October 25, 2019

NOTICE

The Board of Directors of the Kaweah Delta Health Care District will meet in an open Board of Directors meeting at 5:00PM on Monday, October 28, 2019 in the Kaweah Delta Medical Center Blue Room {Mineral King Wing – 400 West Mineral King Avenue}.

The Board of Directors of the Kaweah Delta Health Care District will meet in a closed Board of Directors meeting at 5:01PM on Monday, October 28, 2019 in the Kaweah Delta Medical Center Blue Room {Mineral King Wing – 400 West Mineral King Avenue} pursuant to Government Code 54956.9(d)(1), 54956.9(d)(2)Health and Safety Code 32155, 1461, and 32106.

The Board of Directors of the Kaweah Delta Health Care District will meet in an open Board of Directors meeting at 6:00PM on Monday, October 28, 2019 in the Kaweah Delta Medical Center Blue Room {Mineral King Wing – 400 West Mineral King Avenue}.

All Kaweah Delta Health Care District regular board meeting and committee meeting notices and agendas are posted 72 hours prior to meetings (special meetings are posted 24 hours prior to meetings) in the Kaweah Delta Medical Center, Mineral King Wing entry corridor between the Mineral King lobby and the Emergency Department waiting room.

The disclosable public records related to agendas are available for public inspection at the Kaweah Delta Medical Center – Acequia Wing, Executive Offices (Administration Department) {1st floor}, 400 West Mineral King Avenue, Visalia, CA and on the Kaweah Delta Health Care District web page http://www.kaweahdelta.org.

KAWEAH DELTA HEALTH CARE DISTRICT
Nevin House, Secretary/Treasurer

Cindy Moccio

Cindy Moccio - Board Clerk / Executive Assistant to CEO

DISTRIBUTION:
Governing Board
Legal Counsel
Executive Team
Chief of Staff
www.kaweahdelta.org

KAWEAH DELTA HEALTH CARE DISTRICT
BOARD OF DIRECTORS MEETING

Kaweah Delta Medical Center {Blue Room}
400 West Mineral King Avenue, Visalia
www.KaweahDelta.org

Monday October 28, 2019

OPEN MEETING AGENDA {5:00PM}

1. **CALL TO ORDER**
2. **APPROVAL OF AGENDA**
3. **PUBLIC PARTICIPATION –** Members of the public may comment on agenda items before action is taken and after the item has been discussed by the Board. Each speaker will be allowed five minutes. Members of the public wishing to address the Board concerning items not on the agenda and within the subject matter jurisdictions of the Board are requested to identify themselves at this time.
4. **APPROVAL OF THE CLOSED AGENDA – 5:01PM**
   - 4.1. **Conference with Legal Counsel** – Existing Litigation – Pursuant to Government Code 54956.9(d)(1) – Richard Salinas*, Legal Counsel & Evelyn McEntire, Director of Risk Management*
     - A. Edison v Barcenas v KDHCD (Case # 265419)
     - B. Saiz vs KDHCD (Case # 276364)
     - C. Tapia v KDHCD (Case # 276467)
     - D. Minton v KDHCD (Case # 277205)
     - E. Ibarra v KDHCD (Case # 278288)
     - F. Martinez (Santillan) v KDHCD (Case # VCU279163)
     - G. Arroyo v KDHCD (Case # 278184)
     - H. Holguin v KDHCD (Case # 278896)
     - I. Doe v KDHCD (Case # 16-16650)
     - J. Cowan v KDHCD (Case # VCU274052)
     - K. McIntyre v KDHCD (Case # VCU272545)
     - L. Adams v KDHCD (Case # 278006)
     - M. Sansom v KDHCD (Case # 278743)
     - N. Rascon v KDHCD (Case # 272009)

O. Rivas v KDHCD (Case # VCU272084)
P. Rocha v KDHCD (Case # 273862)
Q. Lynch v KDHCD (Case # VCU277292)
R. Borges v KDHCD (Case # 278212)
S. Moran v KDHCD (Case # 279550)
T. Shirk v KDHCD (Case # 280558)
U. Santillian v KDHCD (Case # VCU279163)

4.2. **Conference with Legal Counsel – Anticipated Litigation –** Significant exposure to litigation pursuant to Government Code 54956.9(d)(2) – 15 Cases **-** *Evelyn McEntire, Director of Risk Management & Richard Salinas, Legal Counsel*

4.3. **Quality Assurance** pursuant to Health and Safety Code 32155 and 1461, report of quality assurance committee – *Evelyn McEntire, Director of Risk Management*

4.4. **Report involving trade secrets {Health and Safety Code 32106}** – Discussion will concern a proposed new services/programs – estimated date of disclosure is December 2019 – *Marc Mertz, Vice President of Strategic Planning and Business Development*

4.5. **Credentialing** - Medical Executive Committee (September 2019) requests that the appointment, reappointment and other credentialing activity regarding clinical privileges and staff membership recommended by the respective department chiefs, the credentials committee and the Medical Executive Committee be reviewed for approval pursuant to Health and Safety Code 1461 and 32155 – *Harry Lively, MD, Immediate Past Chief of Staff*

4.6. **Approval of closed meeting minutes** – September 23, 2019.

5. ADJOURN

CLOSED MEETING AGENDA {5:01PM}

1. CALL TO ORDER

2. **CONFERENCE WITH LEGAL COUNSEL** – Existing Litigation – Pursuant to Government Code 54956.9(d)(1) – Richard Salinas*, Legal Counsel & Evelyn McEntire, Director of Risk Management*

A. Edison v Barcenas v KDHCD (Case # 265419)
B. Saiz vs KDHCD (Case # 276364)
C. Tapia v KDHCD (Case # 276467)
D. Minton v KDHCD (Case # 277205)
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U. Santillian v KDHCD (Case # VCU279163)

3. **CONFERENCE WITH LEGAL COUNSEL** – Anticipated Litigation – Significant exposure to litigation pursuant to Government Code 54956.9(d)(2) – 15 Cases - *Evelyn McEntire, Director of Risk Management & Richard Salinas, Legal Counsel*

4. **QUALITY ASSURANCE** pursuant to Health and Safety Code 32155 and 1461, report of quality assurance committee – *Evelyn McEntire, Director of Risk Management*

5. **REPORT INVOLVING TRADE SECRETS** **{Health and Safety Code 32106}** – Discussion will concern a proposed new services/programs – estimated date of disclosure is December 2019 – *Marc Mertz, Vice President of Strategic Planning and Business Development*

6. **CREDENTIALING** - Medical Executive Committee (September 2019) requests that the appointment, reappointment and other credentialing activity regarding clinical privileges and staff membership recommended by the respective department chiefs, the credentials committee and the Medical Executive Committee be reviewed for approval pursuant to Health and Safety Code 1461 and 32155 – *Harry Lively, MD, Immediate Past Chief of Staff*

7. **APPROVAL OF CLOSED MEETING MINUTES** – September 23, 2019

   Action Requested – Approval of the closed meeting minutes – September 23, 2019.

