

Mendocino Coast Health Care District

Proposal for Hospital Project
Consulting Services

July 2023



EASTSHORE CONSULTING

FINANCIAL ADVISORY & FACILITIES PLANNING · FISCAL CONSULTING · ELECTION STRATEGIES & PUBLIC RELATIONS

1714 Franklin Street, #100-406 • Oakland, CA 94612
(510) 725-2930 • info@eastshoreconsulting.com

Letter of Interest

Lee Finney, Chair of the Board of Directors
Mendocino Coast Health Care District
P.O. Box 569 / Fort Bragg, California 95437

Transmitted via Email: lfinney@mcdh.org

July 25, 2023

Dear Chair Finney:

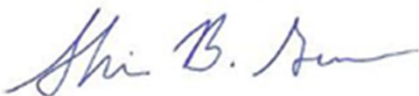
In response to your District's Request for Proposals (RFP) for Hospital Project Consulting Services, please find the joint proposal of our firms, Eastshore Consulting LLC and EMC Research, in the following pages. Per your direction, we are submitting this PDF directly to your email.

Eastshore is a Municipal Advisory limited liability corporation formed in California operating from a single office in Oakland. EMC is a national full-service opinion research firm serving a diverse range of public and private sector clients. While the Mendocino Coast Health Care District (MCHCD) can rely upon the full attention of Eastshore and EMC's principals and associated staff, your primary contact will be me, Shin Green. Our firm's contact and registration information is as follows:

Eastshore Consulting LLC
1714 Franklin Street #100-406, Oakland, CA 94612
Phone: (510) 725-2930 / Fax: (510) 644-9340
Email: shin@eastshoreconsulting.com
MSRB Registration #: K0786 / SEC File No.: 867-01304-15758482

It has been our pleasure work with MCHCD for more than a decade, and we very much appreciate having this opportunity to continue being of service. We would be honored to work with you, the rest of the Board, and the broader Mendocino Coast community. As you will see in the following pages, Eastshore and EMC have completed projects similar to the scope outlined in the RFP (including for MCHCD), and we are prepared to begin immediately. Should there be any questions – or anything else we can do for you in this process – please do not hesitate to contact us.

Sincerely,



Shin Green, Principal
Eastshore Consulting LLC

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Appendix #1. *MCHCD Community Presentation*

Appendix #2. *Previous Contracts with MCHCD, Eastshore and EMC*

Summary

Introduce the proposal and summarize the key provisions of the proposal. Based on your firm's expertise and qualifications, explain why your firm is best suited to provide the services described herein.

Simply put, the principals at Eastshore and EMC offer a robust range of services, clear and straightforward explanations of your challenges, **and a deep understanding of the nuances of MCHCD borne out of more than a decade of work with the District**, all at very competitive rates. We understand the challenges you face, have helped you share the future with your community, and are excited to renew our work with you.

Understanding that the potential pathways to meeting District goals may include a combination of voter-approved General Obligation Bonds, District-backed revenue bonds and other grant sources, many of which are subject to the unique oversight and regulatory environment for health care districts, our team has the broad-based experience to compile the various sources and options into a plan specific to the needs and desires of the District and broader community it serves. Our backgrounds in public administration, accounting, finance and outreach combine to provide the kind of support which MCHCD will need to achieve success.

We are the best fit for MCHCD, will meet as many of your needs as possible, save your taxpayers and your General Fund money and work to keep the news about the District positive. Unlike many of other consultants, we bring an approach that is both politically and financially viable now – and in the future. And given the urgency of MCHCD's challenges, we are prepared to begin immediately and 'hit the ground running'.

Statement of Understanding

Include a detailed statement of understanding of the consulting services to be provided. If there are services listed in this RFP that the firm will not be able to provide, please be certain to address that in your response.

We have reviewed the scope of services and minimum qualifications specified in the RFP and believe our team will be more than able to meet all of your needs (just as we have for the past 10 years). Specifically, Eastshore provides our clients with a variety of financial advisory services, primarily focused on facilities planning and financing. Within the typical scope of such services, we provide the following:

- *Tax Base & General Fund Analysis, Debt Management and Financial Planning* – To ensure bond program modeling is based upon conservative realistic projections as financing plans are developed with the District
- *Cash Flow Planning* – To ensure that clients maximize funding flexibility to avoid costly construction delays and unplanned debt issuances, which may result in higher borrowing costs
- *Direct Negotiations with Major Stakeholders* – To identify alternative funding options which may mitigate limits on bond authorizations
- *Financial Advisory Services* – To provide the District, the County and the public with information required to determine best financing options and manage the process of structuring and selling bonds, including attending meetings as required
- *General Administrative Assistance* – To fill in the gaps when the primary educational mission of the District does not allow for staff to focus on financial planning or bond issuances
- *Debt Compliance Services* – To address the legal reporting requirements related to clients' outstanding bond issuances

In addition to the basic services, Eastshore can also provide the following additional related services, if they fit within the District's' unique situation and are not covered by other members of the team:

- *Preparation of the Narrative* – To assist the District inform the community about available facilities financing options
- *Polling Support* – To help conduct the survey or poll, and/or share alternative strategies by assisting local 'volunteers' execute direct outreach to voters
- *Community Outreach* – To guide the District through a process of gaining input from the community, including attending meetings as required
- *Sustained Contact with Residents* – To continue sharing details with residents and other stakeholders through Citizens' Oversight Committee and other communications

Statement of Understanding

Additionally, our team understands that the District may be interested in more specifically assessing the community's priorities for the future of the Hospital *and* understanding the feasibility of a revenue measure to fund the next steps toward replacing, retrofitting, or downsizing the existing facility.

As such, EMC's research will provide you with scientifically sound data to inform strategic decisions such as:

- What are community preferences around the future options for the Hospital?
- What is the level of support for a potential revenue measure?
- How should a measure be structured in order to most likely meet with success?
- What is the advisable timing and amount for (a) measure/s?
- What are the types of projects that are most important to those who will vote?
- What themes/messages will assist in helping voters understand the benefits?
- What are potential vulnerabilities?

EMC is well-equipped to provide research services to understand the community's preferences for the future of the hospital, and the feasibility of a revenue measure to support these endeavors.

EMC will bring all of our experience to bear for our clients. EMC's many years of experience conducting research, including work directly on behalf of the MCHCD, means we come to every project equipped with a vast array of knowledge. Every project we do builds on what we have learned from our earlier work, and we are constantly refining the methods we use to collect data, write questions, conduct analysis, and develop recommendations and insightful reports based on our experience. When you hire EMC, your project benefits from every project we have done before yours, and we work hard to share our deep local knowledge and topic research experience across the company to ensure every client enjoys this competitive advantage.

Moreover, at EMC we understand what it takes to conduct research in this community. We bring specific experience not only with conducting research on the Mendocino Coast and coastal areas of Northern California, but also in understanding the feasibility of voter-approved measures to preserve healthcare services and assessing community priorities that drive strategic decisions regarding local healthcare issues.

Statement of Understanding

While we have extensive experience in all of the previously specified services, we also appreciate that it takes a full team to get the job done right – and to the extent other professionals (e.g. legal counsel, real estate experts, property management consultants, etc.) are needed to help MCHCD, we will assist the District to identify them, and then collaborate with them on your behalf. Indeed, we have and will continue to ‘captain’ your team to ensure remaining gaps are filled and we all work seamlessly together, getting the best out of everyone.

Additionally, as our understanding of your needs improves, other services we *do* provide may also be merited -- or shifts in strategy may be warranted. And as we have done over the past decade, our team will continue to work closely with MCHCD however is required.

Background & Experience

Official name and address of the firm and specify the type of entity (partnership, LLC, corporation, etc.). Describe the firm's background and history, including the number of years in business. Describe in detail the firm's public agency and special district consulting services expertise. List the location of office(s) that would serve the District. Provide an organization and staffing plan identifying key personnel, related lines of authority and responsibility of those team members who will provide the services described in this RFP.

Eastshore Consulting LLC
Shin Green, Principal
1714 Franklin Street, #100-406
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Phone: (510) 725-2930
Fax: (510) 644-9340
info@eastshoreconsulting.com

Eastshore Consulting was formed as a Municipal Advisory limited liability corporation by Shin Green and Michael Riemenschneider in February of 2012. While we just recently began our eleventh year, both founding partners previously spent many years working within the public facilities finance space at other prominent financial advisory firms. We bring comprehensive experience to the table as well as a hunger to change the culture of the bond industry by creating facilities programs that meet or exceed clients' goals, *and* avoid problems years into the future.

Eastshore is in compliance with all regulatory and licensing requirements for the provision of financial advisory services to governmental entities in California. At the Federal level, Eastshore is registered with the Municipal Securities Rulemaking Board (MSRB) and the Securities and Exchange Commission (SEC). Eastshore's Municipal Advisor SEC ID is 867-01304 and our MSRB ID is K0786. Both co-founders are Series 50 and Series 54 qualified Municipal Advisor Principals and all other staff is

qualified as a Series 50 Municipal Advisor Representative.*

Organizationally, the District will receive the benefit of having direct access only to principals and senior staff – and there will be no subordinates to deal with, meaning you can be confident that every communication received is from an expert. Further, as far as specific day-to-day activities are concerned, the principal in charge will be based upon the specific tasks being contemplated. This allows for the District to take advantage of the greatest amount of experience for the task at hand.

For services such as tax base and debt analysis, financial planning/modeling and bond program design, Shin Green will take the lead. For outreach and planning services – to ensure the community understands – Michael Riemenschneider will coordinate with the rest of your team, providing the District with the expertise earned over almost two decades of similar efforts.

Additionally, among many other clients, we are proud to have been a part of the MCHCD team for more than a decade

**It should be noted that we also adhere to all State requirements associated with financial advisors, including compliance with recent California Attorney General Opinions precluding financial advisors (i.e. Municipal Advisors) from participating in bond campaigns or related services.*

Background & Experience

EMC Research Inc.
Jessica Polsky-Sanchez, Principal
2001 Broadway, Suite #110
Oakland, CA 94612
Phone: (510) 844-0680
jessica@emcresearch.com

EMC Research is a national full-service opinion research firm serving an extensive and diverse range of public and private sector clients since 1989. We are known for crafting insightful research tools, collecting highly accurate data and providing analysis that answers the key strategic questions and challenges our clients face. EMC is proud to be a certified women-owned business.

When you hire EMC, you are bringing on a partner that is truly invested in your goals. Our clients have turned to us time and time again to provide data-driven, actionable recommendations that are critical to their success.

EMC has over 30 years of experience conducting research on behalf of public agencies and cities across the country, including in areas all along the North Coast. We have worked for cities, counties, healthcare districts, public utilities, transit agencies, state departments of transportation, water districts, school districts, parks departments, and waste collection and recycling agencies. We understand the unique challenges and requirements of conducting research for public agencies, including presenting politically sensitive opinion research in a public setting, dealing with media inquiries, and meeting open records requirements.

Our work has been critical to helping local governments craft and pass revenue

measures, and has been used in the development, timing, wording, and strategy for tax measures throughout the State. These measures have provided millions of dollars in funding for transportation projects, schools, hospitals, local services and facilities, open space, the environment, libraries, and other projects and services.

EMC has three decades of experience with research in the arena of healthcare, wellness, and public health, including research on behalf of public health programs and campaigns, medical associations, and public and private hospitals and healthcare systems. Our work has included healthcare systems facing challenging issues, including patient, physician, and employee experience and satisfaction, brand awareness and perception, rebranding and repositioning efforts, understanding consumer choice process and environment, and hospital affiliation.

At EMC, we understand what it takes to conduct quality research in this community. We provided voter and employee surveys in 2016 and 2018 to help lay the roadmap for the District's successful Measure C, so we have particular expertise in researching your local electorate and stakeholders – and Jessica Polsky-Sanchez will continue to lead EMC's efforts for MCHCD.

Moreover, EMC has vast experience in polling on similar issues facing various communities across the State. Our work on behalf of other districts in partnership with Adventist has informed strategic decisions and efforts to assess voter support for measures to preserve healthcare services for rural communities across the State.

Approach

Describe your view of the role of the primary consultants, your interaction with the Board of Directors, collectively and individually, and staff.

Most importantly – and reflective of this joint proposal – Eastshore and EMC believe in working as part of a larger team, consistently communicating with the District, the Board, major stakeholders, legal counsel AND the other required consultants, constantly collaborating to get the best out of everyone and ensuring the best odds for the District’s success. Eastshore takes pride in ‘captaining’ your team, if required, or merely serving as a part of the team, depending on the specific tasks and timing of each stage of the process.

Further, both Eastshore and EMC have been involved in bond and other revenue measures totaling several billions of dollars. Having worked with districts throughout the State on hundreds of separate ballot measures, we understand that each experience is unique, and we have developed tools to prepare for and react to every circumstance. This background allows us to understand the hurdles districts can face as well as eliminate the problems that have plagued so many. Because educated planning and decision-making require the full comprehension of administration and the Board, we do not shy away from clearly sharing the results of our analyses, particularly when challenges are presented. Indeed, it is our duty to do so.

Our expertise also includes extensive experience with all of the key factors required to achieve your facilities goals, including gathering community opinions, tax base analysis, General Fund analysis, interest rate market analysis and a wide array of financial projections. We have honed these skills over the past decades and continue expanding our base of knowledge to better react to current conditions. We are able to analyze the District’s potential resources and facilities goals *as well as* community opinions to provide a range of viable options to solve current and future challenges – while maintaining full public disclosure.

Describe how you track and manage fees and costs.

Generally, with flat fees for both firms, we will work until the job is done and there is no need to ‘track’ hours. Additionally, both firms propose not-to-exceed amounts for specific services, limiting such costs.

Approach

Please provide the most creative advice the firm has provided to a public agency on a significant project or campaign within the past five (5) years, explain why the advice was creative, and describe the outcome of the matter upon which the advice was provided.

More than a decade ago, in the Spring of 2013, Eastshore began a long process of working with MCHCD – and you have been one of our most creative and encompassing clients. Initially, our prior work in Fort Bragg drew a handful of community leaders to us, seeking our advice on a potential parcel tax measure (which would eventually become Measure C). Over the years, we helped MCHCD refine its vision for both the parcel tax *and* other needs (facilities, healthcare priorities, etc.), and begin to educate the community about all the challenges you face (including 2030's seismic retrofit requirement). Indeed, for Measure C, we:

- Helped prepare for and participated in scores of community meetings (see attached Appendix #1 for the final iteration of an informational presentation we helped develop for MCHCD from 2014 to 2018)
- Completed a 'written' survey in 2014 which received responses from nearly 10% of your voters (i.e. 1,000+)
- In both 2016 and 2018, worked with EMC to more scientifically measure parcel tax support and a wide range of other opinions (from both your voters *and* your staff)
- With counsel and District staff, developed the parcel tax ballot measure itself
- Provided informational communications about Measure C
- Represented the District at Mendocino County Elections for the recount

Frankly, given how close the election was, our collective advice to – and teamwork with – the staff of the District at the time could not have been better.

Additionally, as your Municipal Advisor, Eastshore is familiar with your debt history and refinanced your outstanding General Obligation (GO) bonds in 2016, and worked with the District's team in attempting to preserve your tax base and fight the 2018-2019 de-annexation of some of your territory. Indeed, we were even informally involved in many conversation regarding the affiliation – and we continue to assist the District in the administration of the levy of the parcel tax on an annual basis.

All in, we have been available (and invaluable) to MCHCD for years to deal with a sizable assortment of financial, political, policy and other related challenges – and we're excited to continue helping you with all of those that remain!

Please identify whether the firm has had an agreement with a public agency terminated within the past five (5) years and provide contact information for people knowledgeable regarding the contract's termination.

Neither Eastshore nor EMC have had a contract terminated in the past five (5) years.

Proposed Consultants

Name the person or persons whom you propose to designate as the primary consultants. Provide the following resume information for each designee: description of education, including names of educational institutions and degrees conferred, professional background and professional associations, experience with and knowledge of public agency funding options for capital projects, experience with and knowledge of community preferences assessment tools and analysis, experience with and knowledge of ballot initiative strategies supporting public funding ballot initiatives, and specific areas of expertise and training.

Much of our combined experience has already been shared – but please find more specific information about each of the principals who would be MCHCD’s main contacts and their array of experience and expertise below.

Shin Green, Principal (Eastshore)

Shin provides Financial Planning and Advisory Services to our clients. His areas of focus include analyzing the feasibility of debt, managing finances for capital projects and advising clients in the issuance of general and limited obligation, as well as revenue-backed debt. Having been involved in over 100 debt financing transactions raising over \$2.0 billion for projects, he has the experience and contacts required to assist clients in getting the funding they need. In addition to GO bonds, his past portfolio includes issuances of Federal tax credit and subsidy financings, COPs, privately placed debt financings, and developer financings, which often require special considerations. Having spent several years in the City of Rocklin Finance Division, he is fully aware of the internal pressures, concerns and high-level fiduciary responsibility demanded of public entities. Also, as a former auditor of public agencies, he has had the opportunity to review a variety of approaches and transactions well beyond his own direct experiences. This combination allows Shin to work seamlessly with clients and other industry professionals to bring your vision to reality in a responsible manner that maintains long-term fiscal health.

