



Mark Twain Health Care District

768 Mountain Ranch Road
P.O. Box 668
San Andreas, CA 95249
209 754-4468 Telephone

April 22, 2015

Bill Griffin, MD
Chairman of the Board
Mark Twain Medical Center
768 Mountain Ranch Road
San Andreas, CA 95249

Dear Dr. Griffin,

The Mark Twain Health Care District ("District") Board of Trustees greatly appreciates the opportunity to communicate with you and the Mark Twain Medical Center ("MTMC") corporate board.

A significant accomplishment of the past year has been the adoption of the sixth amendment of the lease by both our boards, and the approval by Dignity Health. This has enabled us to look forward and begin the process of lease renewal. Lease renewal will require a good deal of public education and understanding regarding our relationship and how that relationship affects our ability to provide quality health care to the citizens of Calaveras County.

In order to educate the public we must first truly understand the relationship ourselves and be in a position to explain why a long term renewal of the lease is in the public interest. To that end, we are requesting the sharing of information regarding the Amended Management Agreement between MTMC and Dignity Health dated September 20, 2001 ("the management agreement")¹. If this is not currently in effect we would appreciate receiving a copy of any amendment or agreement which has replaced it.

We have reviewed the Management Agreement and note that it is the duty of Dignity Health to submit a budget for the upcoming year to MTMC for its review and approval. We request that you provide to us the proposed budget from Dignity Health for the upcoming fiscal year 2015-16. Further, to understand the history of the budget and hospital expenditures, much of which is based upon public tax revenues, we also request the past three (3) fiscal years of the budget and an analysis of how actual results compared to budget during those years (2014-2015, 2013-2014 and 2012-2013).

Specific areas of concern on the part of the District within the budget include; Administrative overhead costs, direct Administrative costs for CEO and CFO, Electronic Health Record cost, Human Resources cost, Revenue Cycle cost, Information Technology cost and any costs that are assessed by Dignity Health in support of its own corporate goals and programs. This includes a concern regarding the allocated costs of such goals and programs that are charged to MTMC by Dignity Health. In considering a long term Lease renewal, the District is, of course, interested in how the share of such costs borne by MTMC, or the absolute amount of such costs, relates to the market price of the administrative and management services or other benefits provided by Dignity Health to MTMC.

The District is sensitive to the fact that the decision to utilize Dignity Health for management services is a decision of the MTMC corporate board, and not that of the District Board of Trustees. Likewise, the District is sensitive to the somewhat intrusive nature of the budget inquiries we are making. Nonetheless, as recognized in the management agreement itself, "...the District retains ultimate oversight responsibility and authority to assure that the District's health care facilities and assets are operated and maintained for the benefit of the communities served by the District."

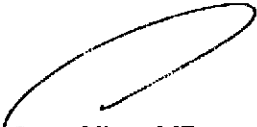
¹ The named counterparties to the management agreement are Mark Twain St. Joseph's Healthcare Corporation, which has since changed its name to MTMC and Catholic Healthcare West, which has since changed its name to Dignity Health.

The District is focusing upon a lease renewal plan that may go to the voters at the November 2016 election. We are hopeful of having a plan and a proposed Lease renewal that is agreed to by all parties by this time next year.

This will allow us the opportunity to call for the election and work with the electorate and do the necessary education that will be required. We would need this information that we are requesting within the next 30 days.

We have an opportunity to fully understand our relationship and the District Board of Trustees is committed to developing this understanding. This is the time to begin the process and look at the complete fair market value of our relationship.

Thank you and the MTMC corporate board for your consideration and cooperation over the years.



Peter Oliver, MD
President, Board of Trustees
Mark Twain Health Care District

Cc: Craig Marks, FACHE
President / CEO
Mark Twain Medical Center

**MEMORANDUM OF UNDERSTANDING BETWEEN
MARK TWAIN HEALTHCARE DISTRICT AND MARK TWAIN MEDICAL CENTER REGARDING THE
TELEHEALTH CLINICS PROGRAM**

THIS MEMORANDUM OF UNDERSTANDING (“**MOU**”) is entered into this ___ day of April, 2015, between the Mark Twain Healthcare District, a political subdivision of the State of California (“**District**”), and Mark Twain Medical Center, a California nonprofit public benefit corporation (“**Corporation**”), hereby referred to singularly as a “**Party**” or collectively as “**Parties**”, describing the operational and fiscal obligations of each Party as it relates to the establishment of the Telehealth Clinics Program.

RECITALS

WHEREAS, District is responsible for the delivery of healthcare within Calaveras County, California, a rural county located in the foothills of California; and

WHEREAS, District owns the Mark Twain Medical Center, ~~an acute care~~ a critical access hospital located in San Andreas California (together with the medical office buildings and clinics owned by District and associated with the Mark Twain Medical Center, the “**Hospital**”); and

WHEREAS, pursuant to the Local Health Care District Law (California Health & Safety Code section 32000 *et seq.*) District has leased the Hospital to the Corporation by a lease dated January 1, 1990 and expiring on December 30, 2019 (the “**Lease**”), and pursuant to the Lease, the Corporation provides medical and health care related services to the residents of Calaveras County; and

WHEREAS, the delivery of health-related services utilizing electronic information and telecommunications technologies, known as “telehealth,” provides specialized medical care to patients in rural areas; and

WHEREAS, for the last year, the Parties have informally conducted a ~~successful~~ Telehealth Pilot Program to determine the feasibility of establishing a Telehealth Clinics Program ~~affiliated with the Hospital which would provide telehealth services to Hospital in patients and out patients at both the hospital itself and affiliated clinics; and~~

~~_____~~ **WHEREAS**, ~~following the success of the Telehealth Pilot Program,~~ the Parties now seek to jointly establish a Telehealth Clinics Program to provide telehealth services to residents in Calaveras County; and

WHEREAS, the District ~~and the Corporation are~~ is committed to providing quality patient care and supporting existing medical service providers; and

WHEREAS, the District and the Corporation are committed to providing telehealth services to persons within Calaveras County in accordance with the terms and conditions set forth in this MOU.

AGREEMENT

Section 1. TELEHEALTH CLINICS PROGRAM ESTABLISHED. Subject to the terms and conditions set forth in this MOU, Corporation and District shall jointly cooperate to provide the Telehealth Clinics Program and services in accordance with this MOU. In general, the District will assist the Corporation in the funding of the Telehealth Clinics Program services, and the Corporation will provide the remainder of the funding and will provide the actual services.

- 1.1 **Term of Services.** The term of this MOU shall begin on the date first noted above and shall end on the earlier of: (a) June 30, 2016, or (b) the termination of the Lease for any reason, unless terminated earlier as provided in Section 4.

Section 2. SCOPE OF SERVICES. The duties and responsibilities of the two (2) entities with respect to the Program are as follows:

- 2.1 Corporation shall be responsible for submitting all necessary invoices and billings related to patient care for telehealth services to medical insurers.
- 2.2 Corporation is responsible for including data regarding costs and patient care in the "Rural Health Clinic" annual cost report, and for segregating data relating to the Telehealth Clinics Program costs so that they can be easily analyzed, separately from the remainder of Rural Health Clinic costs.
- 2.3 Corporation will submit a report on or before August 1, 2015, and biennially thereafter, to the District's Board that contains the following data to evaluate the impact of the Program:
- a. Number of patients served by the Telehealth Clinics Program ("**Telehealth patients**");
 - b. Number of visits per patient to the Telehealth Clinics Program;
 - c. Number of Telehealth patients referred to Corporation for services by the Telehealth Clinics Program; and
 - d. Number of Telehealth patients referred to out-of-network (i.e. non-Corporation and non-Hospital related) medical services.
- 2.4 Corporation will seek District's input regarding job performance of Coordinator for employment evaluation purposes.
- 2.5 The Telehealth Clinics Program will only provide services in the specialty medical practices jointly designated by the Parties. The selection of specialty medical practice areas for Telehealth Clinics Program services will be based patient care needs and the availability of medical providers practicing in the particular medical specialty area in Calaveras County. Careful consideration will be given to the Telehealth Clinics Program's impact on existing medical providers in Calaveras County.

Section 3. COMPENSATION SCHEDULE. The Parties will share the costs associated with Telehealth Clinics Program services, as follows:

- 3.1 District shall provide financial support for the Telehealth Clinics Program on an annual basis as determined by the District Board's annual budget allocation. District's fiscal year 2014-15 budget allocation for the Telehealth Clinics Program is a maximum of Thirty Thousand Dollars (\$30,000). District shall remit equal payments to Corporation on a monthly basis.

Section 4. TERMINATION.

- 4.1 **Termination.** Either Party may cancel this MOU at any time and without cause upon ninety (90) days' written notification to the other Party.

In the event of termination, Corporation shall be entitled to compensation for services performed to the effective date of termination.

Section 5. MISCELLANEOUS PROVISIONS.

- 5.1 **Incorporation of Recitals.** The Recitals are hereby incorporated into this MOU as if set forth herein in full.

IN WITNESS WHEREOF, the Parties have executed this MOU as of the day and year first set forth above, which date shall be considered by the Parties to be the effective date of this MOU.

MARK TWAIN HEALTH CARE DISTRICT,
a political subdivision of the State of California

MARK TWAIN MEDICAL CENTER,
a nonprofit public benefit corporation

By: _____
Damon Doss, Executive Director

By: _____

Date: _____

Date: _____

ATTEST:

Peggy Stout, Administrative Assistant

APPROVED AS TO FORM:

Michael F. Dean, General Counsel
2402872.4

**POLICIES AND PROCEDURES
MARK TWAIN HEALTH CARE DISTRICT**

- POLICY NO. 1 MISSION AND VISION**
- POLICY NO. 2 BASIS OF AUTHORITY; ROLE OF THE BOARD OF DIRECTORS**
- POLICY NO. 3 TERM OF OFFICE**
- POLICY NO. 4 OFFICERS OF THE DISTRICT**
- POLICY NO. 5 COMMITTEES OF THE BOARD; PUBLIC INFORMATION LIAISON;
ANNUAL AUDIT**
- POLICY NO. 6 BOARD MEETINGS: LOCATION, TIME, DATE, AND QUORUM**
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- POLICY NO. 20 RESERVED.**
- POLICY NO. 21 AMENDMENTS TO POLICIES AND PROCEDURES**
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- POLICY NO. 23 REQUESTS FOR PUBLIC FUNDS, COMMUNITY GRANTS AND
SPONSORSHIPS**
- POLICY NO. 24 WEBSITE CONTENT AND SOCIAL MEDIA**
- POLICY NO. 25 RESERVES**
- POLICY NO. 26 MISCELLANEOUS**

Adopted, Resolution No. 2015-3, May 2015

POLICY NO. 1 MISSION AND VISION

1.1 MISSION. Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides competent, professional and compassionate healing.

1.2 VISION. The Mark Twain Health Care District is dedicated to the health and well-being of the individuals and communities of Calaveras County.

Accountability
Communication
Collaboration
Education
Stewardship
Service

The cumulative effect of these values is the focus on **ACCESS** to health care in Calaveras County.

POLICY NO. 2 BASIS OF AUTHORITY; ROLE OF THE BOARD OF DIRECTORS

2.1 The Board of Directors shall have and exercise all the powers of a health care district as set forth in the Local Health Care District Act. Specifically, the Board of Directors shall be empowered as follows:

A. To control and be responsible for the management of all operations and affairs of the District, including its rights and responsibilities as lessor under the 1989 hospital lease with the Mark Twain St. Joseph's Health Care Corporation, as amended. The corporation is currently known as Mark Twain Medical Center.

B. To make and enforce all rules and regulations necessary for the administration, government, protection, and maintenance of hospitals and other facilities under District jurisdiction.

C. To retain an Executive Director and to define the powers and duties of such appointee.

D. To delegate certain powers to affiliated or subordinate organizations in accordance with their respective bylaws.

E. To approve or disapprove all constitutions, policies, bylaws, rules and regulations including amendments thereof, of all affiliated or subordinate organizations.

F. To adopt resolutions and ordinances establishing policies or rules for the operation of this District and any of its facilities. Such resolutions and ordinances shall be kept in a separate book or file, and shall be available for inspection at all times. Such resolutions and ordinances shall be considered to be a part of these Policies.

G. To designate by resolution, persons who shall sign checks drawn on the funds of the District.

H. To do any and all other acts and things necessary to provisions of these Policies or of the Local Health Care District Act.

I. To negotiate or enter into agreement with independent contractors, including physicians and paramedical personnel.

J. To appoint members of the Board of Trustees of Mark Twain Medical Center and to exercise such other powers as is prescribed in the bylaws of said corporation.

2.2. BOARD OF DIRECTORS; NUMBERS AND QUALIFICATION. The Board of Directors shall consist of five (5) members, each of whom shall be a registered voter residing in the District. The Board shall conduct a biennial self-assessment of its effectiveness.

POLICY NO. 3 TERM OF OFFICE. Each member of the Board of Directors, as elected, shall serve for a term of four (4) years, or until his or her successor is elected and has qualified. Each term shall expire when the successor takes office pursuant to Section 10554 of the California Elections Code.

POLICY NO. 4 OFFICERS OF THE DISTRICT

4.1 OFFICERS. The officers of the Board of Directors shall be a President, Secretary, and a Treasurer. All officers who shall be chosen from among and shall hold office at the pleasure of the Board of Directors. The Board of Directors may create such other offices as the business of the District may require, and the holder of each such office shall hold office for such period, have such authority, and perform such duties as are provided by the Local Health Care District Law, these Policies, or as the Board of Directors may, from time to time, determine. Such additional offices may include, General Counsel and an Executive Director and shall be filled either by members or non-members of the Board of Directors.