8. **ADJOURN**

OPEN MEETING AGENDA {6:00PM}

1. **CALL TO ORDER**

2. **APPROVAL OF AGENDA**

3. **PUBLIC PARTICIPATION –** Members of the public may comment on agenda items before action is taken and after the item has been discussed by the Board. Each speaker will be allowed five minutes. Members of the public wishing to address the Board concerning items not on the agenda and within the subject matter jurisdictions of the Board are requested to identify themselves at this time.

4. **CLOSED SESSION ACTION TAKEN** – Report on action(s) taken in closed session.

5. **OPEN MINUTES** – Request approval of the September 23, 2019 open board of directors meeting minutes.

   Action Requested – Approval of the open meeting minutes – September 23, 2019 open board of directors meeting minutes.

6. **RECOGNITIONS** –
   - **6.1.** Presentation of Resolution 2049 to Joyce Bergshoeff, RN, ICCU-3W - Service Excellence Award – October 2019.

7. **CONSENT CALENDAR** - *All matters under the Consent Calendar will be approved by one motion, unless a Board member request separate action on a specific item.*

   7.1. REPORTS

   A. Medical Staff Recruitment
   B. Risk Management
   C. Medical-Surgical – 2S Clinical Decision Unit-CDU, 2N, Tele, 3S Oncology
   D. Post Surgical Care – 4S, 3N, Broderick Pavilion
   E. Semi Annual Investment Report

   7.2. POLICIES

   A. HUMAN RESOURCES

1.	Just Culture	HR.00	New
2.	Recruitment and Selection of Staff Members	HR.28	Revised
3.	New Hire Processing	HR.36	Revised
4.	Status Classification of Employees/Concurrent Jobs	HR.61	Revised
5.	Timekeeping	HR.63	Revised
6.	Overtime	HR.71	Revised
7.	Salary Administration	HR.78	Revised
8.	Docking	HR.80	Revised
9.	Non-Employees	HR.233	Revised
10.	Per Diem Staff	HR.29	Deleted

11. Working at Two or More Kaweah Delta Health Care District Job	HR.32	Deleted
12. Supplemental Staffing	HR.35	Deleted

7.3. Approve Resolution 2050 returning the claim for Luis Alfonso Garcia Viscarra vs. Kaweah Delta Health Care District.

7.4. Recommendation from the Medical Executive Committee (OCTOBER 2019)

A. Medical Staff Policy

1) MS.43 Informed Consent for Surgical, Diagnostic, or Therapeutic Procedure

B. Medical Staff Bylaws and Rules and Regulations revisions

7.5. Request for appointment to the Kaweah Delta Health Care, Inc. Board effective November 1, 2019: 11/01/19 – 10/31/22; John Hipskind, MD, Marc Mertz, and Darrin Smith, MD.

7.6. Approval of Resolution 2052 in recognition of Betty Sumwalt, RN, Employee Health Services retiring from duty at Kaweah Delta Health Care District – 38 years of services.

7.7. Approval of Resolutions restating the Kaweah Delta Health Care District Employee Salary Deferral Plan as reviewed and supported by the Human Resources Committee on October 22, 2019.

A. Approval of Resolution 2053 restating the Kaweah Delta Health Care District Employee Salary Deferral Plan in Section 15.01 of the Plan's Base Plan document effective January 5, 2003.

B. Approval of Resolution 2054 restating the Kaweah Delta Health Care District Employee Salary Deferral Plan in Section 15.2 of the Plan's Base Plan document effective July 1, 2009.

C. Approval of Resolution 2055 restating the Kaweah Delta Health Care District Employee Salary Deferral Plan in Section 7.1 of the Plan's Base Plan document effective July 1, 2012.

D. Approval of Resolution 2056 restating the Kaweah Delta Health Care District Employee Salary Deferral Plan in Section 14.01 of the Plan's Base Plan document effective January 1, 2020.

7.8. Approval of Resolution 2057 amending the 457(b) deferred compensation plan in section 14.01 of the Plan's Base Plan document effective July 1, 2017 as reviewed and supported by the Human Resources Committee on October 22, 2019.

Recommended Action: Approve the October 28, 2019 Consent Calendar.

8. **ANNUAL AUDITED FINANCIAL STATEMENT** – Report to Board from Moss Adams relative to the annual audited financial statement for fiscal year 2018/2019.

   Kaweah Delta; Malinda Tupper, VP & Chief Financial Officer, Jennifer Stockton, Director of Finance, Moss Adams; Brian Conner, Partner

   Recommended Action: Approval of the 2018/2019 Annual Audited Financial Statement.

9. **QUALITY** – Cardiology Services - A review of key quality indicators and actions through the American College of Cardiology quality program.

   A. Verma, MD, Director of Cardiac Cath Lab

10. **PRELIMINARY RESOLUTION FOR THE REFINANCING OF THE 2012 REVENUE BONDS** - Review of Resolution 2051, as reviewed and recommend for approval by the Finance, Property, Services, and Acquisition Committee (10/24/19) authorizing certain officers of the District to take steps necessary for the potential issuance of revenue bonds.

    Kaweah Delta; Malinda Tupper, VP & Chief Financial Officer, Jennifer Stockton, Director of Finance

    Recommended Action - Approve Resolution 2051, a resolution of the Board of Directors of Kaweah Delta Health Care District authorizing consideration for the issuance of revenue bonds pursuant to the California Health and Safety Code and the California Government Code and a declaration of official intent to reimburse expenditures from the proceeds of tax-exempt bonds.

11. **FINANCIALS –** Review of the most current fiscal year 2020 financial results.

    Malinda Tupper, VP & Chief Financial Officer

12. **REBRANDING** – Presentation and discussion relative to the Kaweah rebranding initiative as reviewed by the Board Marketing and Public Affairs Committee.

    Marc Mertz, Vice President of Strategic Planning and Business Development, Dru Quesnoy, Director of Marketing and Communications, and Jennifer Manduffie, Sr. Graphic Designer

13. **CREDENTIALING** – Medical Executive Committee requests that the appointment, reappointment and other credentialing activity regarding clinical privileges and staff membership recommended by the respective department chiefs, the credentials committee and the Medical Executive Committee be reviewed for approval.

    Harry Lively, MD, Immediate Past Chief of Staff

    Recommended Action: Whereas a thorough review of all required information and supporting documentation necessary for the consideration of initial applications, reappointments, request for additional privileges, advance from provision al status and

release from proctoring and resignations (pursuant to the Medical Staff bylaws) has been completed by the Directors of the clinical services, the Credentials Committee, and the Executive Committee of the Medical Staff, for all of the medical staff scheduled for reappointment, Whereas the basis for the recommendations now before the Board of Trustees regarding initial applications, reappointments, request for additional privileges, advance from provision al status and release from proctoring and resignations has been predicated upon the required reviews, including all supporting documentation, Be it therefore resolved that the following medical staff be approved or reappointed (as applicable), as attached, to the organized medical staff of Kaweah Delta Health Care District for a two year period unless otherwise specified, with physician-specific privileges granted as recommended by the Chief of Service, the Credentials Committee, and the Executive Committee of the Medical Staff and as will be documented on each medical staff member's letter of initial application approval and reappointment from the Board of Trustees and within their individual credentials files.