A product of Berkeley public school education, Shin received his BS in Business Administration from the Haas School of Business at the University of California at Berkeley. Shin currently resides in his hometown of Berkeley. He has Series 50 and Series 54 Licenses and is a registered Municipal Advisor Principal with the Municipal Securities Rulemaking Board (MSRB).

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Proposed Consultants

Michael Riemenschneider, Principal (Eastshore)

Michael provides Financial Planning and Election Strategies services to our clients, as he has assisted more than 100 separate districts throughout California obtain more than \$2.0 billion to meet their facility needs. His work with administration, public service unions, major stakeholders, and other community members in the process shapes our advice for districts in developing potential measures and gathering community input to shape other solutions. His experiences compliment the Financial Planning and Advisory services to help synchronize the entire team, matching financial realities with local political desires and allowing for clear and concise communication of what matters.

Michael received his BA and MA from Stanford University, focusing on demographics on the North Coast and its influence on local political preferences. Though much of his family still lives in Mendocino County, he currently resides in Oakland with his wife, Angela Rodriguez Riemenschneider, and their two sons, Diego and Luca. Michael has Series 50 and Series 54 Licenses and is a registered Municipal Advisor Principal with the MSRB.

Jessica Polsky-Sanchez, Principal (EMC)

Jessica brings her high standards for accuracy and attention to detail to every project she manages for EMC clients. From her study of social psychology, Jessica uses her knowledge of psychological influences on decision-making to provide an understanding of underlying motivations. Her expertise informs her research design and allows her analysis to look beyond the obvious to uncover unique recommendations and strategies.

Jessica truly enjoys finding solutions to client problems and helping them succeed in implementing improvements that impact everyday lives. Her clients include many public agencies, and her research has resulted in billions of dollars in revenue for local schools, parks and open space districts, successful campaigns to expand water conservation, and improved access to health care for the underserved.

Prior to joining EMC Research in 2007, Jessica pursued contemporary jazz dance and was a law clerk at a disability rights law firm. Jessica still loves jazz music and dance and along with her husband, enjoys cooking, hiking, and window shopping along the Bay Area's many commercial corridors. Her spare time is consumed with her young family. Jessica has a BA in Psychology from the University of Michigan and MA in Social Psychology from San Francisco State University.

References & Potential Conflicts

Provide contact information for three (3) public agency clients for which services have been provided by the firm in the last five (5) years, so reference checks can be contacted.

Retired Superintendent / Former Board Member Steve Lund (Eastshore & EMC)

Fort Bragg Unified School District / Mendocino Coast Health Care District

(707) 972-1603 • sclund@mcn.org

Superintendent Jeff McFarland (Eastshore)

Horicon School District

(707) 886-5322 • jmcfarland@horiconsd.org

Amy Carta, Director, Govt. Affairs, Public Relations, Special Projects (EMC)

County of Santa Clara Health System

(408) 885-4551 • Amy.Carta@hhs.sccgov.org

References & Potential Conflicts

List all public agencies within the North Coast region for whom your firm currently provides services and indicate the services provided. Identify any foreseeable or potential conflicts of interest that could result from such representation and the way you would propose to resolve such conflicts.

District	Election Date / Project	District Contact	Firm	Point of Contact at Firm
California Department of Public Health	Multiple/Ongoing	Julie Roberts, Senior Account Manager, Runyon-Saltzman Inc.	EMC	Sara LaBatt
California Office of Emergency Services – Listos CA	Multiple/Ongoing	Brian Ferguson, Deputy Director, Crisis Communications and Media Relations	EMC	Sara LaBatt
City of Eureka	2020, 2019, 2018	Brian Gerving, Director of Public Works	EMC	Sara LaBatt
County of Santa Clara Health System / Santa Clara Valley Medical Center	Multiple/Ongoing	Amy Carta, Director, Government Affairs, Public Relations, Special Projects	EMC	Jessica Polsky-Sanchez
Forestville ESD	Nov. 2022	Matt Dunkle, Superintendent	Eastshore	Michael Riemenschneider
Fort Ross ESD	TBD 2024	Jennifer Dudley, Superintendent	Eastshore	Michael Riemenschneider
Horicon ESD	Nov. 2022	Jeff McFarland, Superintendent	Eastshore	Michael Riemenschneider
Humboldt Fire Protection District	July-August 2023	Sean Robertson, Fire Chief	EMC	Sara LaBatt
Klamath-Trinity Joint USD	TBD 2024, Negotiations with State, Bond Program Man.	Carmelita Hostler, Assistant Superintendent Business/Personnel	Eastshore	Shin Green
Mill Valley ESD	Apr. 2015, Mar. 2016, Oct. 2019, Dec. 2021	Michele Rollins, Asst. Superintendent	EMC	Jessica Polsky-Sanchez
Santa Clara County Department of Public Health	Multiple/Ongoing	Britt Ehrhardt, Communications Officer	EMC	Jessica Polsky-Sanchez
Shoreline USD	Nov. 2018	Adam Jennings, Superintendent	Eastshore	Michael Riemenschneider
Sonoma County	Multiple/Ongoing	Christel Querijero, Deputy County Administrator	EMC	Jessica Polsky-Sanchez
Sonoma County Regional Climate Protection Agency	May-July 2023	Suzanne Smith, Executive Director	EMC	Jessica Polsky-Sanchez

Both Eastshore and EMC do serve a number of other public entities on the North Coast. We are not currently aware of any existing conflicts of interest resulting from these engagements. However, with respect to any potential conflict, we mitigate it through dealing honestly and with good faith to all clients. And if we determine that such a conflict is unmanageable, we will notify District in writing in a timely manner.

References & Potential Conflicts

List all private clients of your firm such as healthcare providers, construction contractors, land developers, architects, or other contractors that could pose a conflict of interest while representing the District.

Eastshore does not have any such clients.

EMC has vast experience in polling on similar issues facing various communities and organizations across the State, both public and private. Additionally, our work on behalf of other districts similarly in partnership with *both* public and private entities (including Adventist) has informed strategic decisions and efforts to assess voter support for measures to preserve healthcare services for rural communities across the state. However, previous private EMC clients will present no conflicts to MCHCD – though if we determine that a potential conflict is material and unavoidable, we will notify District in writing in a timely manner.

Compensation & Reimbursement

Please provide the hourly billing rates and specific expenses (mileage, reproduction of documents, travel) proposed as compensation and/or reimbursement for the above consulting services. The District may accept and incorporate the proposed fee schedule as part of the agreement process without further negotiations or may use it as the basis for negotiations. Consequently, firms are encouraged to provide their best pricing.

Based upon a review of the District's RFP, please find our fee proposal below. The Fee Structure for Municipal Advisory services and survey research services generally contemplates a contingent flat fee required per service. Fees associated with Municipal Advisory service (i.e. bond issuances) are predominantly payable in total at the time of the actual issuance of bonds and payable from proceeds of the bond issuance, avoiding the need to utilize General Fund resources. Fees associated with survey research are typically split, with approximately half due upon commencement and the balance due upon completion. Fees for other, less typical services, are also discussed below.

Municipal Advisory Fee for Bond Issuances (Eastshore)

Eastshore's Municipal Advisory Fee for bond issuances is a per issuance fee for services associated with each bond sale process. Related planning services including assistance in development of the financing plan and ongoing updates, regular analysis of the District's tax base, General Fund or other available repayment sources, and assistance in communications with the community regarding facilities plans. Specific bond issuance services include analysis of sale methods, recommendations as to the appropriateness of structures and credit enhancements, rating and insurance presentation preparation and negotiations, official statement and legal documentation review, pricing services including recommendations and reports, and closing and post sale activities. This fee is contingent on successful closing of a bond sale for all bonds issued.

\$55,000 per Issuance of GO Bond (New Money)

\$40,000 per Issuance of GO Bond (Refunding)

\$60,000 per Issuance of Revenue Bond (or COP or Other Alternative)

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Compensation & Reimbursement

Survey Research Services Fee (EMC)

The pricing provided in the table below includes all costs necessary for start-to-finish research services and deliverables related to a survey of voters, including consulting on usage of the data and reporting and presentations for as long as the research is used. Pricing assumes that one meeting to present research results to the Board will take place in person, while other meetings will take place in a virtual environment.

Option	Number of Interviews	Length	Cost
<i>Baseline Multi-Modal Survey of Voters in Mendocino Coast Health Care District</i>	<i>(estimated) 200</i>	<i>15 minutes</i>	<i>\$23,000</i>
		<i>18 minutes</i>	<i>\$24,000</i>

Fees for each project will be billable on a lump sum basis, with approximately half of the fee for each survey billed upon commencement of the survey, and the remainder billed upon delivery of survey results.

Continuing Disclosure Compliance Services Fee (Eastshore)

Our Continuing Disclosure Compliance Services Fee is an annual fee for services associated with maintaining the District's compliance with annual bond discloser requirements. Municipal bonds sold to the public include SEC requirements for annual disclosures which must be completed by all issuers. While the District could meet these requirements itself, Eastshore must know that they are being completed on time in order to fulfill our market-related responsibilities. Because we would maintain much of the required information, this service can be provided at a nominal fee, plus the expense of any additional data purchases. This is an annual fee not typically payable from bond proceeds and would likely be funded with General Fund resources.

Annual Report: \$1,500 / Catch-Up Report (If Required): \$3,500

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Compensation & Reimbursement

Other To-Be-Determined Services Fees (Eastshore & EMC)

Given the breadth of the envisioned scope of services in the RFP and still to-be-determined nature of much of the project, Eastshore and EMC will be amenable to reaching agreements on other needed services at mutually acceptable terms and fees, at the request of MCHCD.

Reimbursable Expenses (Eastshore & EMC)

Reimbursable expenses including data purchases, travel and costs of materials required for meetings will be reimbursed after submission of an itemized accounting to the District for approval and are due in alignment with payment of other fees. Bond issuance expenses shall not exceed \$3,000 for any issuance. Voter opinion survey expenses beyond those included in the proposed course of services shall not exceed \$1,000. Continuing Disclosure expenses consisting of data purchase costs are reimbursed annually, in alignment with billing for such services, and shall not exceed \$1,500 per year.

Other expenses, for services yet to-be-determined, will be billed as required, per mutually acceptable terms.

Hourly Rates (Eastshore & EMC)

Hourly rates for the provision of typical services referenced above would be \$250 per an hour for the time of Eastshore's principals, and range from \$335 (Senior Principal) to \$115 (Associate) for EMC. However, given our experience, these alternatives may put the District at risk of higher overall costs, particularly in the event of unforeseen circumstances and can put undue burden on the General Fund.

Hourly rates for the provision of services beyond the typical ones referenced above (i.e. fiscal forecast apart from debt issuances, election planning, focus groups or other alternative community outreach methods, etc.) would be \$250 per an hour for the time of our principals for Eastshore (not to exceed \$20,000 annually, without prior written agreement from MCHCD). For EMC, hourly rates would range from \$335 (Senior Principal) to \$115 (Associate) and not exceed \$25,000 for another project equivalent to a survey (again without prior written agreement from MCHCD).

Agreement

If the District engages a firm in negotiations and satisfactory agreement provisions cannot be reached, negotiations may be terminated and the District may elect to contact another firm. This sequence may continue until an agreement is reached. The District contemplates entering into a legal agreement containing terms and conditions which will include specific standards for the firm's billing of costs and services. The agreement will also set forth requirements for the exercise of efficient billing judgment, billing documentation, and insurance requirements. The agreement will contain an express provision that in the event of any dispute concerning any matter regarding the agreement, each party will bear its own attorney's fees. In addition, the agreement will require that it be governed by California laws and that venue for any dispute be in Mendocino County. Please provide your standard draft agreement for the District to review.

Eastshore and EMC find these requirements acceptable. Instead of sample draft agreements, please find our previous contracts with MCHCD for your review in Appendix #2. We anticipate any new agreement with closely track our prior agreements with the District.

Appendix #1 – MCHCD Community Presentation



Community Outreach & Gaining Your Input

INTRODUCTION

➤ Serving the Community

102 years of continuous healthcare on the coast



➤ 1915 to 1923

- Fort Bragg Hospital

➤ 1923 to 1966

- Redwood Coast Hospital

➤ 1966 to 1971

- Formation of the District

➤ 1971 New Hospital

- Mendocino Coast District Hospital

MENDOCINO COAST HOSPITAL

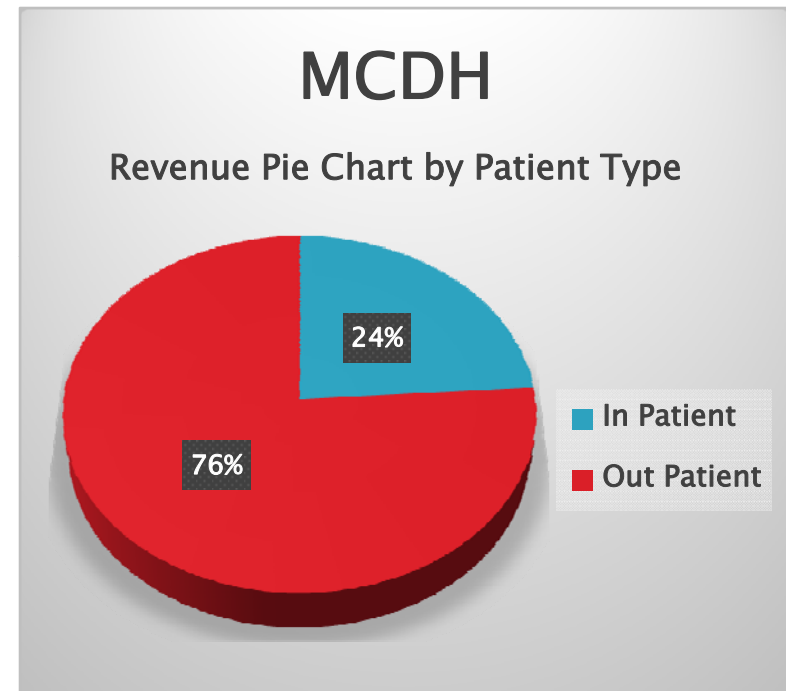


INTRODUCTION

- **MCDH is:**
 - Key component of health care services
 - Major employer
 - Provide a broader range of services than most Critical Access Hospitals
- **We're one of approximately 1,300 Critical Access Hospitals struggling to:**
 - Break even financially
 - Respond to growing regulations at the State and Federal level
 - Be a high quality performer

ABOUT MCDH

- **Mendocino Coast District Hospital (MCDH) is...**
 - A 25-bed acute care facility
 - Licensed by the State of California Department of Health Services
 - Accredited by the Joint Commission on Accreditation of Healthcare Organizations
 - A Critical Access Hospital
- **MCDH provides...**
 - Emergency, inpatient and outpatient services
 - Healthcare education to prevent, manage and treat chronic and acute conditions



ABOUT MCDH

Mission

- Make a positive difference in the health of our rural community

Vision

- Play a vital role in the overall health and well-being of the community
- Be the key element in the healthcare system serving the needs of our community
- Provide leadership to enhance the efficiency, coordination, quality and range of services provided within our rural healthcare system.
- Be the healthcare provider and employer of choice within our community
- Continually address and keep up with technology and superior clinical skills
- Make a positive impact on health by encouraging personal and community responsibility for health and wellness
- Play a decisive role in people choosing to stay in our community or to locate here

ABOUT MCDH

Health Care District Service Areas

Primary area includes 7 zip codes

- Westport
- Fort Bragg
- Caspar
- Mendocino
- Little River
- Albion
- Elk
- Comptche

Secondary area includes 3 zip codes

- Gualala
- Manchester
- Point Arena



ABOUT MCDH

Role and scale of MCDH in local economy

- Biggest employer on the Coast
- 320 staff members
- 70 Medical Staff Members
- Nearly \$2 million in monthly payroll and physician payments
- Success is important to the local economy

ABOUT MCDH

Annual MCDH Patient Volumes

- 94,490 Patient Visits
- 30,458 North Coast Family Health Center visits
- 2,541 Surgical Procedures per year
- 10,461 ER visits

ABOUT MCDH

Mendocino Coast Health Care District Revenue by Service Type

➤ Pharmacy	18%
➤ Inpatient Nursing Care	14%
➤ Diagnostic Imaging	14%
➤ Emergency Services	13%
➤ Laboratory	11%
➤ Surgical Services	10%
➤ Medical Supplies	7%
➤ North Coast Family Health Center	4%
➤ Respiratory, Physical & Speech Therapy	4%
➤ Cardiology	2%
➤ Hematology/Oncology	1%
➤ Physician Services	1%
➤ Home Health	1%

FINANCIAL SNAPSHOT

- MCDH Charges are not paid at 100% (Contractual Write-off)
- Unreimbursed Charges in 2016:
 - Medicare \$29.9 Million
 - Medi-cal \$12.6 Million
 - Commercial Ins & Other \$ 8.6 Million
 - Policy Discounts \$.8 Million
 - Bad Debt
 - Charity Care
- Total \$51.9 Million

FINANCIAL SNAPSHOT

- 80% of patient financial class pays less than cost to provide care
- Unfortunately the cost of providing care will always be higher than we are reimbursed by Medicare, Medi-Cal and Uninsured Patients
- It is impossible to break even on operations directly through patient care services when less than 20% of the business pays above the cost of doing business

FINANCIAL SNAPSHOT

- In 2015 – Emergency Department Cost of Service was \$12+ Million (77% of total gross revenue)
- Department's Total Reimbursement was \$11 Million
- Emergency Department shortfall was \$1.7 Million
- Revenue from profitable departments is being used to close the ER gap

FINANCIAL SNAPSHOT

- In 2016 major improvements occurred in coding and pricing models
- In FY 2017 the Emergency Department's Total Reimbursement increased 31% from 2015 on just 3.8% increased volumes
- Emergency Department shortfall was \$728,000 in FY 2017

OBSTETRICS

- Declining Volumes
- OB Skilled Nurse Staff
 - Full time vs. Registry Staff
 - Quality may not be sustainable
- 50% Physician staffing is non local
- OB services are less than 1.5% of our patient Revenue
- Financial Loss over \$1,500,000 in FYE 2017
- Stabilize Financials
 - Medicare cost report
- Most CAH's no longer offer OB services

OBSTETRICS

DELIVERIES (106 & 99)	FYE 2017	FYE 2016
GROSS REVENUES	\$1,586,136	\$1,437,322
DEDUCTIONS FROM REVENUES	(\$1,079,207)	(\$ 909,250)
NET REVENUES	\$ 506,929	\$ 528,072
EXPENSES -does not include OR C-sections	(\$1,878,007)	(\$1,571,697)
ESTIMATED COST REPORT REDUCTION IN REIMBURSEMENT	(\$ 169,021)	(\$ 141,453)
NET INCOME (LOSS)	(\$1,540,099)	(\$1,185,007)

OTHER DEPARTMENTS

Question: How many of these Hospital Departments Do you think make a profit at MCDH?