4.2 ELECTION OF OFFICERS. The officers of the Board of Directors shall be elected every two (2) years in January, and each officer shall hold office for two (2) years, or until his or her successor shall be elected and qualified, or until he or she is otherwise disqualified. In the event all officers are disqualified or removed from office, the District Board shall elect the Executive Director as President *pro tempore* who shall conduct the first Board of Directors meeting until new officers are elected.

4.3 PRESIDENT. If at any time the President shall be unable to act, the Secretary shall take his or her place and perform the duties of the President. If the Secretary shall also be unable to act, the Treasurer shall take his or her place and perform the duties of the President. If the Treasurer shall also be unable to act, the District Board may appoint some other member of the Board of Directors to do so, and such person shall be vested temporarily with all the functions and duties of the office of President.

The President:

A. Shall preside over all meetings of the Board of Directors.

B. Shall sign, as President, and with the attestation of the Secretary shall execute in the name of the District, all contracts and conveyances, and all other instruments in writing which have been authorized by the Board of Directors, except as otherwise determined by the Board of Directors.

4.4 SECRETARY. The Secretary shall keep, or cause to be kept, accurate and complete minutes of all meetings of the Board of Directors, to be kept at the principal office of the District, showing the time and place, whether regular or special, call meetings on order of the President or any three (3) Directors, attend to all correspondence of the Board, attest the signature of the President on contracts and conveyances and all other instruments as outlined in Policy No. 11, and to perform such other duties as ordinarily pertain to the office.

If at any time the President shall be unable to act, the Secretary shall take his or her place and perform the duties of such office.

4.5 TREASURER. The Treasurer shall be responsible for ascertaining that all receipts are deposited and disbursements made in accordance with these Policies, the directions of the

District Board, and good business practice. If, at any time, both the President and Secretary shall be unable to act, the Treasurer shall take the place of the President and perform the duties of such office.

The District Board may appoint an Assistant Treasurer, who may or may not be a member of the Board of Directors, to maintain the financial records of the District, and render a report to the Board of Directors on the financial affairs of the District at least quarterly.

4.6. CORPORATE BOARD REPRESENTATION

A. Appointments to the Mark Twain Medical Center Board of Trustees.

1. The provisions of this section shall be applicable for so long as the bylaws of the Mark Twain Medical Center permit the appointment of two (2) Mark Twain Medical Center Board Trustees by the District Board, and the appointment of a third Mark Twain Medical Center Board Trustee by the two (2) persons appointed by the District Board to the Mark Twain Medical Center Board of Trustees.

2. Subject to the provisions of subsection 3, relating to consecutive terms in office, the President of the District Board shall be elected to the Mark Twain Medical Center Board of Trustees by the District Board. A second appointee, chosen from among the members of the District Board, shall be elected by the District Board. If the President chooses not to serve as a Trustee, or has served three (3) consecutive terms as a Trustee, then both of the appointees shall be chosen from among the members of the District Board and shall be elected by the District Board. If a person ceases to be President of the District Board, but remains on the District Board, during a term as a member of the Mark Twain Medical Center Board of Trustees, that person shall continue to serve the remainder of his or her term as a Mark Twain Medical Center Trustee, unless removed by the District Board. Should either of the two (2) District Board appointees to the Mark Twain Medical Center Board of Trustees cease to be a member of the District Board, that person shall continue to serve the remainder of his or her term as a Mark Twain Medical Center Trustee, unless removed by the District Board.

3. The term of the appointment to the Mark Twain Medical Center Board shall be three (3) years, or whatever other term of office for a Mark Twain Medical Center Trustee may then be provided by the Mark Twain Medical Center's bylaws. No person, whether or not then serving as President of the District Board, shall be appointed for more than three (3) consecutive terms on the Mark Twain Medical Center Board. Provided, however, that persons who have served for three (3) consecutive terms on the Mark Twain Medical Center Board may be reappointed for three (3) further consecutive terms following a break in service as a Mark Twain Medical Center Trustee for not less than three (3) years.

4. The two (2) District Board members elected to the Mark Twain Medical Center Board as provided above shall appoint a third member of the Mark Twain Medical Center Board of Trustees meeting the criteria for such appointments as may be set forth in the Mark Twain Medical Center bylaws. Such appointment is subject to the advice and consent of the District Board, and shall not take effect unless the appointment is confirmed by the District

Board. Persons appointed in this manner to the Mark Twain Medical Center Board of Trustees shall have the term of office and be subject to the term limits provided in subsection 3. The person appointed in this manner shall not be a member of the District Board.

B. Duties of the Appointees to the Mark Twain Medical Center Board of Trustees.

The two (2) persons appointed by the District Board to the Mark Twain Medical Center Board of Trustees shall serve as an official avenue of communication between the District Board and the Mark Twain Medical Center Board of Trustees. Such duty of communication shall not be delegated and is not optional. The appointees shall communicate to the Mark Twain Medical Center Board of Trustees and facilitate the District's business interests, commitment to public health and public policy as such are adopted by the District Board, and will advocate the District Board's opinion and decisions. The appointees shall relay the District Board's questions and comments to the Mark Twain Medical Center Board, as well as the responses or comments of the Mark Twain Medical Center Board to the District Board. The appointees shall provide regular written and verbal reports to the District Board with respect to the activity of the Mark Twain Medical Center Board of Trustees to the extent lawful to do so.

C. Removal of District Appointees.

1. Persons appointed to the Mark Twain Medical Center Board of Trustees by the District Board serve at the pleasure of the District Board, and may be removed at any time with or without cause by vote of the District Board.

2. Persons appointed to the Mark Twain Medical Center Board of Trustees by the District Board who cease to be members of the District Board shall continue to serve as Mark Twain Medical Center Trustees for the remainder of their term as trustees, unless and until removed by the District Board.

POLICY NO. 5 COMMITTEES OF THE BOARD; PUBLIC INFORMATION OFFICER; AUDITORS

5.1 SPECIAL COMMITTEES. The President, with the concurrence of the District Board, may, from time to time, appoint one (1) or more members of the District Board and other persons as necessary or appropriate, to constitute special committees for the investigation, study, or review of, specific matters. No committee so appointed shall have any power or authority to commit the District Board or the District in any manner.

5.2 STANDING COMMITTEES. The standing committees of the Board of Directors shall consist of a Finance Committee and such other committees as a majority of the members of the Board of Directors may authorize. The President of the District Board shall appoint the members and chairs of all standing committees. Standing committees shall be included in these Policies.

5.3 FINANCE COMMITTEE. The Finance Committee should consist of and be chaired by the Treasurer and one (1) additional District Board member appointed by the President because of his or her background, interest and knowledge of business-related finance.

A. Responsibilities and Authority.

1. The Chair of the Finance Committee shall be the Treasurer who shall report to the full District Board on a monthly basis. The Finance Committee shall meet on at least a quarterly basis to review the District's financial activities.

2. The Finance Committee shall be responsible for the management of all investments of the District and endowment and trust funds and to see that proceeds are paid into proper funds of the District and used in accordance with the terms of the trust and/or investment objectives of the District.

3. The Finance Committee shall see that a budget is prepared and submitted to the Board with specific recommendations prior to the end of the fiscal year.

4. The Finance Committee shall examine monthly financial reports and require explanations from the Executive Director or his or her delegate of variations from the budget.

5. The Finance Committee shall supervise and review the results of all external audits and make specific recommendations to the full District Board for action.

5.4 PUBLIC INFORMATION OFFICER. The Executive Director, or his or her designee, shall serve as the Public Information Officer for the District. The duties associated with this role include, but are not limited to, ensuring effective communication with local residents and stakeholders in accordance with the District's priorities and the District Board's direction.

5.5. ANNUAL AUDITS. The District Board shall contract with an outside auditor to conduct an annual audit. The District Board shall issue a request for proposals for auditing services not less than every three (3) years, and shall not contract with the same auditor more than twice

without an intervening contract with a separate auditor. The annual audit shall be completed by October 31st of each year. Following the Finance Committee's review and recommendation, the District Board must approve the annual audit by December 31st of each year.

POLICY NO. 6 BOARD MEETINGS: LOCATION, TIME, DATE, AND QUORUM

6.1 PUBLIC MEETINGS. Meetings of the Board of Directors, whether regular, special, or adjourned, shall be open to the public, except as otherwise permitted by law. All District Board meetings will be held in accordance with the Brown Act (Government Code Section 54950 *et seq.*), Health and Safety Code Section 32106, and Health and Safety Code Section 32155.

The regular meetings of the District Board shall be held on the fourth Wednesday of each calendar month at 7:30 a.m. at the District's offices, located within the Mark Twain Medical Center located at 768 Mountain Ranch Road, San Andreas, California. The Board of Directors may, from time to time, change the time or day of the month of such regular meetings as required by holiday schedules or changing circumstances.

6.2 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called as provided by law by the President of the Board, or by three (3) members of the District Board, as the occasion demands. Notice of the holding of any special meeting shall be delivered to each member of the Board of Directors not less than twenty-four (24) hours before the meeting.

The call and notice of a special meeting shall specify the time and place of the special meeting, and the business to be transacted. No other business shall be considered at such meetings by the District Board. Written notice may be dispensed to any member who at or prior to the time the meeting convenes files a written waiver of notice, with the Secretary of the Board.

6.3 QUORUM. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business.

6.4 ADJOURNMENT. The Board may adjourn any regular, adjourned regular, special, or adjourned special meeting to a time and place specified in the order of adjournment. Less than a quorum may so adjourn from time to time. If all members are absent from any regular or adjourned regular meeting, the Executive Director may declare the meeting adjourned to a stated time and place and he or she shall cause a written notice of the adjournment to be given in the same manner as provided in these Policies for special meetings, unless such notice, is waived as provided for special meetings. A copy of the order or notice of adjournment shall be conspicuously posted on or near the door of the place where the regular, adjourned regular, special or adjourned special meeting was held within twenty-four (24) hours after the time of adjournment.

When a regular or adjourned regular meeting is adjourned as provided in this section, the resulting adjourned regular meeting is a regular meeting for all purposes. When an order of adjournment of any meeting fails to state the hour at which the adjourned meeting is to be held, it shall be held at the hour specified by these Policies for regular meetings.

POLICY NO. 7 ATTENDANCE AT MEETINGS. The term of any member of the Board of Directors shall expire if he or she is absent without reasonable cause from three (3) consecutive regular meetings, or from three (3) of any five (5) consecutive meetings of the District Board and if, in such event, the District Board by resolution declares that a vacancy exists on the District Board.

Reasonable cause for absence, includes, but is not necessarily limited to, illness, accident, vacation or unavoidable business or family commitments.

POLICY NO. 8 AGENDA. At least seventy-two (72) hours before a regular meeting, and at least twenty-four (24) hours before a special meeting, the Executive Director shall cause an agenda to be posted containing a brief general description of each item of business to be transacted or discussed at the meeting in accordance with the Brown Act. The agenda shall specify the time and location of the regular meeting and shall be posted at the Mark Twain Medical Center and the Calaveras Public Library in locations that are freely accessible to members of the public. The agendas and all supporting staff reports and documentation included in the agenda package shall be posted to the District's internet website at the same times.

POLICY NO. 9 TOPICS FOR DISCUSSION AT BOARD MEETINGS. Pursuant to the Brown Act, no action or discussion shall be taken on any item not appearing on the posted agenda, except as provided by law.

POLICY NO. 10 CONDUCT OF MEETINGS. The President of the Board of Directors shall preside at all Board meetings at which he or she is present. The President shall have the same rights as other Board members in voting, introducing or seconding motions and resolutions, and participating in discussions. The Board's meetings shall be conducted in accordance with *Robert's Rules of Order*, to the extent consistent with the Brown Act and these Policies.

POLICY NO. 11 MINUTES AND CLOSED SESSION MINUTE BOOK. The Secretary shall cause to be kept, at the principal office of the District, a book of minutes of all meetings of the Board of Directors, showing the time and place, whether regular or special, and if special, how authorized, the notice given, the names of the Directors present, and a statement of the vote of the Directors on all motions and resolutions.

Pursuant to the Brown Act, the District Board may, by resolution, designate a clerk or other officer or employee of the District who shall attend each closed session of the District Board and keep and enter in a minute book, a record of topics discussed and decisions made at the meeting. Any minute book made pursuant to this Policy is not a public record subject to inspection and shall be kept confidential. The minute book shall be available only to members of the District Board, the Executive Director and General Counsel, or to a court of general jurisdiction wherein the District is located, if a violation of the Brown Act is alleged to have occurred at a closed session. Such a minute book may, but need not, consist of a written record of the closed session.

POLICY NO. 12 CONFLICT OF INTEREST CODE AND ETHICS

12.1 CONFLICT OF INTEREST CODE

The Board approved Resolution No. 2014-6 on December 10, 2104 which adopted the terms of Section 18730 of Title 2 of the California Code of Regulations and any amendments to said provision approved by the Fair Political Practices Commission, as the District's Conflict of Interest Code.

12.2 DISCLOSURE OF ECONOMIC INTERESTS. Individuals required to file statements of economic interests under the District's Conflict of Interest Code must submit those statements to the Executive Director, as the District's filing officer. The Executive Director shall retain the statements and make them available for public inspection and reproduction, as required by the Political Reform Act, or forward them to the County of Calaveras or the Fair Political Practices Commission as required by law.