14. REPORTS

14.1. Chief of Staff – Report relative to current Medical Staff events and issues.
Harry Lively, MD, Immediate Past Chief of Staff

14.2. Chief Executive Officer Report -Report relative to current events and issues.
Gary Herbst, Chief Executive Officer

- District Hospital Leadership Forum
- Federally Qualified Health Center

14.3. Board President - Report relative to current events and issues.
Lynn Havard Mirviss, Board President

ADJOURN

In compliance with the Americans with Disabilities Act, if you need special assistance to participate at this meeting, please contact the Board Clerk (559) 624-2330. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to the Kaweah Delta Health Care District Board of Directors meeting.

KAWEAH DELTA HEALTH CARE DISTRICT

BOARD OF DIRECTORS MEETING

MONDAY OCTOBER 28, 2019

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KDHCD - BOARD OF DIRECTORS MEETING

MONDAY OCTOBER 28, 2019

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KAWEAH DELTA HEALTH CARE DISTRICT

BOARD OF DIRECTORS MEETING

MONDAY OCTOBER 28, 2019

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MINUTES OF THE OPEN MEETING OF THE KAWEAH DELTA HEALTH CARE DISTRICT BOARD OF DIRECTORS HELD MONDAY SEPTEMBER 23, 2019 4:00PM, IN THE KAWEAH DELTA MEDICAL CENTER MINERAL KING WING BLUE ROOM, LYNN HAVARD MIRVISS PRESIDING

PRESENT: Directors Havard Mirviss, Hawkins, Hipskind, House, & Francis; B. Mendenhall, MD, Chief of Staff; G. Herbst, CEO; R. Sawyer, VP &CNO, M. Tupper, VP & CFO; D. Cox, VP of Human Resources, M. Mertz, VP of Strategic Planning and Business Development, D. Leeper, VP & CIO; D. Allain, J. Moncada, M. Williams, D. Volosin, D. Lynch, Legal Counsel, K. Davis, Recording

The meeting was called to order at 4:03PM by Director Havard Mirviss.

Director Havard Mirviss asked for approval of the agenda.

MMSC (House/Francis) to approve the open agenda. This was supported unanimously by those present. Vote: Yes – Havard Mirviss, Hawkins, House, Hipskind, and Francis

PUBLIC PARTICIPATION – none

MASTER PLANNING – Review and discussion of master planning process and options for Kaweah Delta Health Care District (copy attached to the original of these minutes and considered a part thereof) – *Kevin Boots, Senior Vice President & Joseph Balbona AIA-CEO – RBB Architects, Inc.*

Director Havard Mirviss called for the approval of the closed agenda.

APPROVAL OF THE CLOSED AGENDA – 5:00PM

5.1. Quality Assurance pursuant to Health and Safety Code 32155 and 1461, report of quality assurance committee – Gary Herbst, Chief Executive Officer

5.2. Credentialing - Medical Executive Committee (September 2019) requests that the appointment, reappointment and other credentialing activity regarding clinical privileges and staff membership recommended by the respective department chiefs, the credentials committee and the Medical Executive Committee be reviewed for approval pursuant to Health and Safety Code 1461 and 32155 – Byron Mendenhall, MD, Chief of Staff

5.3. Report involving trade secrets {Health and Safety Code 32106} – Discussion will concern a proposed new services/programs – estimated date of disclosure is December 2019 – Jon Knudsen, RN, FNP, Director of Renal, Oncology and Critical Care Services

5.4. Approval of closed meeting minutes – August 26, 2019

MMSC (House/Hipskind) to approve the closed agenda. This was supported unanimously by those present. Vote: Yes – Havard Mirviss, Hawkins, Hipskind, House, and Francis

ADJOURN - Meeting was adjourned at 5:20PM

Lynn Havard Mirviss, President
Kaweah Delta Health Care District and the Board of Directors

ATTEST:

Nevin House, Secretary/Treasurer
Kaweah Delta Health Care District Board of Directors

MINUTES OF THE OPEN MEETING OF THE KAWEAH DELTA HEALTH CARE DISTRICT BOARD OF DIRECTORS HELD MONDAY SEPTEMBER 23, 2019 6:00PM, IN THE KAWEAH DELTA MEDICAL CENTER MINERAL KING WING BLUE ROOM, LYNN HAVARD MIRVISS PRESIDING

PRESENT: Directors Havard Mirviss, Hawkins Hipskind, House, & Francis; B. Mendenhall, MD, Chief of Staff; G. Herbst, CEO; R. Sawyer, VP &CNO, M. Tupper, VP & CFO; D. Cox, VP of Human Resources, M. Mertz, VP of Strategic Planning and Business Development, D. Leeper, VP & CIO; D. Lynch, Legal Counsel, K. Davis, Recording

The meeting was called to order at 6:04PM by Director Havard Mirviss.

Director Havard Mirviss entertained a motion to approve the agenda.

MMSC (Hawkins/Francis) to approve the open agenda. This was supported unanimously by those present. Vote: Yes – Havard Mirviss, Hawkins, House, Hipskind, and Francis

PUBLIC/MEDICAL STAFF PARTICIPATION

- None.

CLOSED SESSION ACTION TAKEN:

- Approval of closed minutes from August 26, 2019.
- Closed meeting action from July 22nd meeting;
  - Board ratification of the action by the Finance, Property, Services, and Acquisition Committee on 7/18/19 to approve management to move forward in the execution of a letter of intent relative to APN 172-010-034.
- Closed meeting action from August 26th meeting;
  - Approve Resolution 2046 to approve the purchase of the properties located at 1000 North Mooney Boulevard, Tulare, County of Tulare, California {APN's 172-010-034 and 172-010-026} for the total amount not to exceed $1,590,000.

OPEN MINUTES – Request for approval of the August 26, 2019 open board of directors meeting minutes.

MMSC (Hawkins/Hipskind) to approve of the open minutes – August 26, 2019. This was supported unanimously by those present. Vote: Yes – Havard Mirviss, Hawkins, House, Hipskind, and Francis

RECOGNITIONS – Nevin House

- Presentation of Resolution 2047 to Chris Stafford, Health Unit Coordinator, Oncology 3S - Service Excellence Award – September 2019 (copy attached to the original of these minutes and considered a part thereof).

CONSENT CALENDAR – Director Havard Mirviss entertained a motion to approve the consent calendar. Director House requested the removal of the following items: {7.1C, 7.1D}

MMSC (Hawkins/Hipskind) to approve the consent calendar with the removal of items: 7.1C {Report – Neurosciences Center} 7.1D {Report – Rural Health Clinics}. This was supported unanimously by those present. Vote: Yes – Havard Mirviss, Hawkins, House, Hipskind, and Francis

- Further Review of 7.1C {Report – Neurosciences Center}
- Further Review of 7.1D {Report – Rural Health Clinics}

Director Havard Mirviss entertained a motion to approve the consent calendar as presented.