- Cardiopulmonary
- CCU
- Diagnostic Imaging
- Emergency Department
- Hematology/Oncology
- Home Health & Hospice
- Dietary
- Laboratory
- Medical Surgical Nursing Floor
- North Coast Family Health Center
- OB
- Surgery
- Pharmacy
- Rehab
- Swing bed

Answer:

Four

- Lab
- Surgery
- Diagnostic Imaging
- Pharmacy

POSITIVE CHANGES

What has MCDH done to get its house in order?

People

- Senior Leaders: CEO; CFO, CNO, CHRO
- Managers/Directors: Diagnostic Imaging/Cardiopulmonary; Plant Operations, Infectious Disease, Dietary, Revenue Cycle, Medical Surgical Director, Medical Records, Rehab Services, Quality, Ancillary Services Director
- Physicians: Family Medicine (3), Pain Specialists (2), Hospitalists (4), Emergency Room Group (7)
- Strong Labor Union partnership – resulted in increased market wages to recruit needed employees, concession to reduce cost of dependent health insurance coverage

Finances

- Financial Turnaround: 3.1% Operating Margin at 2016 Fiscal Year end
- (.98%) Operating Loss @ 2017 Year End. (un-audited)

CHANGES

Services

- Added: Immediate Care Service; Pain Management Services; Grew volumes in Lab, DI, Surgery,

Processes

- Quality Score Card Posted with Metrics
- The Joint Commission Accredited (Hospital, Lab, Home Health)

Promotions

- Advertising for services, providers and publicizing accomplishments in newspaper and Radio

CHALLENGE

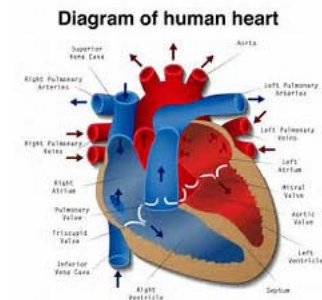
Improve the Hospital's fiscal sustainability as well as the quality of the healthcare services we provide

- Immediate Care Service
- PRIME
- Commercial Insurance
- IGT, Hospital Fee
- E.D. Physician Services
- Surgical Volume, Pain Management
- Acquisition of new patient beds and Cardiac Monitors
- BioFire–Cutting edge Laboratory technology
- Operating Margin is (negative) (.98%) unaudited FYE 2017

CHALLENGE

Improve the Hospital's fiscal sustainability as well as the quality of the healthcare services we provide

- Continuously Improving Quality and Patient Safety
 - Moved from 2 Stars to 3 Stars (out of 5)
 - Zero Patient Harm Events
- Ongoing Patient Experience Indicators
 - Emergency Department
 - Outpatient Services
 - Surgical Services
- Core Measures Publicly Reported
 - Heart Attack – Stroke – Sepsis



CHANGES

Physical Plant Improvements

- Hospital is 46 years old and cannot meet the new seismic requirements
- If not upgraded in the next 13 yrs (2030) will be taken out of service
- Plant maintenance and capital improvements critically needed to continue operations due to deferred plant maintenance
- Annual Depreciation of Buildings & Equipment \$1,850,000

CHANGES

Capital Projects that require funding now:

- Electronic Medical Record (Meditech) Upgrade \$4.0M
- Operating Room/Central Sterile upgrade \$665K
- Automatic Transfer Switch \$575K
- Operating Room HVAC system \$500K (started)
- PACS X-RAY Replacement \$375K (Done)

Projects Total over \$5.6 Million

CONTINUOUSLY MONITOR/IMPROVE

	INDICATORS	Goal	3rd Q 2016	4th Q 2016	1st Q 2017	2nd Q 2017
Patient Experience	How organized was your discharge process	90%	96.6%	90.7%	93.1	95.2
	Patient Centered; how often was your family or someone close to you allowed to be with you as much as possible	90%	96.3%	91.7%	90.6%	81.6%
Core Measures	INDICATORS	Goal	3rd Q 2016	4th Q 2016	1st Q 2017	2nd Q 2017
	Time from entering the ER to being admitted to an inpatient room at MCDH (minutes) *	<120"	235 min.	304 min.	341 min.	361 min.
	ICU admissions are assessed for the risk of blood clots (VTE's prophylaxis) **	100%	97.1%	100%	100%	100%
Infection Control	INDICATORS	Goal	3rd Q 2016	4th Q 2016	1st Q 2017	2nd Q 2017
	Catheter-Associated Urinary Tract Infection (CAUTI) will be below 1.0%	<1.0%	235 min.	0%	0%	03%
	In patient Surgical Site Infections will be below 1.0%	<1.0%	97.1%	0%	0%	1.0%
Patient Safety	INDICATORS	Goal	3rd Q 2016	4th Q 2016	1st Q 2017	2nd Q 2017
	Falls (all units) will be less than 3	< 3	4	6	5	6
	Medication Error Reduction Plan; medication errors will be less than 0.3% of total medications administered.	<0.3%	0.2%	0.2%	0.3%	0.2%
Never Events	INDICATORS	Goal	3rd Q 2016	4th Q 2016	1st Q 2017	2nd Q 2017
	Wrong Procedures	0	0	0	0	0
	Wrong Site Surgery	0	0	0	0	0
	Suicide	0	0	0	0	0
	Retained objects (surgery)	0	0	0	0	0
Pressure Ulcers (pressure ulcers>stage 1 not documented on admission)	0	0	0	0	0	

SHORT TERM CHALLENGES

We Remain Committed–

- Sustain and improve ER
- Sustain and improve OB
- Cash flow help for other departments
- Immediate and medium term capital needs



LONG TERM CHALLENGES

And in the longer term, we must...

- Improve the hospital to meet future needs
- 2030 Seismic requirements
- Rebuild or replace
- New hospital the community deserves (over the next decade)



OPTIONS

- **Changes to become fiscally sustainable**
 - Recruit quality Medical Staff
 - Added talent
 - Continued partnership with our Union
 - Improve operations
 - Grow service volume
 - Managed costs whenever possible
 - ✓ ED
 - ✓ Hospitalists
 - Enhance our revenue – Surgery
 - Improve patient experiences
 - Improve commercial insurance rates

OPTIONS

- Parcel Tax
- Bond Measure
 - Refurbish space, add equipment, eventually retrofit or rebuild
- Affiliation

PARCEL TAX

PRELIMINARY * Parcel Tax Analysis

Approximate Taxtable Parcel Count**	Tax Rate Per Parcel***	Maximum Est. Annual Revenue
	\$167	\$2,000,000
12,000	\$144	\$1,728,000
	\$ 50	\$ 600,000

- * Pending review of the County's most recent 'parcel roll'.
- ** Parcel taxes often offer exemptions for certain types of ownership. However, the resulting reduction in parcel tax revenue would depend on the exact nature of the exemptions provided, if any.
- *** Alternatives to levy a parcel tax are available (e.g. per developed square foot).

BOND MEASURE

- \$50 million in General Obligation (GO) bonds
 - Authorized by two-thirds of local voters
 - Annual tax rate of \$95 per \$100,000 of taxable value

- GO bond requires:
 - Conservative assumptions that are straightforward and easily understood
 - A bond program that avoids future problems by not requiring expensive borrowing options or deferred interest bonds (CABs)
 - A responsible repayment ratio
 - A fully transparent process

BOND MEASURE

- Funds –
 - Spent on capital improvements
 - Focus on building a new hospital 2030
- Critical capital needs will continue to arise
- A bond authorization, could offset what would otherwise be considerable costs

WHAT WOULD IT MEAN FOR US?

Potential benefits of additional community investment

- Sustain/improve Obstetrics and Women's services
- Responsiveness and quality outcome improvements in the Emergency Department
- Improvements to other departments and services
- It would allow a change in focus
- MCDH could continue our 102 year relationship with our community

WHAT WOULD IT MEAN FOR US?

- Resources for planning, checking, doing and acting
- Enhanced bottom line would allow us to universally “embrace quality”
- Strategically implement our Vision – instead of retreating to cost savings Processes
- Our standard of health care could become what the community deserves
- A new hospital could be constructed by 2030

OVERALL PROCESS

It is critical for us to share MCDH's history and current situation and gain input on a solution

MCDH will continue to:

- Share the entire background and improvements currently underway
- Gain insight about how to shape a request for a local investment and/or restructure the Hospital
- Connect with the community
- Gauge opinions of District voters about potential solutions and gain additional feedback

OVERALL PROCESS

- Provide information about the potential solutions and consider placing a measure on a future ballot
- Connect with the community
- Gauge opinions of District voters about potential solutions and gain additional feedback

COMMUNITY OUTREACH

- To be effective and successful, our efforts must be structured to both meet the Hospital's needs *as well as* reflect the community's preferences
- This will allow you and the rest of the community to shape how we move forward
- Specifically, we want input about the:
 - Parcel tax
 - GO Bond
 - Affiliation

COMMUNITY OUTREACH

- Of course, we also invite feedback about any other aspect of the Hospital
- We are continuing to reach out to all the communities on the Coast and gaining input about your potential investment
- The Board and everyone affiliated with the Hospital are making every effort to inform and listen – and we will do everything we can to continue to be ‘good stewards’ worthy of your support

VOTER SURVEY

In response to the town hall meeting on the OB department – MCDH commissioned a voter opinion survey late last summer

Survey Results:

- Maintaining emergency room care and OB – is extremely important to Mendocino Coast voters. *Two thirds strongly oppose closing the OB department.*
- Ratings suggest that many would also like to see improvements to the quality of healthcare.

VOTER SURVEY

- Over two-thirds of respondents support either a Parcel Tax OR a GO Bond measure to maintain local healthcare; however, neither option on its own garners the necessary two-thirds support.
- Support for a \$200 parcel tax remains well below two thirds even after voters hear reasons why the measure is needed.
- The cost of a measure is an issue for many voters, and there are some concerns about the hospital's financial management.

NEXT STEPS

- Committees (Planning, Finance)
- Committee meetings open to Public
- Ad Hoc meetings are open to the public
- More presentations to more groups
- Additional information outreach to local media
- Board will consider options presented by committees
- Board/Planning/Finance Workshop Sept. 23rd

INPUT & FEEDBACK

- Please continue to tell us what you think!
- If any other input or feedback occurs to you after this meeting, please reach out to our CEO, Bob Edwards, at 961-4610, or bob.edwards@mcdh.net

**THANK YOU FOR SUPPORTING
YOUR HOSPITAL!!!**

Mendocino Coast District Hospital
MCDH
 \$0 Parcel Tax

Sonoma Valley Hospital
SVH
 \$195 Parcel Tax

Healdsburg District Hospital
HDH
 \$150 Parcel Tax

	MCDH			SVH			HDH		
	Estimate 2017	Audit 2016	Audit 2015	Estimate 2017	Audit 2016	Audit 2015	Estimate 2017	Audit 2016	Audit 2015
Net Revenues	\$ 53,403,299	\$ 53,856,371	\$ 47,655,251	\$ 57,359,132	\$ 55,013,096	\$ 51,394,060	\$ 45,000,000	\$ 44,095,112	\$ 41,757,093
Operating Expenses	\$ (53,928,768)	\$ (51,740,800)	\$ (51,016,118)	\$ (61,720,170)	\$ (58,352,771)	\$ (56,073,510)	\$ (47,000,000)	\$ (45,809,315)	\$ (43,494,172)
Operating Income(Loss)	\$ (525,469)	\$ 2,115,571	\$ (3,360,867)	\$ (4,361,038)	\$ (3,339,675)	\$ (4,679,450)	\$ (2,000,000)	\$ (1,714,203)	\$ (1,737,079)
	-0.98%	3.93%	-7.05%	-7.60%	-6.07%	-9.11%	-4.44%	-3.89%	-4.16%
PARCEL TAX INCOME	\$ -	\$ -	\$ -	\$ 2,949,529	\$ 2,967,517	\$ 2,924,785	\$ 3,375,000	\$ 3,358,819	\$ 3,383,671

ER DATA

	FYE 2016	FYE 2017	FYE 2016	FYE 2017
GROSS REVENUE			Percentage of Total	
Medicare	\$ 2,742,106	\$ 5,857,999	40%	41%
Medi-Cal	\$ 2,455,696	\$ 5,482,221	36%	38%
Blue Cross/Blue Shield	\$ 891,650	\$ 1,865,096	13%	13%
Other Insurance	\$ 614,829	\$ 610,178	9%	4%
Self Pay	\$ 209,263	\$ 455,846	3%	3%
Total Gross Revenue	\$ 6,913,544	\$ 14,271,340		

ESTIMATED NET REVENUE

Medicare	\$ 733,261	\$ 969,999
Medi-Cal	\$ 368,354	\$ 368,354
Blue Cross/Blue Shield	\$ 356,660	\$ 746,038
Other Insurance	\$ 215,190	\$ 213,562
Self Pay	\$ 20,926	\$ 45,585
Total Net Revenue	\$ 1,694,392	\$ 2,343,539

Direct Operating Expenses	\$ 1,848,737	\$ 2,363,125
Estimated Overhead Allocation 30%	\$ 554,621	\$ 708,938
Estimated Total Expense	\$ 2,403,358	\$ 3,072,063

Estimated Income/Loss	\$ (708,966)	\$ (728,524)
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MENDOCINO COAST DISTRICT HOSPITAL OB DEPARTMENT

ACCOUNT DESCRIPTION	FINAL TOTAL DELIVERIES 99	FINAL TOTAL DELIVERIES 106
	FINAL 2016	FINAL 2017
TOTAL IP REVENUE	(1,327,677)	(1,534,252)
TOTAL OP REVENUE	(109,645)	(51,884)
TOTAL GROSS REVENUE	(1,437,322)	(1,586,136)
CONTRACTUAL ALLOWANCE %	63.26%	68.04%
CONTRACTUAL ALLOWANCES	909,249.90	1,079,206.83
ESTIMATED TOTAL NET REVENUE	(528,072)	(506,929)
TOTAL SALARIES & WAGES	337,386	236,498
TOTAL BENEFITS	209,937	149,022
TOTAL PHYSICIAN FEES	597,940	517,227
TOTAL REGISTRY - NURSING	372,566	932,255
TOTAL MEDICAL SUPPLIES	14,240	16,431
TOTAL SUPPLIES - OTHER	31,552	12,271
OTHER EXPENSES	8,076	14,303
TOTAL EXPENSES	1,571,697	1,878,007
ESTIMATED COST REIMBURESMENT LOSS (9% Costs)	141,453	169,021
NET INCOME (LOSS)	(1,185,077.10)	(1,540,098.83)