12.3 AB 1234 ETHICS TRAININGS

The Executive Director shall be responsible for scheduling ethics training for all members of the Board of Directors on a biennial basis as required by Assembly Bill 1234 ("AB 1234"). The AB 1234 trainings shall also be held within three (3) months of a newly elected member of the Board of Directors assuming office. The trainings shall conform to the content and length requirements of AB 1234.

POLICY 13. APPOINTMENTS TO THE DISTRICT BOARD. Any vacancy upon the Board of Directors may be filled by appointment by the remaining members of the Board of Directors or by special election, for such term and under such conditions as may be specified by law.

POLICY NO. 14 CONDUCT RELATED TO ELECTIONS. Public elections shall be held to fill all seats on the Board of Directors, except seats becoming vacant prior to the expiration of a Director's elected term, or as otherwise provided by law. Elections shall be conducted as provided in the Local Health Care District Law and the California Elections Code.

Elections shall be held in even-numbered years and consolidated with general elections, when feasible. The person receiving the highest number of votes for each office to be filled shall be elected. The election of the Directors shall be staggered in alternatively even-numbered years so that three (3) Directors will be elected in a given even-numbered year and the remaining Directors will be elected in the following even-numbered year.

POLICY NO. 15 REMUNERATION AND REIMBURSEMENT. The members of the Board of Directors shall serve without compensation, except that each shall be allowed his or her actual and necessary traveling and incidental expenses incurred in the performance of official business of the District as approved by the Board of Directors. The Executive Director shall process and distributes reimbursements as requested on not less than a quarterly basis.

Notwithstanding the foregoing, the Board of Directors, by resolution adopted by a majority vote of the members of the District Board, may authorize payment for attending meetings in the amount permitted by the Local Health Care District Law of California (Health and Safety Code § 32103).

POLICY NO. 16 MEMBERSHIP IN ASSOCIATIONS; TRAINING AND EDUCATIONAL CONFERENCES

16.1 MEMBERSHIP IN ASSOCIATIONS. The Board may authorize the payment of fees and dues to obtain membership in any local, state or national group or association organized and operated for the promotion of the public health and welfare or the advancement of the efficiency of hospital administration.

16.2 TRAINING AND EDUCATIONAL CONFERENCES. Members of the Board of Directors may receive reimbursement for registration fees, travel expenses including mileage reimbursement, for attendance at training and educational conferences promoting public health and welfare or the advancement of the efficiency of hospital administration.

POLICY NO. 17 AUTHORITY AND RESPONSIBILITY OF THE EXECUTIVE DIRECTOR; CONTRACTS AND BIDDING

17.1 AUTHORITY AND RESPONSIBILITY OF THE EXECUTIVE DIRECTOR. The Board of Directors shall employ or contract for the services of an Executive Director who, subject to such policies as may be adopted, and such orders as may be issued by the Board of Directors, or by any of its committees to which it has delegated power for such action, shall have the responsibility, as well as the authority, to function as the chief executive officer of the District, translating the Board of Directors' policies into actual operation. The Executive Director shall report to the Board, and serve at its pleasure.

The Executive Director shall have the authority to approve non-capital expenditures of up to \$5,000 without prior Board approval, in conformance with the District Board's approved budget allocations.

17.2 CONTRACTS AND BIDDING. The District's procurement of goods and services shall comply with the bidding requirements under Health and Safety Code Section 32132.

POLICY NO. 18 COMPENSATION OF THE EXECUTIVE DIRECTOR. The Executive Director's compensation shall be set by contract. The District Board shall review the Executive Director's performance and compensation at least biennially, or as otherwise provided in the Executive Director's employment contract.

A. The following information or data should be considered in the Board's decisions regarding the Executive Director's compensation:

1. The salaries of executive directors/chief executive officers of comparable health care districts throughout California;
2. The salaries of comparable positions at similar for-profit and non-profit organizations.

POLICY NO. 19 PUBLIC RECORD REQUESTS. Requests for public records will be responded to in accordance with the California Public Records Act (Government Code Section 6250, *et seq.*). The Executive Director is responsible for handling public records requests and may consult with legal counsel, as needed.

POLICY NO. 20 RESERVED.

POLICY NO. 21 AMENDMENTS TO POLICIES AND PROCEDURES

These Policies and Procedures may amended by resolution of the Board of Directors following the noticing of the proposed amendment, including language to be changed, at one regular meeting of the Board of Directors, and a vote by the majority of the District Board on the proposed amendments at a regular meeting occurring not less than thirty (30) days following the first meeting.

21.1 WAIVER OF POLICIES. Any provision of these policies may be waived by the unanimous vote of the full District Board for any given action item.

POLICY NO. 22 AMORTIZATION OF CAPITAL ASSETS; INVESTMENTS

22.1 TITLE TO PROPERTY. The title to all property of the District shall be vested in the District and the signature of the President of the Board of Directors authorized by resolution of the Board of Directors shall constitute the proper authority for the purchase or sale of property, or for the investment or other disposal of trust funds which are subject to the control of the District.

22.2 AMORTIZATION OF CAPITAL ASSETS.

Capital assets of the District shall be depreciated as required by Generally Accepted Accounting Principles (“GAAP”) and the Governmental Accounting Standards Board (“GASB”).

22.3 INVESTMENT POLICY.

The District’s Investment Policy is set forth for the following purposes:

A. To establish a clear understanding for the governing board, management, employees, public, and third parties of the objectives, policies and guidelines for the investment of public funds.

B. To offer guidance to staff on the investment of District funds; and

C. To establish a basis for evaluating investment results.

D. The District establishes investment policies that meet its current investment goals.

The District shall review this policy annually, and may change its policies as its investment objectives change.

E. Objectives of the Investment Policy are, in order of priority:

1. To ensure safety of invested funds;

2. To maintain sufficient liquidity to meet cash flow needs;

3. To attain a "market average rate of return" consistent with the primary objectives of safety and liquidity.

4. To assure ongoing compliance with all Federal, State and local laws governing the investment of monies under the control of the District.

5. To invest funds for future health care purposes, (i.e., capital investment to purchase land) for community benefit.

F. Prudence. When investing public funds, the District shall act with care, skill, prudence, and due diligence, considering the circumstances then prevailing, remaining cognizant of the need to safeguard the principal and maintain the liquidity needs.

G. Ethics and Conflicts of Interest. The District Board and employees of the District shall comply with the District's Conflict of Interest Code, Political Reform Act and applicable law related to ethics, including those regulations set forth by the Fair Political Practices Commission.

H. Operational and Procedural matters

1. Scope. This investment policy applies to all financial assets and investment activities of the District.

2. Oversight. The Finance committee of the District shall annually review the investment policy and submit it to the Board for approval each year; and shall annually review the investments and rate of return.

I. Permitted Investments

1. Authorized Investments. All investments shall be made in accordance with the Government Code of California as applicable to hospital districts. Permitted investments under this policy shall include:

(a) Securities issued by the US Treasury, provided that there shall be no maximum allowable investment in US Treasury securities;

(b) Securities issued and fully guaranteed as to payment by an agency of the US Government, provided that there shall be no maximum allowable investment in such securities;

(c) Federally insured time deposits (non-negotiable certificates of deposit) in California banks.

(d) Time deposits (non-negotiable certificates of deposit) in California banks in excess of insured amounts which are fully collateralized with securities in accordance with California law.

(e) Capital Investments (i.e., land) for future health care purposes.

2. Prohibited Investment Vehicles and Practices

(a) State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to, mutual funds, unregulated and/or unrated investment pools or trusts, collateralized mortgage obligations and futures and options.

(b) Investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.

(c) Investment in any security that could result in a zero interest accrual if held to maturity is prohibited.

(d) Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.

(e) Purchasing or selling securities on margin is prohibited.

(f) The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.

POLICY NO. 23 REQUESTS FOR PUBLIC FUNDS, COMMUNITY GRANTS AND SPONSORSHIPS

A. Under the law, the District may provide assistance to health care programs, services, and activities at any location within the District for the benefit of the District and the people served by the District and to non-profit provider groups and clinics functioning in Calaveras County in order to provide for adequate health services to communities served by the District. (California Health and Safety Code Sections 32121(j) and 32126.5)

B. The community's health needs are served not only by traditional acute care hospitals, but also by a broad array of other health-related programs and initiatives. These include local health and wellness programs, community-based clinics, health provider educational programs, and other programs and organizations that promote physical, emotional, and psychological well-being.

C. As allowed by the District's financial condition, the District shall have a Golden Health Grants program to address identified community healthcare needs as envisioned by the Mission Statement and the Strategic Plan. In conjunction with setting the District's annual budget each year, the District shall determine whether to fund the Community Grants program for that budget year and, if so, in what amount. District staff shall administer the program with the District Board making the final decision regarding grant recipients.

1. Requests for emergency or interim funding that fall outside the normal Community Grants application cycle may be presented to the Board after review by the Board President and Executive Director.

2. The Mark Twain Healthcare District will not sponsor fundraising events but may sponsor health education events.

D. Process for Approving Community Grants and Eligibility Requirements:

1. [Reserved.]

POLICY NO. 24 WEBSITE CONTENT AND SOCIAL MEDIA

24.1 WEBSITE CONTENT. In order to increase public awareness of the District's role and promote transparency, the District's website must include the following information: District's contact information; the District's governance including biographies and contact information for the Board of Directors; a map of the District's boundaries; agendas and notices of upcoming District Board meetings; ; staff reports or other backup material for upcoming Board of Directors meetings; the District's annual report, audit, and operating budget; the lease of the hospital to the Mark Twain Medical Center; as well as other information deemed appropriate by the District Board.

24.2 SOCIAL MEDIA. Any and all social media accounts maintained on behalf of the District by the District's staff, and/or Directors shall promote the District's Mission Statement, Vision, and Strategic Plan.

POLICY NO. 25 RESERVES

25.1 RESERVES. Should the operation of the District result in a surplus of revenue over expenses during any particular period, such surplus may be used by the District Board in accordance with the District's Mission Statement, Vision, and Strategic Plan, or for other purposes not inconsistent with the Local Health Care District Act, or these Policies.

POLICY NO. 26 MISCELLANEOUS

26.1 MARK TWAIN MEDICAL CENTER AUXILIARY. There shall be an organization designated Mark Twain Medical Center Auxiliary. It shall be the purpose of this organization to promote and advance the welfare of the Mark Twain Medical Center and its patients through ways and means prescribed and approved by the District Board.

26.2 MARK TWAIN MEDICAL CENTER FOUNDATION. There shall be an organization designated Mark Twain Medical Center Foundation. It shall be the purpose of this organization to promote and advance the welfare of the Mark Twain Medical Center Hospital and its patients through ways and means identified in the bylaws of the Mark Twain Medical Center Foundation.

26.3 SEAL. The District Board of Directors shall have the power to adopt a form of corporate seal, and to alter it at pleasure.

2418001.6

RESOLUTION NO. 2015-3

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MARK TWAIN HEALTH CARE DISTRICT ADOPTING POLICIES AND PROCEDURES AND RESCINDING DISTRICT BYLAWS

WHEREAS, the Mark Twain Health Care District (“District”) is committed to transparency and open governance. A critical component of ensuring transparency is the adoption of policies and procedures to guide the operation of the District and its Board of Directors; and

WHEREAS, the Association of California Healthcare Districts (“ACHD”) has developed a set of governance standards referred to as “Best Practices in Governance” which include policies and procedures that promote transparent governance and sound financial policies; and

WHEREAS, health care districts that comply with these best practices are eligible to receive the designation of “ACHD Certified for Best Practices in Governance”; and

WHEREAS, the District seeks to adopt policies and procedures consistent with the ACHD Best Practices in Governance and rescind the current District Bylaws in order to ensure that the District is operating in a transparent and efficient manner; and

NOW, THEREFORE, the Board of Directors of the Mark Twain Health Care District do resolve as follows:

Section 1: Adoption of Policies and Procedures.

The Policies and Procedures attached hereto shall govern the Mark Twain Health Care District, its Board of Directors, and all of its affiliated and subordinate organizations and groups.

Section 2. Rescind District Bylaws.

The District Bylaws last reviewed and approved by the Board of Directors on May 2008, and as amended on December 21, 2011, are hereby rescinded.

PASSED AND ADOPTED at a regular meeting of the Board of Directors of the Mark Twain Health Care District held on the _____ day of _____, 2015, by the following vote:

Ayes:

Noes:

Absent:

Abstain:

Chair, Board of Directors

ATTEST:

Secretary to the Board of Directors

2444967.1



April 23, 2015

Mr. Daymon Doss
Executive Director
Mark Twain Health Care District
P.O. Box 668
San Andreas, CA 95249

Dear Mr. Doss:

HFS Consultants (HFS) is pleased to submit this engagement letter to Mark Twain Health Care District (the "District") to evaluate and advance various strategic and fiscal planning initiatives. This letter provides a description of the background relating to the District's current circumstances, our proposed scope of work, expected timing and related professional fees and our terms and conditions.

BACKGROUND AND UNDERSTANDING

The District leases ("Facility Lease") a 25-bed licensed critical access hospital and other hospital based healthcare facilities (see Table below) to Mark Twain Medical Center ("MTMC") a non-profit public benefit corporation. MTMC has an executed management services agreement ("Current Management Agreement") with Dignity Health ("Dignity") to manage and operate the healthcare services on behalf of MTMC's seven member board of trustees (the "MTMC Board"). The District and Dignity leadership have the ability to appoint a select number of individuals to the Board respectively.