MMSC (Francis/Hawkins) to approve the consent calendar as presented. This was supported unanimously by those present. Vote: Yes – Havard Mirviss, Hawkins, House, Hipskind, and Francis

7.1. REPORTS
- A. Medical Staff Recruitment
- B. Environment of Care
- C. Neurosciences Center
- D. Rural Health Clinics
- E. Quail Park

7.2. POLICIES
- A. ADMINISTRATIVE
  - 1. Census Saturation Plan — AP.114 — Revised
  - 2. Disruption of services or unusual occurrences — AP.30 — Revised
- B. BOARD OF DIRECTORS
  - 1. Presentation of claims and service process — BOD7 — Reviewed
- C. EMERGENCY MANAGEMENT
  - 1. Request to operate under CMS 1135 waiver — DM2227 — New

7.3. Approval of Resolution 2048 to Debbie Murray, Coding Manager, retiring from duty at Kaweah Delta after thirty (30) years of service.

7.4. Recommendation from the Medical Executive Committee (SEPTEMBER 2019)
- A. Administrative Policy
  - 1. AP.171 Medically Ineffective Care (reviewed)
- B. Privilege Form – Nurse Practitioner / Physician Assistant

QUALITY - QUALITY FOCUS TEAM REPORT – Reducing Workplace Violence (copy attached to the original of these minutes and considered a part thereof) - Maribel Aguilar, Life Safety Manager and Todd Noeske, Safety Specialist

- Discussion around root cause and areas of concern and focusing on.

STRATEGIC PLAN – OPERATIONAL EFFICIENCY – Review of the strategic initiative charter (copy attached to the original of these minutes and considered a part thereof) - Regina Sawyer, Vice President & Chief Nursing Officer & Keri Noeske, Director of Care Management

- Discussion on big bucketed items and placement issues.

COMMUNITY ENGAGEMENT - Report on the Kaweah Delta Community Engagement Initiative groups (copy attached to the original of these minutes and considered a part thereof) - Deborah Volosin, Director of Community Engagement

- Discussion on committee updates and what committees are still accepting new applicants.

CLEVELAND CLINIC – Status of implementation plans and opportunities relative to the Kaweah Delta affiliation with Cleveland Clinic Heart and Vascular Institute (copy attached to the original of these minutes and considered a part thereof) - Regina Sawyer, RN, Vice President and Chief Nursing Officer, Barry Royce, Director of Cardiovascular Service Line and Cardiovascular Co-Management Program

- Short discussion on stents and delivery of stent surgery.

GOLDEN STATE CARDIAC & THORACIC SURGERY, INC CONTRACT – Review and requested approval of agreement effective October 1, 2019 between Kaweah Delta Health Care District and Golden State Cardiac & Thoracic Surgery Inc. (copy attached to the original of these minutes and considered a part thereof) - Ben Cripps, Compliance and Privacy Officer, Dennis Lynch, Legal Counsel

Recommended Action: Approval of the Kaweah Delta Health Care District Golden State Cardiac & Thoracic Surgery Inc., *agreement subject to addressing staffing uses in the new contract effective October 1, 2019.*

REBRANDING – Presentation and discussion relative to the Kaweah rebranding initiative as reviewed by the Board Marketing and Public Affairs Committee (copy attached to the original of these minutes and considered a part thereof) - Marc Mertz, Vice President of Strategic Planning and Business Development, Dru Quesnoy, Director of Marketing and Communications, and Jennifer Manduffie, Sr. Graphic Designer

- Discussion on action plan and cost for rebranding.

CENTRAL VALLEY HEALTHCARE ALLIANCE – Progress report on the Central Valley Healthcare Alliance activities (copy attached to the original of these minutes and considered a part thereof) - David Francis, Chair & Marc Mertz, Secretary – Central Valley Healthcare Alliance

FINANCIALS – Review of the most current fiscal year 2020 financial results (copy attached to the original of these minutes and considered a part thereof) - Malinda Tupper, VP & Chief Financial Officer

- Discussion on Financials. Director house noted to add a footnote when we send a big payment and it has not come back yet so we can track and know what the payment was for and expected to get the payment back.

CREDENTIALING – Byron Mendenhall, MD –Chief of Staff - Medical Executive Committee request that the appointment, reappointment and other credentialing activity regarding clinical privileges and staff membership recommended by the respective department chiefs, the credentials committee and the Medical Executive Committee be reviewed for approval.

Director Havard Mirviss requested a motion for the approval of the credentials report excluding the Emergency Medicine providers highlighted on Exhibit A {copy attached to the original of these minutes and considered a part thereof}.

MMSC (Hipskind/Francis) Whereas a thorough review of all required information and supporting documentation necessary for the consideration of initial applications, reappointments, request for additional privileges, advance from provisional status and release from proctoring and resignations (pursuant to the Medical Staff bylaws) has been completed by the Directors of the clinical services, the Credentials Committee, and the Executive Committee of the Medical Staff, for all of the medical staff scheduled for reappointment, Whereas the basis for the recommendations now before the Board of Trustees regarding initial applications, reappointments, request for additional privileges, advance from provisional status and release from proctoring and resignations has been predicated upon the required reviews, including all supporting documentation, Be it therefore resolved that the following medical staff, excluding Emergency Medicine Providers as highlighted on Exhibit A (copy attached to the original of these minutes and considered a part thereof), be approved or reappointed (as applicable), to the organized medical staff of Kaweah Delta Health Care District for a two year period unless otherwise specified, with physician-specific privileges granted as recommended by the Chief of Service, the Credentials Committee, and the Executive Committee of the Medical Staff and as will be documented on each medical staff member's letter of initial application approval and reappointment from the Board of Trustees and within their individual credentials files. Vote: Director Havard Mirviss, House, Hawkins, Francis & Hipskind – Yes.

Director John Hipskind, MD left the room for the vote on the credentials, for the Emergency Medicine providers as highlighted on Exhibit A {copy attached to the original of these minutes and considered a part thereof}.

Director Havard Mirviss requested a motion for the approval of the credentials report for the Emergency Medicine providers highlighted on Exhibit A {copy attached to the original of these minutes and considered a part thereof}.

MMSC (House/Francis) Whereas a thorough review of all required information and supporting documentation necessary for the consideration of initial applications, reappointments, request for additional privileges, advance from provisional status and release from proctoring and resignations (pursuant to the Medical Staff bylaws) has been completed by the Directors of the clinical services, the Credentials Committee, and the Executive Committee of the Medical Staff, for all of the Emergency Medicine providers scheduled for reappointment. Whereas the basis for the recommendations now before the Board of Trustees regarding initial applications, reappointments, request for additional privileges, advance from provisional status and release from proctoring and resignations has been predicated upon the required reviews, including all supporting documentation, Be it therefore resolved that the following medical staff Emergency Medicine providers be approved or reappointed (as applicable), to the organized medical staff of Kaweah Delta Health Care District for a two year period unless otherwise specified, with physician-specific privileges granted as recommended by the Chief of Service, the Credentials Committee, and the Executive Committee of the Medical Staff and as will be documented on each medical staff member's letter of initial application approval and reappointment from the Board of Trustees and within their individual credentials files. Vote: Director Havard Mirviss, House, Francis & Hawkins – Yes. Director Hipskind – Absent

CHIEF OF STAFF REPORT – Report from Byron Mendenhall, MD –Chief of Staff

- None.