**Mendocino Coast District Hospital
Schedule of Debt Payments Through 2029**

Debt Categories:	FISCAL YEAR													TOTAL
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
	PAID													
Bonds														
2009 Revenue (Principle & Interest)	331,104	251,391	251,041	-	-	-	-	-	-	-	-	-	-	502,431
2016 Revenue (Principle & Interest)	414,554	557,550	557,050	811,250	567,500	565,500	563,200	565,600	562,550	564,750	561,500	562,250	561,750	7,000,450
Notes														
UHC (Principle & Interest)	264,600	257,775	250,950	244,125	237,300	230,475	223,650	216,825	-	-	-	-	-	1,661,100
OSHPD (Principle & Interest)	146,749	166,645	233,206	223,206	243,883	245,265	-	-	-	-	-	-	-	1,112,205
CMS (Principle & Interest)	75,527	56,645	-	-	-	-	-	-	-	-	-	-	-	56,645
HELP II Loan														
Principle & Interest		45,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	1,035,000
NEW DEBT														
Estimated \$5million (EHR & Equip)														
Bankruptcy														
AP Claims > \$5,000	234,784		189,310											189,310
**Payable July 1st of the Year Due														
Capital Lease														
Stryker - OR Tower		102,319	93,373	93,373	93,373	93,373	23,343							499,153
TOTALS	1,467,318	1,437,325	1,664,929	1,461,954	1,232,056	1,224,613	900,193	872,425	652,550	654,750	651,500	652,250	651,750	12,056,294

**Mendocino Coast District Hospital
Schedule of Debt Payments Through 2029**

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	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
Bonds														
2009 Revenue (Principle & Interest)	331,104	251,391	251,041	-	-	-	-	-	-	-	-	-	-	833,535
2016 Revenue (Principle & Interest)	414,554	557,550	557,050	811,250	567,500	565,500	563,200	565,600	562,550	564,750	561,500	562,250	561,750	7,415,004
Notes														
UHC (Principle & Interest)	264,600	257,775	250,950	244,125	237,300	230,475	223,650	216,825	-	-	-	-	-	1,925,700
OSHDP (Principle & Interest)	146,749	166,645	233,206	223,206	243,883	245,265	-	-	-	-	-	-	-	1,258,954
CMS (Principle & Interest)	75,527	56,645	-	-	-	-	-	-	-	-	-	-	-	132,172
HELP II Loan														
Principle & Interest		45,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	1,035,000
NEW DEBT														
Estimated \$5million (EHR & Equip)														-
Bankruptcy														
AP Claims > \$5,000	234,784		189,310											424,094
**Payable July 1st of the Year Due														-
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TOTALS	1,467,318	1,437,325	1,664,929	1,461,954	1,232,056	1,224,613	900,193	872,425	652,550	654,750	651,500	652,250	651,750	13,523,612

MCDH CAPITAL NEEDS

DEPT	DESCRIPTION	Replace/ New	
IMMEDIATE NEEDS - Within 6 to 12 months -			
Items listed will have direct patient care or operational impact if not replaced or fixed			
ICU	Bladder Scanner	R	\$ 12,500
Medical-Surgical/ICU/ER	Central Station/Monitors/Telemetry System INSTALLATION COST	R	\$ 145,000
Medical-Surgical/SWB	Hospital Beds: (6 Acute) (1 ICU)	R	\$ 80,000
Medical-Surgical/SWB	Hospital Patient and Visitor Chairs (set of two each for 6 sets per year)	R	\$ 20,000
Medical-Surgical/SWB	Patient Room Remodels *FUND A NEED PROJECT 2017*	R	\$ 300,000
Surgical Services	Stryker "RemB System"	N	\$ 35,000
Surgical Services	Stryker Endoscopy Video System	R	\$ 317,000
Lab	Coagulation Analyzer	R	\$ 60,000
Diagnostic Imaging	C-Arm - Full size	R	\$ 190,000
Maintenance/Plant Operations	OR HVAC Upgrades	R	\$ 373,021
Maintenance/Plant Operations	Automatic Transfer Switch Replacement	R	\$ 573,487
Maintenance/Plant Operations	Central Sterile Renovation	R	\$ 663,000
Maintenance/Plant Operations	Medical Gas Panel Replacement	R	\$ 35,000
DI/Information Systems	PACS Replacement	R	\$ 375,000
Lab	Data Handler for Chemistry Analyzers	R	\$ 40,000
Ambulance	New Sprinter Ambulance	R	\$ 120,000
Labor and Delivery	GE infant warmer	R	\$ 40,000
Labor and Delivery	4 Fetal Heart Monitors	R	\$ 78,000
Labor and Delivery	BilliLight & Meter	R	\$ 7,000
Labor and Delivery	2 Labor & Delivery Beds	R	\$ 30,000
Labor and Delivery	2 Recovery Beds	R	\$ 20,000
Labor and Delivery	2 Isolettes for Newborns	R	\$ 40,000
Labor and Delivery	Central Monitoring System (Additional annual maintenance agreement \$18k)	R	\$ 294,000
Labor and Delivery	Remodel 4 rooms including furniture & Sleep Chairs	R	\$ 300,000
Maintenance/Plant Operations	Resurface Parking Lots	R	\$ 1,000,000
			\$ 5,148,008
CRITICAL NEEDS - Within 6 to 24 months -			
Items listed could have direct patient care or operational impact if not replaced or fixed			
Diagnostic Imaging	Ultrasound	R	\$ 130,000
Information Systems	EHR - Single Sign on system for clinical users - HIPAA/Security Concern	N	\$ 76,420
Information Systems	MEDITECH UPGRADE 6.16	R	\$ 3,850,000
Information Systems/NCFHC	NEXTGEN AMBLUATORY SOFTWARE & HARDWARE UPGRADES	R	\$ 500,000
North Coast Family Health Center	Generator	N	\$ 60,000
Surgical Services	Stryker Flyte Shield System	R	\$ 16,000
Diagnostic Imaging	Portable X-Ray DR	R	\$ 80,000
Diagnostic Imaging	Blanket Warmer	N	\$ 8,500
Dietary	Dishwasher	R	\$ 65,000
Maintenance/Plant Operations	Security Upgrades	N	\$ 150,000
Maintenance/Plant Operations	Antenna Removal & Replacement	R	\$ 500,000
Anesthesiology	Glidescope (Video Laryngoscope used for difficult intubation)	N	\$ 22,000
Lab	Blood Bank Typing & Antibody Screening System	N	\$ 60,000
Dietary	Walk-In Freezer (7x9 with 2hp system)	R	\$ 60,000
Medical-Surgical/SWB	Hospital Beds: Hillrom Vesicare (6 per year)	R	\$ 60,000
Medical-Surgical/SWB	Hospital Patient and Visitor Chairs (set of two each for 6 sets per year)	R	\$ 20,000
Surgical Services	Zimmer ATS 2200 Tourniquet System	N	\$ 12,500
Anesthesiology	Perfusor Syringe Pump	R	\$ 18,000
Lab	Main Chemistry Analyzer with Back-up	R	\$ 150,000
Lab	Main Hematology Analyzer with Back-up	R	\$ 85,000
Lab	Refrigerated Centrifuge	R	\$ 8,300
Lab	Microscope with Telepath Exam Capability	N	\$ 7,000
Lab	Fresh-frozen Plasma Thawing Bath	N	\$ 5,000
Dietary	Ovens	R	\$ 60,000
			\$ 6,003,720
MID-TERM NEEDS - Within 24 to 36 months -			
Maintenance/Plant Operations	Replace Facility Roof	R	\$ 2,500,000
Maintenance/Plant Operations	ED Renovation	R	\$ 2,250,000
Maintenance/Plant Operations	Facility Electrical Upgrade	R	\$ 2,000,000
Maintenance/Plant Operations	Replace all Carpeting	R	\$ 600,000
Maintenance/Plant Operations	Paint Exterior of Facility	R	\$ 300,000
Maintenance/Plant Operations	Replace floor in ED hallway	R	\$ 200,000
Maintenance/Plant Operations	Replace Acute Floor Patient Room Windows	R	\$ 150,000
Maintenance/Plant Operations	Replace floor and countertops in Laboratory Registration office	R	\$ 95,000
Maintenance/Plant Operations	Replace floor in ICU	R	\$ 75,000
Maintenance/Plant Operations	Remodel Nurse Locker Room	R	\$ 50,000
Maintenance/Plant Operations	Replace Gutters	R	\$ 40,000
Lab	Point of Care Analyzer for Blood Gases	R	\$ 30,000
Lab	Platelet Incubator	R	\$ 25,000
Surgical Services	Stryker Orthopedics Driver 4 Power System	N	\$ 29,156

MCDH Hospital Retrofit- Replacement Project

Looking Forward to Our Future
Healthcare Facility Needs in Fort Bragg

Steve Kobert

Structural Performance Category Ratings & Definitions (SPC)

- **SPC 1:** Buildings posing significant risk of collapse and danger to the public.
- **SPC 2:** Buildings do not significantly jeopardize life, but may not be repairable or functional following strong ground motion.
- **SPC 3:** MCDH has no SPC 3 Buildings.
- **SPC 4:** Buildings may experience structural damage which may inhibit ability to provide services to the public following strong ground motion.
- **SPC -4D:** This new upgrade option requires submittal of multiple projects to the Seismic Compliance Unit and the Building Safety Section of the OSHPD Facilities Development Division (FDD) to bring the facility into compliance with SPC 2030 requirements.
- **SPC 5:** Buildings in compliance with the structural provisions of the Seismic Safety Act, and are reasonably capable of providing services to the public following strong ground motion. These buildings may be used without restriction to January 1, 2030, and beyond.

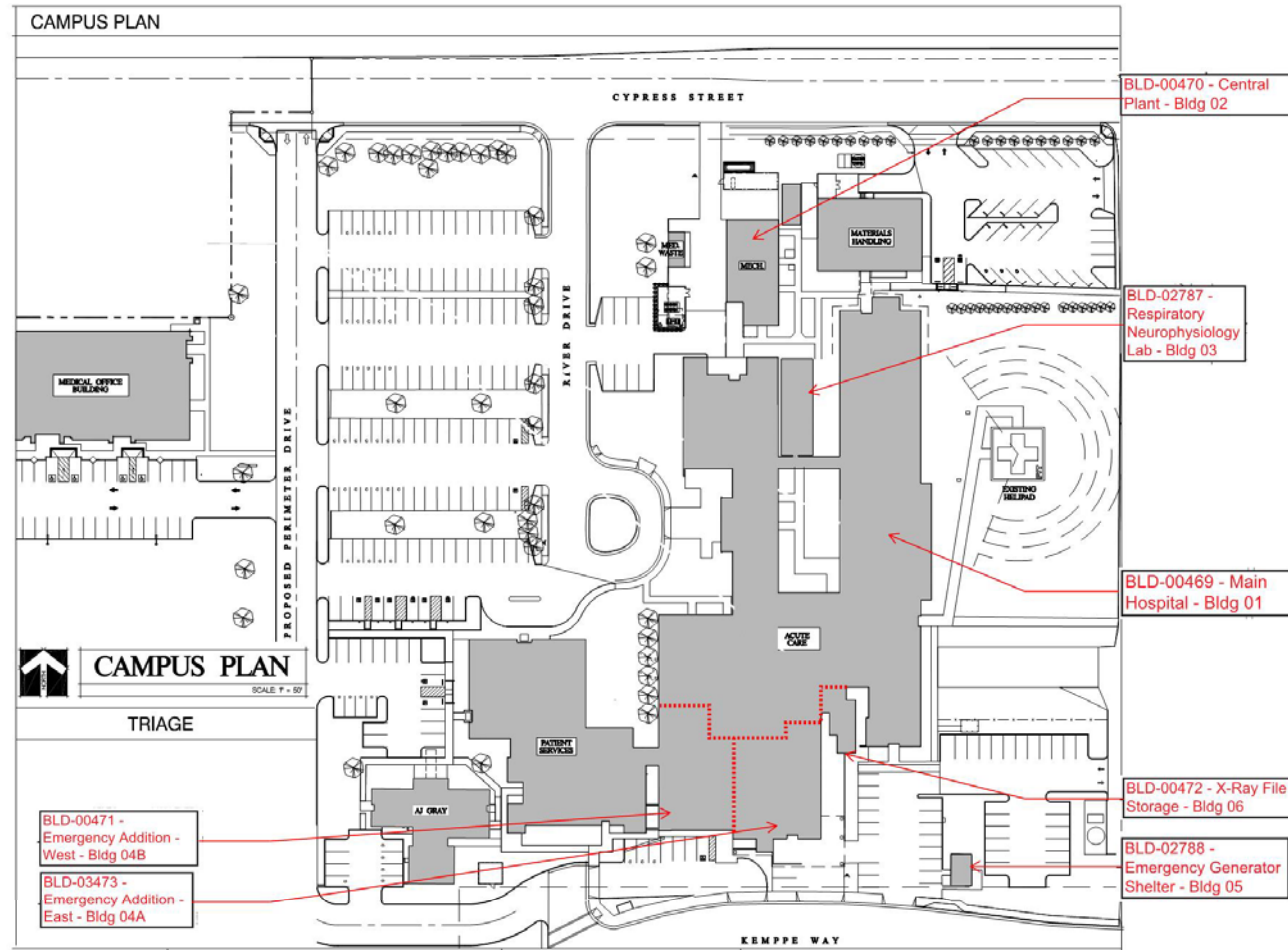
Non-structural Performance Category Ratings & Definitions (NPC)

- **NPC 1:** Buildings/ systems not meeting the bracing & anchorage requirements of any NPC
- **NPC 2:** Critical/Emergency systems are braced or anchored in accordance with Title 24
- **NPC 3:** Listed building equipment and systems meet bracing/anchorage requirements of Part 2, Title 24
- **NPC 4:** All architectural, mechanical, electrical systems, components and equipment, and hospital equipment are braced and anchored
- **NPC 5:** Building meets NPC 4 requirements and has onsite water supplies, sewage and liquid waste holding tanks, sufficient for 72 hours of emergency operations, that are integrated into the building plumbing systems. Emergency power per CA Electrical Code, radiological services, and onsite fuel supplies for 72 hours of acute care operation shall be provided.

Current MCDH Conditions

- Main Hospital: **SPC 2 / NPC 2**
- Central Plant: **SPC 2 / NPC 2**
- Emergency Addition – West: SPC 4 / **NPC 2**
- X-Ray File Storage: SPC 5 / **NPC 4**
- Respiratory/Neuro Lab: SPC 4 / **NPC 2**
- Emergency Generator Shelter: SPC 4 / **NPC 3**
- Emergency Addition – East: SPC 4 / **NPC 2**
- **Hospital facilities must be at SPC 4D or SPC 5, AND NPC 5 by 1/1/2030**

MCDH Hospital Facilities Map



Options for the Future

- Assess the feasibility of renovating and/or refurbishing to **SPC 4D** (structural) standards:
 - Main Hospital/Central Plant Buildings
 - DI, ED and Respiratory/Neurology Lab Buildings
- Assess the feasibility of renovating and/or refurbishing to **NPC 5** (non-structural) standards:
 - Main Hospital/Central Plant Buildings
 - DI, ED and Respiratory/Neurology Lab Buildings

Options for the Future

- If it is not feasible to renovate/refurbish the existing hospital buildings, then build a new facility (**SPC 5/NPC 5**):
 - New Acute Care Facility
 - Central Plant
 - Emergency Department

Renovate/Refurbish Option

- Geotechnical Survey
- Structural Analysis (SPC) of Existing Buildings
- Non-structural Analysis (NPC) of Existing Buildings
- Determine if/which buildings will be renovated
- Develop Design Documents for Retrofit Work
- Submission of documentation to OSHPD Seismic Compliance Unit (SCU)
- If OSHPD approves, Implement Retrofit Plan
- Complete work prior to 2030

Replacement Facility Option

- Develop Comprehensive Strategic Master Plan for entire campus
- Develop Project ‘Scope of Work’ Document
- Structure work as a Design-Build Project
- Develop Construction Drawings
- Submit for OSHPD Approval
- Upon Approval, Implement Construction Work
- Complete project prior to 2030

Renovation Costs

- Working to develop cost estimates.
- Very difficult to quantify at this time because we don't know what we don't know.
- The geotechnical survey will help us by either:
 - Begin to quantify issues for costing purposes
 - OR
 - Eliminate renovation as a viable alternative

Replacement Facility Cost Scenario

- 25 Bed, Acute Care Rural Hospital, OSHPD
- Construct new Plant Operations building
- Construct new single story hospital
- Reutilize as much of the existing SPC 4 facilities as possible for support functions

Replacement Facility Cost Scenario

- Original hospital is approximately 41, 667 square feet
- Cost for a basic new facility is approximately \$50 million in 2017 dollars if work started today (based on \$1,200 per square foot average)
- This is the minimum amount of money that we will have to spend in order to replace the existing facility.