MTMC consists of the following provider entities:

- 1. Hospital and other Campus Facilities, San Andreas, CA**
- 2. Angels Towne Center, Angels Camp, CA**
- 3. Meadowmont Center, Arnold, CA**
- 4. Lake Tullock Plaza, Copperopolis, CA**
- 5. La Contenta Plaza, Valley Springs, CA**



The District is in the process of evaluating the current lease agreement with MTMC in preparation for re-negotiations leading up to a lease renewal in 2019. In addition, given the District's MTMC financial interest and governance responsibilities, the District Board wishes to evaluate the management agreement between MTMC and Dignity.

The District Board is in the process of evaluating proposed business plans relating to the expansion/relocation of the rural health clinics located in Angels Camp and Valley Springs. The proposed projects, although believed to be financially viable are in need of a plan of finance to ensure their ultimate success.

Additionally, the District currently owns the land upon which the Angels Camp project is proposed to be developed. Accordingly, the District Board wishes to explore alternative structures for the Angels Camp project development that would evaluate options for the District's either sale or lease of that land.

SCOPE OF WORK

The following provides a description of the proposed scope of HFS services.

The District is seeking valuation assistance for the following:

- Develop a range of the fair market value ("FMV") of the Facility Lease based on the existing "as is" operations and for the projected operations based upon completion of various proposed development project(s). The Facility Lease FMV is expected to form the basis for Lease Agreement re-negotiation in preparation for the anticipated lease renewal in 2016.
- Develop a fair market value estimate of the Management Agreement and compare this to the existing terms and payment rates. This Management Agreement FMV analysis is to be employed as the basis for potential Management Agreement terms and compensation re-negotiation with Dignity.

"Fair Market value" is defined in the International Glossary of Business Valuation Terms as:

The price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

The valuation conclusion will be on a going-concern premise and will be expressed as of the date of the predominance of the data supporting our analysis.

The District is also seeking capital planning assistance as it considers various relocation and expansion strategies/scenarios including MTMC's Valley Springs and Angels Camp locations as preliminarily identified in the February 2014 presentation to the MTMC Board. The capital planning assistance will likely include:

- Preparing a financial model of the current and future operations of the MTMC Valley Springs and Angels Camp clinic operations



- Preparing a debt capacity analyses based on projected available cash flows from MTMC Valley Springs and Angels Camp operations
- Preparing a finance model of the current and future operations of the MTMC Valley Springs project and Angels Camp lease/ sale decision;
- Developing and evaluating possible debt structures and key performance metrics with consideration to potential development, ownership and lease arrangements

These scope of work elements comprise our understanding of the primary consulting support as discussed. We understand that the District Board wishes to explore other issues such as the eventual disposition of MTMC restricted cash balances and related topics, however, as currently envisioned, this would be a topic to be approached subsequent to evaluation of the Lease Agreement, Management Agreement and clinic expansion plans.

At the conclusion of our work, we will provide the District Board with a presentation of our findings and conclusions and a description of the approach and key assumptions employed in the course of our analyses.

TIMING AND PROFESSIONAL FEES

It is anticipated to that we will be prepared to provide the Board with our presentation within approximately six weeks subsequent to the receipt of a signed engagement letter. There will be certain information that we will require to initiate our work. We will provide you with a data request list detailing those items. Should it prove more time consuming to collect that information than currently envisioned, we will contact you and let you know of any impact on the anticipated timing of our deliverable.

Professional fees for our services will be based on the time required to perform the work. Estimated fees for services are based on our standard hourly rates as follows:

Principal	\$ 350
Managing Director	325
Director	300
Manager	250
Sr. Consultant	200
Consultant	175

We would anticipate providing this support and related analysis for a not-to-exceed amount of \$30,000. Should unanticipated circumstances or issues arise that necessitate the expansion of the time expected to complete the tasks associated with this scope of work, we will discuss the need for additional fees with you prior to proceeding. Similarly, should you wish to expand the scope of work beyond that described in this letter, we will reach a mutually agreeable understanding with regard to fees for such additional work prior to proceeding.

Our standard terms and conditions are attached to this letter.



Any updates or revision to our analyses, including changes to assumptions, scope or other requested services after the completion of our final report will be billed at the hourly rates noted above. Additional professional fees will be assessed only in the event that revisions to our original presentation are required or a substantial change in the project scope requires a revision to our analyses. We will discuss any revisions or additions to our professional fees with you prior to completing any additional work or assessing any addition fees or expense.

Billings will be rendered monthly as the work progresses and are payable upon receipt.

We are ready to begin this engagement as soon as we receive approval. If you have any comments or questions regarding the approach or content of this engagement letter, please do not hesitate to contact me at (510) 504-2331.

Sincerely,

HFS Consultants

A handwritten signature in black ink, appearing to read 'David Robeson', written over a horizontal line.

David Robeson
Managing Director
Feasibility, Valuation and Capital Planning

AGREED AND ACCEPTED for Mark Twain Health Care District:

Name: A handwritten signature in black ink, appearing to read 'Daymon Doss', written over a horizontal line.

Title: A handwritten signature in black ink, appearing to read 'Executive Director', written over a horizontal line.

Date: A handwritten signature in black ink, appearing to read '5/2/2015', written over a horizontal line.



TERMS AND CONDITIONS

1. Independent Contractor. HFS shall be deemed at all times to be an independent contractor. Nothing in this agreement shall be construed as creating an employment relationship between the client and HFS. Any terms in this agreement referring to direction from the client shall be construed as providing for direction as to policy and the result of HFS' work only, and not to the means by which such a result is obtained.

2. At Will. The client and HFS shall each have the option to terminate this agreement at any time without cause given 30 days advance notice. Either party may exercise this option by giving the other party written notice of termination by US mail, facsimile or overnight delivery service. The notice shall specify the date on which termination shall become effective with a minimum of 30 calendar days after receipt of the notice of termination.

3. Collection Costs. The client shall be responsible for any expenses (including attorneys' fees and court costs) incurred by HFS in collecting its fees or expenses billed pursuant to this contract, whether or not legal action is instituted.

4. Arbitration. The parties agree that any dispute arising in connection with this Agreement shall be resolved by arbitration conducted in Alameda County, California in accordance with the commercial arbitration rules of the American Arbitration Association. The prevailing party in such arbitration shall be entitled to an award of reasonable attorneys' fees and costs of arbitration.

5. Hiring of HFS Personnel. If any personnel provided by HFS becomes an employee of, or an independent contractor to, the client or any affiliated entity from the date of this letter until one year after the termination of the engagement, the client will pay HFS a referral fee of \$35,000 or 40 percent of the first year annual gross salary or professional fees the client pays, whichever is greater.

6. General Provisions. This Agreement constitutes the entire understanding of the parties with regard to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings. This Agreement may only be amended by a written agreement signed by both parties. This Agreement shall be binding on, and inure to the benefit of, the parties and their successors and assignees. This Agreement may be executed in counterparts, by signatures transmitted by telecopy, each of which shall be deemed an original, and which together shall constitute one and the same agreement. California law (without regard to conflicts of law) shall govern the interpretation and enforcement of the Agreement. This Agreement has been approved by the client's governing body, and is signed by a duly authorized officer.



7. Indemnification from Costs of Subpoenas. Any services we perform at the client's request or are compelled to perform relating to any subpoena, summons or other legally-binding demand (e.g., serving as a witness or providing documents in an investigation) will be billed at our standard hourly rates plus expenses including, where applicable, any copying and attorney fees and expenses.

8. Interest. Bills for professional fees and expenses are payable within 30 days of receipt by the client. All amounts unpaid after 90 days shall accrue interest at the rate of 1.5 percent per month (18 percent per year) from the invoice date.

9. HIPAA. HFS shall abide by all laws, regulations and directives of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) as it pertains to services performed by HFS and information received by HFS from client pursuant to this agreement. Since HFS may, in the course of performing services under this agreement, receive protected health information from client, HFS will be deemed a Business Associate of the client. HFS will sign and execute a Business Associate agreement with the client and will conform thereto.

10. Intellectual Property. Any and all forms, reports, designs, training presentations and other materials prepared by HFS Consultants for the client shall be used by the client only for its own internal uses and shall not be divulged to any other party without written consent of HFS. HFS reserves all other rights and interests in these materials.

March 25, 2014

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Portfolio Report

Prepared for:
MARK TWAIN

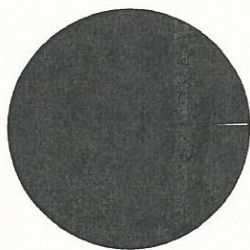
Prepared by:
Evan Hershey, Vice-President Investments
Financial Advisor
Umpqua Investments, Inc

1322 4th Street
Santa Rosa, CA 95404

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Portfolio Summary

By: Security Sub Type



Bond (99.4%)
 Cash Alternative (0.6%)

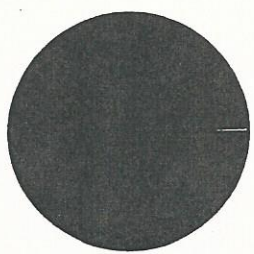
	Total	%
Bond		
MARK TWAINMTHCD (XXXXX1386)	439,197	99.4%
Cash Alternative		
MARK TWAINMTHCD (XXXXX1386)	2,505	0.6%
Portfolio Summary Total	441,701	100.0%

Total Portfolio Value as of 03/24/14: \$ 441,701

This report is not complete without the Understanding Your Portfolio report which contains important terms and definitions.

Portfolio Summary - Security Detail

By: Security Sub Type



Bond (99.4%)
 Cash Alternative (0.6%)

ID	Description	Quantity	Price	Total \$	Total %
Bond					
MARK TWAINMTHCD (XXXXX1386)					
3133EA3G1	FFCB 0.42% 100915	3,000	99.96	2,999	0.7%
3133EAUJ2	FFCB 0.66% 091216	13,000	99.87	12,983	2.9%
3133EC7A6	FFCB 0.82% 121217	5,000	97.62	4,881	1.1%
3133ECGG3	FFCB 0.97% 082817	40,000	98.90	39,558	9.0%
3133ECHS6	FFCB 1.03% 031218	17,000	97.95	16,651	3.8%
3133EAB80	FFCB 1.24% 073018	25,000	97.88	24,471	5.5%
3133ECSQ8	FFCB 1.375% 062518	6,000	98.95	5,937	1.3%
3133EATP3	FFCB 1.5% 061118	45,000	99.52	44,783	10.1%
3130A1CC0	FHLB 0.45% 032416	50,000	99.84	49,922	11.3%
3133812H7	FHLB 0.6% 102416	25,000	99.58	24,896	5.6%
313381RY3	FHLB 0.7% 012517	10,000	99.18	9,918	2.2%
313381XM2	FHLB 1% 020518	15,000	98.17	14,725	3.3%
3130A1C30	FHLB 1% 032717	20,000	99.86	19,971	4.5%
313381C86	FHLB 1.14% 112818	35,000	96.60	33,811	7.7%
3130A1AX6	FHLB 1.3% 122717	65,000	99.55	64,710	14.7%
3134G3Y79	FHLMC 1% 112817	4,000	98.45	3,938	0.9%
3134G45D6	FHLMC 1.125% 052518	15,000	98.35	14,752	3.3%
3135G0VQ3	FNMA 0.65% 092616	6,000	99.69	5,982	1.4%
3135G0TL7	FNMA 0.75% 013017	15,000	99.29	14,893	3.4%
3136G0Y47	FNMA 1.06% 043018	30,000	98.06	29,417	6.7%
Cash Alternative					
MARK TWAINMTHCD (XXXXX1386)					
-	Cash Alternative	2,505	1.00	2,505	0.6%

Portfolio Summary Total

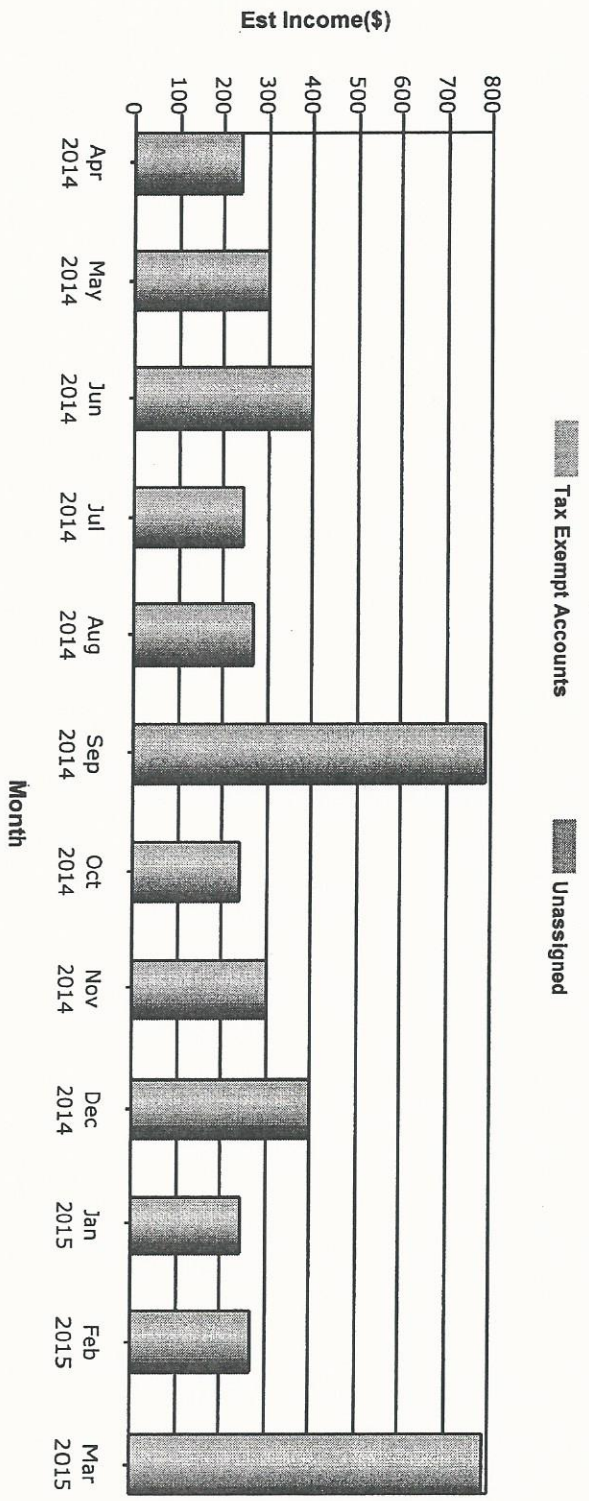
441,701 100.0%

Total Portfolio Value as of 03/24/14: \$ 441,701

This report is not complete without the Understanding Your Portfolio report which contains important terms and definitions.