CHIEF EXECUTIVE OFFICER REPORT – Report relative to current events and issues - *Gary Herbst, Chief Executive Officer*

- Joint Commission
- District Hospital Leadership Forum
- Federally Qualified Health Center

BOARD PRESIDENT REPORT – Report from Lynn Havard Mirviss, Board President:

- None.

Adjourn - Meeting was adjourned at 8:45PM

Lynn Havard Mirviss, Board President
Kaweah Delta Health Care District and the Board of Directors
Thereof

ATTEST:

Nevin House, Secretary/Treasurer
Kaweah Delta Health Care District Board of Directors

RESOLUTION 2049

WHEREAS, the Department Heads of the KAWEAH DELTA HEALTH CARE DISTRICT are recognizing Joyce Bergshoeff, RN, ICCU-3W, with the Service Excellence Award for the Month of October 2019, for consistent outstanding performance, and,

WHEREAS, the Board of Directors of the KAWEAH DELTA HEALTH CARE DISTRICT is aware of her excellence in caring and service,

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the KAWEAH DELTA HEALTH CARE DISTRICT on behalf of themselves, the hospital staff, and the community they represent, hereby extend their congratulations to Joyce Bergshoeff for this honor and in recognition thereof, have caused this resolution to be spread upon the minutes of the meeting.

PASSED AND APPROVED this 28th day of October 2019 by a unanimous vote of those present.

President, Kaweah Delta Health Care District

ATTEST:

Secretary/Treasurer, Kaweah Delta Health Care District
and of the Board of Directors, thereof

JOYCE BERGSHOEFF
SERVICE EXCELLENCE – OCTOBER 2019

COMMENTS:

Joyce is an awesome nurse. Besides being a great provider of care and a patient advocate, Joyce is extremely knowledgeable in her field and shares her knowledge with staff, patients, and families. Being part of UBC, the HAPI team, CAUTI team, skin prevalence team, post-pyloric certified, mentor, USIV certified and trainer, Joyce learns a full spectrum of care and shares her knowledge with everyone she can. Joyce, is also involved in performing unit based training for US bladder scan and is a dedicated resource RN for 3W staff. She is also in an RN BSN to MSN program. In her studies she often shares articles pertaining to our patients to the staff. Joyce has also helped present stroke to the community at the Farmer's Market. 3W is very lucky to have Joyce assigned to our unit.

SUPERVISOR: Melanie Sibbu

Nominated by Dora Salazar

Kaweah Delta Physician Recruitment
Open Position Snapshot - October 2019

Prepared by: Brittany Taylor, Senior Physician Recruiter btaylor@kdhcd.org - (559)624-2899

Date prepared: 10/24/2019

Central Valley Critical Care Medicine	
Hospitalist	3
Intensivist	4
Nocturnist	2

Delta Doctors Inc.	
Adult Primary Care	1
OB/Gyn	2
Laborist	1

Key Medical Associates	
Adult Primary Care	1
Gastroenterology	1
Hospitalist	1
Pediatrics	1

Orthopedics	
Orthopedic Surgery - Hand	1

Sequoia Radiation Oncology Medical Associates	
Radiation Oncology	1

Somnia	
Anesthesiology - Cardiac/General	1

Valley Children's Health Care	
Maternal Fetal Medicine	2

Valley Hospitalist Medical Group	
Hospitalist	1
Nocturnist	1
GI Hospitalist	1

Visalia Medical Clinic (Kaweah Delta Medical Foundation)	
Dermatology	2
Gastroenterology	2
Internal Medicine	1
OB/GYN	3
Orthopedic Surgery	1
Otolaryngology	1
Pediatrics	2
Psychiatry	2
Radiology - Diagnostic	1
Rheumatology	1
Urology	1
Palliative Medicine	2

Kaweah Delta Faculty Medical Group	
Family Medicine Associate Program Director	1
Family Medicine Core Faculty	1
Family Medicine Medical Director	1
Family Medicine Program Director	1

,

Candidate Activity								
Specialty/Position	**Group**	**Last Name**	**First Name**	**Availability**	**Board Certification**	**CA Licensed**	**Referral Source**	**Current Status**
Anesthesiology - Pain	Somnia	Sandhu, M.D.	Navpark	05/19	American Board of Anesthesiology, Certified	Active	Somnia	Offer accepted; Tentative start date: 12/1/19
Cardiothoracic Surgery	Golden State Cardiac & Thoracic Surgery	Carrizo, M.D.	Gonzalo	10/19	American Board of Thoracic Surgery, Certified	Active	Cleveland Clinic Foundation affiliate job posting - 7/27/18	Start Date pending finalized contract
Endocrinology	Key Medical Associates	Chahal, M.D.	Rajinder	11/19	American Board of Internal Medicine, Certified	Active	Internal Referral	Site Visit: 7/2/19; Offer accepted; Start date: 11/4/2019
Family Medicine	Visalia Medical Clinic (Kaweah Delta Medical Foundation)	Bland, D.O.	Scott	08/21	American Board of Family Medicine, Eligible	None	Direct - 9/15/19	Currently under review
Family Medicine	Key Medical Associates	Jones, M.D.	Nicholas	08/20	American Board of Family Medicine, Eligible	None	Carson Kolb	Site Visit: 9/14/19; Offer extended
Family Medicine Core Faculty/Non-Core Faculty	Kaweah Delta Faculty Medical Group	Arellano-Banoni, M.D.	Gisela	10/19	American Board of Family Medicine, Certified	Active	Internal Referral	Site Visit: 9/25/19; Offer extended
Family Medicine Faculty - Part-time	Kaweah Delta Faculty Medical Group	Bautista, M.D., J.D.	Luis	TBD	American Board of Family Medicine, Certified	Active	Practice Match	Currently under review
Family Medicine - Program Director	Kaweah Delta Faculty Medical Group	Kalliny, M.D., Ph.D.	Medhat	01/20	American Board of Family Medicine, Diplomate; American Board of Preventative Medicine - Occupational Medicine, Certified; Public Health & General Preventative Medicine, Certified	Active	AAFP - 8/23/19	Site Visit: 9/27/19; References requested
Family Medicine - Program Director/Associate Program Director	Kaweah Delta Faculty Medical Group	Martinez, M.D.	Mario	TBD	American Board of Family Medicine, Certified	Active	Internal Referral	Site visit pending dates
Family Medicine	Delta Doctors, Inc.	Amari, M.D.	Ahmed	11/19	American Board of Family Medicine, Eligible	In progress	Internal Referral	Site Visit: 2/15/19; Offer accepted; Start Date: 11/1/19