Replacement Facility Cost Scenario

- To replace the entire facility, the square footage and associated costs will be approximately:
 - **Main Hospital:** 41,667 @ \$1,200 per square foot = **\$50,000,400**
 - **Central Plant:** 3500 @ \$1,200 per square foot = **\$4,200,000**
 - **Emergency/Laboratory:** 10,500 @ \$1,200 per square foot = **\$12,600,000**
 - **The total square footage will be 55,667 @ \$1,200 = \$66,800,400**

Replacement Facility Cost Scenario

- **Known additional costs:**
 - The geotechnical analysis will drive an unknown amount of additional foundation expenses
 - Architect and Engineering fees are typically 8-10% of construction costs (10% @\$50M = \$5,000,000)
 - OSHPD fees are set by law at 1.6% of construction costs (1.6% @ \$50M = \$800,000)
 - Permitting, inspections (Inspectors of Record), and prevailing wages will also result in additional costs to the project (Unknown)
 - Medical equipment expenses typically average approximately 15% of construction costs (\$7,500,000)
 - Total known additional costs = \$13,300,000
- **Total facility replacement and additional costs = \$80,100,400**

Replacement Facility Cost Scenario

- New Hospital Base Construction Cost Estimate
 - 2018: \$50,000,000
 - 2019: \$53,000,000
 - 2020: \$56,180,000
 - 2021: \$59,550,800
 - 2022: \$63,123,848
 - 2023: \$66,911,278
 - 2024: \$70,925,955
- (Note 1 - All future year expense projections are based on a 6% per year cost escalation)
- (Note 2 – Cost Estimate is based on providing basic hospital facility functions per CA Codes and standards currently in effect)

Existing Facility Maintenance

- While project planning, regulatory approval, financing, and construction moves forward for either retrofit or replacement, the existing facility will still need to be maintained per current codes and standards.
- Existing Facility Maintenance consists of:
 - Scheduled maintenance activities
 - Unscheduled maintenance activities
 - Capital projects

Facility Maintenance

- Preventive (planned maintenance) and unscheduled maintenance (repair) activities are usually paid for with operational budget funds
- Major facility repairs (HVAC replacements, roof replacement, carpet and tile replacement, etc. are usually paid for with capital budget funds (Capital Projects)

Current Facility Capital Projects

- Telemetry Project:
- ATS Replacement Project:
- OR HVAC Project:
- Central Sterile Project:
- Change of Use Project:
- Geotechnical Analysis Project:
- **Current project cost estimates: \$1,824,508**

Future/Pending Facility Projects

- Roofing repairs/replacement
- Carpet and flooring replacement
- Electrical upgrades
- ED renovation
- Interior and exterior facility painting
- Patient room renovations
- Window replacements
- Many others
- **Projected cost estimates: \$10,490,000**

Annual Projected Facility Costs

- The forecasted Capital needs shown below are only those classified as facility-related or require OSHPD review and/or approval
 - 2017 - 2018: \$1,335,000.00
 - 2018 - 2019: \$895,000.00
 - 2020 - 2026: \$8,260,000.00

Next Steps

- Continue with Geotechnical Investigation and analysis of data.
- Utilize Structural Engineer to complete facility infrastructure analysis.
- Submit analysis of data to OSHPD for review and approval.
- Make final decision on Retrofit or Replace of Hospital and Plant Buildings.
- Move forward with planning and development of Retrofit or Replacement design development and construction.

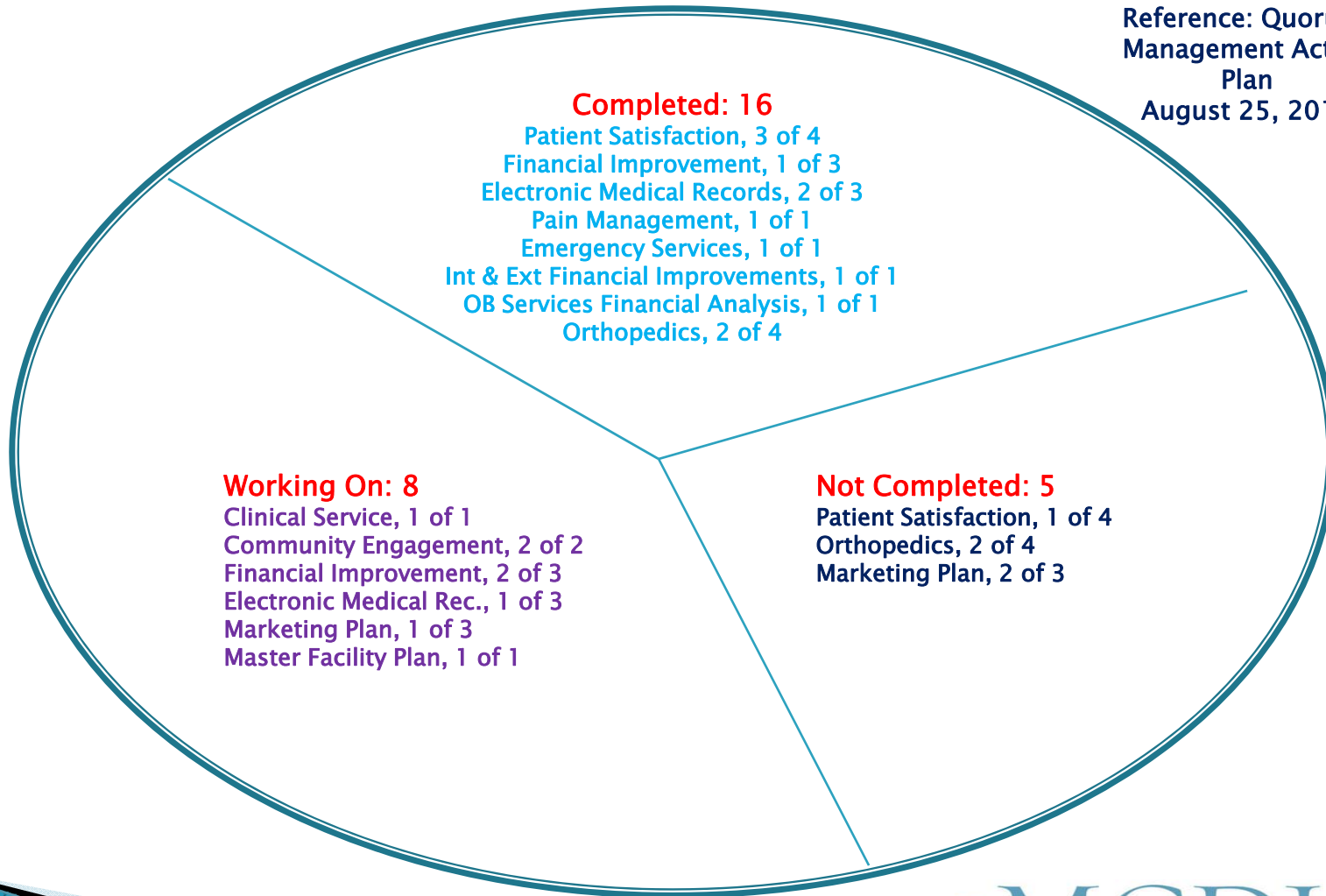
Questions

MENDOCINO COAST HOSPITAL

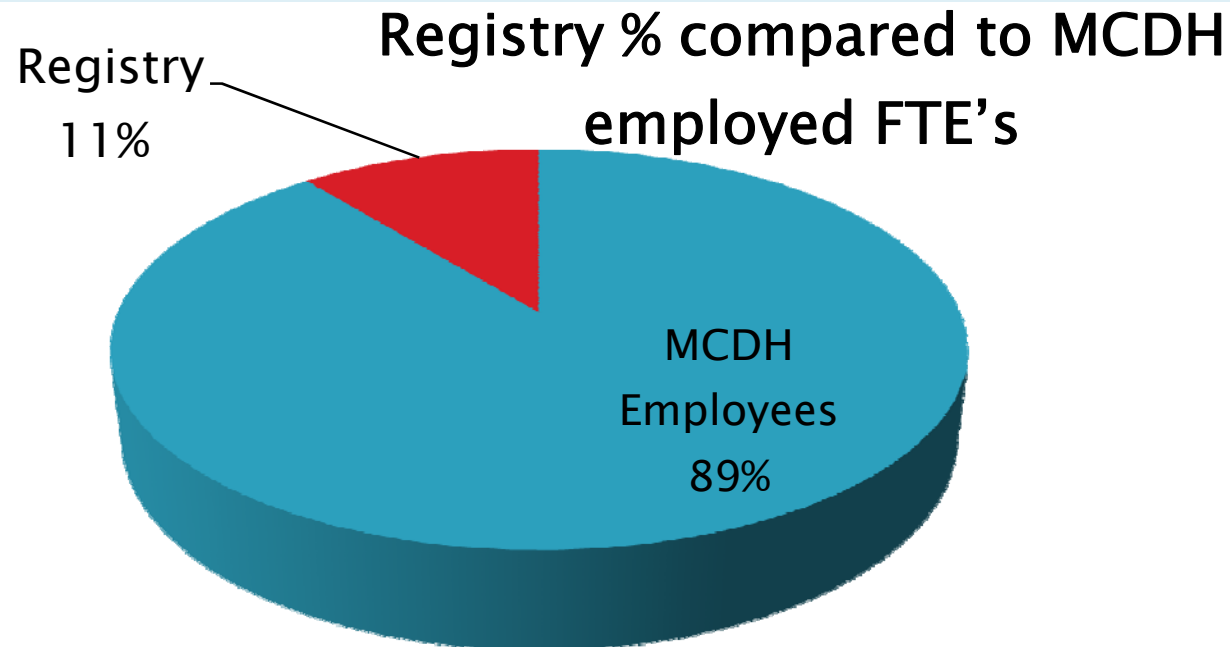


QUORUM: MANAGEMENT ACTION PLAN

Reference: Quorum,
Management Action
Plan
August 25, 2015



REGISTRY % COMPARED TO MCDH EMPLOYED FTE's



- ▶ 32 Registry Personnel
- ▶ 262.28 MCDH Employees
- ▶ ED 5, ICU 4, DI 5, OB 8, PACU 2, Rehab 4, Float 1, Oncology 1, Home Health 1, Lab 1

MCDH QUALITY IMPROVEMENTS (Not related to Quorum: MAP)

- › PRIME (\$750,000 received in FY 16, expecting additional \$750,000 in October 17)
- › Zero Never Events
- › The Joint Commission Accreditation
- › Reduction in patient Opioid Drug Levels
- › Improved Patient Discharge Process
- › Bedside Medication Administration (equipment and processes)
- › Reduction in Medication Error Rate
- › Infection Control processes improved
- › VTE Prophylaxis protocols
- › Employee Behavior Standards
- › Annual Quality, Safety, Risk evaluation, all employees
- › BioFire, Microbiology equipment and processes
- › Physician contracts 100% Stark Compliant
- › Purchase Executive Software to support management decisions
- › Hospital Contract Log
- › Decrease number of claims that require modification prior to 3rd party payers
- › PIP processes greater than 85% accurate and timely
- › Pain assessment processes, ICU
- › Daily patient weight charted, ICU
- › Dietary, improvement to sodium content in 2 gram sodium diet
- › Flu vaccinations, substantial employee compliance
- › Code Blue improvement committee
- › Complaint Log, Compliment Log
- › Qualitick patient satisfaction tablet in Emergency Department
- › NCFHC Provider Recruitment (Ripich, Garcia, Summit Pain Alliance, Sandys, Karan, Reddy, Berna, Hewitt, Campos, Fink, Danhash, Fleming)
- › PHP Quality Bonus, NCFHC, \$143,213 (Pt. Exp, Cholesterol Screening, Controlling Blood Sugar, Retinopathy screening for Diabetics, Avoiding unnecessary IP admissions and readmissions, avoiding unnecessary ER visits, using Prescription Formulary 97%, Access of Same Day appointments)
- › NCFHC Quality Bonus, \$227,974 (Patient Experience, Controlling Blood Pressure, Controlling Blood Sugar, Nephrology screening, avoiding unnecessary IP and ER visits, Prescription Formulary use at 98%, Specialists accepting PHP patients)
- › Immediate Care, averages 300 visits per month
- › NCFHC: Passed multiple TJC and State surveys
- › Medical Staff: Robust Peer review process
- › Medical Staff: revised Bylaws and Rules and Regulations
- › Medical Staff: hospitalist rounding with nurse, multidisciplinary rounding
- › Medical Staff: Released 5 emergency department physicians not meeting expectations
- › Medical Staff: assessed Hospitalist Program and identified low performance issues
- › Medical Staff: Credential Board Certified Infectious Disease Specialist to create Antimicrobial Stewardship program

MCDH QUALITY IMPROVEMENTS (Not related to Quorum: MAP)

- ▶ Prime, Cancer Screening (\$750k FY 16, \$750k Oct 17)
- ▶ Zero NEVER Events
- ▶ Bedside Medication Administration (equipment and process)
- ▶ BioFire (Microbiology equipment and process)
- ▶ NCFHC Provider Recruitment (Ripich, Garcia, Yang, Sandys, Karan, Reddy, Berna, Hewitt, Campos, Fink, Danhash, Fleming)
- ▶ NCFHC Quality Bonus (\$227,974)
- ▶ Medical Staff: Developed robust peer review process
- ▶ Medical Staff: Hospitalist rounding with Nurse
- ▶ Medical Staff: Credentialed Board Certified Infectious Disease Specialist to create Antimicrobial Stewardship Program

MENDOCINO COAST HOSPITAL



IMPROVEMENTS TO REVENUE

- RHC Change in Scope of Service
- Joining UVMC's Medi-Cal Managed Care Quality Bonus
- Addition of FasTrack (Immediate Care)
- Addition of BioFire in Lab
- Addition of Rite Aid & return of Mendocino Pharmacy to 340B
- PHP Orphan Drug correction

IMPROVEMENTS TO REVENUE

- ER Price increase of technical component
- ER Coding improvements
- Addition of Pain Management Services
- Addition of OB/GYN patients to NCFHC
- Chargemaster Price Increase
- Re-negotiation of Blue Shield and Blue Cross contracts
- PRIME

MENDOCINO COAST HOSPITAL



COST SAVING MEASURES

- Refinance of Revenue Bonds
- Change in Transcription Services
- Restructure of AT&T phone billing
- Better utilization of GPO purchasing
- Reduction in EE Health Insurance Costs
- Reduction in Clinic Lease Costs

COST SAVING MEASURES

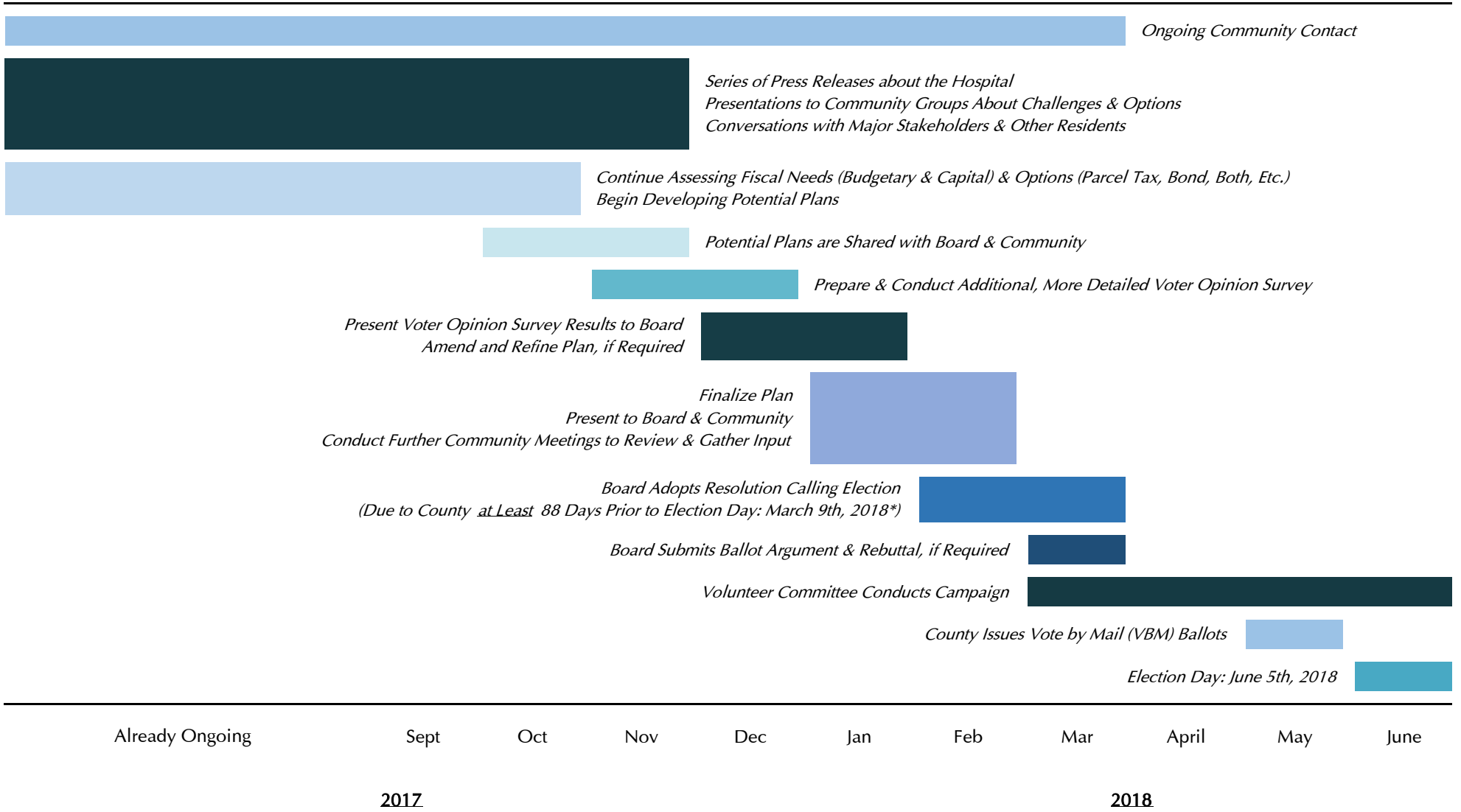
- Change in ER Physician Group
- Change in Hospitalist Physician Group
- Reduction in EE Retirement Benefits
- Combining Cardiopulmonary Manager Duties with DI Manager
- Electronic Payroll Checks and W-2's