Portfolio Estimated Income

By: Account Tax Status, Tax Type, Security Sub Type
Based on current income rates



	Sec	Apr 2014	May 2014	Jun 2014	Jul 2014	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Jan 2015	Feb 2015	Mar 2015	Estimated Income Annualized(\$)	
Tax Exempt Accounts		20	240	304	399	246	269	786	240	304	399	246	269	786	4,490
Federal	20	240	304	399	246	269	786	240	304	399	246	269	786	4,490	
Government Bond	20	240	304	399	246	269	786	240	304	399	246	269	786	4,490	
Unassigned		1	1	1	1	1	1	1	1	1	1	1	1	0	
Not Available	1	1	1	1	1	1	1	1	1	1	1	1	1	0	
Cash Alternative	1	1	1	1	1	1	1	1	1	1	1	1	1	0	
Portfolio Estimated Income Total		21	240	304	399	246	269	786	240	304	399	246	269	786	4,490

Total Portfolio Value as of 03/24/14: \$ 441,701

This report is not a substitute for official tax reporting. This report separates the holdings, first based on the taxability at the account level. The secondary aggregation is Tax Type which is used to aggregate securities based on their assumed taxability of income (interest and dividends) at the time of this report. Classifications are made by data sources we deem reliable; however, we do not guarantee the accuracy of these classifications. Most securities are subject to capital gains taxes and some may be considered in calculations for Alternative Minimum Tax (AMT) that are not so designated here. This report does not attempt to portray phantom income (income accrued or accrued but not paid) on discount or zero coupon securities. You should consult with your tax advisor regarding the taxability of your holdings.

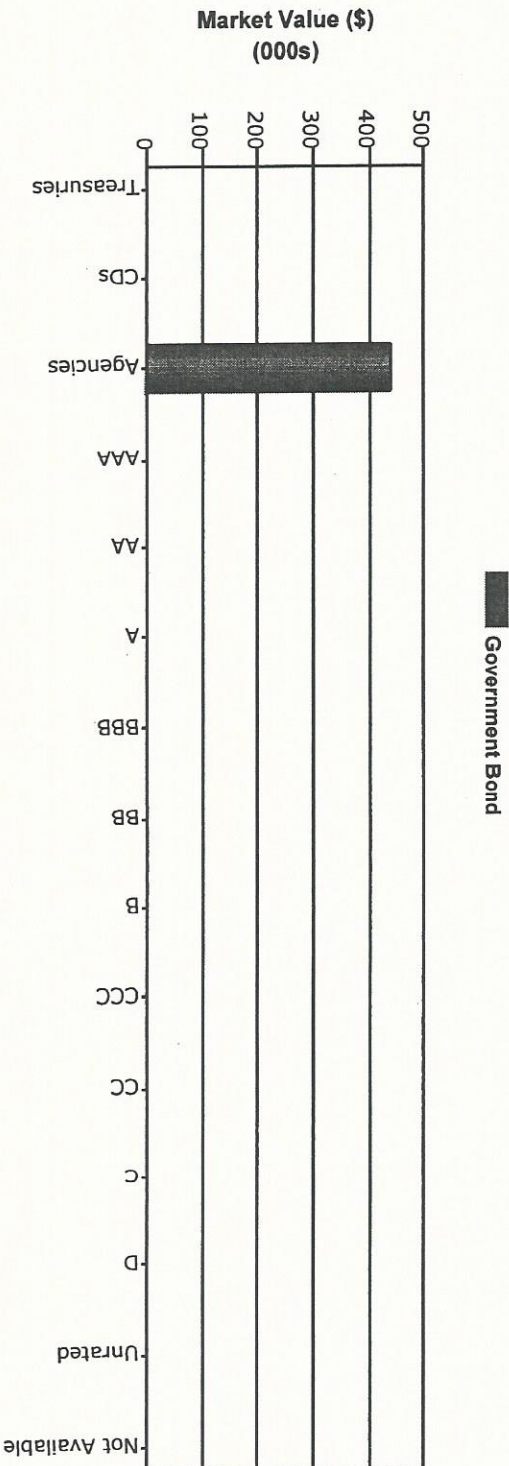
The following tax type classifications may be included in this report: AMT - subject to Alternative Minimum Tax; Dividend - taxable as dividend income; Federal - income taxable by federal government (state and local income taxes may not apply); Non-Federal - income non-taxable by federal government but may be subject to state and local taxes; Taxable - income taxable by federal, state and local taxes; and Not Available - taxability undetermined.

Estimated Income Annualized (EIA) takes your current income, based on the current dividends or interest paid by your securities and multiplies it to create an annualized hypothetical figure. It does not reflect actual or future performance and should not be relied upon when making financial decisions. All annualizations are based upon current positions using a simple mathematical calculation and assumes all figures remain constant for a year; any subsequent position changes will affect these calculations. Calculations for certain types of securities could include a return of principal or capital gain, in which case the figures would be overstated. Past performance is not a guarantee of future results. Dividend payments are made solely at the discretion of the issuer and are subject to be changed or eliminated at any time. Estimated income is an estimate and the actual income might be lower or higher than the estimated amount. Estimated income reflects only the income generated by an investment; it does not reflect changes in price, which may fluctuate.

This report is not complete without the Understanding Your Portfolio report which contains important terms and definitions.

Ratings Distribution

By: Composite Rating, Security Sub Type
 Coupon subtotals and totals are weighted averages based on market value



Composite Rating	Market Value(\$)	Weighted Avg Cpn	Weighted Avg Cpn Remaining
Agencies	439,197	1.010%	0.000%
Government Bond	439,197	1.010%	0.000%
Ratings Distribution Total	439,197	1.010%	0.000%

Composite Ratings: Treasuries, Agencies, AAA, AA, A, BBB, BB, B, CCC, CC, C, D, Unrated and Not Available.
 Treasuries are direct U.S. Government securities. Agencies include U.S. Government backed agencies and U.S. Government sponsored entities. Agency securities that are below AAA credit quality will be displayed based on their credit rating. Should the ratings services differ, the Composite Rating will identify the bond in the lower of the two ratings. AAA Composite Ratings are securities rated AAA by one or both services without the credit enhancement of insurance.

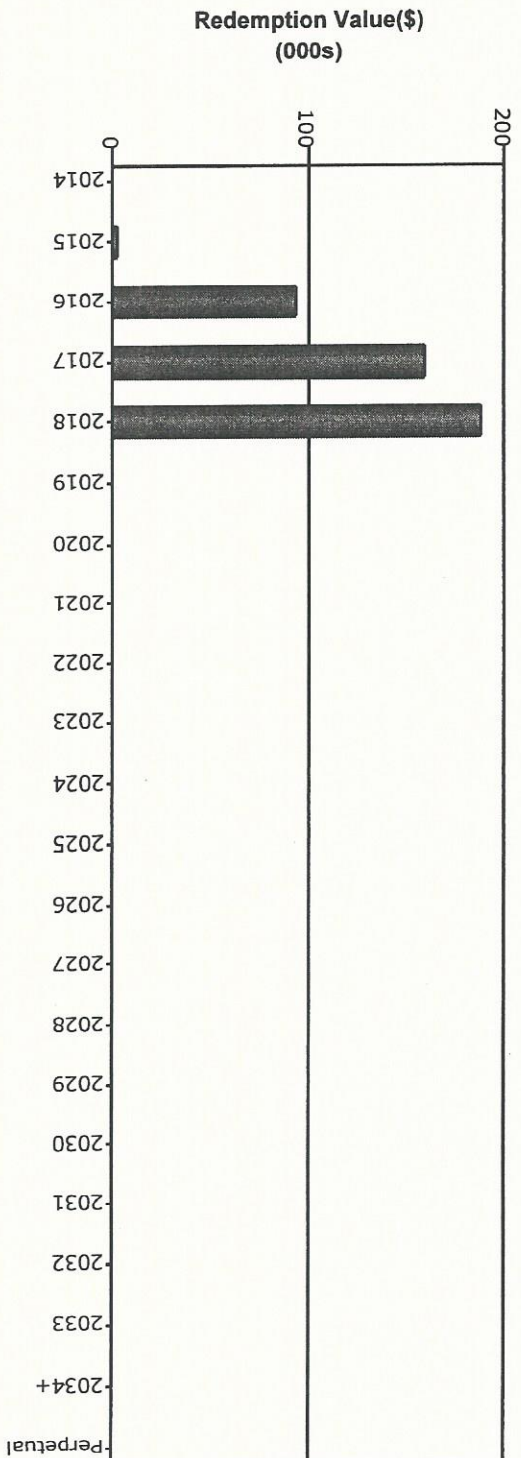
The asset classification of Corporate Bonds includes holdings of Certificates of Deposit.

The coupon rate is the interest rate stated on a bond, note or other fixed income security, expressed as a percentage of the principal. Adjustable rate coupon securities will be shown at the current coupon rate if known; actual coupon rates may vary. There is no assurance that coupons will be paid. Past Performance is not a guarantee of future results. Range Notes will carry a coupon of 0%.

This report is not complete without the Understanding Your Portfolio report which contains important terms and definitions.

Redemption Distribution

By: Redemption Date
 Coupon subtotals and totals are weighted averages based on redemption value



Year	Redemption Value(\$)	Weighted Avg Cpn	Weighted Avg Cpn Remaining
2015	3,000	0.420%	1.015%
2016	94,000	0.535%	1.139%
2017	159,000	1.067%	0.980%
2018	188,000	1.212%	0.864%
Redemption Distribution Total			
	444,000	1.011%	0.000%

Mortgage Backed Securities**Redemption Value (Remaining Principal): \$ 0****Securities with Undefined Redemption Value****Market Value: \$ 0**

This report shows the schedule of principal payments of securities calculated as of the date of the report. Payments are not guaranteed. Unforeseen events could occur which could cause the estimated principal payments to differ from stated values. Bonds in default will not display a redemption value. The redemption value applies the redemption price to the remaining principal or the number of shares. These schedules assume that bonds are not called. Call features may be exercised as stated elsewhere at any time. On Treasury Inflation Index securities (TIPS), we have applied the most recent Index Ratio to the redemption price. Actual redemption value will not be less than the face amount on TIPS if held to maturity. 100% Principal protected structured products (when held to maturity) will be displayed at their face amount as the redemption value.

Mortgage Backed Securities (MBSs) are not represented in this report as it is not possible to accurately predict principal prepayments.

Securities with Undefined Redemption Value, such as mandatory convertible securities and structured products (other than those with 100% principal protection), do not have a defined redemption value and are not represented in the bar charts. The market value of these securities is displayed beneath the table. These securities will display N/A as the redemption value in the year of their scheduled redemption.

This report is not complete without the Understanding Your Portfolio report which contains important terms and definitions.

Understanding Your Portfolio

General Information

Investing involves risk, including the possible loss of principal. This report is intended to provide you with a descriptive overview of your current portfolio. The report may encompass one account or multiple accounts as specified in the report. The material has been prepared or is distributed solely for information purposes and does not supersede the proper use of your client statements and/or trade confirmations, which are considered to be the official and accurate records of your account activity. Any market prices are only indications of market values, are subject to change, and may not reflect the value at which the securities could be sold. Reported prices should not be considered actual bids. For these reports, in certain groupings, Corporate Bonds includes Certificates of Deposit. Additionally, the report is prepared as of trade date, rather than settlement date, and may be prepared on a different date than your statement. The information contained in this report may not reflect all holdings or transactions, their costs, or proceeds in your account.

The report may also include information you provided about assets held at other firms. Information on assets held away from First Clearing, LLC was provided by you and may not be covered by SIPC. We have relied solely on information from you regarding those assets. We do not verify or confirm those assets held with other firms or affiliates and you are responsible for notifying your Financial Advisor of any changes in your externally held investments including cost basis. Incomplete or inaccurate cost basis will affect your plan results because the tax assumptions are incorrect. Before making any decisions please validate your account information with your Financial Advisor. The financial data used to generate this report is provided by third party vendors. While this information is believed to be reliable, it has not been verified. Security ID will be ticker symbol, CUSIP number, Security Number or, if you have provided us with a market value of a generic asset classification type, we will assign a dash. This report is not complete unless all pages noted are included. For more detailed information, including current pricing, call your Financial Advisor.

To the extent that this report includes fixed income securities, you should be aware that the descriptions of fixed income securities are general in nature and do not reflect important information that you should consider, such as but not limited to, yield, call features, credit quality, and various tax implications. Before making any decisions regarding fixed income investments, contact your advisor to obtain more detailed information regarding specific fixed income securities.