Candidate Activity								
Specialty/Position	**Group**	**Last Name**	**First Name**	**Availability**	**Board Certification**	**CA Licensed**	**Referral Source**	**Current Status**
Family Medicine	Key Medical Associates	Janvelian, M.D.	Vladamir	09/20	American Board of Family Medicine, Eligible	None	Carson Kolb - 11/28/18	Site Visit: 2/15/19; Offer accepted; Start date pending
Family Medicine	Visalia Medical Clinic (Kaweah Delta Medical Foundation)	Patty, M.D.	Christina	08/20	American Board of Family Medicine, Eligible	Active	Direct - Local Candidate	Site Visit: 2/5/19; Offer accepted; Start Date: 8/31/20
Gastroenterology	Visalia Medical Clinic (Kaweah Delta Medical Foundation)	Chen, M.D.	Vida	08/21	American Board of Internal Medicine, Diplomate	Active	Fidelis Partners - 6/28/19	Site Visit: 10/02/19; Offer extended
Gastroenterology	Key Medical Associates	Jaafar, M.D.	Imad	08/20	American Board of Internal Medicine, Certified	In progress	2019 Digestive Disease Week Career Fair	Site Visit: 7/27/19; Offer extended
Hospitalist - Nights	Valley Hospitalist Medical Group	Gadhia, M.D.	Shardul	TBD	American Board of Internal Medicine, Certified	None	Direct Candidate	Site Visit: 10/25/19
Hospitalist	Central Valley Critical Care Medicine	Abbasi, M.D.	Adil	02/20	American Board of Internal Medicine, Certified	Active	Vista Staffing - 9/6/19	Site Visit: 10/31/19
Hospitalist	Central Valley Critical Care Medicine	Abdulkarim, M.D.	Seifedin	TBD	American Board of Internal Medicine,	Active	MDStaffers - 10/11/19	Currently under review
Hospitalist	Central Valley Critical Care Medicine	Chavez, M.D.	Juan	TBD	American Board of Internal Medicine, Certified	Active	MDstaffers - 10/7/19	Phone Interview: 10/7/19
Hospitalist	Central Valley Critical Care Medicine	Desta, M.D.	Edomias	08/20	TBD	None	Referral - Dr. Sukhvir Singh	Site visit pending dates
Hospitalist	Central Valley Critical Care Medicine	Diramerian, M.D.	Liza	08/20	TBD	None	Referral - Dr. Umer Hayyat	Site visit pending dates
Hospitalist	Central Valley Critical Care Medicine	Mavli, M.D.	Zakiamad	TBD	American Board of Family Medicine, Certified	Active	Direct Candidate	Site Visit: 9/10/19
Hospitalist	Central Valley Critical Care Medicine	Singh, M.D.	Gurpreet	07/20	American Board of Internal Medicine, Eligible	None	PracticeLink - 10/9/19	Currently under review
Hospitalist	Central Valley Critical Care Medicine	Singh, M.D.	Sukhvir	07/20	American Board of Internal Medicine, Eligible	Pending	Vista Staffing - 8/12/2019	Site Visit: 9/23/19
Hospitalist	Central Valley Critical Care Medicine	Tran, M.D.	Van C.	08/20	American Board of Internal Medicine, Certified	Active	Mdstaffers - 9/6/19	Phone Interview: 10/4/19
Hospitalist	Central Valley Critical Care Medicine	Upton, M.D.	Tracy	08/20	American Board of Internal Medicine, Eligible	Active	Vista Staffing - 9/12/19	Site Visit: 10/17/19

Candidate Activity								
Specialty/Position	**Group**	**Last Name**	**First Name**	**Availability**	**Board Certification**	**CA Licensed**	**Referral Source**	**Current Status**
Hospitalist	Central Valley Critical Care Medicine	Youssef, M.D.	Mina	07/20	American Board of Internal Medicine, Eligible	None	Vista Staffing - 10/1/19	Currently under review
Hospitalist	Central Valley Critical Care Medicine	Zhang, M.D.	Yixi	ASAP	American Board of Internal Medicine, Certified	Pending	Vista Staffing - 10/11/19	Site visit pending dates
Hospitalist	Central Valley Critical Care Medicine	Hayyat, M.D.	Umer	08/20	American Board of Internal Medicine, Eligible	In progress	Practice Link	Site Visit: 8/14/19; Offer accepted
Hospitalist	Central Valley Critical Care Medicine	Milani, M.D.	Kasra	11/19	American Board of Internal Medicine, Certified	Active	Vista Staffing - 8/12/2019	Site Visit: 8/22/19; Offer accepted
Intensivist	Central Valley Critical Care Medicine	Rubinchikova, M.D.	Yelena	12/19	American Board of Internal Medicine, Eligible	None	Fidelis Partners - 8/14/19	Site Visit: 10/21/19; References pending
Internal Medicine	Open - TBD	Malik, M.D.	Sara	08/21	American Board of Internal Medicine, Eligible	None	Direct - Dr. Umer Hayyat's spouse	Currently under review
Maternal Fetal Medicine	Valley Children's Hospital	Acosta, M.D.	Reinaldo	TBD	American Board of OB/GYN, Certified; American Board of OB/GYN - Maternal Fetal Medicine - Certified	Active	Valley Children's - 7/11/2019	Site Visit: 7/30/19; Possible locums to permanent
Neonatology	Valley Children's Hospital	Ibonia, M.D.	Katrina	12/19	American Board of Pediatrics; Neonatal-Perinatal, Certified	None	Valley Children's - 8/1/2019	Site Visit: 8/27/19; Offer accepted; Start date: 3/9/20
Neonatology	Valley Children's Hospital	Gerard, M.D.	Kimberley	01/20	American Board of Pediatrics, Eligible (Exam 10/2019)	Active	Valley Children's - 11/28/18	Site Visit: 1/11/19; Tentative start date: 1/6/20; Assigned to KD full-time
OB/GYN	Delta Doctors, Inc.	Saleh, M.D.	Gamal	01/20	American Board of Obstetrics & Gynecology, Certified	None	Mdstaffers - 9/6/19	Phone Interview pending
Otolaryngology	Visalia Medical Clinic (Kaweah Delta Medical Foundation)	Badran, M.D.	Karam	08/20	American Board of Otolaryngology – Head and Neck Surgery, Eligible	Active	Fidelis Partners - 8/8/2019	Site Visit: 10/14/19; Offer extended