POTENTIAL Community Investment Options Table - MCDH (September 2017)

	<i>(1)</i> <i>Open Ended Parcel Tax</i>	<i>(2)</i> <i>Single Parcel Tax for Specific Uses</i>	<i>(3)</i> <i>Multiple Parcel Tax Measures</i>	<i>(4)</i> <i>'\$10-\$10-\$50' GO Bond</i>
Voter Approval Required	Two-Thirds			
Amount of Proceeds	\$1,080,000 to \$1,800,000 annually	\$1,600,000 annually, if for ER AND OB	To be determined	\$70 Million from 2018 to 2024
Cost to Taxpayers	\$90 to \$150 per parcel annually	\$133.33 per parcel annually	To be determined	\$95 per \$100,000 of Assessed Value annually
Timing of Funds	Likely received twice a year, after tax has been levied, typically beginning in December			After voter approval, bonds will be issued and the first series could be completed within approximately six months
Potential Uses	Many	Could be dedicated to ER AND OB	Many	Capital facilities
Benefits	Annual revenue (cash) supplement to operating budget	Could sustain and improve ER AND OB	To be determined	Offset expected (and unexpected) capital needs, as well as meet seismic retrofit requirements
Other Considerations	May be more challenging to receive community support without specifying services to be funded	May be too high of a required tax rate	May diminish enthusiasm for each measure and, by requiring two votes, make it more challenging to vote 'YES' to both	May be too large of a number AND does not directly create revenue



MENDOCINO COAST DISTRICT HOSPITAL
 Potential Ballot Measure Election Timeline: June 5th, 2018



**Certain ballot measures require additional public notice and hearing prior to adoption of the Resolution. Also, Mendocino County Registrar of Voters often requires the Resolution itself at least 10 days in advance of E-88, and should be consulted the moment the District officially begins considering calling an election*



POTENTIAL Specific Timeline (for Election on June 5th, 2018) - MCDH (091517)

Activity / Event	Potential Actual Date
Overall Community Contact	Ongoing
Press Releases about the Hospital	Ongoing
Finalize 'Team', as Required	Ongoing
Joint Board Meeting on Fiscal Needs (Budgetary & Capital), Options (Parcel Tax, Bond, Both, Etc.) and Next Steps	Saturday, September 23rd, 2017
Board Hears Information About Recent Supreme Court Ruling on Upland Case	Saturday, September 23rd, 2017
Further Assess Challenges and Options Develop Potential Plans (i.e. Parcel Tax / Bond, How Funds Would be Used, Etc.)	Late September - October
Presentations to Civic Groups About Challenges & Options	Late September - November
Conversations with Major Stakeholders & Other Residents	Late September - November
Town Hall Meetings	Late September - November
Prepare Informational Letter and FAQ	October
Present Potential Plans to Board	Thursday, October 26th, 2017
Board Finalizes Informational Letter and FAQ	Thursday, October 26th, 2017
More Detailed Voter Opinion Survey is Drafted	Early November
Send Out Informational Letter and FAQ	Early November
Voter Opinion Survey is Executed	Mid November - Early December
Present Survey Results to Board and Community	TBD at Board Meeting in December
If Required, Amend Plan (or Slow Down or Halt the Overall Process)	TBD at Board Meeting in December
Send Voter Opinion Survey Results to Local Paper	Mid December
Refinement of Potential Plan (i.e. Decide What to Request from Community)	Late December - Early January
Board Finalizes Potential Plan	TBD Board Meeting in January
Counsel Prepares Resolution(s) Calling Election, with Input from Board, MCDH and Eastshore	Mid January - Early February
Share Finalized Plan with Community (Civic Groups, Major Stakeholders, Etc.)	Mid January - Early February
If Required, Public Hearing on Resolution(s) Calling Parcel Tax Election	TBD at Board Meeting in Early February
Board Adopts Resolution(s) Calling Election	TBD at Board Meeting in Mid February
Last Day District May Submit Resolution(s) to County	Tuesday, February 27th, 2018*
Last Day to File Arguments For or Against	15 Days After Resolution Submitted**
Last Day to File Rebuttals, if Required	10 Days After Primary Argument Deadline**
First Day for Absentee Ballots	Monday, May 7th, 2018
Last Day to Register to Vote	Monday, May 21st, 2018
Election Day	Tuesday, June 5th, 2018

*Certain ballot measures require additional public notice and hearing prior to adoption of the Resolution. Also, Mendocino County Registrar of Voters often requires the Resolution itself at least 10 days in advance of E-88, and should be consulted the moment the District officially begins considering calling an
**Pending confirmation from Mendocino County.

Appendix #2 – Previous Contracts with MCHCD,
Eastshore and EMC

Mendocino Coast Health Care District
Planning & Associated Financial Advisory Services Contract Addendum #2
(Eastshore Consulting LLC)

To: Wayne C. Allen, Interim CEO
Mendocino Coast Health Care District

From: Michael Riemenschneider, Principal
Shin Green, Principal
Eastshore Consulting LLC

Date: October 1, 2019

As a second addendum to Eastshore Consulting's Planning and Associated Financial Advisory Services agreement with Mendocino Coast Health Care District (the District) – the original version and Addendum #1 can be found attached – we would propose that the following be added to "Exhibit A (Scope of Services)" and "Exhibit B (Terms of Compensation)":

Exhibit A, Scope of Services, 3. Boundary Adjustment Services

- *Examine financial impacts of boundary adjustments to the District*
- *Examine the impacts to operational and facilities funding of boundary adjustments to the District*
- *Examine the rationale of boundary adjustments to the District*
- *Contact other agencies (i.e. the County, LAFCO, etc.) to discuss boundary adjustments to the District*
- *Prepare summary presentations of findings and process, as required*
- *Attend Board, LAFCO, community and other meetings, as required*

Exhibit B, Terms of Compensation, 4. Boundary Adjustment Services

The fee for our Boundary Adjustment Services shall be an hourly fee of \$175 per hour, payable quarterly and not to exceed \$15,000 annually.

Also, as a result of the above additions, we would propose that "Exhibit B (Terms of Compensation), 3. Expenses" be amended as follows:

Exhibit B, Terms of Compensation, 3. Expenses

- *Combined expenses associated with all services shall not exceed \$4,000 annually.*

Finally, we would propose that the term of our services again be extended beyond the existing term, such that the new term will extend from the date of the execution of this letter to December 31, 2022.

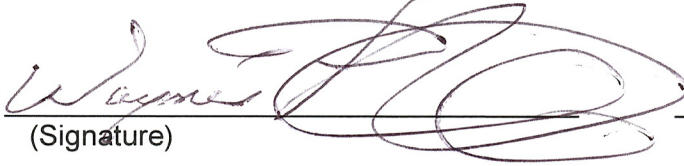
Execution of this letter serves as mutual written agreement to the proposed amendments to our existing contract. All other aspects of our existing contract will remain the same.

[SIGNATURE PAGE FOLLOWS]



Mendocino Coast Health Care District
Planning & Associated Financial Advisory Services Contract Addendum #2
(Eastshore Consulting LLC)

Mendocino Coast Health Care District



(Signature)

Wayne C. Allen

(Name)

Interim CEO

(Title)

10-1-19

(Date)

Eastshore Consulting LLC



(Signature)

Michael Riemenschneider

(Name)

Principal

(Title)

October 1, 2019

(Date)



Mendocino Coast Health Care District
Planning & Associated Financial Advisory Services Contract Addendum #1
(December 2017)

To: Bob Edwards, FACHE
CEO
Mendocino Coast Health Care District

From: Michael Riemenschneider
Principal
Eastshore Consulting LLC

Date: December 21, 2017

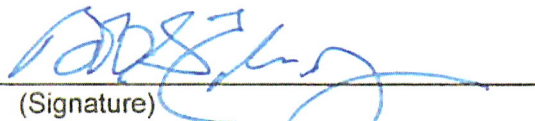
As an addendum to Eastshore Consulting's Planning and Associated Financial Advisory Services agreement with Mendocino Coast Health Care District (the District) – which can be seen in the following pages and was executed on February 8, 2016 – we would propose that the term of our services be extended by another two years beyond the existing term, from January 1, 2018, through December 31, 2019.

Also, pursuant to Municipal Securities Rulemaking Board Rule G-10, on Investor and Municipal Advisory Client Education and Protection, Municipal Advisors (such as Eastshore) are required to provide certain written information to their municipal entity and obligated person clients, including the following which we would propose to be added to "Section 5, Covenants, Representations and Warranties of the Advisor":

- *Eastshore Consulting LLC is currently registered as a Municipal Advisor with the U.S. Securities and Exchange Commission and the Municipal Securities Rulemaking Board.*
- *Within the Municipal Securities Rulemaking Board ("MSRB") website at www.msrb.org, the District may obtain the Municipal Advisory client brochure that is posted on the MSRB website. The brochure describes the protections that may be provided by the MSRB Rules along with how to file a complaint with financial regulatory authorities.*

All other aspects of our existing contract will remain the same.

Mendocino Coast Health Care District



(Signature)

Bob Edwards, FACHE

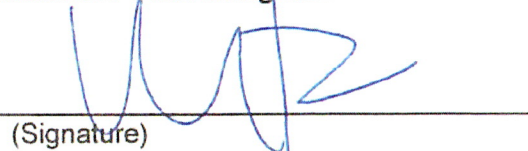
(Name)

CEO

(Title)

(Date)

Eastshore Consulting LLC



(Signature)

Michael Riemenschneider

(Name)

Principal

(Title)

December 21, 2017

(Date)



**AGREEMENT FOR PLANNING AND
ASSOCIATED FINANCIAL ADVISORY SERVICES**

This AGREEMENT FOR PLANNING AND ASSOCIATED FINANCIAL ADVISORY SERVICES (this "Agreement") is entered into as of February 2nd, 2016 by and between Eastshore Consulting LLC, a California limited liability company (the "Advisor") and Mendocino Coast Health Care District, a public health care district (the "District").

RECITALS

A. In its efforts to continue providing vital local health care services to the residents of the Mendocino Coast *as well as* improve its overall fiscal stability, the District is contemplating asking the local community for an investment, for which it requires further analysis of all potential options, guidance in creating a viable program to meet the greatest number of needs, strategy to share this solution with the broader community and financial advice relative to such items as cash flow modeling.

B. Advisor is willing and able to provide the analysis, planning and associated financial advisory services required by District in connection with this potential local investment on the terms and conditions set forth in this Agreement.

C. Intending to be legally bound and in consideration of these recitals and the mutual covenants, agreements, representations and warranties set forth in this Agreement, the parties agree to the following terms and provisions:

AGREEMENT

1. Advisory Services. Advisor is willing and able to perform the analysis, planning and associated financial advisory services (the "Services") set forth in Exhibit A hereto and by this reference made a part hereof. Advisor agrees to perform such Services in a professional, competent and quality manner pursuant to the terms and conditions of this Agreement. District shall engage the Advisor as needed for the services set forth in Exhibit A hereto and by this reference made a part hereof. Both parties covenant and agree to work cooperatively to achieve the efficient and timely completion of the Services and work products contemplated herein.

2. Term/Termination

2.1. Term. The term of this Agreement shall commence as of the date first written above and expire on December 31st, 2017 (the "Term"), unless extended or unless sooner terminated as provided in Section 2.2. The parties may extend the Term from time to time by mutual written agreement upon such terms and conditions as the parties stipulate.

2.2. Termination. Notwithstanding the Term, this Agreement may be terminated (i) by either party upon the other party's material breach of any of the material terms, conditions

or provisions of this Agreement, provided that such breach is not cured within thirty (30) days of receipt of written notice specifying the material breach; (ii) at any time upon the mutual written agreement of the parties and in the manner therein provided; (iii) immediately by either party by giving written notice if the other party fails to maintain in good standing all legally required licenses and/or certificates or ceases to conduct business in the normal course, becomes insolvent, enters into bankruptcy proceedings or becomes subject to any other judicial proceedings that relate to insolvency or protection of creditor's rights; or (iv) without cause, by the District providing sixty (60) days written notice to the Advisor.

2.3. Effect of Termination/Expiration. Upon receipt of notice of termination from District, Advisor shall not unnecessarily incur any additional expense or perform any further Services without the prior written approval of District. Should District terminate this Agreement, Advisor shall be entitled to payment for Services satisfactorily performed by it to the date of termination and reimbursement of expenses reasonably incurred up to that date. Any amount advanced by District that exceeds fees and approved expenses incurred shall be reimbursed by Advisor to District.

3. Compensation and Reimbursement

3.1. Advisor Fees and Terms of Payment. District shall pay Advisor for the Services in the amounts and in accordance with the terms set forth in Exhibit B hereto and by this reference made a part hereof. Advisor shall promptly be paid payments set forth in Exhibit B, and shall be paid within thirty (30) days after receipt by District of Advisor's invoice and any additional information reasonably and timely requested by District.

3.2. Reimbursement of Expenses. District shall reimburse Advisor for approved costs and disbursements incurred by Advisor in the course of the performance of the Services. Advisor shall furnish an itemized statement of costs and disbursements, which may typically include from time to time one or more of the following (by way of example and not limitation): postage and courier charges, long distance phone calls, copying costs, airfare, meals, lodging, ground transportation, car rentals, gasoline, etc. Payment of any such expenses shall require the approval of the District, which approval shall not be unreasonably withheld, delayed or conditioned. Reimbursement of expenses shall be paid concurrently with the next due date for payment of other fees.

4. Covenants, Representations and Warranties of the District

4.1. Due Organization and Authority. District warrants that it is duly organized and in good standing as a public entity, corporate and politic, under the Constitution and laws of the State of California and has full power and authority to enter into this Agreement.

4.2. Access to Information and Personnel. District agrees to provide or make available on a timely, complete, fair and accurate basis, to the fullest extent practicable, all necessary information reasonably requested by Advisor for the performance of the Services contemplated by this Agreement. District shall cooperate with Advisor by providing Advisor with regular opportunities to consult with such District staff, governing board members and

professional advisors as Advisor deems reasonably necessary to competently perform the Services contemplated by this Agreement.

4.3. Additional Professional Services. District agrees to retain or authorize the engagement of such additional professional services (e.g. legal counsel) as Advisor deems reasonably necessary to fully and competently complete the Services and work products required by this Agreement.

4.4. Further Assurances. District shall take such further actions as may be necessary or appropriate to carry out and comply with all of the terms and provisions of this Agreement and the transactions and Services contemplated hereunder.

5. Covenants, Representations and Warranties of the Advisor

5.1. Due Organization and Authority. Advisor warrants that it is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of California and has full power and authority to enter into this Agreement and perform the Services.

5.2. Performance of Services/Compliance with Laws. The Services performed by Advisor, its employees and agents, will be of a high quality and performed in a competent and professional manner in accordance with industry standards and practice, and in compliance with all applicable laws and regulations, including but not limited to any applicable licensing requirements to which Advisor is subject.

5.3. Insurance. At all times during the Term, Advisor shall carry the following insurance: (i) commercial general liability coverage of \$1,000,000 per occurrence, \$1,000,000 aggregate; (ii) automobile liability insurance coverage of \$1,000,000; and (iii) property damage coverage in an amount reasonably necessary to cover its property used in connection with the Services. In addition, Advisor shall carry and maintain at all times professional liability insurance in the amount of at least \$2,000,000. At the request of the District, Advisor shall provide certificates of all insurance described above. If requested, Advisor shall provide certificates of all insurance described above to the District prior to commencing any work. Advisor shall not cancel or modify any such insurance without providing the District at least 60 days written notice.