Asset Classes for mutual funds, variable annuities and exchange-traded funds are derived from Morningstar Categories. Underlying holdings classification provided by Morningstar. ©2014 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

Weighted average coupon: At the subtotal and total levels, the weighted average coupon has been calculated based on the market value of the securities within that grouping.

Redemption date indicated is either maturity date (M), pre-refunded date (R), mandatory put or tender date (T), Dutch auction date or optional tender date (D), display date on perpetual securities (sixty years from report date) (P) or the date which would represent the average life of the maturity when measured from the date of this report (A). Because perpetual securities do not have a stated maturity date, we assign a date of sixty years from the date of the report to enable us to provide approximate yields and durations.

03/25/2014

FNMA pass-through securities, FHLMC Participation Certificates and FHLMC Gold Participation Certificates are fully guaranteed as to the timely payment of principal and interest by FNMA/FHLMC. These securities are not backed by the full faith and credit of the U.S. Government. GNMA is an agency of the HUD within the U.S. Government and GNMA pass-through securities are guaranteed as to the timely payment of principal and interest by GNMA. GNMAs are backed by the full faith and credit of the U.S. Government. The market value of all these securities prior to redemption is not guaranteed and may fluctuate. Treasuries are direct U.S. Government securities. Agencies include U.S. Government backed agencies and U.S. Government sponsored entities. *Agency securities that are below AAA credit quality will be displayed based on their credit rating.*

Composite Ratings: Treasuries, Agencies, AAA, AA, A, BBB, BB, B, CCC, CC, C, D, and Unrated.

A measure of the quality and safety of a bond, based on the issuer's financial condition. More specifically, an evaluation from a rating service indicating the likelihood that a debt issuer will be able to meet scheduled interest and principal repayments.

AAA Maximum Safety; AA High Grade High Quality; A Upper Medium Grade; BBB Lower Medium Grade; BB Speculative; B Highly Speculative; CCC Substantial Risk; CC Extremely Speculative; C May be in Default; D Default.

Composite Ratings are based on Moody's and Standard & Poor's and reflect the lower of the two rating services if such ratings differ.

Asset Class Descriptions

The asset class descriptions below are included solely to provide insight into how individual securities are tied to specific asset classes. We use our best efforts to correctly classify investments. However, no warranty of accuracy is made.

Equity Investments: Equity investments refer to buying stocks of United States companies.

The investment return to the owner of stock (shareholder) is in the form of dividends and/or capital appreciation. The market capitalization of companies is used to group large, medium (Mid), and small companies. Shareholders share in both the upside potential and the downside risk.

Capitalization: Market capitalization definitions differ but one example of capitalization methodology is that of Morningstar, which defines "large-capitalization" stocks as those stocks that form the top 70% of the market capitalization of the stocks eligible to be included in the Morningstar US Market Index (a diversified broad market index that represents approximately 97% of the market capitalization of publicly traded U.S. Stocks). The Morningstar index methodology defines "mid-capitalization" stocks as those stocks that form the 20% of market capitalization between the 70th and 90th percentile of the market capitalization and "small-capitalization" stocks as those stocks that form the 7% of market capitalization between the 90th and 97th percentile of the market capitalization of the stocks eligible to be included in the Morningstar US Market Index.

Style: Blend (sometimes referred to as Core) investing is generally characterized as a strategy that seeks to balance the portfolio of stocks between the Growth and Value styles as market conditions fluctuate. Stocks in the underlying index are designated as "growth" as they are issued by companies that typically have higher than average historical and forecasted earnings, sales, equity and cash flow growth. Stocks in the underlying index are weighted according to the total number of shares that are publicly owned and available for trading. Stocks in the underlying

index are designated as "value" as they are issued by companies that typically have relatively low valuations based on price-to-earnings, price-to-book value, price-to-sales, price-to-cash flow and dividend yields. The stocks in the underlying index are weighted according to the total number of shares that are publicly owned and available for trading.

Fixed Income Securities (Bonds): Bonds are promissory notes of a United States corporation or federal government entity (taxable bonds) or a state or local government entity (tax-exempt or municipal bonds). Bonds usually make a series of interest payments followed by a return of principal at maturity. If sold prior to maturity, the price that can be obtained for a bond may be more or less than face value, depending on interest rates at the time the bond is sold and the remaining term of the bond.

Fixed income securities include Treasuries (i.e., public obligations of the U.S. Treasury that have remaining maturities of more than one year), Government-Related Issues (i.e., agency, sovereign, supranational, and local authority debt), and Corporate Bonds.

Investing in fixed income securities involves certain risks such as market risk if sold prior to maturity and credit risk especially if investing in high yield bonds, which have lower ratings and are subject to greater volatility. All fixed income investments may be worth less than original cost upon redemption or maturity.

Term: Short-term Bonds have effective maturities of six years or less, Intermediate bonds have effective maturities between six and twelve years; and long-term bonds have maturities of twelve years or longer.

Income from tax exempt bonds is generally free from federal and state taxes for residents of the issuing state. While the interest income is tax-free, capital gains if any are subject to taxes. Income of certain tax-exempt bonds may be subject to the Federal Alternative Minimum Tax (AMT).

Cash Alternatives: Cash Alternatives include liquid, short term and interest bearing investments. Examples are money market funds, Treasury bills and commercial paper. It is possible to lose money by investing in cash alternatives.

Mark Twain Health Care District
Budget Overview
 July 2015 through June 2021

Mark Twain Health Care District
 Budget FY 2016

	2015-2016 BUDGET	2016-2017 BUDGET	2017-2018 BUDGET	2018-2019 BUDGET	2019-2020 BUDGET	2020-2021 BUDGET	2014-2015 BUDGET	RATE OF INCREASE
Ordinary Income/Expense								
Income								
550.10 · Rental Revenue	310,044	310,044	310,044	310,044	310,044	310,044	310,044	0%
550.15 · Valley Springs Revenue	-	223,080	338,000	348,140	358,584	369,342	-	3%
550.20 · Land Rental Revenue	5,777	5,777	5,777	5,777	5,777	5,777	5,777	0%
550.30 · MOB Lease Rent	220,000	226,600	233,398	240,400	247,612	255,040	211,041	3%
560.10 · District Tax Revenue	865,000	882,300	899,946	917,945	936,304	955,030	812,000	2%
570.10 · Interest Income	11,000	11,500	12,000	12,500	13,000	13,500	11,000	\$500/yr
570.20 · Other Miscellaneous Income	1,250	1,250	1,250	1,250	1,250	1,250	1,250	unchanged
Total Income	1,413,071	1,660,551	1,800,415	1,836,056	1,872,571	1,909,983	1,351,112	
Expense								
66000 · Payroll Expense	21,000	22,050	23,153	24,310	25,526	26,802	-	5%
710.00 · Insurance	12,900	13,545	14,222	14,933	15,680	16,464	12,900	5%
715.23 · Legal Fees	25,000	26,250	27,563	28,941	30,388	31,907	15,000	5%
715.24 · Audit Fees	12,000	12,600	13,230	13,892	14,586	15,315	12,000	5%
715.25 · Management Consulting Fees	73,920	77,616	81,497	85,572	89,850	94,343	73,920	5%
715.26 · Operational Consulting Fees	10,000	10,500	11,025	11,576	12,155	12,763	20,000	5%
720.64 · Accounting Services	74,842	78,584	82,513	86,639	90,971	95,519	80,913	5%
730.00 · Utilities	586,000	617,610	629,962	642,561	655,413	668,521	568,400	70% of DTR
731.00 · Community Education & Marketing	15,000	15,750	16,538	17,364	18,233	19,144	15,000	5%
734.00 · MOB Rent	216,285	222,773	229,456	236,340	243,430	250,733	209,985	3%
736.00 · Valley Springs Debt Service	-	223,080	338,000	338,000	338,000	338,000	-	
740.86 · Dues and Subscriptions	10,000	10,500	11,025	11,576	12,155	12,763	15,000	5%
740.88 · Travel, Meals & Lodging	7,500	7,875	8,269	8,682	9,116	9,572	7,500	5%
740.00 · Miscellaneous	7,000	7,350	7,718	8,103	8,509	8,934	7,000	5%
Total Operating Expense	1,071,446	1,346,083	1,494,169	1,528,490	1,564,011	1,600,780	1,037,618	
Operating Income Before Programs & Events	341,625	314,468	306,246	307,566	308,560	309,203	313,494	
716.00 · Programs and Events								
716.01 · Pink in the Night	7,500	7,500	7,500	7,500	7,500	7,500	7,500	0%
716.02 · Health Fair	40,000	40,000	40,000	40,000	40,000	40,000	40,000	0%
716.03 · Health Education Forum	3,000	3,150	3,308	3,473	3,647	3,829	3,000	5%
716.07 · Chronic Disease Program	20,000	20,000	20,000	20,000	20,000	20,000	20,000	0%
716.08 · Respite Care Program	20,000	20,000	20,000	20,000	20,000	20,000	20,000	0%
716.09 · Technology for Students	4,000	4,200	4,410	4,631	4,862	5,105	4,000	5%
716.10 · Miscellaneous	12,000	12,360	12,731	13,113	13,506	13,911	22,000	3%
716.12 · Golden Health Awards	40,000	40,000	40,000	40,000	40,000	40,000	40,000	0%
716.13 · Foundation Sponsorships	4,000	4,200	4,410	4,631	4,862	5,105	4,000	5%
716.14 · Community Sponsorships	15,000	15,450	15,914	16,391	16,883	17,389	5,000	3%
716.15 · Outpatient Telehealth	30,000	30,900	31,827	32,782	33,765	34,778	30,000	3%
Total Programs & Events	195,500	197,760	200,099	202,519	205,025	207,618	195,500	
Operating Income After Programs & Events	146,125	116,708	106,147	105,047	103,536	101,585	117,994	
735.00 · Depreciation & Amortization	106,548	239,884	306,552	306,552	306,552	306,552	117,959	2%
TOTAL OPERATING INCOME	39,577	(123,176)	(200,405)	(201,505)	(203,016)	(204,967)	35	
Income Available for Debt Service		339,788	444,147	443,047	441,536	439,585		
Estimated Debt Service		223,080	338,000	338,000	338,000	338,000		
Debt Service Coverage Ratio		1.52	1.31	1.31	1.31	1.30		

May 1, 2015

Board of Directors
Mark Twain Health Care District
768 Mountain Ranch Road
San Andreas CA 95249

Dear Board members:

June 15th is designated as "World Elder Abuse Awareness Day" and nations around the world conduct events which educate community members about elder abuse. (Please visit <http://ncall.us/content/WEAAD> for additional information on these events.) The National Center on Elder Abuse reports "it is estimated that only one in 14 cases of elder abuse ever comes to the attention of authorities". Additionally the Center reports, female elders are abused at a higher rate than males, and, the older one is, the more likely one is to be abuse.

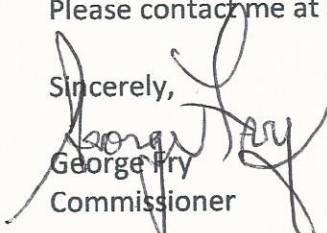
Calaveras Commission on Aging will participate by hosting an Elder Awareness seminar at the Town Hall in San Andreas on Monday, June 15, 2015 from 11:00am – 2:00pm. This free event includes speaker Dr. Patrick Arbore, founder of the Center for Elderly Suicide Prevention at the Institute on Aging in San Francisco. Additionally, Dr. Arbore founded and directs the Friendship Line, a 24-hour help line for older adults coping with anxiety, grief, isolation, depression, and fear. The Friendship Line is available to those over 60 residing in many Northern California Counties, including Calaveras. Furthermore, Patrick is a contributor to our local Friends and Neighbors Magazine, and was recently awarded most prestigious Jefferson Award for Public Service in San Francisco.

Additional activities at the event will include lunch, informational booths, and a speaker from our local Adult Protective Services Agency. The event will close with a special recognition and award being presented to a representative of Adult Protective Services for all the work the agency does for our county's older adult population. Those attending the event will learn of community resources, ways to protect them selves' from abuse, and be motived to be more active for a healthier lifestyle.

The Commission on Aging is seeking a \$2,000 sponsorship from the Health Care District for this health and wellness educational seminar. Attached is a budget for our review.

Please contact me at (209) 743-6339 should the Board require additional information.

Sincerely,


George Fry
Commissioner

Calaveras Commission on Aging
World Elder Abuse Awareness Seminar
 Event Budget

Item	Number	Unit Cost	Total	Description
Meal Cost	150	\$ 15.00	\$ 2,250.00	150 Attendees @ \$15.00 per place
Beverages	150	\$ 2.00	\$ 300.00	Drinks for 150 Attendees
Marketing	3	\$ 175.00	\$ 525.00	Two Marketing Advertisements
Hall Rental	1	\$ 350.00	\$ 350.00	Town Hall Cost
Mileage	257	\$ 0.57	\$ 145.21	Speaker Mileage
Supplies	150	\$ 5.00	\$ 750.00	Plates, napkins, silverware, cups, etc. to accommodate 150 attendees
Plaque	1	\$ 59.00	\$ 59.00	Engraved plaque to be awarded to Adult Protective Services (APS)
Certificates	5	\$ 12.00	\$ 60.00	Lunch Certificates for five APS workers

Total **\$ 4,439.21**



CEO REPORT

Prepared: April 21, 2015

Reporting period: March, 2015

Services

1. Strategic Planning-FY2016

Our Strategic Planning process for FY2016 continues as we have now distributed planning packets to all members of our team (Medical Staff, employees, volunteers, Board Members) and asked for their input regarding our future. The packets were distributed electronically and every department and clinic also has a printed version of the packet for their staff to review. We have now completed six planning workshops for staff and also one for our Management Team. In our workshops we have been able to focus on our Mission, Vision (Pillars) and Values and have collected suggestions for ways that MTMC can continue on our journey to become one of the top 100 Critical Access Hospitals (CAH) in the nation.

