	6,404,639	9,443,239	3,038,600	32.2%	2	(1,535,500)
18,963	-	(18,963)	0.0%	Prior Period Settlements	1,277,162	-	(1,277,162)	0.0%	2	39,197
24,177,946	22,017,010	(2,160,936)	-9.8%	Total Deductions from Revenue	258,818,394	263,279,105	4,460,711	1.7%		226,330,385
131,853	110,653	(21,200)	-19.2%	Property Tax Revenue- Wellness Neighborhood	1,184,524	1,254,639	70,115	5.6%		1,032,814
1,332,366	1,087,374	244,992	22.5%	Other Operating Revenue	14,690,650	12,825,703	1,864,947	14.5%	3	12,329,025
25,887,053	22,424,105	3,462,948	15.4%	<b>TOTAL OPERATING REVENUE</b>	268,082,258	266,408,767	1,673,491	0.6%		250,085,847
<b>OPERATING EXPENSES</b>										
10,284,551	10,107,297	(177,254)	-1.8%	Salaries and Wages	106,213,419	110,228,795	4,015,376	3.6%	4	83,622,513
3,293,582	3,395,852	102,270	3.0%	Benefits	35,454,535	35,516,668	62,133	0.2%	4	27,774,027
58,436	120,244	61,808	51.4%	Benefits Workers Compensation	993,777	1,322,684	328,907	24.9%	4	1,232,957
2,349,183	1,441,338	(907,845)	-63.0%	Benefits Medical Insurance	19,840,598	15,854,718	(3,985,880)	-25.1%	4	14,134,362
421,324	408,255	(13,069)	-3.2%	Medical Professional Fees	5,513,007	4,524,751	(988,256)	-21.8%	5	13,424,052
166,559	264,409	97,850	37.0%	Other Professional Fees	2,625,593	3,082,874	457,281	14.8%	5	2,210,706
3,569,272	3,032,043	(537,229)	-17.7%	Supplies	39,804,728	36,240,984	(3,563,744)	-9.8%	6	33,905,413
2,360,362	2,132,733	(227,629)	-10.7%	Purchased Services	24,292,200	24,401,977	109,777	0.4%	7	21,626,782
910,858	1,037,056	126,198	12.2%	Other	11,146,578	11,668,101	521,523	4.5%	8	10,933,570
23,414,127	21,939,227	(1,474,900)	-6.7%	<b>TOTAL OPERATING EXPENSE</b>	245,884,435	242,841,552	(3,042,883)	-1.3%		208,864,381
<b>2,472,926</b>	<b>484,878</b>	<b>1,988,048</b>	<b>410.0%</b>	<b>NET OPERATING REVENUE (EXPENSE) EBIDA</b>	<b>22,197,824</b>	<b>23,567,215</b>	<b>(1,369,391)</b>	<b>-5.8%</b>		<b>41,221,466</b>
<b>NON-OPERATING REVENUE/(EXPENSE)</b>										
662,737	683,937	(21,200)	-3.1%	District and County Taxes	7,630,285	7,485,846	144,439	1.9%	9	7,562,658
431,509	431,509	(0)	0.0%	District and County Taxes - GO Bond	4,747,914	4,746,597	1,317	0.0%		4,614,891
297,163	60,911	236,252	387.9%	Interest Income	1,482,290	658,606	823,684	125.1%	10	583,632
19,267	145,807	(126,540)	-86.8%	Donations	1,546,038	1,595,657	(49,619)	-3.1%	11	1,220,472
23,297	(30,000)	53,297	177.7%	Gain/(Loss) on Joint Investment	(1,072,144)	(330,000)	(742,144)	-224.9%	12	(488,807)
(432,676)	25,000	(457,676)	1830.7%	Gain/(Loss) on Market Investments	739,677	275,000	464,677	-169.0%	13	66,792
-	-	-	0.0%	Gain/(Loss) on Sale of Equipment	1,000	-	1,000	0.0%	14	35,800
-	-	-	100.0%	COVID-19 Emergency Funding	-	-	-	100.0%	15	(1,092,739)
(1,341,914)	(1,201,183)	(140,731)	-11.7%	Depreciation	(14,760,679)	(13,213,013)	(1,547,666)	-11.7%	16	(12,654,625)
(103,525)	(88,880)	(14,645)	-16.5%	Interest Expense	(1,166,628)	(1,004,153)	(162,475)	-16.2%	17	(1,124,394)
(276,885)	(268,815)	(8,070)	-3.0%	Interest Expense-GO Bond	(3,053,061)	(2,964,290)	(88,771)	-3.0%		(3,132,057)
(721,027)	(241,714)	(479,313)	-198.3%	<b>TOTAL NON-OPERATING REVENUE/(EXPENSE)</b>	<b>(3,905,308)</b>	<b>(2,749,750)</b>	<b>(1,155,558)</b>	<b>-42.0%</b>		<b>(4,408,376)</b>
<b>\$ 1,751,898</b>	<b>\$ 243,164</b>	<b>\$ 1,508,734</b>	<b>620.5%</b>	<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 18,292,515</b>	<b>\$ 20,817,465</b>	<b>\$ (2,524,950)</b>	<b>-12.1%</b>		<b>\$ 36,813,090</b>
<b>NET POSITION - BEGINNING OF YEAR</b>					<b>246,226,493</b>					
<b>NET POSITION - AS OF MAY 31, 2023</b>					<b>\$ 264,519,008</b>					
<b>5.1%</b>	<b>1.1%</b>	<b>4.0%</b>		<b>RETURN ON GROSS REVENUE EBIDA</b>	<b>4.3%</b>	<b>4.6%</b>	<b>-0.2%</b>		<b>8.9%</b>	

**TAHOE FOREST HOSPITAL DISTRICT**  
**NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**MAY 2023**

		<b>Variance from Budget</b>	
		<b>Fav / &lt;Unfav&gt;</b>	
		<b>MAY 2023</b>	<b>YTD 2023</b>
<b>1) Gross Revenues</b>			
Acute Patient Days were below budget 23.76% or 111 days. Swing Bed days were below budget 45.00% or 27 days. Inpatient Ancillary Revenues were above budget 27.80% due to higher acuity levels in our patients.	Gross Revenue -- Inpatient	\$ 157,123	\$ (22,063,745)
	Gross Revenue -- Outpatient	5,200,569	17,481,693
	Gross Revenue -- Total	\$ 5,357,692	\$ (4,582,052)
<p>Outpatient volumes were above budget in the following departments: Home Health visits, Hospice visits, Surgery cases, Laboratory tests, Lab Send Out tests, EKG, Cardiac Rehab, Mammography, Nuclear Medicine, MRI, CAT Scan, PET CT, Drugs Sold to Patients, Respiratory Therapy, Gastroenterology cases, Tahoe City Physical &amp; Occupational Therapies, and Outpatient Physical Therapy, Physical Therapy Aquatic, Speech Therapy, and Occupational Therapy.</p> <p>Outpatient volumes were below budget in the following departments: Emergency Department visits, Oncology Lab, Pathology, Blood units, Diagnostic Imaging, Medical &amp; Radiation Oncology Procedures, Ultrasound, Briner Ultrasound, and Oncology Drugs Sold to Patients.</p>			
<b>2) Total Deductions from Revenue</b>			
The payor mix for May shows a .53% increase to Medicare, a .45% decrease to Medi-Cal, 1.20% decrease to Other, County at budget, and a 1.12% increase to Commercial when compared to budget. Revenues came in above budget 12.40% and the Business Office continues their efforts in cleaning up older claims in EPIC, lending to the negative variance in Contractual Allowances.	Contractual Allowances	\$ (3,903,135)	\$ (12,244,725)
	Managed Care	-	-
	Charity Care	1,809,908	14,943,998
	Charity Care - Catastrophic	-	-
	Bad Debt	(48,746)	3,038,600
	Prior Period Settlements	(18,963)	(1,277,162)
	Total	\$ (2,160,936)	\$ 4,460,711
<b>3) Other Operating Revenue</b>			
Retail Pharmacy revenues were above budget 60.33%.	Retail Pharmacy	198,757	1,074,535
	Hospice Thrift Stores	(6,875)	3,269
	The Center (non-therapy)	(1,945)	(21,255)
Hospice Thrift Store revenues were below budget 7.17%.	IVCH ER Physician Guarantee	5,689	(65,532)
	Children's Center	37,900	242,466
The Center (non-therapy) revenues were below budget 9.32% in the Fitness Center and PT Product Sales.	Miscellaneous	9,929	663,225
	Oncology Drug Replacement	-	-
Children's Center revenues were above budget 31.07%.	Grants	1,538	(31,761)
	Total	\$ 244,992	\$ 1,864,947
<b>4) Salaries and Wages</b>			
	Total	\$ (177,254)	\$ 4,015,376
<b>Employee Benefits</b>			
We saw a greater use of Paid Leave during May.	PL/SL	\$ (28,241)	\$ (34,454)
	Nonproductive	142,437	192,042
	Pension/Deferred Comp	-	(15,000)
We saw a pickup in FYTD Physician Productivity Bonuses, creating a positive variance in Nonproductive.	Standby	(30,144)	(186,100)
	Other	18,219	105,645
	Total	\$ 102,270	\$ 62,133
<b>Employee Benefits - Workers Compensation</b>	Total	\$ 61,808	\$ 328,907
<b>Employee Benefits - Medical Insurance</b>	Total	\$ (907,845)	\$ (3,985,880)
We have several additional high dollar claims that account for the negative variance in Employee Benefits - Medical Insurance. We hope to realize some reimbursement from our Third Party Administrator once the claims exceed our Stop Loss Deductible.			
<b>5) Professional Fees</b>			
Anesthesiologists who have not joined the employment model created a negative variance in Miscellaneous.	Miscellaneous	\$ (48,818)	\$ (928,577)
	Information Technology	(31,140)	(115,151)
	Multi-Specialty Clinics Administration	39,842	(92,948)
Consulting services for various modules within our EMR system created a negative variance in Information Technology.	TFH Locums	11	(58,816)
	Oncology	(4,221)	(46,461)
We accrued for physician fair market valuations in April which came in lower than we estimated, creating a positive variance in Multi-Specialty Clinics Administration.	Human Resources	12,662	(18,089)
	IVCH ER Physicians	4,462	(9,851)
	The Center	-	(8,832)
We saw positive variances in Physician Pro Fees in ENT, Radiation Oncology, Orthopedics, and Behavioral Health, creating a positive variance in Multi-Specialty Clinics.	Home Health/Hospice	-	(4,790)
	TFH/IVCH Therapy Services	-	(1,766)
	Patient Accounting/Admitting	-	-
	Respiratory Therapy	-	-
	Multi-Specialty Clinics	24,594	16,244
Decreased use of outsourced legal firms created a positive variance in Administration.	Marketing	(325)	22,584
	Managed Care	(4,590)	26,084
	Corporate Compliance	6,250	50,155
Decreased use of outsourced legal firms created a positive variance in Medical Staff Services.	Financial Administration	15,833	207,351
	Administration	41,870	210,712
	Medical Staff Services	28,350	221,177
	Total	\$ 84,781	\$ (530,975)