5.4. No Conflicts. Advisor agrees that it shall be acting in a fiduciary capacity in connection with its work for the District and that its sole loyalty in this regard shall be to the District. Advisor agrees that it does not have and will not have any conflict of interest with respect to the work to be performed under this Agreement.

6. Confidential Information. In the course of rendering Services, Advisor and its employees and agents may receive, review or otherwise have access to proprietary financial, technical and other information of District that is not available to the public and not intended to be disclosed to the public ("Confidential Information"). In such event, Advisor and its employees and agents shall hold Confidential Information of District in strict confidence and

shall use all Confidential Information only as necessary in connection with the performance of the Services. The obligations of Advisor pursuant to this Section shall survive any termination or expiration of this Agreement. It is mutually acknowledged and agreed that District is entitled to immediate injunctive relief in the event of any violation of this Section. For purposes of this Section, "Confidential Information" does not include information that (i) is, at the time of disclosure, or thereafter becomes, a part of the public domain via a source other than the Advisor, or (ii) is discovered by Advisor from a public source that is not under a confidentiality obligation owing to the District.

7. Independent Contractor. Advisor is an independent contractor of District. This Agreement shall not create the relationship of employer and employee, a partnership or a joint venture between District and Advisor. Subject to the terms of this Agreement, Advisor shall determine the number of days and hours of its work. Advisor shall be solely liable for the compensation, employment taxes, fringe benefits, work schedules and work conditions of its employees and agents and shall indemnify and hold District harmless from any claim or loss relating to the same.

8. Assignment/Subcontracting. Advisor shall not assign its interest in, or delegate the performance of its obligations under, this Agreement to any other person or entity. Advisor shall not subcontract any Service under this Agreement without advance written notice to District. Any such subcontract shall incorporate by reference the terms and conditions of this Agreement. This Agreement inures to the benefit of the parties and their permitted successors and assignees.

9. Nondiscrimination. Advisor shall comply with all applicable federal, state and local laws, rules and regulations in regard to nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition, handicap or other prohibited basis. All nondiscrimination rules or regulations required by law to be included in this Agreement are incorporated by this reference.

10. Ownership of Results. Any interest of the Advisor in studies, reports, memoranda, computation sheets or other documents prepared by Advisor in connection with services to be performed under this Agreement shall become the property of and will be transmitted to the District.

11. Dispute Resolution/Attorneys' Fees

11.1. Voluntary Mediation. In the event a dispute arises from or relates to this Agreement and the parties are unable to settle the dispute between them, the parties agree to consider and discuss in good faith whether the dispute should be referred to a mutually agreeable independent mediator to facilitate a settlement. If the parties mutually consent to such referral, then the dispute shall be so referred within twenty (20) days of such agreement. The parties will share the costs of mediation equally.

11.2. Attorneys' Fees. Should either party institute any action or proceeding in court or arbitration to enforce any provision hereof or for damages by reason of any alleged breach of

this Agreement or for a declaration of such party's rights or obligations hereunder, or for any judicial remedy, the prevailing party shall be entitled to receive from the losing party such amount as the court or arbitrator may adjudge to be reasonable attorneys' fees for the services rendered to the party finally prevailing in such action or proceeding, plus costs. The award of attorneys' fees and costs to the prevailing party shall not be reduced or affected by the limitation of liability set forth in the following Section.

12. Limitation of Liability. Except to the extent finally determined to have resulted from the fraud, willful misconduct or gross negligence of Advisor, Advisor's liability for monetary damages for any loss, claim or harm suffered by the District in connection with Advisor's performance of the Services hereunder, irrespective of the theory of liability asserted, shall be limited to an amount no greater than the total amount of fees paid to the Advisor under this Agreement. In no event shall Advisor be liable for any claim of lost profits, revenue or goodwill, or for any other consequential, indirect, incidental, punitive, exemplary or general damages. Similarly, the foregoing shall be given reciprocal effect, to the end that in no event shall District be liable for any claim of lost profits, revenue or goodwill, or for any other consequential, indirect, incidental, punitive, exemplary or general damages. Except to the extent finally determined to have resulted from the fraud, willful misconduct or gross negligence of District, District's liability shall be limited to an amount no greater than the amount of unpaid fees and costs due and owing (or to become due and owing) to Advisor hereunder, plus interest thereon. No insurer, contractual guarantor or other third party shall be construed to be a third party beneficiary of the terms of this Section or otherwise entitled to the benefits of this Section. The provisions of this Section shall survive the expiration or termination of this Agreement.

13. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to nor shall be construed to confer upon any person, firm, corporation or other entity, other than the parties to this Agreement and their permitted successors and assigns, any remedy or claim under or by reason of this Agreement as third-party beneficiaries or otherwise. The terms and conditions of this Agreement are for the sole and exclusive benefit of the parties to this Agreement.

14. Miscellaneous Contractual Matters

14.1. Applicable Law. This Agreement shall be governed by and construed under the laws of the State of California without reference to its conflicts of law principles. The venue for the resolution of any dispute shall be in the Superior Court of the County of Mendocino and no other place.

14.2. Entire Agreement/Modification. This document contains the entire agreement of the parties regarding the subject matter described in this Agreement, and all other promises, representations, understandings, arrangements and prior agreements are merged into and superseded by this Agreement. This Agreement may only be modified by a written agreement of the parties signed by an authorized representative of each party.

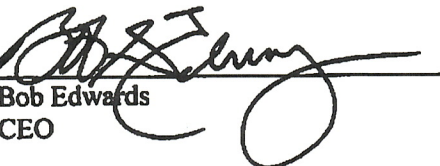
14.3. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.4. Severability. If one or more of the provisions of this Agreement are held to be unenforceable under then applicable law, each such provision shall be excluded from this Agreement and the balance of the Agreement shall be construed as if such provision(s) were absent *ab initio*, and the remainder of this Agreement shall be enforceable in accordance with its terms.

14.5. Notices. All notices or other communications shall be in writing and delivered to the addresses below the signatures to this Agreement. Such addresses may be changed by notice to the other party in accordance with this Section. Notice shall be deemed effectively given: (i) upon personal delivery to the party to be notified; (ii) when sent by confirmed facsimile or electronic mail if sent during normal business hours and, if not, then on the next business day; (iii) one day after deposit with a nationally recognized overnight courier service, specifying next day delivery, with written verification of receipt; or (iv) four days (Sundays and holidays excluded) after a certified mailing, return receipt requested, via the USPS, first class/certified postage prepaid.

IN WITNESS WHEREOF, the parties have executed this Agreement through their duly authorized officers or representatives, who warrant their authority to sign, as of the date first above written.

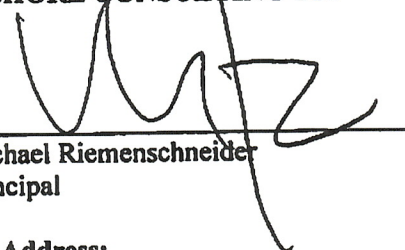
**MENDOCINO COAST
HEALTH CARE DISTRICT**

By: 
Bob Edwards
CEO

Notice Address:
Mendocino Coast Health Care District
Attn.: Bob Edwards, CEO
700 River Drive
Fort Bragg, CA 95437

Tel: (707) 961-4610
E-mail: bedwards@mcdh.net

EASTSHORE CONSULTING LLC

By: 
Michael Riemenschneider
Principal

Notice Address:
Eastshore Consulting LLC
Attn.: Michael Riemenschneider, Principal
1714 Franklin Street, #100-406
Oakland, CA 94612-3409

Tel: (510) 725-2930
Email: info@eastshoreconsulting.com
EIN: 45-4559705
MSRB Registration #: K0786
SEC File No.: 867-01304-15758482

**EXHIBIT A
SCOPE OF SERVICES**

1. FINANCIAL PLANNING AND COMMUNITY OUTREACH SERVICES

Advisor will assist the District with the analysis, planning and outreach efforts required to be effective and successful in achieving fiscal stability. Specifically, Advisor will:

- Analyze the District's parcel roll and tax base, and perform a financial analysis to determine possible proceeds from potential local investment through a parcel tax measure or other options, as available
- Assist the District in integrating these options into its overall financial plan
- Assist the District with development and evaluation of all available constituent outreach strategies to share information about the District, gain input and gauge support
- As needed, assist the District with these strategies, which could include but are not limited to:
 - Ongoing strategic vision and counsel
 - Attendance at meetings and regular participation in conversations with District Administration and the Board
 - Preparation and coordination of a telephone, written or other community survey with District input and review
 - Collection, tabulation and analysis of resulting data, summarizing it in a presentation with recommendations
 - Assistance with coordination of other required vendors (e.g. printer, mail house, call center for survey, voter data vendors, etc.)
- In coordination with the District, the County and legal counsel, recommend a proposed parcel tax structure or other local investment measure, as well as services to be funded
- Assist legal counsel in the preparation of an election resolution including preparing ballot language and detailed list of services to be funded, if required
- Prepare a ballot argument and rebuttal, if required

2. PARCEL TAX ADMINISTRATION SERVICES

Should the District be successful and receive the required community support, there would be an annual process to levy the tax. As such, Advisor would:

- Obtain the Parcel Roll from Mendocino County and create a parcel database
- Extract required data fields and corresponding tax levies from the parcel database, per County requirements
- Coordinate with the County to levy and collect the tax
- Maintain records of exemptions, as required
- Work with the County to review data accuracy and make alterations, as required
- Finalize all documentation required by the County and submit final roll to the County
- Prepare corrections forms pursuant to the exceptions report, as required
- Prepare an annual report and attend a Board Meeting to share with the Board, the Administration and the community; respond to constituent inquiries, as required

EXHIBIT B
TERMS OF COMPENSATION OF EASTSHORE CONSULTING LLC

All of Advisor's fees for Financial Planning and Community Outreach Services and Parcel Tax Administration Services would be contingent on successful election results and the levy of the parcel tax. In total, all fees and expenses for Financial Planning and Community Outreach Services and Parcel Tax Administration Services shall not exceed \$24,000.

Compensation for authorized services to be provided to the District by the Advisor shall be in the amounts detailed below:

1. FINANCIAL PLANNING AND COMMUNITY OUTREACH SERVICES

The fee for our Financial Planning and Community Outreach Services is \$15,000 (*contingent on successful election results and payable at the time of receipt of first proceeds from the community investment*)

2. PARCEL TAX ADMINISTRATION SERVICES

The fee for our Parcel Tax Administration Services is \$5,000 annually (*contingent on successful election results and payable from parcel tax proceeds upon their receipt*)

3. EXPENSES

Expenses related to performing all of the above services will be presented to District staff and due upon receipt of other invoices for fees. Unless previously agreed to by District:

- Combined expenses associated with Financial Planning and Community Outreach Services and Parcel Tax Administration Services shall not exceed \$4,000

**AGREEMENT FOR FINANCIAL ADVISORY SERVICES
FOR THE ISSUANCE OF BONDS**

This AGREEMENT FOR FINANCIAL ADVISORY SERVICES FOR THE ISSUANCE OF BONDS (this "Agreement") is entered into as of November 3, 2016, by and between Eastshore Consulting LLC, a California limited liability company (the "Advisor") and Mendocino Coast Health Care District, a local California health care district formed and operating pursuant to Health & Safety Code §32000, et seq. (the "District").

RECITALS

A. District desires to refund previously issued General Obligation Bonds, which requires fiscal analysis of local tax rate impacts, attendant costs, and financial advice relative to such items as timing, bond markets and the issuance process.

B. Advisor is willing and able to provide the fiscal planning and financial advisory services and guidance required by District in connection with its potential General Obligation Bond refunding on the terms and conditions set forth in this Agreement.

C. Intending to be legally bound and in consideration of these recitals and the mutual covenants, agreements, representations and warranties set forth in this Agreement, the parties agree to the following terms and provisions:

AGREEMENT

1. Advisory Services. Advisor is willing and able to perform the financial advisory services (the "Services") set forth in **Exhibit A** hereto and by this reference made a part hereof. Advisor agrees to perform such Services in a professional, competent and quality manner pursuant to the terms and conditions of this Agreement. District shall engage the Advisor as needed for the services set forth in **Exhibit A** hereto and by this reference made a part hereof. Both parties covenant and agree to work cooperatively to achieve the efficient and timely completion of the Services and work products contemplated herein.

2. Term/Termination

2.1. Term. The term of this Agreement shall commence as of the date first written above and expire on June 30th, 2018 (the "Term"), unless extended or unless sooner terminated as provided in Section 2.2. The parties may extend the Term from time to time by mutual written agreement upon such terms and conditions as the parties stipulate.

2.2. Termination. Notwithstanding the Term, this Agreement may be terminated (i) by either party upon the other party's material breach of any of the material terms, conditions or provisions of this Agreement, provided that such breach is not cured within thirty (30) days of receipt of written notice specifying the material breach; (ii) at any time upon the mutual written

agreement of the parties and in the manner therein provided; (iii) immediately by either party by giving written notice if the other party fails to maintain in good standing all legally required licenses and/or certificates or ceases to conduct business in the normal course, becomes insolvent, enters into bankruptcy proceedings or becomes subject to any other judicial proceedings that relate to insolvency or protection of creditor's rights; or (iv) without cause, by the District providing sixty (60) days written notice to the Advisor.

2.3. Effect of Termination/Expiration. Upon receipt of notice of termination from District, Advisor shall not unnecessarily incur any additional expense or perform any further Services without the prior written approval of District. Should District terminate this Agreement, Advisor shall be entitled to payment for Services satisfactorily performed by it to the date of termination and reimbursement of expenses reasonably incurred. Any amount advanced by District that exceeds fees and approved expenses incurred shall be reimbursed by Advisor to District.

3. Compensation and Reimbursement

3.1. Advisor Fees and Terms of Payment. District shall pay Advisor for the Services in the amounts and in accordance with the terms set forth in **Exhibit B** hereto and by this reference made a part hereof. Advisor shall promptly be paid payments set forth in **Exhibit B**, and shall be paid within thirty (30) days after receipt by District of Advisor's invoice and any additional information reasonably and timely requested by District.

3.2. Reimbursement of Expenses. District shall reimburse Advisor for approved costs and disbursements incurred by Advisor in the course of the performance of the Services. Advisor shall furnish an itemized statement of costs and disbursements, which may typically include from time to time one or more of the following (by way of example and not limitation): postage and courier charges, long distance phone calls, copying costs, airfare, meals, lodging, ground transportation, car rentals, gasoline, etc. Payment of any such expenses shall require the approval of the District, which approval shall not be unreasonably withheld, delayed or conditioned. Reimbursement of expenses shall be paid prior to, or concurrently with, the next due date for payment of Advisor fees.

4. Covenants, Representations and Warranties of the District

4.1. Due Organization and Authority. District warrants that it is duly organized and in good standing as a public entity, corporate and politic, under the Constitution and laws of the State of California and has full power and authority to enter into this Agreement.

4.2. Access to Information and Personnel. District agrees to provide or make available on a timely, complete, fair and accurate basis, to the fullest extent practicable, all necessary information reasonably requested by Advisor for the performance of the Services contemplated by this Agreement. District shall cooperate with Advisor by providing Advisor with regular opportunities to consult with such District staff, governing board members and professional advisors as Advisor deems reasonably necessary to competently perform the Services contemplated by this Agreement.

4.3. Additional Professional Services. District agrees to retain or authorize the engagement of such additional professional services (e.g. legal counsel) as Advisor deems reasonably necessary to fully and competently complete the Services and work products required by this Agreement.

4.4. Further Assurances. District shall take such further actions as may be reasonably necessary or appropriate to carry out and comply with all of the terms and provisions of this Agreement and the transactions and Services contemplated hereunder.

5. Covenants, Representations and Warranties of the Advisor

5.1. Due Organization and Authority. Advisor warrants that it is a limited liability company, duly organized, validly existing and in good standing under the laws of the State of California and has full power and authority to enter into this Agreement and perform the Services.

5.2. Performance of Services/Compliance with Laws. The Services performed by Advisor, its employees and agents, will be of a high quality and performed in a competent and professional manner in accordance with industry standards and practice, and in compliance with all applicable laws and regulations, including but not limited to any applicable licensing requirements to which Advisor is subject.

5.3. Insurance. At all times during the Term, Advisor shall carry the following insurance: (i) commercial general liability coverage of \$1,000,000 per occurrence, \$1,000,000 aggregate; (ii) automobile liability insurance coverage of \$1,000,000; and (iii) property damage coverage in an amount reasonably necessary to cover its property used in connection with the Services. In addition, Advisor shall carry and maintain at all times professional liability insurance in the amount of at least \$2,000,000. At the request of the District, Advisor shall provide certificates of all insurance described above to the District. Advisor shall not cancel or modify any such insurance without providing the District at least 60 days written notice.