Candidate Activity								
Specialty/Position	**Group**	**Last Name**	**First Name**	**Availability**	**Board Certification**	**CA Licensed**	**Referral Source**	**Current Status**
Otolaryngology	Visalia Medical Clinic (Kaweah Delta Medical Foundation)	Neel, M.D.	Gregory	08/20	American Board of Otolaryngology – Head and Neck Surgery, Eligible	None	AAO-HNS Job Posting	Site visit pending dates
Orthopedic Surgery - Spine	Orthopaedic Associates	Daniels, M.D.	Mathias	TBD	American Board of Orthopedic Surgery, Certified	Active	Fidelis Partners - 3/28/19	Site visit: 6/27/19; Offer accepted; Start date pending approval of hospital privileges.
Palliative Medicine	Visalia Medical Clinic (Kaweah Delta Medical Foundation)	Mylavarapu, M.D.	Alexander	08/20	American Board of Hospice & Palliative Medicine, Eligible	None	Fidelis Partners - 9/30/19	Site visit: 11/5/19
Pediatrics	Visalia Medical Clinic (Kaweah Delta Medical Foundation)	Chisenhall, M.D.	Evgeniya	TBD	American Board of Pediatrics, Eligible	None	Physician Empire - 9/25/19	Site visit pending
Pediatrics	Visalia Medical Clinic (Kaweah Delta Medical Foundation)	Currie, D.O.	Kristen	03/20	American Board of Pediatrics, Certified	In progress	Practice Match - 9/17/19	Site Visit: 10/28/19
Pediatrics	Visalia Medical Clinic (Kaweah Delta Medical Foundation)	Lopez, M.D.	Sarah	01/20	American Board of Pediatrics, Certified	None	Fidelis Partners - 10/10/19	Site visit: 11/14/19
Radiation Oncology	Sequoia Radiation Oncology Medical Associates	Chang, D.O.	Tangel	01/20	American Board of Radiology - Radiation Oncology, Certified	Active	ASTRO Conference 2017	Site Visit: 10/7/19; 2nd visit: 10/28/19
Urology	Visalia Medical Clinic (Kaweah Delta Medical Foundation)	Yang, M.D.	Hailiu	07/20	American Board of Urology, Eligible 2020	None	Fidelis Partners - 6/11/19	Site Visit: 10/02/19; Offer extended

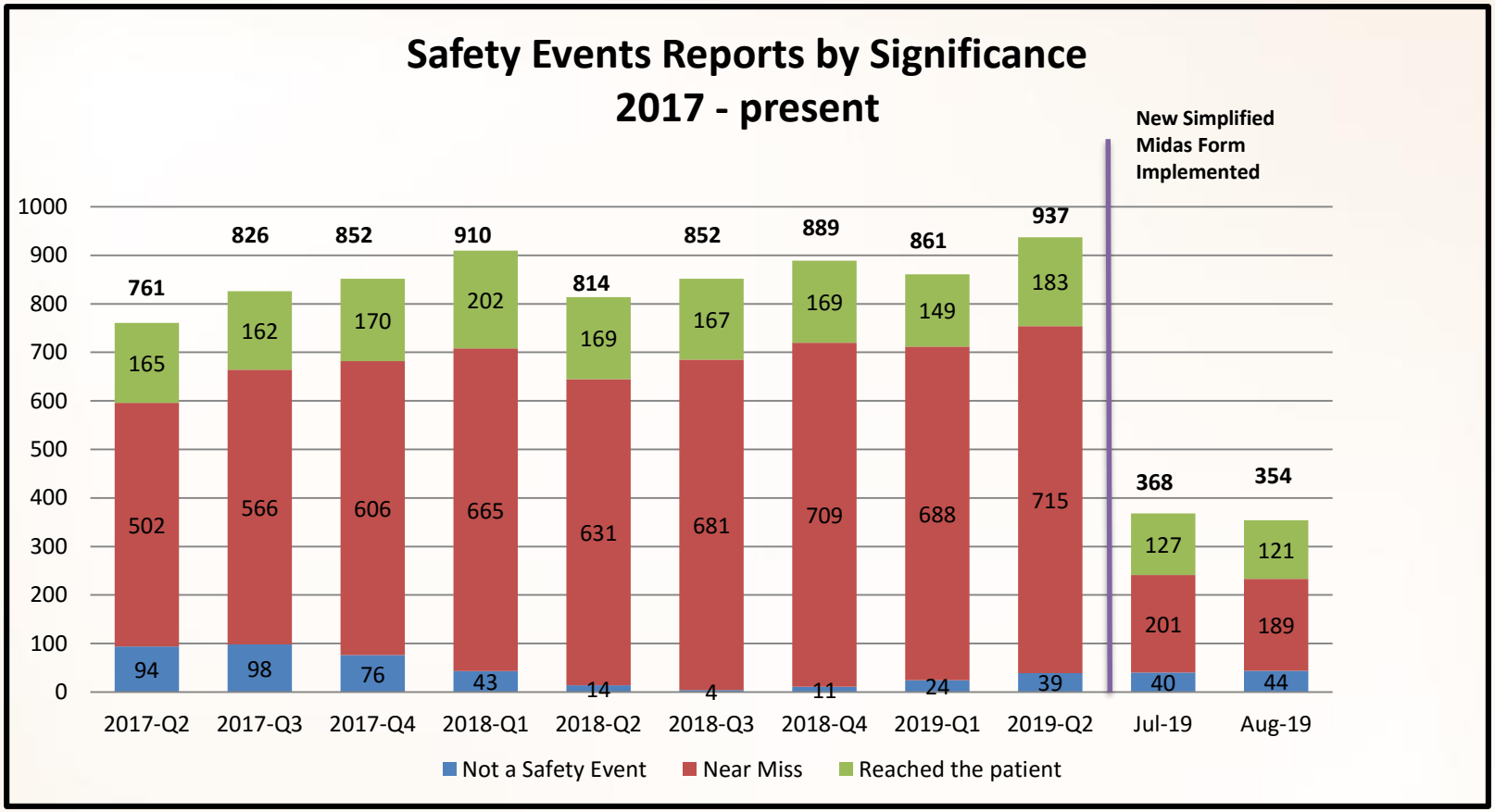
Risk Management Report – Open
Third Quarter 2019
October 28, 2019

Evelyn McEntire
Director of Risk Management

KAWEAH DELTA HEALTH CARE DISTRICT

Risk Management Goals

1. Promote a safety culture as a proactive risk reduction strategy.
2. Reduce frequency and severity of harm (patient and non-patient).
   - Zero incidents of “never events”
3. Reduce frequency and severity of claims.