**TAHOE FOREST HOSPITAL DISTRICT**  
**NOTES TO STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION**  
**MAY 2023**

		<b>Variance from Budget</b>	
		<b>Fav / &lt;Unfav&gt;</b>	
		<b>MAY 2023</b>	<b>YTD 2023</b>
<b>6) <u>Supplies</u></b>			
Drugs Sold to Patients revenues were above budget 31.70% and Oncology Drugs Sold to Patients revenues were above budget 22.33%, creating a negative variance in Pharmacy Supplies	Pharmacy Supplies	\$ (487,092)	\$ (4,644,726)
Other Non-Medical Supply purchases for Engineering created a negative variance in this category.	Other Non-Medical Supplies	(21,506)	(120,190)
Cafeteria Sales were above budget 124.39%, creating a negative variance in Food.	Food	(43,383)	(119,302)
Non-Patient Chargeable supplies purchases in Laboratory came in below budget, creating a positive variance in Patient & Other Medical Supplies.	Office Supplies	(4,157)	(22,995)
	Minor Equipment	(8,686)	167,673
	Patient & Other Medical Supplies	27,595	1,175,797
	Total	\$ (537,229)	\$ (3,563,744)
<b>7) <u>Purchased Services</u></b>			
Snow removal, Trauma Center Level III Monitoring, bank & merchant credit card fees, and Interpreter services created a negative variance in Miscellaneous.	Miscellaneous	\$ (214,193)	\$ (1,018,155)
Scribe services created a negative variance in Multi-Specialty Clinics.	Multi-Specialty Clinics	(140,071)	(672,974)
Repairs & Maintenance for Engineering and the Imaging departments were below budget, creating a positive variance in Department Repairs.	Department Repairs	27,588	(248,406)
Outsourced lab testing at IVCH was below budget, creating a positive variance in Laboratory.	The Center	(4,038)	(43,447)
Employee Health screenings were below budget, creating a positive variance in Human Resources.	Pharmacy IP	(7,761)	(26,416)
	Home Health/Hospice	(6,580)	(12,674)
	Community Development	2,500	37,500
	Medical Records	(9,854)	76,280
	Diagnostic Imaging Services - All	2,653	112,390
	Laboratory	10,941	186,975
	Human Resources	54,828	248,112
	Patient Accounting	21,598	270,723
	Information Technology	34,760	1,199,871
	Total	\$ (227,629)	\$ 109,777
<b>8) <u>Other Expenses</u></b>			
Natural Gas/Propane and Diesel came in below budget, creating a positive variance in Utilities.	Utilities	\$ 23,562	\$ (305,678)
Dietary transfer were below budget, creating a positive variance in Miscellaneous.	Insurance	(30,856)	(305,044)
CAT Scan rental at IVCH and oxygen tank rentals created a negative variance in Equipment Rent.	Miscellaneous	35,402	(256,624)
The District implemented GASB No. 87, requiring certain lease agreements be capitalized and written off to Amortization Expense over the life of the lease. This is creating a positive variance in Multi-Specialty Clinics and Other Building Rents.	Equipment Rent	(19,118)	(135,464)
	Dues and Subscriptions	(22,218)	(115,879)
	Multi-Specialty Clinics Equip Rent	(7,623)	(40,567)
	Human Resources Recruitment	6,796	(22,739)
	Physician Services	28	(5,545)
	Marketing	(3,698)	123,331
	Outside Training & Travel	13,402	207,427
	Multi-Specialty Clinics Bldg. Rent	32,133	221,700
	Other Building Rent	98,389	1,156,605
	Total	\$ 126,198	\$ 521,523
<b>9) <u>District and County Taxes</u></b>	Total	\$ (21,200)	\$ 144,439
<b>10) <u>Interest Income</u></b>	Total	\$ 236,252	\$ 823,684
<b>11) <u>Donations</u></b>			
	IVCH	\$ (62,159)	\$ (78,285)
	Operational	(64,381)	28,666
	Total	\$ (126,540)	\$ (49,619)
<b>12) <u>Gain/(Loss) on Joint Investment</u></b>	Total	\$ 53,297	\$ (742,177)
The District true-up its gain for April from the Truckee Surgery Center, creating a positive variance in Gain/(Loss) on Joint Investment.			
<b>13) <u>Gain/(Loss) on Market Investments</u></b>	Total	\$ (457,676)	\$ 464,677
The District booked the value of unrealized losses in its holdings with Chandler Investments.			
<b>14) <u>Gain/(Loss) on Sale or Disposal of Assets</u></b>	Total	\$ -	\$ 1,000
<b>15) <u>COVID-19 Emergency Funding</u></b>	Total	\$ -	\$ -
<b>16) <u>Depreciation Expense</u></b>	Total	\$ (140,731)	\$ (1,547,666)
The District implemented GASB No. 87, requiring certain lease agreements be capitalized and written off to Amortization Expense over the life of the lease. This is creating a negative variance in Depreciation Expense.			
<b>17) <u>Interest Expense</u></b>	Total	\$ (14,645)	\$ (162,475)
The District implemented GASB No. 87, requiring certain lease agreements be capitalized and Imputed Interest be recorded, creating a negative variance in Interest Expense.			

INCLINE VILLAGE COMMUNITY HOSPITAL  
STATEMENT OF REVENUE AND EXPENSE  
MAY 2023

CURRENT MONTH				YEAR TO DATE				PRIOR YTD MAY 2022		
ACTUAL	BUDGET	VAR\$	VAR%		ACTUAL	BUDGET	VAR\$	VAR%		
				<b>OPERATING REVENUE</b>						
\$ 3,306,081	\$ 2,692,287	\$ 613,794	22.8%	Total Gross Revenue	\$ 34,265,090	\$ 32,025,801	\$ 2,239,289	7.0%	1	\$ 29,149,651
				Gross Revenues - Inpatient						
\$ -	\$ -	\$ -	0.0%	Daily Hospital Service	\$ 10,719	\$ 17,033	\$ (6,314)	-37.1%		\$ 18,470
-	1,453	(1,453)	-100.0%	Ancillary Service - Inpatient	11,270	19,427	(8,157)	-42.0%		31,242
-	1,453	(1,453)	-100.0%	Total Gross Revenue - Inpatient	21,989	36,460	(14,471)	-39.7%	1	49,712
3,306,081	2,690,834	615,247	22.9%	Gross Revenue - Outpatient	34,243,101	31,989,341	2,253,760	7.0%		29,099,939
3,306,081	2,690,834	615,247	22.9%	Total Gross Revenue - Outpatient	34,243,101	31,989,341	2,253,760	7.0%	1	29,099,939
				Deductions from Revenue:						
1,398,799	1,227,257	(171,542)	-14.0%	Contractual Allowances	15,034,619	14,420,761	(613,858)	-4.3%	2	11,881,538
(14,778)	115,768	130,546	112.8%	Charity Care	676,197	1,377,109	700,912	50.9%	2	1,131,217
150,296	53,846	(96,450)	-179.1%	Bad Debt	1,025,284	640,516	(384,768)	-60.1%	2	44,714
-	-	-	0.0%	Prior Period Settlements	(58,981)	-	58,981	0.0%	2	268,000
1,534,318	1,396,871	(137,447)	-9.8%	Total Deductions from Revenue	16,677,119	16,438,386	(238,733)	-1.5%	2	13,325,469
64,104	53,785	10,319	19.2%	Other Operating Revenue	670,006	744,167	(74,161)	-10.0%	3	977,654
1,835,867	1,349,201	486,666	36.1%	<b>TOTAL OPERATING REVENUE</b>	<b>18,257,978</b>	<b>16,331,582</b>	<b>1,926,396</b>	<b>11.8%</b>		<b>16,801,836</b>
				<b>OPERATING EXPENSES</b>						
644,497	616,203	(28,294)	-4.6%	Salaries and Wages	6,587,316	6,961,885	374,569	5.4%	4	5,303,031
264,780	251,870	(12,910)	-5.1%	Benefits	2,313,043	2,253,439	(59,604)	-2.6%	4	1,714,451
2,738	5,313	2,575	48.5%	Benefits Workers Compensation	27,803	58,443	30,640	52.4%	4	30,714
148,977	91,405	(57,572)	-63.0%	Benefits Medical Insurance	1,258,223	1,005,455	(252,768)	-25.1%	4	788,671
147,030	151,492	4,462	2.9%	Medical Professional Fees	1,654,860	1,645,049	(9,811)	-0.6%	5	2,635,062
1,744	2,327	583	25.1%	Other Professional Fees	23,869	25,597	1,728	6.8%	5	23,993
46,877	68,438	21,561	31.5%	Supplies	650,239	778,357	128,118	16.5%	6	562,749
32,961	63,590	30,629	48.2%	Purchased Services	745,775	837,907	92,132	11.0%	7	807,411
172,500	101,262	(71,238)	-70.4%	Other	1,293,975	1,211,797	(82,178)	-6.8%	8	1,209,004
1,462,104	1,351,900	(110,204)	-8.2%	<b>TOTAL OPERATING EXPENSE</b>	<b>14,555,104</b>	<b>14,777,929</b>	<b>222,825</b>	<b>1.5%</b>		<b>13,075,086</b>
<b>373,763</b>	<b>(2,699)</b>	<b>376,462</b>	<b>-13948.2%</b>	<b>NET OPERATING REV(EXP) EBIDA</b>	<b>3,702,874</b>	<b>1,553,653</b>	<b>2,149,221</b>	<b>138.3%</b>		<b>3,726,750</b>
				<b>NON-OPERATING REVENUE/(EXPENSE)</b>						
-	62,159	(62,159)	-100.0%	Donations-IVCH	597,242	675,527	(78,285)	-11.6%	9	191,714
-	-	-	0.0%	Gain/ (Loss) on Sale	-	-	-	0.0%	10	1,000
-	-	-	100.0%	COVID-19 Emergency Funding	-	-	-	100.0%	11	(806,125)
(94,961)	(77,026)	(17,935)	23.3%	Depreciation	(1,044,574)	(847,286)	(197,288)	-23.3%	12	(803,973)
(1,514)	-	(1,514)	0.0%	Interest Expense	(18,219)	-	(18,219)	0.0%	13	-
(96,475)	(14,867)	(81,608)	-548.9%	<b>TOTAL NON-OPERATING REVENUE/(EXP)</b>	<b>(465,551)</b>	<b>(171,759)</b>	<b>(293,792)</b>	<b>-171.0%</b>		<b>(1,417,384)</b>
<b>\$ 277,288</b>	<b>\$ (17,566)</b>	<b>\$ 294,854</b>	<b>-1678.6%</b>	<b>EXCESS REVENUE(EXPENSE)</b>	<b>\$ 3,237,323</b>	<b>\$ 1,381,894</b>	<b>\$ 1,855,429</b>	<b>134.3%</b>		<b>\$ 2,309,366</b>
<b>11.3%</b>	<b>-0.1%</b>	<b>11.4%</b>		<b>RETURN ON GROSS REVENUE EBIDA</b>	<b>10.8%</b>	<b>4.9%</b>	<b>6.0%</b>			<b>12.8%</b>

**INCLINE VILLAGE COMMUNITY HOSPITAL  
NOTES TO STATEMENT OF REVENUE AND EXPENSE  
MAY 2023**

**Variance from Budget**

**Fav<Unfav>**

**MAY 2023      YTD 2023**

**1) Gross Revenues**

Acute Patient Days were at budget at 0 and Observation Days were below budget by 1 at 0.