5.4. Conflicts of Interest. Advisor agrees that it shall be acting in a fiduciary capacity in connection with its work for the District and that its sole loyalty in this regard shall be to the District. Advisor agrees that it does not have any material conflicts of interest with respect to the work to be performed under this Agreement. However, like much of the rest of the public finance industry in California, Advisor represents that in connection with the issuance of municipal securities, Advisor may receive compensation from District for Services rendered, which is contingent upon the successful closing of a transaction and/or is based on the size of a transaction. Consistent with the requirements of MSRB Rule G-42, Advisor hereby discloses that such contingent and/or transactional compensation may present a potential conflict of interest regarding Advisor's ability to provide unbiased advice to enter into such transaction. This potential conflict of interest will not impair Advisor's ability to render unbiased and competent advice or to fulfill its fiduciary duty to the District. If Advisor becomes aware of any additional potential or material conflicts of interest after the execution of this agreement, Advisor will disclose the detailed information in writing to the District in a timely manner.

5.5. No Legal or Disciplinary Events. Advisor does not have any legal events or disciplinary history on Advisor's Form MA and Form MA-I, which includes information about any criminal actions, regulatory actions, investigations, terminations, judgments, liens, civil judicial actions, customer complaints, arbitrations and civil litigation. Anyone may electronically access Advisor's most recent Form MA and each most recent Form MA-I filed with the Commission at the following website: www.sec.gov/edgar/searchedgar/companysearch.html. There have been no material changes to a legal or disciplinary event disclosure on any Form MA or Form MA-I filed with the SEC. If any material legal or regulatory action is brought against Advisor, Advisor will provide complete disclosure in detail, allowing District to evaluate Advisor, its management and personnel.

6. Confidential Information. In the course of rendering Services, Advisor and its employees and agents may receive, review or otherwise have access to proprietary financial, technical and other information of District that is not available to the public and not intended to be disclosed to the public ("**Confidential Information**"). In such event, Advisor and its employees and agents shall hold Confidential Information of District in strict confidence and shall use all Confidential Information only as necessary in connection with the performance of the Services. The obligations of Advisor pursuant to this Section shall survive any termination or expiration of this Agreement. It is mutually acknowledged and agreed that District is entitled to immediate injunctive relief in the event of any violation of this Section. For purposes of this Section, "Confidential Information" does not include information that (i) is, at the time of disclosure, or thereafter becomes, a part of the public domain via a source other than the Advisor, or (ii) is discovered by Advisor from a public source that is not under a confidentiality obligation owing to the District.

7. Independent Contractor. Advisor is an independent contractor of District. This Agreement shall not create the relationship of employer and employee, a partnership or a joint venture between District and Advisor. Subject to the terms of this Agreement, Advisor shall determine the number of days and hours of its work. Advisor shall be solely liable for the compensation, employment taxes, fringe benefits, work schedules and work conditions of its employees and agents and shall indemnify and hold District harmless from any claim or loss relating to the same.

8. Assignment/Subcontracting. Advisor shall not assign its interest in, or delegate the performance of its obligations under, this Agreement to any other person or entity. Advisor shall not subcontract any Service under this Agreement without advance written approval from District. Any such subcontract, if approved, shall incorporate by reference the terms and conditions of this Agreement. This Agreement inures to the benefit of the parties and their permitted successors and assigns.

9. Nondiscrimination. Advisor shall comply with all applicable federal, state and local laws, rules and regulations in regard to nondiscrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition, handicap or other prohibited basis. All nondiscrimination rules or regulations required by law to be included in this Agreement are incorporated by this reference.

10. Ownership of Results. Any interest of the Advisor in studies, reports, memoranda, computation sheets or other documents prepared by Advisor in connection with services to be performed under this Agreement shall become the property of and will be transmitted to the District.

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11.1. Voluntary Mediation. In the event a dispute arises from or relates to this Agreement and the parties are unable to settle the dispute between them, the parties agree to consider and discuss in good faith whether the dispute should be referred to a mutually agreeable independent mediator to facilitate a settlement. If the parties mutually consent to such referral, then the dispute shall be so referred within twenty (20) days of such agreement. The parties will share the costs of mediation equally.

11.2. Attorneys' Fees. Should either party institute any action or proceeding in court or arbitration to enforce any provision hereof or for damages by reason of any alleged breach of this Agreement or for a declaration of such party's rights or obligations hereunder, or for any judicial remedy, the prevailing party shall be entitled to receive from the losing party such amount as the court or arbitrator may adjudge to be reasonable attorneys' fees for the services rendered to the party finally prevailing in such action or proceeding, plus costs. The award of attorneys' fees and costs to the prevailing party shall not be reduced or affected by the limitation of liability set forth in the following Section.

12. Limitation of Liability. Except to the extent finally determined by a Court of competent jurisdiction to have resulted from the fraud, willful misconduct or gross negligence of Advisor, Advisor's liability for monetary damages for any loss, claim or harm suffered by the District in connection with Advisor's performance of the Services hereunder, irrespective of the theory of liability asserted, shall be limited to the amount of insurance which Advisor agrees to maintain per Paragraph 5.3 of this Agreement; provided that Advisor does, in fact, maintain the required insurance for the benefit of the District as set forth in Paragraph 5.3 of this Agreement. Should Advisor not maintain the required insurance, its liability for professional or general negligence or misfeasance shall not be "capped" and shall be deemed unlimited. In the event of fraud, willful misconduct or gross negligence of Advisor, its liability is not limited or "capped". The provisions of this Section and Section 5.3 hereof shall survive the expiration or termination of this Agreement.

13. No Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to nor shall be construed to confer upon any person, firm, corporation or other entity, other than the parties to this Agreement and their permitted successors and assigns, any remedy or claim under or by reason of this Agreement as third-party beneficiaries or otherwise. The terms and conditions of this Agreement are for the sole and exclusive benefit of the parties to this Agreement.

14. Miscellaneous Contractual Matters

14.1. Applicable Law. This Agreement shall be governed by and construed under the laws of the State of California without reference to its conflicts of law principles. The venue for

the resolution of any dispute shall be in the Superior Court of the County of Mendocino and no other place.

14.2. Entire Agreement/Modification. This document contains the entire agreement of the parties regarding the subject matter described in this Agreement, and all other promises, representations, understandings, arrangements and prior agreements are merged into and superseded by this Agreement. This Agreement may only be modified by a written agreement of the parties, signed by an authorized representative of each party.

14.3. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

14.4. Severability. If one or more of the provisions of this Agreement are held to be unenforceable under then applicable law, each such provision shall be excluded from this Agreement and the balance of the Agreement shall be construed as if such provision(s) were absent *ab initio*, and the remainder of this Agreement shall be enforceable in accordance with its terms.

14.5. Notices. All notices or other communications shall be in writing and delivered to the addresses below the signatures to this Agreement. Such addresses may be changed by notice to the other party in accordance with this Section. Notice shall be deemed effectively given: (1) upon personal delivery to the party to be notified; (ii) when sent by confirmed facsimile or electronic mail if sent during normal business hours and, if not, then on the next business day; (iii) one day after deposit with a nationally recognized overnight courier service, specifying next day delivery, with written verification of receipt; or (iv) four days (Sundays and holidays excluded) after a certified mailing, return receipt requested, via the USPS, first class/certified postage prepaid.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties have executed this Agreement through their duly authorized officers or representatives, who warrant their authority to sign, as of the date first above written.

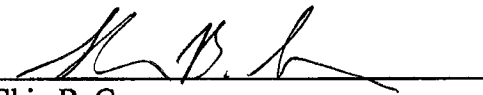
**MENDOCINO COAST
HEALTH CARE DISTRICT**

By: 
Bob Edwards
CEO

Notice Address:
Mendocino Coast Health Care District
Attn.: Bob Edwards, CEO
700 River Drive
Fort Bragg, CA 95437

Tel: (707) 961-4610
E-mail: bedwards@mcdh.net

EASTSHORE CONSULTING LLC

By: 
Shin B. Green
Principal

Notice Address:
Eastshore Consulting LLC
Attn.: Shin B. Green, Principal
1714 Franklin Street, #100-406
Oakland, CA 94612-3409

Tel: (510) 725-2930
Email: shin@eastshoreconsulting.com
EIN: 45-4559705
MSRB Registration #: K0786
SEC File No.: 867-01304-15758482

EXHIBIT A

SCOPE OF SERVICES

1. FINANCIAL ADVISORY SERVICES FOR THE ISSUANCE OF BONDS

Eastshore Consulting will provide the following Financial Advisory Services for each General Obligation Bond issuance:

- Provide the District with expert financial advice and assistance on financing techniques and options on matters pertaining to the issuance and sale of securities, including General Obligation Bonds and other financing options available to California healthcare districts
- Provide the District with available financing options by conducting studies and analyses to determine the most appropriate and cost effective financing methods, terms, security provisions and repayment structures
- Analyze the tax base and recommend an appropriate tax structure
- Analyze the bond market to determine timing, credit enhancement requirements, structure, bond amount, legal documentation requirements, rating requirements, and method of sale
- Assist the District, as needed, to assemble bond finance team members including bond counsel, paying agent, trustee, and underwriter
- Prepare timeline, distribution lists, and term sheets to manage financing
- Manage the bond issuance process, including the coordination with other finance team members (bond counsel, paying agent, trustee, and underwriter, if needed)
- Define the proposed structure, including sizing, call provisions, amortization schedule, and phasing of debt service repayment
- Review legal documents, including District and County resolutions, bond purchase agreements, Preliminary Official Statement, and Official Statement
- Prepare rating agency and insurer presentation, if required, and negotiate with analysts of same
- Assist in preparation and training of District administration for rating agency meetings, if required
- For competitive sale, review Notice of Sale and Bid Form, distribute bid documents to qualified underwriters and post bid documents, monitor and verify bids on day of sale, and coordinate award of winning bid
- For negotiated sale, discuss structure and tax rate objectives with underwriter, review proposed structure and scale and make recommendations as appropriate, review fees, and review final pricing
- Review closing documents, including tax opinion, arbitrage certificate, and continuing disclosure certificate
- Manage pre-closing and closing
- Prepare wrap up presentation booklets to summarize bond sales
- Prepare press release to publicize bond sale to residents and taxpayers
- Attend Board Meetings as needed to explain bond sales, legal documents, and pricing summaries

EXHIBIT B

TERMS OF COMPENSATION OF EASTSHORE CONSULTING LLC

Compensation for the Services to be provided to the District by Eastshore Consulting LLC shall be in the amounts detailed below:

1. **FEES FOR FOR FINANCIAL ADVISORY SERVICES FOR THE ISSUANCE OF BONDS**

For Financial Advisory Services provided in connection with the issuance of General Obligation refunding bonds, compensation shall be \$40,000 per refunding issuance.

All Financial Advisory Fees may be paid as a part of the cost of issuance of each bond, and are not required to be paid from General Fund sources. Should the Board decide not to issue bonds, the Advisor will not be due any portion of these fees associated with a new bond program.

2. **EXPENSES**

Reimbursable expenses including data purchases, travel and costs of materials required for meetings will be reimbursed after submission of an itemized accounting to the District for approval and are due in alignment with payment of other fees. General Obligation Refunding Bond issuance expenses shall not exceed \$2,000 for any issuance.



**MEMORANDUM OF UNDERSTANDING
BETWEEN
EMC RESEARCH, INC.
AND
MENDOCINO COAST HEALTHCARE DISTRICT
December, 2017**

The purpose of this memorandum is to confirm an agreement under which EMC Research, Inc., (EMC) will undertake opinion research for Mendocino Coast Healthcare District (Mendocino Coast District Hospital, or MCDH).

THE NATURE OF THE WORK

EMC Research will conduct a survey of Mendocino Coast Healthcare District voters to provide statistically valid data on the feasibility of a potential parcel tax measure for the Mendocino Coast District Hospital in 2018. EMC will also provide a survey of MCDH employees to understand current perceptions among internal stakeholders of the hospital's financial needs and assess internal support for the possible parcel tax measure.

In addition to conducting a voter survey and employee survey, EMC will work with the MCDH consultant team to provide a reasonable level of consulting related to the research on issues such as strategy, outreach, timing and other tactical decisions.

Both parties hereto will consult with each other and reach a mutual agreement on the contents of the questionnaire and the survey format. Once an agreement on the contents and survey is reached, EMC will conduct the research within an agreed upon time frame.

THE VOTER SURVEY

EMC will provide a mixed-mode telephone and online study among an estimated 300 registered voters in the Mendocino Coast Healthcare District. The telephone survey portion will be conducted on landlines and cell phones, and the overall sample will be demographically and geographically representative of voters in the District. Given the scope of information needed, the average interview length will be 18 minutes.

By employing a mixed-mode/hybrid methodology where we will conduct interviews both by phone and online, we will maximize sample size and survey reliability within a reasonable budget. As the database of available voter emails becomes increasingly robust, we have been utilizing this approach in other communities and have had great success. We have found that the two modes complement each other well; we are able to obtain data from a broad cross-

section of registered voters because those who may not answer their phone may take the survey online, and those who do not respond to the email survey invitation may take the survey over the phone. The final sample size will depend on both phone and online response rates. Based on the size of the District electorate and our experience conducting mixed-mode research, we anticipate that the final sample will include 300 completed interviews. However, we could end up with more or less, depending on response rate.

To conduct the online portion of the survey, EMC will pull a list of voters with email addresses from a sample vendor that maintains a robust voter file with email addresses and supplements the email list with commercial lists. We will send an email invitation to respondents that includes a web link to take the survey. We take several steps to ensure that our online voter survey respondents are demographically representative of likely voter universes through targeting reminders via email to harder to reach populations.

For this project, EMC will complete the following:

- Develop final research design in consultation with the client and consultant team;
- Design a survey questionnaire in consultation with the client and consultant team;
- Collect survey data through interviews conducted by telephone from a central telephone bank, supervised by an on-duty supervisor;
- Adapt the questionnaire for online application; program and host the survey using professional survey software; manage the deployment of survey invitations via email; and collect survey responses online;
- Monitor data collection daily to ensure the process is going according to plan, and adjust strategies as-needed to ensure a representative sample of the District's registered voter universe;
- Tabulate, code, clean, and weight the survey data from both modes;
- Perform in-depth analysis of the data;
- Produce cross-tabulations of voter responses based on key demographic information;
- Prepare a report of results with charts, analysis, and recommendations;
- Present results and analysis;
- Be available for consultation on findings and strategy.

THE HOSPITAL EMPLOYEE SURVEY

The MCDH Employee Survey will be a web-based survey of hospital employees. In collaboration with the client and the consultant team, EMC will prepare an email invitation for the MCDH to send to all employees along with a link to the web survey. EMC will program, host, and collect the results, maintaining the complete confidentiality of employees. Although EMC is not able to guarantee a specific number of interviews or assure a true representative sampling of the MCDH employee population, EMC will work with the hospital to obtain a good response rate.

We anticipate that the survey will average approximately 10 minutes in length.

For the MCDH Employee Survey, EMC will:

- Work with the MCDH staff and consultant team to design a questionnaire that addresses the research goals;
- Pretest the questionnaire for clarity of questions, and revise as necessary;
- Program and pretest the survey and provide test links prior to launch.
- Finalize the survey program and host the survey using professional survey software and provide a link to be included in email invitation to employees;
- Work with MCDH IT personnel to prevent and address technical issues with survey administration;
- Code open-ended responses, if any, for analysis;
- Perform in-depth analysis of the data;
- Tabulate survey results and design and generate cross-tabulations and other statistical tables as appropriate;
- Prepare a report of results with charts, analysis, and recommendations;
- Present results and analysis;
- Be available for consultation on findings and strategy.

COST

The cost for the surveys as outlined above are as follows:

Mendocino Coast Hospital District Voter Survey	Mixed-mode phone and online survey of District voters, 18 minutes in length	\$24,900
MCDH Employee Survey	Web survey of MCDH employees, approximately 10 minutes average length	\$7,000

The costs are determined largely by number of interviews, length, and survey mode. If any of the survey specifications change, the price will need to be adjusted accordingly.

In addition to all aspects of conducting the survey, the cost includes reasonable consulting and presentation of results. We will work together with you and your consultant in determining how best to put the research results to good use.

Half of the project fee will be billed upon project commencement, and the remaining fee will be billed upon delivery of topline survey results.

OTHER PROVISIONS

The parties agree that all cost of any successful legal actions taken by either party to enforce the terms of this agreement, including legal fees, shall be the responsibility of the losing party in any such legal actions.

EMC agrees to furnish to MCDH a complete analysis and reasonable consultation time with respect to the data and findings.

EMC is entitled to retain copies of all data and analysis for its own internal use.

MCDH agrees that any public or private dissemination of any data or conclusions represented to be those of EMC will be in strict conformity with the data and analysis provided to MCDH by EMC. The District further recognizes the right of EMC to correct errors in such data as may be attributed to them by releasing the correct data or analysis.

EMC will not release any data whatsoever except as provided in the preceding paragraph, nor any other information in its possession concerning MCDH, except as may be required by law, without the permission of MCDH.

DATE: 12-22-2017

BY: 
Mendocino Coast Healthcare District

DATE: 12/29/17

BY: 
EMC Research, Inc.