The participation and contributions provided by our staff have been outstanding! This experience demonstrates that we have an engaged team of professionals that live our Mission, Vision and Values every day. On May 1, we will hold a mini-Strategic Planning Workshop for the Board at Greenhorn Creek. The Board will have a chance to review the suggestions of our staff and add their thoughts about what MTMC needs to focus on in FY2016.

In May, the Administrative Team will review the input we receive and prioritize the suggestions as we develop our Strategic Plan for FY2016. The true challenge is to develop a plan that is manageable (achievable), without leaving out any key initiatives. The good news is that we are on a long journey and we will constantly be working to improve. Thus, if a great idea is left out of our plan for next year, it may be pursued sometime in the future when we have more resources (e.g. time, money) or our community and/or organization are ready for it. We will be completing the planning process with the presentation of the proposed FY2016 Strategic Plan to the Board in May. It should also be noted, that this Plan will also drive our FY2016 Operating and Capital Budgets, which will be presented to the Board for approval in June.

2. Angels Camp/Valley Springs Medical Centers

Work continues at a rapid pace on the Angels Camp and Valley Springs Medical Center projects. MTMC, the District and the MTMC Foundation are all working together to make our dream of new clinics a reality. In Valley Springs, the District is in escrow on the property at the intersection of Vista Del Lago and Highway 26. MTMC is currently working with the District and Aspen Street Architects on the site plan for the clinic, just like we did last month on the Angels Camp property. In the coming months, we will be working closely with Aspen Architects on the interior design of each building. While the buildings will be similar, it is quite possible that there will be significant differences (e.g. the Valley Springs facility may contain space for non-MTMC practices).

Aspen Architects is working with both MTMC and the District on obtaining the necessary City and County approvals so that the groundbreaking on both clinics can take place before the end of the year. With the decision to utilize the Stanislaus property for the Angels Camp Medical Center, the MTMC Foundation is once again out raising money for that project. While they are still a little short (\$200,000) of their goal (\$2.3 million), the Foundation is optimistic they will achieve their goal. It should be noted, that both of these projects will be presented to the MTMC Board for approval once design/development is completed and bids have been received (hopefully, early fall).

3. Capital Projects

As I have written about several times, MTMC is on a journey to create a healing environment in all of our facilities. To that end, we recently completed the installation of larger flat screen televisions in every patient room. In addition to the larger televisions, we also provide satellite service to enhance the stay for every patient. Additional capital projects we are working on include the replacement of every printer and copy machine in every MTMC facility. As a result of a deal negotiated by Dignity Health, MTMC is able to obtain all new copiers and printers at a cost that is less than what we were previously paying. With the Board's approval last month, we are in the process of purchasing a GE Patient Monitoring System. This system will replace all current monitors and provide us with new state-of-the-art technology so richly deserved by our patients and staff. Finally, we will be replacing our medical air system by the end of the fiscal year.

Employee Development

1. Hospital Week

The week of May 10th -16th, MTMC will join the nation in celebrating National Hospital Week. Because our very popular Calaveras County Fair will be held from May 14th -17th, we will focus most of our activities early in the week. Once again the week will include a lot of free food (e.g. breakfast, barbecue on Wednesday), gifts for the staff and opportunities to win other prizes. This week is an opportunity for us to thank every member of our staff for the contributions they make every day to make MTMC great. National Nurses Week also occurs at the same time (May 6th -12th) and will also be celebrated. Stay tuned for future announcements about the special week's activities and get ready to have fun! Also, a reminder to come out and support our County Fair. MTMC is a major sponsor of this historic event and

will be represented at several activities such as the First Aid Station, the 4H Auction and, of course, the Frog Jump Competition. I'll see you at the Fair!

2. Annual Volunteer Luncheon

On April 16, we hosted the Annual Volunteer Luncheon at Camp's Restaurant at Greenhorn Creek. This was and is always a special day where we get to thank our volunteers for the tremendous service they provide at MTMC. 18 individuals were formerly recognized for the significant hours they have contributed to MTMC. In fact, this past year outstanding volunteers provided 9700 and hours of dedicated service to MTMC and those we serve. MTMC and hospitals across the nation would not be what they are today if not for the support volunteers have provided throughout the years. Lunch was served by the Administrative Team (appropriately attired in blue bow ties and cummerbunds) as a way to say, "Thank you!". Please join me in thanking our volunteers for the significant contribution they make every day at MTMC.

3. MTMC Engagement

This past month we were busy with activities to enhance the environment at MTMC for our employees and providers. In March, members of the MTMC team were bitten by March Madness and participated in the contest to pick the winners of the NCAA Men's Basketball Tournament. Over 50 MTMC members participated and the competition was fierce. In the end, the winners were as follows:

First- Jill Ortiz, Pharmacy Director – (18 hrs. PTO & Logo Wear)

Second place-Bill Wennhold, Emergency Preparedness – (14 hrs. PTO & Logo wear)

Third place-Denise Meyer, Administrative Assistant- (10 hrs. PTO & Logo wear)

In addition, every participant won MTMC logo wear for picking at least one final four team (we didn't have as many upsets of the top teams like we have in previous years). Congratulations to all the winners and better luck next year to anyone that came up a little short (and that includes the CEO!).

This past month we also celebrated two holidays - St. Patrick's Day and Easter. Members of the Administrative Team helped to liven up these fun days by handing out treats to our staff. These activities /celebrations are an excellent way for us to thank our staff for all of their hard work and to continue to build our team that will lead us to excellence and success.

4. Employee Recognition/Empowerment

In recent weeks we have seen multiple examples of our staff being recognized (e.g. letters to the editor, thank you notes from patients) in public and private ways. We also see members of our staff in the newspaper, on the radio, etc. for community service activities they participate in. The MTMC Administrative Team would like to recognize these individuals and thus, we are working on an informal methodology to thank our staff recognized by our patients and community. Stay tuned.....!

We are also working on a more formal recognition program for members of our team that are caught living Hello Humankindness. Hello Humankindness has raised the performance expectation bar and our staff has responded to the challenge. We would now like to have a formal way to recognize acts of kindness and reward the individuals performing them. Stay tuned.....!

Finally, as outlined in our FY2015 Strategic Plan, we are working with Dignity Health to implement a service recovery program before the end of this year. Dignity Health has developed a program called HEART , which we will utilize with a few small variances. The key to the program is that we want to empower every employee at MTMC to be able to perform a service recovery before any patient, guest, etc., leaves our facility disgruntled. Through the program, we will track all recoveries by type (e.g. delay in service) and develop strategies to reduce the need for recoveries in the future.

Medical Staff Development

1. VP of MTMC Clinics/VPMA

With the Board's approval to combine the roles of the MTMC Clinic Director and the Vice President of Medical Affairs (VPMA) last month, I am pleased to announce that Dr. Robert Allen has accepted our offer and will join our team May 18th. Dr. Allen will initially be the Vice President of the MTMC Clinics and by January 1, 2016 will become the Vice President of Medical Staff Services/VPMA. Dr. Anderson will return to full-time clinical services and will be expanding the pain management services at MTMC. We are looking forward to Dr. Allen joining us, but I also want to thank Dr. Griffin for serving as our interim Clinic Director and Dr. Anderson for serving as our VPMA. Both individuals have done an outstanding job and have made MTMC better! Thus, please join me in thanking doctors Griffin and Anderson, and also, please join me in welcoming Dr. Robert Allen to MTMC and Calaveras County!

2. Medical Staff Recruitment

The majority of our recruitment activity this past month has focused on the specialty of gastroenterology, one of our highest priorities. After months of work, we recently learned that the GI candidate that verbally committed to us, but will not be able to join us for family reasons. Fortunately, we have a second candidate that is even better (Mayo Clinic trained) and very interested in the opportunity here. We are currently in negotiations with him, but even if we sign him (verbal commitments are worth the paper they are written on!) He will not be able to join us for six months. However, our first candidate has indicated that he may be able to provide locum tenens coverage to us for a few months. Once again, stay tuned..... Note, primary care recruitment remains our priority, but our only recent successes have been with locum tenens providers.

3. Request for Proposal (RFP)-Hospitalist Services

As a result of our RFP for Hospitalist Services being sent out to several local and national providers, we have received two complete proposals and a third company may be interested. Several companies indicated that they were not interested because the ED services were not included (we were too small with those services excluded) or we are too close to their other accounts (SOUND). Our current provider, EmCare, has submitted a proposal as well as a local group of providers. Because we are getting close to the end of our current agreement and it has taken longer than expected, we may ask EmCare to extend our current contract a few months so that we can fully evaluate our options. We plan to bring a recommendation to the Board for approval in the coming months.

Financial Stewardship

1. Financial Performance-March

Similar to February, in March we were optimistic that we would have a good financial month because of our strong patient revenues and low expenses in March, we experienced high deductions from revenue and our financial performance ended up below budget expectations. Our gross revenue for March was 3.6% above budget and 20.6% above last year. Our challenge was our deductions from revenue which were significantly higher than budget and last year, despite having a favorable payer mix. Approximately \$900,000 of the increased deductions was attributed to prior period adjustments. Chris Roberts is working closely with Dignity Health financial staff to better understand the significant swings from month to month. As a result of the increased deductions, our net revenue was 11.4% under budget and 7.7% under last year.

While we had very strong gross revenue in March, we were also able to control our expenses well. In particular, our salaries and benefits were 13.8% under budget. In total, our expenses were 3.7% under budget and only 1.6% over last March. However, because of the large deductions from revenue, our operating margin was a loss of (\$168,000) compared to a budgeted loss of (\$24,000). With the addition of investment income (\$62,000), our bottom line was a loss of (\$106,000) compared to a budgeted gain of \$54,000.

Year-to-date we continue to outperform our budget and last year. Our gross revenue is over budget (.3%) and last year (13.8%), while our net revenue (because of higher-than-expected deductions) is (4.4%) below budget and 10.5% above last year. Our total expenses are 0.8% below budget, resulting in a loss from operations of (\$550,000) compared to a budgeted loss of (\$1.8 million). It should be noted that our largest expense variance year-to-date or our Dignity Health corporate assessments which are \$911,000 (17.6%) over budget and \$1.2 million (25.2%) over last year. Our team (staff, volunteers, Medical Staff) is to be commended for their outstanding performance, let's finish strong!

2. FY2016 Budget

While we are wrapping up our strategic planning process, the information used in the plan is also used to drive our budget processes (operating and capital) for the coming year. Chris Roberts and his staff, in addition to our entire Management Team are busy attempting to quantify, in volumes and dollars, how our operational plan initiatives in FY2016 will translate to financial performance. We are once again attempting to be realistic in budgeting growth (due to new providers and programs), while maintaining control over expenses. The final products (Operating and Capital Budgets) will be presented to the Board for approval in June.

3. Doris Barger Golf Outing

Just a brief reminder that the Eighth Annual Doris Barger Golf Outing is just around the corner. The event will be held on Monday, June 8th, at Greenhorn Creek Golf Resort (Attachment C). The cost is \$150 per player (including golf, dinner, etc.), with the proceeds going to the MTMC Foundation and the Angels Camp Medical Center Capital Campaign. Please join me in supporting this worthy cause.

Quality

1. CDPH Validation Survey-Copperopolis

On March 3, 2015, the Copperopolis Medical Center received a standard validation survey by the California Department of Public Health. The survey is utilized to determine compliance with Rural Health Clinic Standards. Based on their survey, Copperopolis was determined to be certified in compliance (Attachment D). The only deficiency was addressed quickly and will not be an issue in the future. Congratulations to the staff at the Copperopolis Medical Center!

2. Quality Metrics

As we began FY2015, we were right in the midst of addressing the CMS concerns related to our Surgical Services. We committed a lot of time and resources to improving our Surgical Services, which we did, but without the focus and resources our performance on several quality metrics suffered. However, with the CMS issues addressed and behind us, our team has made a significant effort to get back on track on our quality and patient satisfaction metrics. For example, for the first time this year we are now at our goal for the Hospital Quality Reporting metric (a combination of several metrics) and many of our other metrics continue to improve (Attachment E). Our main opportunity to improve continues to be our HCAHPS scores, which have generally been improving the last six months. We will continue to push to become the highest scoring hospital in Dignity Health.

3. Board Self-Evaluation

While we are planning for the future of MTMC, it is also time for the Board to plan their future through their annual self-evaluation. Included in your packet is the self-evaluation tool we used last year (Attachment G). Please complete your evaluation and return it to Lisa Hill by May 12. If everyone is timely in returning the survey, we will review the results in May and develop a Board Action Plan to address opportunities and strategies for improvement. Thank you for your participation in this valuable activity.

If you have any questions regarding this report or other Medical Center activities, please contact me at (269) 214-8185 (cell), (209) 754-5916 (office) or stop by and see me at the Medical Center.