Gross Revenue -- Inpatient	\$	(1,453)	\$	(14,471)
Gross Revenue -- Outpatient		615,247		2,253,760
		\$ 613,794		\$ 2,239,289

Outpatient volumes were above budget in Surgery cases, Laboratory tests, EKG, Diagnostic Imaging, Ultrasounds, Cat Scans, Drugs Sold to Patients, Physical Therapy, and Speech Therapy.

Outpatient volumes were below budget in Emergency Department visits, Lab Send Out tests, and Respiratory Therapy.

**2) Total Deductions from Revenue**

We saw a shift in our payor mix with a 5.51% increase in Medicare, a 1.12% decrease in Medicaid, a 3.29% decrease in Commercial insurance, a 1.10% decrease in Other, and County was at budget. Outpatient Revenues were above budget 22.9%, creating a negative variance in Contractual Allowances.

Contractual Allowances	\$	(171,542)	\$	(613,858)
Charity Care		130,546		700,912
Charity Care-Catastrophic Event		-		-
Bad Debt		(96,450)		(384,768)
Prior Period Settlement		-		58,981
Total		\$ (137,447)		\$ (238,733)

**3) Other Operating Revenue**

IVCH ER Physician Guarantee is tied to collections, coming in above budget in May.

IVCH ER Physician Guarantee	\$	5,689	\$	(65,532)
Miscellaneous		4,631		(8,629)
Total		\$ 10,319		\$ (74,161)

**4) Salaries and Wages**

Total	\$	(28,294)	\$	374,569
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**Employee Benefits**

PL/SL	\$	(16,882)	\$	(42,228)
Pension/Deferred Comp		0		0
Standby		1,822		(5,455)
Other		(5,954)		4,162
Nonproductive		8,105		(16,082)
Total		\$ (12,910)		\$ (59,604)

**Employee Benefits - Workers Compensation**

Total	\$	2,575	\$	30,640
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**Employee Benefits - Medical Insurance**

Total	\$	(57,572)	\$	(252,768)
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**5) Professional Fees**

Telehealth visits were below budget, creating a positive variance in IVCH ER Physicians.

IVCH ER Physicians	\$	4,462	\$	(9,851)
Therapy Services		-		(710)
Administration		-		-
Multi-Specialty Clinics		-		-
Miscellaneous		-		749
Foundation		583		1,729
Total		\$ 5,045		\$ (8,083)

**6) Supplies**

Medical Supplies Sold to Patients revenues were below budget 53.27%, creating a positive variance in Patient & Other Medical Supplies.

Non-Medical Supplies	\$	(630)	\$	(2,888)
Food		(273)		(2,541)
Office Supplies		48		(1,987)
Minor Equipment		107		26,297
Patient & Other Medical Supplies		11,391		31,002
Pharmacy Supplies		10,918		78,235
Total		\$ 21,561		\$ 128,118

Drugs Sold to Patients volumes exceeded budget by 25.38%, however, the mix of drugs administered were lower in cost, creating a positive variance in Pharmacy Supplies.

**INCLINE VILLAGE COMMUNITY HOSPITAL  
NOTES TO STATEMENT OF REVENUE AND EXPENSE  
MAY 2023**

		<u>Variance from Budget</u>	
		<u>Fav&lt;Unfav&gt;</u>	
		<u>MAY 2023</u>	<u>YTD 2023</u>
<b>7) <u>Purchased Services</u></b>			
We saw decreases in Department Repairs in Laboratory, Diagnostic Imaging, and Cat Scan.	Miscellaneous	\$ 176	\$ (66,693)
Engineering Purchased Services were below budget creating a positive variance in Engineering/Plant/Communications.	Diagnostic Imaging Services - All Foundation	325	(8,610)
Outsourced Laboratory revenues were below budget 53.98%, creating a positive variance in Laboratory.	Pharmacy	2,021	(1,643)
	Multi-Specialty Clinics	(459)	(1,425)
	Department Repairs	(26)	2,379
	EVS/Laundry	4,863	7,604
	Engineering/Plant/Communications	699	14,335
	Laboratory	2,313	16,077
	Total	<u>\$ 30,629</u>	<u>\$ 92,132</u>
<b>8) <u>Other Expenses</u></b>			
Rental of a portable CT machine and oxygen tank rentals created a negative variance in Equipment Rent.	Equipment Rent	\$ (34,252)	\$ (102,867)
Expenses advanced for the Foundation's Beach Boy Concert created a negative variance in Miscellaneous.	Miscellaneous	(45,129)	(71,438)
Advertising campaigns for the Foundation created a negative variance in Marketing.	Utilities	(1,911)	(68,773)
The District implemented GASB No. 87, requiring certain lease agreements be capitalized and written off to Amortization Expense over the life of the lease. This is creating a positive variance in Multi-Specialty Clinics and Other Building Rents.	Dues and Subscriptions	(2,600)	(7,204)
	Physician Services	-	-
	Marketing	(3,312)	4,627
	Insurance	956	7,253
	Outside Training & Travel	413	8,048
	Multi-Specialty Clinics Bldg. Rent	3,674	43,929
	Other Building Rent	10,922	104,248
	Total	<u>\$ (71,238)</u>	<u>\$ (82,178)</u>
<b>9) <u>Donations</u></b>	Total	<u>\$ (62,159)</u>	<u>\$ (78,285)</u>
<b>10) <u>Gain/(Loss) on Sale</u></b>	Total	<u>\$ -</u>	<u>\$ -</u>
<b>11) <u>COVID-19 Emergency Funding</u></b>	Total	<u>\$ -</u>	<u>\$ -</u>
<b>12) <u>Depreciation Expense</u></b>	Total	<u>\$ (17,935)</u>	<u>\$ (197,288)</u>
The District implemented GASB No. 87, requiring certain lease agreements be capitalized and written off to Amortization Expense over the life of the lease. This is creating a negative variance in Depreciation Expense.			
<b>13) <u>Interest Expense</u></b>	Total	<u>\$ (1,514)</u>	<u>\$ (18,219)</u>

TAHOE FOREST HOSPITAL DISTRICT  
STATEMENT OF CASH FLOWS

	AUDITED FYE 2022		BUDGET FYE 2023	PROJECTED FYE 2023	ACTUAL MAY 2023	PROJECTED MAY 2023	DIFFERENCE	ACTUAL 1ST QTR	ACTUAL 2ND QTR	ACTUAL 3RD QTR	PROJECTED 4TH QTR
Net Operating Rev/(Exp) - EBIDA	40,590,404		25,383,789	20,021,520	\$ 2,472,926	\$ (1,104,444)	\$ 3,577,370	\$ 5,772,590	\$ 9,104,456	\$ 5,225,277	\$ (80,803)
Interest Income	385,321		690,032	1,514,631	240,804	50,000	190,804	129,360	210,364	348,930	825,977
Property Tax Revenue	8,969,604		9,747,000	9,920,298	3,847,795	3,800,000	47,795	511,386	114,357	5,446,760	3,847,795
Donations	2,145,345		1,305,071	1,571,727	515,981	558,577	(42,597)	36,950	444,629	490,589	599,558
Emergency Funds	(1,092,739)		-	-	-	-	-	-	-	-	-
Debt Service Payments	(4,683,557)		(5,007,753)	(5,072,486)	(352,448)	(352,819)	371	(1,757,111)	(1,063,208)	(1,194,452)	(1,057,714)
Property Purchase Agreement	(812,500)		(811,927)	(811,927)	(67,661)	(67,661)	-	(202,982)	(202,982)	(202,982)	(202,982)
2018 Municipal Lease	(1,714,321)		(1,717,326)	(1,717,326)	(143,111)	(143,111)	-	(429,332)	(429,332)	(429,332)	(429,332)
Copier	(58,608)		(63,840)	(63,547)	(4,579)	(4,950)	371	(15,703)	(19,603)	(14,133)	(14,109)
2017 VR Demand Bond	(727,326)		(769,491)	(834,517)	-	-	-	(697,803)	-	(136,713)	-
2015 Revenue Bond	(1,370,802)		(1,645,169)	(1,645,169)	(137,097)	(137,097)	-	(411,292)	(411,292)	(411,292)	(411,292)
Physician Recruitment	(226,668)		(1,126,666)	(476,666)	-	-	-	(63,333)	(113,333)	(300,000)	-
Investment in Capital											
Equipment	(3,721,451)		(3,400,652)	(2,883,791)	(84,775)	(368,757)	283,982	(694,160)	(592,636)	(790,629)	(806,366)
IT/EMR/Business Systems	(106,850)		(1,833,753)	(703,834)	(132,708)	(90,331)	(42,378)	(86,306)	(245,667)	(187,200)	(184,661)
Building Projects/Properties	(22,004,760)		(41,773,780)	(22,498,727)	(1,346,592)	(1,783,734)	437,142	(6,650,405)	(6,363,136)	(5,281,810)	(4,203,376)
Change in Accounts Receivable	(5,918,012)	N1	(2,928,806)	(4,802,725)	(240,000)	(479,478)	239,478	1,869,945	(5,883,292)	1,464,749	(2,254,127)
Change in Settlement Accounts	(24,245,464)	N2	398,920	(3,841,197)	4,152,982	3,985,504	167,478	(7,526,353)	(5,380,991)	730,145	8,336,002
Change in Other Assets	(4,363,407)	N3	(1,850,000)	(3,969,723)	(784,325)	(250,000)	(534,325)	(1,060,914)	(962,700)	355,071	(2,301,180)
Change in Other Liabilities	6,881,645	N4	(3,700,000)	(2,543,217)	1,289,879	1,000,000	289,879	(1,235,014)	(9,351,503)	(1,008,293)	9,051,593
Change in Cash Balance	(7,390,588)		(24,096,598)	(13,764,188)	9,579,519	4,964,518	4,615,000	(10,753,364)	(20,082,660)	5,299,138	11,772,698
Beginning Unrestricted Cash	161,643,342		154,252,754	154,252,754	133,862,811	133,862,811	-	154,252,754	143,499,390	123,416,730	128,715,868
Ending Unrestricted Cash	154,252,754		130,156,155	140,488,566	143,442,330	138,827,329	4,615,000	143,499,390	123,416,730	128,715,868	140,488,566
Operating Cash	154,252,754		130,156,155	140,488,566	143,442,330	138,827,329	4,615,000	143,499,390	123,416,730	128,715,868	140,488,566
Expense Per Day	658,532		732,143	755,612	737,466	735,277	2,189	691,239	710,012	734,547	755,612
Days Cash On Hand	234		178	186	195	189	6	208	174	175	186

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.



## Board CHRO Report

**By: Alex MacLennan**  
Chief Human Resources Officer

**DATE: June 2023**

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### **People: Strengthen a highly-engaged culture that inspires teamwork & joy**

#### *Nurture mutual trust*

- We will soon begin the process of Physical Therapy employees becoming represented. They were not considered part of the Outpatient clinic group as they were not employees when that process was started.
- We continue to hold focus groups with employees to understand better what is happening in their departments. After these focus groups, we come up with action plans for improvement in areas that are identified.
- Our High-Reliability team is preparing to become certified as a High-Reliability Organization. Over the next few months, we will modify some processes to better align with the requirements of the certifying body.

#### *Exemplify a culture based on the foundation of our values*

- Peer support has been utilized many times over the past few months. The Peer Support program continues to be successful in helping employees through difficult situations.
- Our Volunteers provided 3750 hours to date in the fiscal year.

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

- In the large category, we won 3<sup>rd</sup> place at the Best Place to Work event by Northern Nevada Human Resources Association. We were placed into the large category because we were the only finalists in the extra-large category. Placing third with organizations as small as 151 employees is remarkable.
- We completed negotiating the addendums to the Union contracts bringing the Outpatient Clinic as represented employees.
- The Unions have approached us to represent the Physical Therapy employees, and we will begin the work to bring them into the current contracts.
- Hospital week was a huge success. Many activities throughout the week were done to show appreciation for all staff. The Values Advocated helped with all events throughout the week.
- The Children's Center continues to have a waitlist. They are working on some strategies to try to accommodate new parents. Space issues are their biggest challenge.



Stats for 1Q23	
66	New Employees
37	Terminations
1278	Headcount as of 3/31/2022
11.44	Average Span of Control
6.59	Average Seniority Years
14	Temporary Staff
15	Status change
34	Transfer

FY23 - current	
418	Fiscal year to date LOA's
153	Active LOA's
13	Work Comp LOA's
57	Modified (includes intermittent) Work Schedules
57	Modified Duty (excluding modified work schedule)

Turnover:

#	Term Types 1Q23	Percentage
5	Involuntary	13.51%
32	Voluntary	86.49%

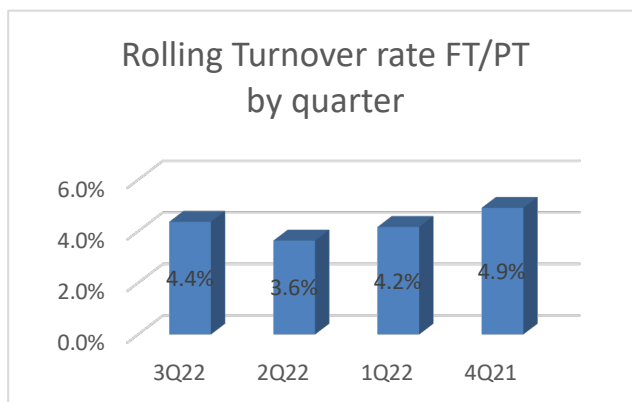
37 100.00%

#	Voluntary Term Reasons 1Q23	Percentage
10	Other	31.25%
7	Other job	21.88%
6	Moving	18.75%
2	Temporary job ended	6.25%
2	Mutual Agreement	6.25%
2	Commute	6.25%
2	Retirement/Early Retire	6.25%
1	Education	3.13%
0	Dissatisfied w/job	0.00%
0	Job Abandonment	0.00%

32 100.00%

#	Term Types 2022	Percentage
34	Involuntary	15.60%
184	Voluntary	84.40%

218 100.00%





## Board Informational Report

**By: Harry Weis**  
President and CEO

**DATE: June 12, 2023**

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Our health system reports one of the lowest year over year “overall volume” growth rates of roughly 5.4% in Fiscal Year 2023 versus Fiscal Year 2022, which is more manageable than the high year over year growth rates we have seen in most of the last eight years.

When I arrived back in 2015, approximately 66% of our revenues came from outpatient activities. Last fiscal year it was 81.4% and this year our OP activities have grown materially to 85.2% of our total revenues. So inpatient services now represent 14.8% of our business when they represented 34% of our business back in 2015. This is a major material shift!

This year we are 22M below budget YTD on inpatient revenues and 10.5M below the level of inpatient revenues generated last fiscal year.

Improving patient access and experience is one of our most important Strategic Plan goals. We have grown from 47,000 provider clinic visits in 2015 to 117,000 provider clinic visits in Fiscal Year 2022, to an estimated 128,000 provider clinic visits in Fiscal Year 2023. Provider clinic visits are growing over 9% in Fiscal Year 2023.

Patients are requesting material additional clinic visits per year beyond what we have reported above so we have engaged a high quality national “LEAN” company to help us “tune up,” review and assist us in making all changes necessary to speed up our processes and improve patient and team experience.

We are really proud of our Incline Village team as their activities continue to pick up year over year and they are outperforming budget and prior year actual performance.

Our team has been examining all of the latest volume and budget elements to prepare a new Capital and Operating Budget for Fiscal Year 2024 as well as the new 10-year Income Statement, Balance Sheet and Capital Plan. We expect to present this to the Board for review and approval on June 27.

We continue to see a growing number of California hospitals, health systems and US hospitals who are losing material amounts of money, filing bankruptcy or closing. The size of the losses of some of the regional provider(s) in our area are growing as well.

Healthcare is dealing with very high inflation in pharmaceuticals, general supplies and labor costs without proportionate increases in revenue to cover this very high, year over year costs levels that are ranging in the 18% increase level year over year.

The Feds have mandated new programs, which have greatly increased the administrative cost of healthcare in the last two years. The states have many planned changes, which will additionally cause huge expense increases with no revenue increases. When the state creates a new office of healthcare affordability, experienced observers know it means the opposite.

Our team and our Board continue to work with the Town on our very important Master Plan, which is an estimate of our patients' healthcare space needs over the next 30 years.

Our team remains very committed to ever improving the highest quality patient care and patient experience plus maintaining a strong focus on being highly sustainable over the long term.



## Board COO Report

**By: Louis Ward**  
Chief Operating Officer

**DATE: June 2023**

### **Service: Deliver Outstanding Patient & Family Experience**

*Continuously improve access to care*

- **IVCH CT project update**

Our Incline Village Community Hospital CT/X-ray replacement project has officially kicked off. As reported in previous board meetings we are not only replacing the CT and X-ray machines with the latest technologies available but we are also adding a new mammography service line adding to the growing services provided to the Incline community. As we navigate the replacement process CT and X-ray services will go uninterrupted for the duration of the project. A mobile CT machine located in a trailer in the parking lot has been secured in an effort to service the community. X-ray services will be provided with a mobile X-ray within the hospital. The project is expected to complete in December of 2023.

### **Quality: Provide excellent patient focused quality care**

*Improve quality of care and patient outcomes*

- **Health Quality Institute (HQI) site visit**

At the end of this month Hospital leadership and hospital Quality personnel will be joined by staff from the California Hospital Association Health Quality Institute where hospital staff will be provided a training on the HQI Analytics website. The Hospital Quality Institute (HQI) was established to realize statewide impact of improving patient safety and quality care for all Californians, to accelerate the rate of improvement, and to advance California as a national leader in quality performance. The free Platform shows how you measure-up to hospitals in your area and statewide quality standards, and can help identify challenge areas and trends to inform data driven decisions.

### **Growth: Expand and foster community and regional relationships**

*Explore and engage beneficial collaborations and partnerships*

- **Meeting with Renown Health System**

Tahoe Forest Health System Administration hosted a meeting this month with the leadership of Renown Medical Center. We spoke at length about opportunities to strengthen our relationship through more frequent communication and partnerships where they may make sense for both health systems. We spoke in great detail about areas of opportunities surrounding the transferring of patients from our hospitals to Renown Medical Center. We also committed to explore opportunities to develop and strengthen relationship between our Physicians and Renown Physicians through regular communication and shared continuing medical education offerings.

- **Western Regional Flex Conference**

This month members of Administration, CMO and COO had the opportunity to attend the Western Regional Flex Conference in Santa Fe, New Mexico. The cost to attend the conference was grant funded. Topics discussed throughout the conference included: Rural Emergency Hospital (REH) conversion, quality innovation and improvement, risk management issues for Critical Access Hospitals, Health policy updates, and CAH Best practices.

**Service: Deliver Outstanding Patient & Family Experience**

*Optimize the health care delivery system and efficiencies*

- **Incline Village Community Hospital Rural Emergency Hospital conversion**

Hospital Administration continues to work closely with State and Federal partners to better understand the viability of IVCH converting from its current Critical Access Hospital designation to the newly adopted Rural Emergency Hospital (REH) designation. Administration has partnered with the Health Resources Services Agency RHCRO REH team to explore the feasibility of this conversion. Additional information will be provided to the District Board, the Incline Village Hospital providers and staff, and the Incline community as we obtain better insight into the conversion. Early information Administration can share, if it is proven the REH conversion is the correct choice for the IVCH and the community that supports us, there is no intention to reduce staff at IVCH.

**Service: Optimize Deliver Model to Achieve Operational and Clinical Efficiency**

*Implement a focused master plan*

Report provided by Dylan Crosby, Director Facilities and Construction Management

**Planned Moves:**

MSC Admin - Summer 2023

Wellness - Summer 2023

**Active Projects:**

**Project:** Underground Storage and Day Tank Replacement.

**Background:** The existing Diesel underground storage is 30 years old in need of replacement. Staff analyzed if an above ground tank would be suitable, due to site constrained it was determined that a replacement underground tank would best serve the hospital.