ACHD Update for April 2015



Certified Healthcare District

Ken Cohen presented the John C. Fremont Healthcare District Board with the ACHD Certified Healthcare District award at the District Board meeting on April 29. John C. Fremont joins Palomar Health, Sequoia Healthcare District, Antelope Valley Healthcare District, Petaluma Health Care District and Beach Cities Health District as Certified Healthcare Districts. Districts achieve Certification by demonstrating compliance with public agency reporting requirements in the following subject areas:

- Transparency
- Website Content
- Executive Compensation and Benefits
- State Agency Reporting
- Financial Reporting

Member Districts interested in applying for Certified Healthcare District status should contact Ken Cohen at Ken.Cohen@achd.org.



Annual Meeting

Member response to this year's Annual Meeting, to be held May 6-8, at the Monterey Plaza Hotel has been very positive as evidenced by the early filling of the hotel room block, program information may be found [here](#). This year we have received four nominations for Healthcare District of the Year and two nominations for Trustee of the Year. The winners will be announced at the Chairman's Dinner on May 7.



Legislative Updates

ACHD's Advocacy Team is busy with the Legislative Session in full swing. Find ACHD's legislative positions, through our Legislative Reports, which are updated in real-time, on our website [here](#). Additionally, log in to the Advocacy Center on [My ACHD](#) to find detailed information on legislation, including support and opposition letters.

Last week, ACHD announced an opportunity for Healthcare District staff to engage directly in legislative and budget policy and implementation at the Association level. Please find the memo detailing the Policy Groups, [here](#). If you, or your staff, are interested in joining a Policy Group, please send an Interest Form, found [here](#), to Amber King at Amber.King@achd.org by May 15, 2015.



Legislative Day

ACHD's 2015 Legislative Day was a great success with the highest attendance in many years! ACHD was joined by 48 attendees representing 21 Healthcare Districts and is pleased with such active

participation. Those that attended this year's event participated in a day of educational sessions, a Legislative Reception, a Keynote address by ACHD's 2014 Legislator of the Year: Assemblymember Rocky Chavez (R-Oceanside), and meetings with Legislators in the Capitol.

Additionally, ACHD/ALPHA Fund staff and Legislative Day attendees had a unique opportunity to meet with several State Agency Departments, including a meeting with Secretary of the California Health and Human Services Agency, Diana Dooley; Chief Deputy Director, Health Care Programs at the Department of Health Care Services, Mari Cantwell; California's Department of Industrial Relations Director, Christine Baker. See pictures from this year's Legislative Day [here](#).



Executive Director Update

April has been a busy month for the ACHD team. Senior Legislative Advocate, Amber King, and I visited Beach Cities Health District and had the opportunity to view their programs and services. We also visited Tri City Healthcare District and received a District issues update from Tim Moran, CEO. Member Services Specialist, Sheila Johnston, and I visited with the Alta Healthcare District, at their invitation, to learn about their emergence from bankruptcy and assist them as they embark on strategic planning. I also had the opportunity to visit John C. Fremont Healthcare District and celebrate their achieving Certified Healthcare District status. Note that Petaluma Health Care District has also completed their Certified Healthcare District application and will be recognized in May for this achievement.

The ACHD team was busy planning for Leg Day (Imagine the Possibilities) on April 13 & 14, as well as a number of ACHD Committee meetings held during the two day event. The team is also planning for the ACHD Annual Meeting May 6-8 in Monterey. There are a number of exciting and informative sessions planned this year. It's not too late to register and spend time with your colleagues in a relaxed environment.

Furniture for the Sacramento office was approved by the ACHD Board. The office should be fully ready for use by our Members the week of June 15, 2015. Feel free to utilize the services of ACHD and our office when you are visiting Sacramento.

The ACHD team recently met with representatives of the District Hospital Leadership Forum (DHLF) for the purpose of fostering a mutually cooperative and supportive relationship between the two organizations. There were several very good suggestions for raising the level of communication between ACHD and DHLF that we hope to see implemented in the next few weeks.

On a personal note, ACHD is sad to report the passing of Robert Knight, Former Chief Executive Officer of Kern Valley Healthcare District and Bloss Memorial Hospital District. You may read about his life [here](#).



First American Title Company
23 North Main Street Angels Camp, CA 95222

PR: 06243

Ofc: 0505 (694)

DATE: 05/19/2015

RECEIPT NO.: 694117726

FILE NO.: 0505-4910383

RECEIPT FOR DEPOSIT

FUNDS IN THE AMOUNT OF: \$44,500.00

WERE RECEIVED FROM: Mark Twain Health Care District

CREDITED TO THE ACCOUNT OF: Buyer

TYPE OF DEPOSIT: Company Check

REPRESENTING: Earnest Money Deposit

Comments:

Property Location: La Contenta Plaza, Valley Springs, CA 95252

BY: Stephanie Helzer, 05/19/2015

ESCROW OFFICER: Stacey Stowe

**"The validity of this receipt, for the deposit referenced,
is subject to clearance by the depository financial institution and credit to our account."**

THIS CHECK IS VOID WITHOUT A BURGUNDY & TAN BACKGROUND AND AN ARTIFICIAL WATERMARK ON THE BACK - HOLD AT ANGLE TO VIEW

Mark Twain Healthcare District
768 Mountain Ranch Road
San Andreas, CA 95249
(209) 754-4468

Umpqua Bank
San Andreas, CA 95249
90-4181/1213

013008

5/19/2015

PAY TO THE ORDER OF First American Title Company

\$ 44,500.00

Forty Four Thousand Five Hundred and 00/100

DOLLARS

First American Title Company
23 North Main St Suite 200
Angels Camp, CA 95222

MEMO

4910383

IF A SIGNATURE IS NOT COLORED, BACKED, OR PRINTED, IT CANNOT BE USED AS A CHECK PRINTBACK

013008*

4448591*

**Addendum No. 2 to Commercial Property Purchase Agreement
and Joint Escrow Instructions Re La Contenta Plaza,
APN # 073-049-002, 003, 004, 005, 006 and 073-047-001**

The following paragraphs 41, 42 and 43 are hereby incorporated into the Commercial Property Purchase Agreement and Joint Escrow Instructions Between the Mark Twain Health Care District and Marvin W. Stark, re La Contenta Plaza, APN # 073-049-002, 003, 004, 005, 006 and 073-047-001 (the "Agreement").

41. Due Diligence Review

- A. Buyer shall have the right, at its sole cost and expense and within sixty (60) days after Acceptance, (such period being hereinafter referred to as the "Due Diligence Period"), to conduct or cause to be conducted any and all tests, inspections, reviews, assessments or evaluations of the Property, including without limitation engineering, topographic, soils, zoning, wetlands and environmental inspections (including Phase I and/or Phase II environmental site assessments to be performed by an environmental consultant selected by Buyer), and economic feasibility and financial availability analyses (collectively, the "Inspections"), as Buyer deems necessary, desirable or appropriate in order to determine whether the Property is suitable for purchase by Buyer. As used herein, the term "Phase I and/or Phase II environmental site assessments" includes Buyer's right to perform intrusive soil sampling/investigation to the land and improvements constituting the Property.
- B. If Buyer has been proceeding with its Inspections in a diligent manner, and notwithstanding the foregoing, has not completed its Inspections by the expiration of the Due Diligence Period, then Buyer shall have the right, in its sole and absolute discretion, to extend the Due Diligence period for an additional thirty (30) days, (the "Extended Due Diligence Period"), upon written notice to Seller. The Extended Due Diligence Period and the Due Diligence Period are hereinafter referred to as the "Due Diligence Period."
- C. Seller shall allow Buyer, and its authorized agents, representatives, consultants and engineers, unlimited access to the Property and to other information pertaining thereto in the possession or within the control of Seller for the purpose of the Inspections. Seller shall cooperate with Buyer in facilitating the Inspections and shall use its best reasonable efforts to obtain any consents that may be necessary in order for Buyer to perform the Investigations and shall use its best efforts to secure such cooperation from existing tenants of the Property.

(Buyer's initials



(Seller's initials



- D. In the event such Inspections reveal any condition(s) which renders the Property unsuitable for purchase by Buyer, Buyer may, in its sole and absolute discretion, terminate this Agreement upon written notice to Seller, delivered within five (5) days after the expiration of the Due Diligence Period. In the event Buyer shall so terminate this Agreement pursuant to this paragraph 41, Buyer shall restore the Property to its condition immediately prior to the Inspections (which obligation shall survive the termination of this Agreement) and upon such restoration of the Property, and neither party shall have any further rights or obligations hereunder except as otherwise expressly provided herein. In the event this Agreement is terminated, Buyer will return to Seller any and all documents and analysis obtained during the Due Diligence Period and Buyer agrees that it will not utilize the results of such due diligence for any other purpose.
- E. To the extent any terms or conditions of the Agreement, including but not limited to paragraphs 13, 14 and 17, conflict with any terms or conditions of this paragraph 41, the terms and conditions of this paragraph 41 shall control.

42. Governmental Approvals

- A. The parties expressly understand that Buyer's development plans for the property contemplate and are conditioned upon obtaining all necessary governmental approvals for the development and construction of a medical center facility (the "Intended Use"). Accordingly, any provision to the contrary notwithstanding, Buyer's obligation to close on this Agreement is conditioned upon Buyer obtaining all necessary governmental approvals and entitlements for the Intended Use, and further subject to such approvals and entitlements being finally adjudicated should any appeal to an approval or entitlement be filed. The obtaining of all necessary governmental approvals and permits by Buyer is a condition precedent to Buyer's obligation to close this transaction.
- B. Buyer shall, at its expense, proceed with such necessary applications to secure governmental approvals and entitlements for the Intended Use.
- C. In the event Buyer is not able to obtain all necessary governmental approvals and entitlements by the expiration of the Due Diligence Period as defined in Paragraph 41, then Buyer shall have the right, in its sole and absolute discretion, to extend the Due Diligence Period for an additional thirty (30) days, if not already extended, upon written notice to Seller.

(Buyer's initials



(Seller's initials



- D. Thereafter, in the event Buyer is not able to obtain all necessary governmental approvals and entitlements by the expiration of the Extended Due Diligence period, Buyer may, in its sole and absolute discretion, terminate this Agreement upon written notice to Seller, delivered within five (5) days after the expiration of the Due Diligence Period.
 - E. To the extent any terms or conditions of the Agreement, including but not limited to paragraphs 13, 14 and 17, conflict with any terms or conditions of this paragraph 42, the terms and conditions of this paragraph 42 shall control.
43. Financing
- A. The obligations of Buyer are expressly conditioned upon Buyer securing a financing commitment, satisfactory to finance Buyer's acquisition of the property.
 - B. To the extent any terms or conditions of the Agreement, including but not limited to paragraphs 13, 14 and 17, conflict with any terms or conditions of this paragraph 43, the terms and conditions of this paragraph 43 shall control.

BUYER

Mark Twain Health Care District

Date: 5/12/15

By: Deyman Doss ED

Name: Mark Twain Health Care District

Deyman Doss

SELLER

Marvin W. Stark

Date: 5/4/15

By: Marvin W. Stark

Name: MARVIN W. STARK

2431867.1

(Buyer's initials DM)

(Seller's initials MS)

**Addendum to Commercial Property Purchase Agreement and
Joint Escrow Instructions**

40. Due Diligence Review

- A. Buyer shall have the right, at its sole cost and expense and within sixty (60) days after Acceptance, (such period being hereinafter referred to as the "Due Diligence Period"), to conduct or cause to be conducted any and all tests, inspections, reviews, assessments or evaluations of the Property, including without limitation engineering, topographic, soils, zoning, wetlands and environmental inspections (including Phase I and/or Phase II environmental site assessments to be performed by an environmental consultant selected by Buyer), and economic feasibility and financial availability analyses (collectively, the "Inspections"), as Buyer deems necessary, desirable or appropriate in order to determine whether the Property is suitable for purchase by Buyer. As used herein, the term "Phase I and/or Phase II environmental site assessments" includes Buyer's right to perform intrusive soil sampling/investigation to the land and improvements constituting the Property.
- B. If Buyer has been proceeding with its Inspections in a diligent manner, and notwithstanding the foregoing, has not completed its Inspections by the expiration of the Due Diligence Period, then Buyer shall have the right, in its sole and absolute discretion, to extend the Due Diligence period for an additional thirty (30) days, (the "Extended Due Diligence Period"), upon written notice to Buyer. The Extended Due Diligence Period and the Due Diligence Period are hereinafter referred to as the "Due Diligence Period."
- C. Seller shall allow Buyer, and its authorized agents, representatives, consultants and engineers, unlimited access to the Property and to other information pertaining thereto in the possession or within the control of Seller for the purpose of the Inspections. Seller shall cooperate with Buyer in facilitating the Inspections and shall use its best reasonable efforts to obtain any consents that may be necessary in order for Buyer to perform the Investigations and shall use its best efforts to secure such cooperation from existing tenants of the Property.
- D. In the event such Inspections reveal any condition(s) which renders the Property unsuitable for purchase by Buyer, Buyer may, in its sole and absolute discretion, terminate this Agreement upon written notice to Seller, delivered within five (5) days after the expiration of the Due Diligence Period. In the event Buyer shall so terminate this Agreement pursuant to this paragraph 40, Buyer shall restore the Property to its condition immediately prior to the Inspections (which obligation shall survive the termination of this Agreement) and upon such restoration of the Property, and neither party shall have any further rights or obligations hereunder except as otherwise expressly provided herein. In the event this Agreement is terminated, Buyer will return to Seller any and all documents and analysis obtained during the Due Diligence Period and Buyer agrees that it will not utilize the results of such due diligence for any other purpose.

- E. To the extent any terms or conditions of the Agreement, including but not limited to paragraphs 13, 14 and 17, conflict with any terms or conditions of this paragraph 40, such terms and conditions of this paragraph 40 shall control.