**Summary of Work:** Removal of the existing Underground storage tank, day tank and day tank structure (not compliant). Excavate and install a new 15,000-gallon underground tank in the ambulance bay. A new day tank will be installed in the 500 KW generator room.

**Update Summary:** The New tank has been set and approved. Phase 2, removal of the old tank is completed. Staff are working on soil testing and clearance which will lead into backfill and repaving.

**Start of Construction:** May 2022

**Estimated Completion:** July 2023

**Project:** Martis Outlook Plastics

**Background:** Staff have focused on providing health care services in the Eastern portion of Truckee. Property was acquired in 2021 at the Martis Outlook Building to realize this goal.

**Summary of Work:** Demo interiors of existing suite to build out new clinic space.

**Update Summary:** Construction has been initiated. Electrical rough-in is on going.

**Start of Construction:** Spring 2023

**Estimated Completion:** Winter 2023

**Project:** Martis Outlook Primary Care

**Background:** Staff have focused on providing health care services in the Eastern portion of Truckee. Property was acquired in 2021 at the Martis Outlook Building to realize this goal.

**Summary of Work:** Demo interiors of existing suite to build out new clinic space.

**Update Summary:** Construction has been initiated. Rough in framing and utilities is underway.

**Start of Construction:** Spring 2023

**Estimated Completion:** Winter 2023

**Project:** Incline Village Community Hospital X-Ray and CT Replacement

**Background:** Incline Village Community Hospital has been provided a grant opportunity to support the replacement of the X-Ray and CT at the Hospital. Various components of the X-Ray are end of service and end of support. The CT is approaching end of service. The new CT will be replaced with a new 128 slice machine, existing 16 slices.

**Summary of Work:** Provide temporary accommodations to ensure hospital can provide X-Ray and CT services during the project. Replace X-Ray and CT equipment and modify space for code compliance and improved staff and patient workflow.

**Update Summary:** Temporary CT trailer is installed. Removal of the current CT kicks off 6/19/2023 with Demo proceeding 6/20/23.

**Start of Construction:** Spring 2023

**Estimated Completion:** Fall 2023

### **Projects in Planning:**

**Project:** Tahoe Forest Hospital Seismic Improvement

**Background:** In 2012, Tahoe Forest Hospital completed an expansive seismic improvement job to extend the allowance of acute care service in many of the Hospital buildings up to and beyond the 2030 deadline determined by Senate Bill 1953. This project is Phase one of three in a compliance plan to meet the full 2030 deadline.

**Summary of Work:** Upgrade four buildings (the 1978, 1990, 1993 and Med Gas) to Non-Structural Performance Category "NPC" 4 status. Renovate the Diagnostic Imaging reception, waiting room and X-Ray to increase capacity and receive new equipment. Renovate Emergency Department beds 8-15 to provide addition patient privacy. Renovate Emergency Department beds 4-7 to private rooms. Aesthetic upgrades of the 1978 and 1990 buildings including but not limited to flooring, ceilings, signage and painting.

1978 Building – Diagnostic Imaging, portions of Emergency Department

1990 Building – Portions of the Surgical Department

1993 Building – Portions of the Dietary Department

Med Gas Building – Primary Med Gas distribution building.

**Update Summary:** Project has been put on hold with the exception of the ATS emergency work. The replacement of this ATS has been moved forward on an emergency project status.

Plans are approved by HCAI . Lead time on equipment are substantial and start of construction, for this scope only, is planned to commence July of 2023.

**Start of Construction:** Summer 2023

**Estimated Completion:** Winter 2025

**Project:** Levon Parking Structure

**Background:** Demand for parking Tahoe Forest Hospital has far exceeded its capacity. This project is to create a staff parking structure to meet the current and future needs of staff and importantly provide accessible parking for our patients.

**Summary of Work:** Project intent is to concurrently work on this project thru the entitlements effort on the Tahoe Forest Master Plan effort. This project being dependent on the Master Plan approval. This project will provide upwards of 225 parking stalls and various biking parking opportunities to support the parking need of the Tahoe Forest campus. The use intent is for this structure to service staff being located off Levon Ave, the Hospital service corridor.

**Update Summary:** Design Development has completed. This project has been put on pause awaiting Master Plan traction with the Town of Truckee. Staff have an active Development Permit submittal submitted with the Town. The development permit will be concurrent and dependent on the Master Plan submittal.

**Start of Construction:** TBD

**Estimated Completion:** TBD

**Project:** Lake Street Housing

**Background:** On-Call housing and On-Boarding housing are critical to district operations and recruitment of talented employees.

**Summary of Work:** Demolish 10151 & 10145 Lake Ave to create 2 new duplex houses to be utilized for recruitment and retention. As well as create 10 new studio apartments to support the Hospitals On Boarding needs.

**Update Summary:** Project is on hold until the Master Plan progresses further. Staff are coordinating the Development Permit submittal to the town. The development permit will be concurrent and dependent on the Master Plan submittal.

**Start of Construction:** Summer 2024

**Estimated Completion:** Fall 2025

**Project:** Gateway RHC Expansion

**Background:** With the longevity of the existing Gateway Building in the Master Plan staff are looking to maximize the utilization. Staff will be working to expand the current RHC to provide Dental, Opto, Behavioral Health and Out Patient Lab Services.

**Summary of Work:** Remodel 8 suites within the Building.

**Update Summary** Design has commenced. The project is approaching 50% schematic design completion.

**Start of Construction:** Fall 2023

**Estimated Completion:** Winter 2025

**Project:** Med Surg/ICU Remodel.

**Background:** With the Med Surg/ICU in use for over 17 years, the rooms are in need of updates both for aesthetics and operational efficiency.

**Summary of Work:** Remove and replace all finishes with Patient rooms. Remodel portions of the support space to promote operational efficiency.

**Update Summary** The project has been awarded. Project has been put on pause.

**Start of Construction:** TBD

**Estimated Completion:** TBD

**Project:** Tahoe City Primary Care and Urgent Care Expansion.

**Background:** Improving access to care around our District is a key strategic goal. This project aims to separate Primary Care and Urgent Care Operations and to increase capacity significantly.

**Summary of Work:** Expand Urgent Care (Suite B-202) into the adjacent Suite (B-201). Suite 201 will house lab draw services and additional support services. Remodel Suite B-206 and 207 to create a new 6 exam room Primary Care Clinic.

**Update Summary** Project has been put on hold.

**Start of Construction:** TBD

**Estimated Completion:** TBD

**Project:** Incline Village Community Hospital Boiler and M1 Air Handler Replacement.

**Background:** Replacement of original 1980s equipment essential for air flow and heating the building to improve reliability and energy efficiency. This existing equipment is end of life.

**Summary of Work:** Remove and Replace, like in kind, the existing M1 air handler which feeds the Western Half of the Building. Remove and Replace, like in kind, the existing boilers which provide heating hot water and domestic hot water to the entire building.

**Update Summary** Staff have rejected all bids. Project is on hold.

**Start of Construction:** TBD

**Estimated Completion:** TBD





## Board CNO Report

**By: Jan Iida, RN, MSN, CEN, CENP**

**DATE: June 2023**

Chief Nursing Officer

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**Service: Optimize delivery model to achieve operational and clinical efficiency**

- Cardiac Service begins this month 6/15. We will be able to provide pacemakers and implantable defibrillators. This service line touches many departments and has been a work in progress for months.

**Quality: Provide clinical excellence in clinical outcomes**

- Nursing and the Pediatricians have been meeting to continue to improve pediatric care on the med/surg unit.
- Nursing continues to work on the IV pump integration to Epic this is a lengthy project that involves pharmacy, Baxter and Mercy Epic.
- 

**Growth: Meets the needs of the community**

- Addie Brixey, Trauma Program Manager, with the help of ED staff, went to area elementary and middle schools to teach about bike/helmet safety.

**By: Jake Dorst**  
Chief Information and Innovation Officer

**DATE: June 2023**

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### **Service: Optimize delivery model to achieve operational and clinical efficiency**

#### Overall:

- Hyperdrive Go Live – post go live
  - Agility Occ Health Go Live – post go live
  - Amitech project wrap up – post go live
  - 26 projects prioritized by the AC - Huzzah
  - Martis Outlook SOW – Written and Approved
  - HFAP Deficiency e-consents SOW – written and approved
  - Northstar Urgent Care SOW – Written and approved
  - HIPAA REPORT templates – access requested for Quality Department
  - Telestroke - Executing
  - Vizient Access to Care Project – Executing
  - Infusion Pumps – Executing
  - Volpara – Executing
  - Casharc – executing
  - Virtual Pay – Executing
  - Spanish Statements – executing
  - Wellsky – Executing
  - UKG – executing
  - L&D C-Section OR staffing/training/workflows – executing
  - POC Ultrasound IVCH ED & IVCH Ortho – executing
  - Substance Abuse Navigator optimization - executing
  - MyChart – questionnaires/direct scheduling – initiative (starting in PEDS)
  - Brightfutures – Initiating
  - Retail Pharmacy IVR – initiating
  - Invitae – Initiating
  - Epiphany - initiating
  - IVCH Neuro – Initiating
  - OPPE Initiating
- 
- Advanced Cellular System installed in order to improve cell signal inside the building
    - MOB 3d floor remodel complete

- Automated workstation drive-space clean up. Reduces cost of storage and increases user productivity.
- Discovered existing hand scanners are still viable after it being reported they were no longer compatible with our systems. \$14,000 saving after firmware upgrades
- Hyperdrive prep for all departments requiring information technology interfaces, servers, network configurations, tech to staff testing and documentation.
- Imprivata single sign on software troubleshooting.
- Existing problem with users having to use common login after locking systems instead of just tapping in with badge. Testing resolution currently
  - Installed Splunk Infosec and associated supporting apps. This provides real-time data analysis to identify and respond to security threats enhancing TFHD security posture.
  - Microsoft Office 365 Active Directory server in place and functions as a production service. Microsoft has pulled in additional vendors as we begin to migrate email to cloud based solution.
  - IVCH CT Trailer setup and integrated to TFHD infrastructure.
  - Reduced cost of POTS telephone lines by \$14k
- Plain Old Telephone Service (POTS) refers to the traditional, analog voice transmission phone system implemented over physical copper wires (twisted pair). Simply put, POTS is the basic telephone call service that individuals and businesses have been using since the 1880s.

#### Lab:

1. Go-live with the two blood gas instruments in May and the Wellsky Blood Bank Upgrade is making process however, Mercy is not yet live with it either and we are now slated for Korchek to have access to it the second week of July for 6-8 weeks of validation and then go live in September.

#### Ambulatory:

1. First day elbow support for provider.
2. Epic review classes
3. Provider efficiencies

#### Surgery:

1. Interventional Cardiology, new line in Surgical Services
2. IRAD (interventional radiology) nurse, new position in Surgical Services
3. PreOp Clinic workflow, continued after Optum (consulting service)

#### Inpatient:

1. Worked on Cardiac service line project
2. Worked on Stroke/Tele Specialists project – In-Patient (IP) order set edits
3. Worked on Diabetes hospital discharge supply preference list item – completed!
4. Work on AUD (Diabetes) / substance use consult / alcohol withdrawal order set edits project
5. Onboarded new Cardiologist Dr Franck Carrea
6. Onboarded new Hospitalist Dr Maxwell Binstock
7. Work on ECC (Long term care facility) projects – CAIR2 interface, EPCS and E-prescribe option 2.A
8. Initial connectivity testing for Baxter smart pumps to interface directly with Epic.
9. Trauma Survey completion

- 10. Ongoing Obstetrics recovery Project
- 11. Increased nursing Audits post HFAP survey

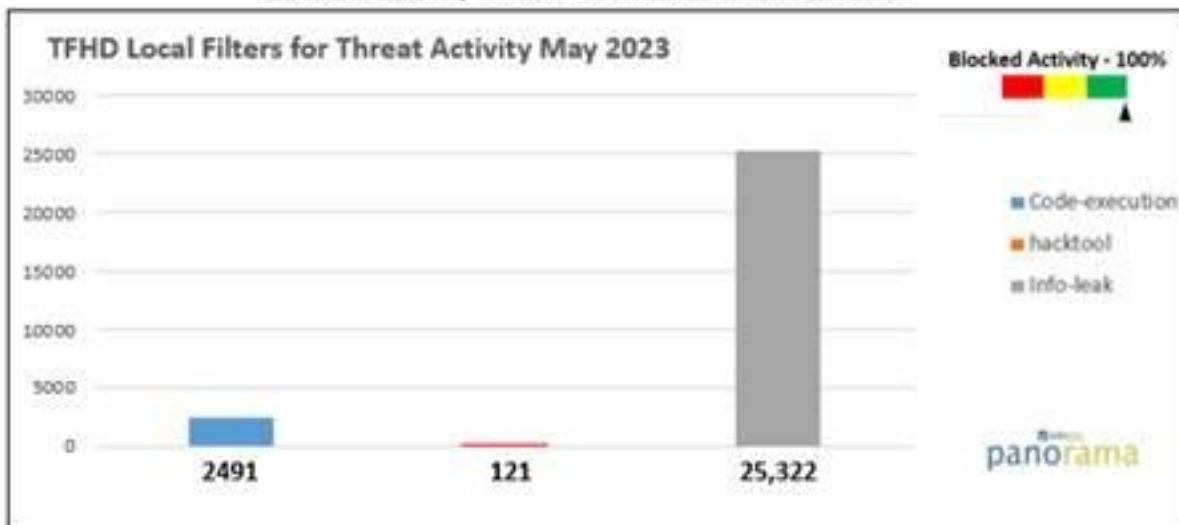
Emergency Department:

- 1. Sepsis Screening tool built into Chart Complete now for the ED – ASAP
- 2. UC Trackboard changes – completed build per request from Chris Malone
- 3. Stroke Alert – Training is complete for onboarding new Tele specialists.
- 4. Build changes made to RN TRAUMA QUICK ORDERS and TRAUMA Quick orders.
- 5. POC (point of care) US project continued maintenance and work on EAP charges, nursing workflow

**Incoming Mail Summary 06 May – 04 June 2023**

Message Category	%	Messages
Stopped by IP Reputation Filtering	79.5%	1,277,101
Stopped by Domain Reputation Filtering	0.0%	62
Stopped as Invalid Recipients	0.4%	6,046
Spam Detected	1.2%	19,981
Virus Detected	0.0%	5
Detected by Advanced Malware Protection	0.0%	11
Messages with Malicious URLs	0.0%	201
Stopped by Content Filter	0.3%	4,703
Stopped by DMARC	0.8%	13,322
S/MIME Verification/Decryption Failed	0.0%	0
<b>Total Threat Messages:</b>	<b>81.4%</b>	<b>1,308,110</b>
Marketing Messages	5.0%	80,995
Social Networking Messages	0.1%	1,263
Bulk Messages	3.5%	56,307
<b>Total Graymails:</b>	<b>8.6%</b>	<b>138,565</b>
S/MIME Verification/Decryption Successful	0.0%	0
Clean Messages	10.0%	160,711
<b>Total Attempted Messages:</b>		<b>1,607,386</b>

## Successfully Blocked Threat Execution



**Code Execution:** Attempts to identify execution vulnerabilities that can be run by a privileged user

**hacktool:** riskware that is intended to provide access to computers and networks

**Info-leak:** Attempt to detect software vulnerabilities and craft request exploits for unprotected data

**TAHOE FOREST HOSPITAL DISTRICT  
RESOLUTION NO. 2023-06**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF TAHOE FOREST HOSPITAL  
DISTRICT AUTHORIZING APPLICATION TO AND PARTICIPATION IN THE  
BEHAVIORAL HEALTH CONTINUUM INFRASTRUCTURE PROGRAM ("BHCIP")**

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**WHEREAS:**

- A. The California Department of Health Care Services, through its contractor Advocates for Human Potential, Inc., ("**Department**") has issued a Request for Applications, dated January 31, 2022 ("**RFA**"), for the BHCIP Program ("**Program**"). The Department has issued the RFA for Program grant funds pursuant to Welfare and Institutions Code Sections 5960-5960.45. Program grant funds are derived primarily from the federal Coronavirus State and Local Fiscal Recover Funds, which was established by the American Rescue Plan Act of 2021, and in part from the State of California General Fund.
- B. **TAHOE FOREST HOSPITAL DISTRICT**, a local governmental hospital system ("**Applicant**"), desires to apply for Program grant funds by submitting an application for Program funds ("**Application**") to the Department for review and consideration.
- C. The Department is authorized to administer BHCIP pursuant to Welfare and Institutions Code Section 5960-5960.45. Program funding allocations are subject to the terms and conditions of the RFA, the Application, Standard Agreement ("**Standard Agreement**"), and all other legal requirements of the Program.

**THEREFORE, IT IS RESOLVED THAT:**

- 1. Applicant is hereby authorized and directed to submit an Application to the Department in response to the RFA, and to apply for Program grant funds in a total amount not to exceed \$2,348,621.
- 2. If the Application is approved, Applicant is hereby authorized and directed to enter into, execute, and deliver a Standard Agreement in a total amount not to exceed \$2,348,621 any and all other documents required or deemed necessary or appropriate to secure the Program funds from the Department and to participate in the Program, and all amendments thereto (collectively, the "**Program Documents**").
- 3. Applicant acknowledges and agrees that it shall be subject to the terms and conditions specified in the Standard Agreement. Any and all activities, expenditures, information, and timelines represented in the Application are enforceable through the Standard Agreement. Funds are to be used for the allowable expenditures and activities identified in the Standard Agreement.
- 4. **Harry Weis, President & CEO** (the "**Authorized Signatory**"), is authorized to execute the Application and the Program Documents on behalf of Applicant for

participation in the Program; and Applicant further agrees and authorizes the Authorized Signatory to execute the Declaration of Restrictions and Performance Deed of Trust to be recorded against the Project located at Truckee, CA, as more particularly described in the Program Funding Agreement.

PASSED AND ADOPTED this 22nd day of June, 2023, by the following vote of the Corporation's Board of Directors:

AYES:  NAYES:  ABSTAIN:  ABSENT:

The undersigned, Martina Rochefort, Board Clerk of Applicant, does hereby attest and certify that the foregoing is a true and full copy of a resolution of the Corporation's governing body adopted at a duly convened meeting on the date above-mentioned, and that the resolution has not been altered, amended, or repealed.

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

**[NOTICE AND INSTRUCTIONS APPEAR ON THE FOLLOWING PAGE]**

## NOTICE AND INSTRUCTIONS

1. **Notice.** The Department is providing this template Authorizing Resolution as informational guidance only. The Department encourages each Applicant to consult with professional legal counsel during the development of its own formal, legally binding statement that it is authorized to apply to and participate in the Program.
  - a. Please note, however, that any limitations or conditions on the authority of the signatory or signatories to execute the Application or the Program Documents may result in the Department rejecting the Authorizing Resolution.
2. **Accuracy, Verification.** The Department will verify that this Authorizing Resolution comports with Applicant's operative organizational documents (e.g., Articles of Incorporation, bylaws). Applicant must timely notify the Department, in writing, of any discrepancies between its Authorizing Resolution and its organizational documents, along with a written explanation of same.
3. **Dollar Amounts of Grant Awards.** The Department recommends identifying an authorized dollar amount that is larger than the anticipated award. Award amounts are subject to change. If Applicant is ultimately awarded an amount in excess of the amount identified in the Authorizing Resolution, the Department will require a new Authorizing Resolution from Applicant before execution of a Standard Agreement.
4. **Authorized Signatory or Signatories, Designee.** Applicant may authorize multiple signatories, so long as there is clarifying language as to whether the signatories are authorized to execute the Program Documents individually or collectively.
5. **Vote Count.** Please fill out the field by every voting category (i.e., Ayes, Nays, Abstain, Absent). If none, please indicate zero (0) for that field. The vote count must comport with relevant provisions in Applicant's operative organizational documents (e.g., authorized number of directors, quorum).
6. **Certification of Authorizing Resolution.** The individual who certifies the Authorizing Resolution cannot also be authorized to execute the Program Documents on behalf of Applicant.



**TAHOE FOREST HOSPITAL DISTRICT**

**RESOLUTION NO. 2023-05**

**RESOLUTION APPROVING THE FORM AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO FIFTH SUPPLEMENTAL INDENTURE OF TRUST RELATING TO 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 and U.S. Bank National Association, as trustee (the "Trustee"), have executed and delivered that certain Fifth Supplemental Indenture of Trust, dated as of March 1, 2017, by and between the District and the Trustee (the "Fifth Supplemental Indenture"), under and pursuant to which the District issued its \$9,060,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Refunding Revenue Bonds, Series 2017 (the "2017 Bonds");

WHEREAS, the proceeds of the 2017 Bonds were used to refund the outstanding Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Demand Revenue Bonds, Series 2002;

WHEREAS, the 2017 Bonds bear interest at a variable rate equal to 65.01% of the aggregate of the 30-day LIBOR plus 1.70%, minus 0.10% [ $(65.01\% \times (30\text{-day LIBOR} + 1.70\%)) - 0.10\%$ ], identified by the Owner (as defined in the Fifth Supplemental Indenture) to the District and the Trustee, calculated on the basis of a three hundred sixty (360) day year of twelve thirty (30) day months;

WHEREAS, because the LIBOR index will not be available after June 30, 2023, it is necessary for the District to amend the Fifth Supplemental Indenture by executing a First Amendment to Fifth Supplemental Indenture (the "First Amendment") to replace the LIBOR index with a SOFR index for calculating interest on the 2017 Bonds;

WHEREAS, the Fifth Supplement Indenture may be modified or amended from time-to-time and at any time by an indenture or indentures supplemental thereto, which the District and the Trustee, with the written consent of the Owner, may enter into, to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or in any other respect whatsoever as the District may deem necessary or desirable;

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

*Section 1.* The First Amendment, in the form presented to this meeting, is hereby approved. The Chair of the Board of Directors (the "Board") of the District, the Vice Chair of the Board, the Secretary of the Board, the Assistant Secretary of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District, or any other person authorized by this Resolution or other resolution of the Board to act on behalf of the District, acting alone, is hereby authorized and directed, for and in the name of the District, to execute and deliver the First Amendment 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 First Amendment.

*Section 2.* All actions taken by the Chair of the Board, the Vice Chair of the Board, the Secretary of the Board, the Assistant Secretary of the Board, the Chief Executive Officer of the District, the Chief Financial Officer of the District, or any other person authorized by this Resolution or other resolution of the Board to act on behalf of the District, 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 3.* 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 22nd day of June, 2023, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Chair, Board of Directors  
Tahoe Forest Hospital District

ATTEST:

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Secretary, Board of Directors  
Tahoe Forest Hospital District

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**FIRST AMENDMENT TO FIFTH SUPPLEMENTAL INDENTURE OF TRUST**

**by and between the**

**TAHOE FOREST HOSPITAL DISTRICT**

**and**

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

**Dated as of June 1, 2023**

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**Amending that certain Fifth Supplemental Indenture of Trust, dated as of March 1, 2017, by and between the Tahoe Forest Hospital District and U.S. Bank National Association, as Trustee, relating to**

**\$9,060,000  
Tahoe Forest Hospital District  
(Placer and Nevada Counties, California)  
Variable Rate Refunding Revenue Bonds, Series 2017**

## FIRST AMENDMENT TO FIFTH SUPPLEMENTAL INDENTURE OF TRUST

This FIRST AMENDMENT TO FIFTH SUPPLEMENTAL INDENTURE OF TRUST (this “First Amendment”), dated as of June 1, 2023, is 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 TRUST COMPANY, 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, as successor to U.S. Bank National Association, as trustee (the “Trustee”), amending that certain Fifth Supplemental Indenture of Trust, dated as of March 1, 2017, by and between the District and the Trustee (the “Fifth Supplemental Indenture”).

WHEREAS, the District and the Trustee have executed and delivered the Fifth Supplemental Indenture under and pursuant to which the District issued its \$9,060,000 Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Refunding Revenue Bonds, Series 2017 (the “2017 Bonds”);

WHEREAS, the proceeds of the 2017 Bonds were used to refund the outstanding Tahoe Forest Hospital District (Placer and Nevada Counties, California) Variable Rate Demand Revenue Bonds, Series 2002;

WHEREAS, the 2017 Bonds bear interest at a variable rate equal to 65.01% of the aggregate of the 30-day LIBOR plus 1.70%, minus 0.10%  $[(65.01\% \times (30\text{-day LIBOR} + 1.70\%)) - 0.10\%]$ , identified by the Owner (as defined in the Fifth Supplemental Indenture) to the District and the Trustee, calculated on the basis of a three hundred sixty (360) day year of twelve thirty (30) day months;

WHEREAS, in anticipation of the possibility that use of the LIBOR index may become unavailable, unlawful, unreliable, or otherwise undesirable, the District has determined to amend the Fifth Supplemental Indenture to provide for a replacement method of calculating interest on the 2017 Bonds utilizing the secured overnight financing rate published by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator) on the Federal Reserve Bank of New York’s website;

WHEREAS, the Fifth Supplemental Indenture may be modified or amended from time-to-time and at any time by an indenture or indentures supplemental thereto, which the District and the Trustee, with the written consent of the Owner, may enter into, to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this First Amendment, or in any other respect whatsoever as the District may deem necessary or desirable;

NOW, THEREFORE, the parties hereto, for good and valuable consideration the receipt of which is acknowledged, and intending to be legally bound hereby, agree as follows:

Section 1. Definitions. All defined terms used in this First Amendment and the Recitals hereto, unless defined elsewhere in this First Amendment, shall have the meanings given to those terms in the Fifth Supplemental Indenture.

Section 2. Amendment of the Fifth Supplemental Indenture.

(a) The definition of “30-day LIBOR” set forth in Section 1.01 of the Fifth Supplemental Indenture is hereby deleted.

(b) Section 1.01 of the Fifth Supplemental Indenture is hereby amended by the insertion therein of the following definitions:

“*Daily SOFR*” means the rate per annum equal to SOFR (i.e., the secured overnight financing rate) for such day published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the Federal Reserve Bank of New York’s website (or any successor source).

“*SOFR*” means the secured overnight financing rate as administered by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate)

(c) The definition of “*Taxable Rate*” in the Section 1.01 of the Fifth Supplemental Indenture is hereby amended as follows:

“*Taxable Rate*” means, with respect to a Taxable Period, the aggregate of the Daily SOFR plus 1.70% minus 0.10% during such period.

(d) Paragraph (b)(iii) of Section 2.01 of the Fifth Supplemental Indenture is hereby amended in full as follow:

(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 Daily SOFR plus 1.70%, minus 0.10%  $[(65\% \times (\text{Daily SOFR} + 1.70\%)) - 0.10\%]$ , identified by the Owner to the District and the Trustee. 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. The rate shall become effective on July 1, 2023.

(e) Section 5.07 of the Fifth Supplemental Indenture is hereby amended in full as follow:

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 \$1,000,000, 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 affected by the Taxable Rate or the Default Rate) with respect to the Bonds will be 65.01% of the aggregate of the Daily SOFR plus 1.70%.

(f) The footnote on page 1 of Exhibit A to the Fifth Supplemental Indenture is hereby amended in full as follow:

Interest is payable at a variable rate equal to 65.01% of the aggregate of the Daily SOFR 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.

Section 3. Survival. Except as specifically provided in this First Amendment, all terms and conditions of the Indenture shall remain in full force and effect, unaltered and unamended hereby.

Section 4. Counterparts. This First Amendment may be executed in several counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same document.

Section 5. Governing Law. This First Amendment shall be governed by and construed and interpreted in accordance with the Constitution and laws of the State of California without giving effect to conflict of laws principles thereof.

Section 6. Headings. Headings of Sections in this First Amendment are for reference purposes only and shall not be deemed to have any substantive effect.

IN WITNESS WHEREOF, the TAHOE FOREST HOSPITAL DISTRICT has caused this First Amendment to 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 First Amendment to 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 Felix  
Chief Financial Officer

U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION, as Trustee

By \_\_\_\_\_  
Michelle Knutson  
Vice President

APPROVED:

UMPQUA BANK

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

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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  
\$9,060,000  
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 \$250,000 and any integral multiple of \$1 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.

"New York Banking Days" shall mean any day on which commercial banks are not authorized or required to close in New York State.

"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.

"Reprice Date" is defined as the first day of each month.

"Taxable Period" has the meaning set forth in Section 2.02(b) hereof.

"Taxable Rate" means, with respect to a Taxable Period, the aggregate of the 30-day LIBOR plus 1.70% minus 0.10% during such period.

"30 Day LIBOR" means the greater of (a) zero percent (0.0%) and (b) the one-month LIBOR rate quoted by the Lender from Reuters Screen LIBOR01 Page or any successor thereto, which shall be that one-month LIBOR rate in effect two New York Banking Days prior to the Reprice Date, adjusted for any reserve requirement and any subsequent costs arising from a change in government regulation, such rate rounded up to the nearest one-sixteenth percent and such rate to be reset monthly on each Reprice Date. The initial one-month LIBOR rate shall be that one-month LIBOR rate in effect two New York Banking Days prior to the Closing Date, which rate plus the percentage described above shall be in effect until the next Reprice Date.

"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 nine million sixty thousand dollars (\$9,060,000).

(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 65.01% of the aggregate of the 30-day LIBOR plus 1.70%, minus 0.10% [(65.01% X (30-day LIBOR + 1.70%)) - 0.10%], identified by the Owner to the District and the Trustee. 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 wire transfer to any Owner 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 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	\$360,000	2025	\$577,883
2018	503,082	2026	589,440
2019	513,143	2027	601,229
2020	523,406	2028	613,254
2021	533,874	2029	625,519
2022	544,552	2030	638,029
2023	555,443	2031	650,790
2024	566,551	2032+	663,805

+Maturity

(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 a purchaser 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 and Other Moneys.

(a) Upon the receipt of payment for the 2017 Bonds on the Closing Date, the Trustee shall apply the proceeds of sale thereof (being \$9,060,000) as follows:

(i) The Trustee shall, on March 28, 2017, transfer to the letter of credit bank relating to the 2002 Bonds the amount of \$8,902,560.76, 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;

(ii) The Trustee shall deposit in the Revenue Fund the amount of \$17,439.24; and

(iii) The Trustee shall deposit in the 2017 Costs of Issuance Account the amount of \$140,000.00, which represents the amount necessary for the payment of the Costs of Issuance of the 2017 Bonds.

(b) The Trustee, as trustee for the 2002 Bonds, shall transfer (i) \$0.20 on deposit in the sinking fund allocable to the 2002 Bonds, (ii) \$440.78 on deposit in the letter of credit fund allocable to the 2002 Bonds, and (iii) \$3.14 on deposit in the revenue fund allocable to the 2002 Bonds, to the Revenue Fund.

(c) 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 \$1,000,000, 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 affected by the Taxable Rate or the Default Rate) with respect to the Bonds will be 65.01% of the aggregate of the 30-day LIBOR plus 1.70%.

## 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  
Crystal Betts  
Chief Financial Officer

U.S. BANK NATIONAL ASSOCIATION, as  
Trustee

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

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: UMPQUA BANK

PRINCIPAL AMOUNT: NINE MILLION SIXTY THOUSAND 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.

\* Interest is payable at a variable rate equal to 65.01% 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.

Bank National Association (together with any successor trustee under the Indenture, the "Trustee"). Interest hereon is payable by by wire transfer in immediately available funds to an account in the United States of America to any Registered Owner of Bonds 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 designated the "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 nine million sixty thousand dollars (\$9,060,000), 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	\$360,000	2025	\$577,883
2018	503,082	2026	589,440
2019	513,143	2027	601,229
2020	523,406	2028	613,254
2021	533,874	2029	525,519
2022	544,552	2030	638,029
2023	555,443	2031	650,790
2024	566,551	2032+	663,805

†Maturity

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 \$250,000 or any integral multiple of \$1 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

**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

**ASSIGNMENT**

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

\_\_\_\_\_  
\_\_\_\_\_

(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 PURCHASER'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 Fifth Supplemental Indenture of Trust.

(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 purchaser's letter in the same form as this Purchaser'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 \_\_\_\_\_

The image shows a large brick hospital building with a covered entrance. In the foreground, there are several pink and red tulips in bloom. A white sedan and a white pickup truck are parked in the lot. A blue rectangular box is overlaid on the right side of the image, containing the title text.

# Rural Emergency Hospitals

## Rural Emergency Hospitals overview

- To be eligible for REH status, hospitals must have 50 or fewer beds and either be in a rural area or have an active rural reclassification
- REHs are required to provide 24-hour emergency services, laboratory services, diagnostic radiological services, pharmacy or drug store area, and discharge planning by qualified professional
- REHs can also provide other outpatient services such as behavior health, radiology, and outpatient rehab. An REH may also establish a separate, distinct part unit licensed as a Skilled Nursing Facility
- REHs must meet Critical Access Hospitals CoPs for Emergency Services
- Cannot have per-patient averages exceed 24 hours ( individual patient stays can exceed 24 hours)
- Can provide observation care and additional medical outpatient services
- All covered outpatient services provided by REHs will receive an additional 5% increase in payment of the standard OPPS rate that would be paid (none of this additional 5% would be charged to beneficiary coinsurance)
- In addition to the 5% increase, REHs will also receive an additional monthly facility payment from Medicare. This facility payment will increase annually by the market basket percentage which is established by CMS. The current established facility payment for 2023 will be \$272,866 per month
- A hospital that converted to an REH is able to convert back to their previous provider type as long as the conditions of participation are met.

## Rural Emergency Hospitals drawbacks

- REHs are not considered an eligible provider for 340B drug pricing
- REH-designated hospitals can no longer provide inpatient or swing-bed care and must have a transfer agreement with at least one Medicare-certified hospital designated as a Level I or Level II trauma center. (REHs can provide SNF services; however, must gain licensure and create a distinct part unit for SNF services which may have previously been done under a hospital's swing bed license.)
- With this being a brand-new provider type there are a lot of unknowns and there could be several changes to this provider type in the future periods
- Not all states have established REH rules yet regarding REH's
- Hospitals that are currently operating with an inpatient unit would have to make determinations on what to do with staff that would no longer be needed (terminations or transfers to other locations)
- Community perspective of no longer offering inpatient services and handling of employees who would no longer be needed
- REHs that would make the determination to transition back to old hospital type could have challenges filling positions



To Whom It May Concern:

As the Board Chair for Incline Village Community Hospital, the Tahoe Forest Hospital District Board of Directors fully supports the efforts to assess the impact that the Rural Emergency Hospital designation would have on our organization.

Our Board is interested in sustaining our hospital for our patients and community and we are open to the assessment of the REH designation as a consideration. We will support and participate as needed throughout the assessment process.

Thank you for your help with this and we look forward to working with you on the assessment process.

Sincerely,

Alyce Wong  
Board Chair, Tahoe Forest Hospital District



## DRAFT FY2024 President & CEO Incentive Compensation Criteria

### **Finance – 5350%**

Meet or exceed budgeted net income\* as approved by the Board for FY234.

*\*Refer to “Excess Revenue(Expense)” line in the budget.*

*\*\*The Board has the discretion to pay out Service, Quality, Growth, and People incentives even if this finance goal is not fully met.*

*\*\*\*No incentive compensation would be paid if net income is less than \$4,000,000.*

### **Service – 1220%**

10% - Meet or exceed an average 94.295.00-Press Ganey Patient Satisfaction score.

10% - Lower the primary care provider third next available appointment number of days from 25 to 23 and keep the specialty provider days for third next appointment at 28 days or lower.

### **Quality – 1213%**

Meet or exceed 98.20% roll-up of the following quality measurements: SEP-1 (Early Management Bundle, Severe Sepsis/Septic Shock), EDTC ALL (Emergency Department Transfer Communication ALL), PC-01 (Early Elective Delivery), CLASS I SSI (Class I Surgical Site Infection Rate), Class I SSI for Joint Replacement (Class 1 Surgical Site Infection Rate for Total Knee and Hip Replacement), Medicare Readmission Rate (Inpatient Readmission) and C. DIFF. (Rate of Hospital Onset C. Diff.).

### **Growth – 102%**

Meet or exceed annual actual physician office visits total as of June 30, 2022-2023 for all owned or managed physicians.

### **People – 1315%**

Meet or exceed the 90<sup>th</sup>-36th percentile in the engagement category from the employee alignment category from the Medical Staff Press Ganey engagement survey.





# Becoming a High Reliability Organization

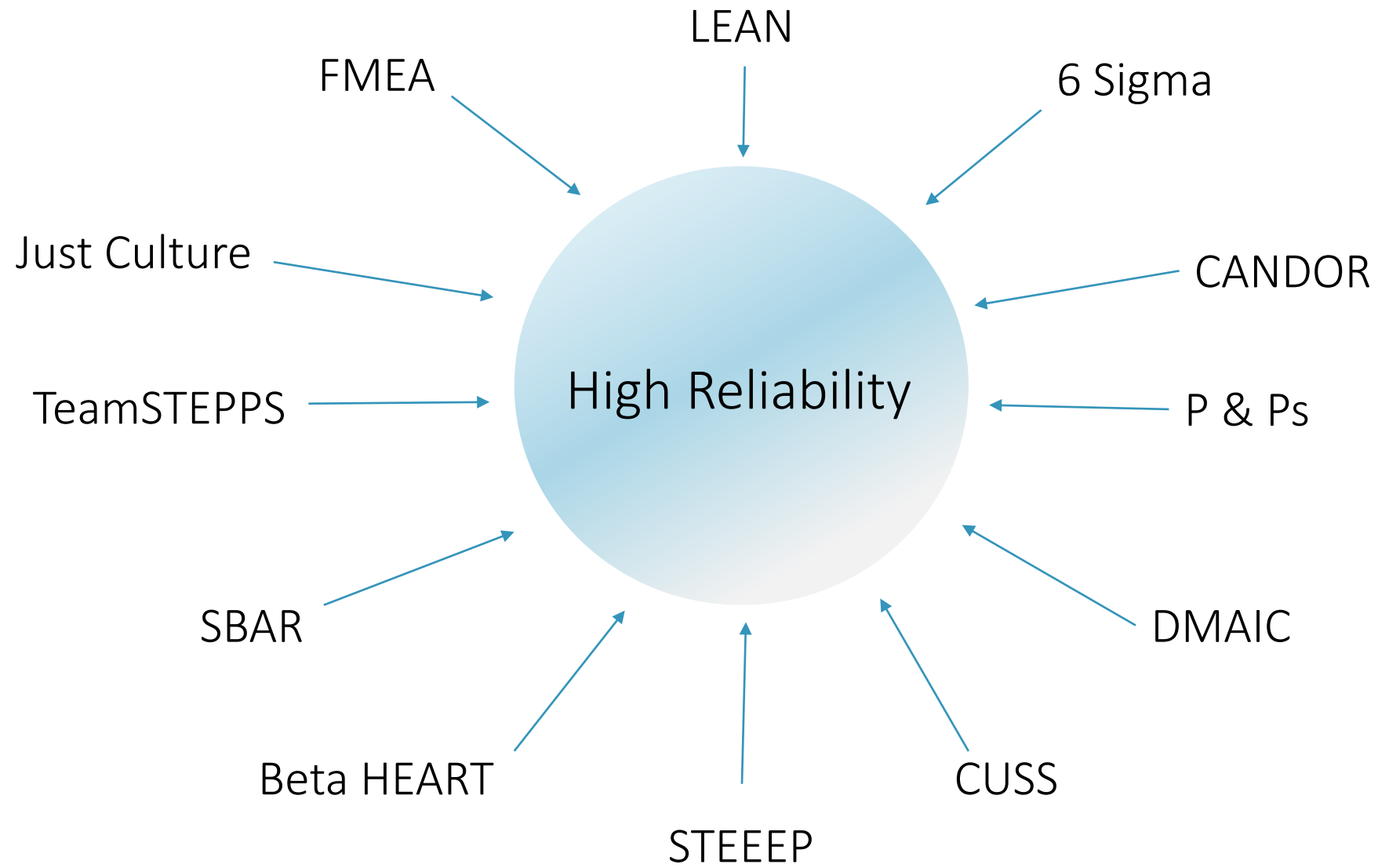
Jenny Parvin, MSN, RN



What does being “HIGHLY” reliable mean?

# History of change moving toward High Reliability

- Started with “Just Culture” and has evolved into high reliability
- Increase reliability in systems
  - “Just Culture”, LEAN, 6 Sigma, RCA or Event Analysis, DMAIC, FMEA, Risk Register, Event Investigation
- Increase reliability in communication
  - Huddles, SBAR, CUSS, Critical conversations, Conflict management, CANDOR, TeamSTEPPS, Beta HEART
- Increase reliability in human behavior
  - “Just Culture,” Policies & Procedures, BETA HEART
- Increase reliability in strategy
  - STEEEP



# Highly Reliable Organization

- High Reliability occurs when these skills are combined to proactively identify vulnerability and risk in the organization
- Who manages/coordinates the effort?
  - Reliability Management Team (RMT)

# What does the RMT do?

- A group of individuals with specialized training to see and understand risk differently
- Risk Register
- Meetings and educational sessions to maintain skills
- Work to identify risk as well as potential downstream effects and provide recommendations to mitigate those risks
- Collaborative case reviews

# “Signs and Symptoms” of High Reliability

- Proactive, not reactive
- Focus on building a strong system—one that makes human behavior inconsequential
- Understand vulnerabilities
- Recognize bias
- Efficient resource management
- Less rule-based, more risk-based



# Next Steps

- Pursue certification from hospital accreditation organization, Det Norske Veritas (DNV), to become a Collaborative High Reliability Organization (CHRO)
- Members of the team to be qualified in their roles
- Consistent taxonomy and terminology throughout District
- Event Reporting
- Focus of Risk in Policies and Procedures





# It's Just our Culture

High Reliability is a state of being  
and Reliability Management  
is how we get there.

Questions?