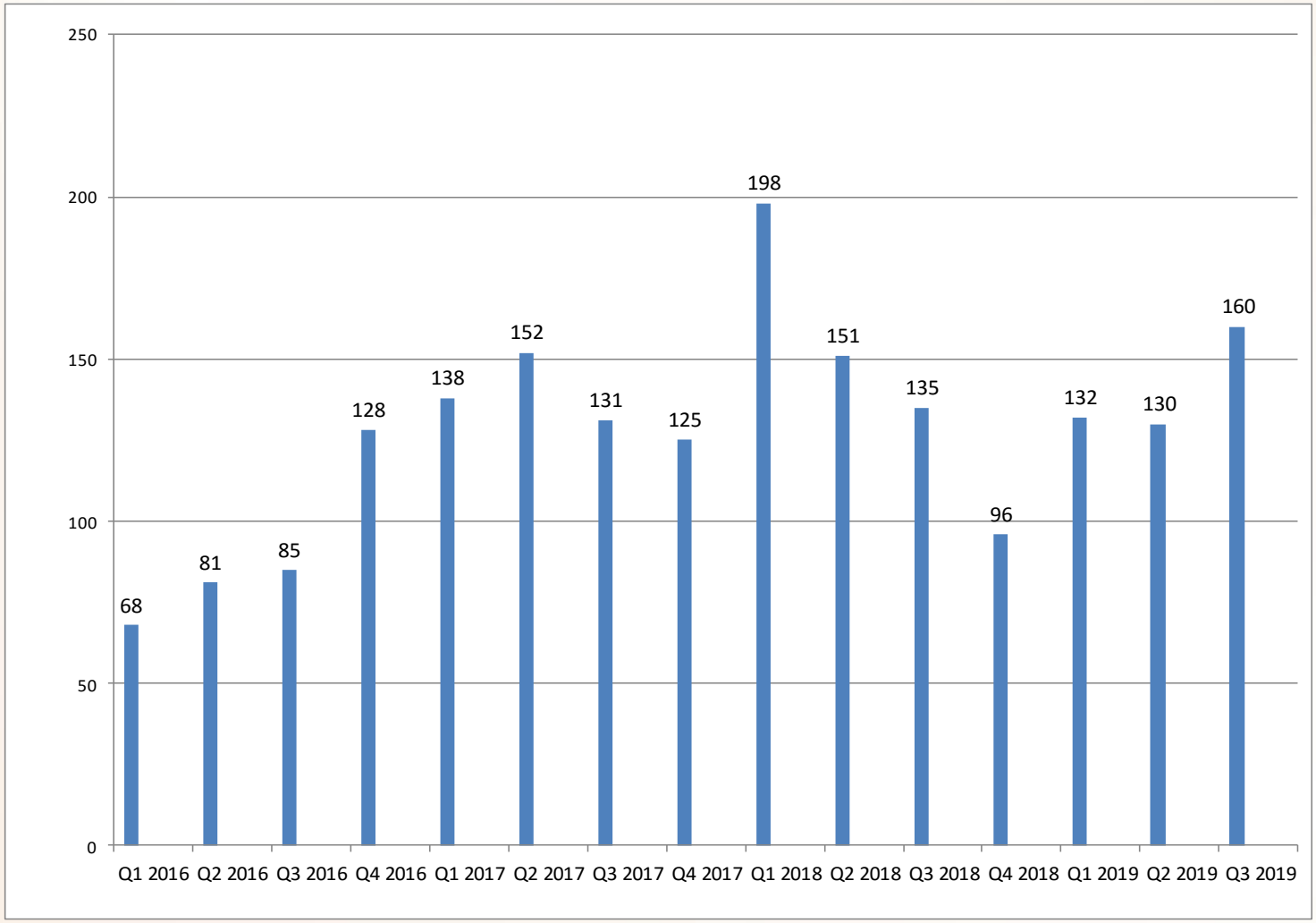


This newly added graph represents the total number of Midas event reports submitted per quarter. They are also categorized by “Not a safety event,” “Near miss,” or “Reached the patient.”

Our goal is to increase the total number of event reports submitted by staff/providers while decreasing those events which reach the patient. This would reflect an improved safety culture at KDHCD as staff/providers report safety concerns proactively and prevent potential patient harm events. One of the recent changes made to improve safety culture through event reporting was effected in June 2019 when the event report form was simplified and shortened. We expect to see an increase in the number of event reports submitted beginning July 2019.

Complaints & Grievances

2016-2019

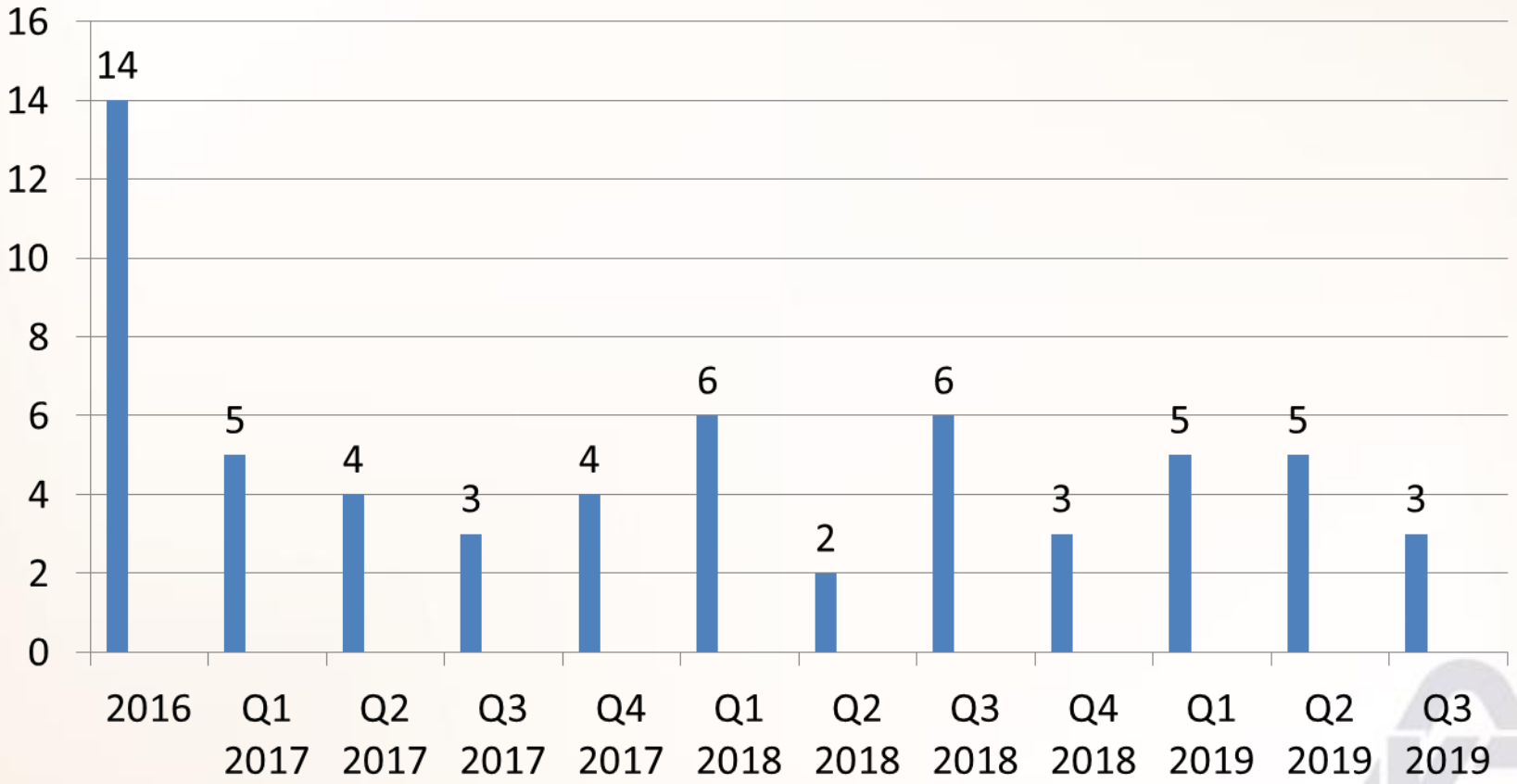


Trends:

- Lost Belongings
- Nursing Care
- Physician Care

Claims Frequency CY 2016 – 2019

Average of Claims/Year = 15



Current Topics of Focus

- Proactive risk assessment of inpatient pharmacy clean room
- Workplace violence post-incident evaluation and lessons learned dissemination
- Integrating Just Culture algorithm and practices when addressing event reports and sentinel/adverse events
- Reinforcement of abuse reporting requirements and mandated reporting

Kaweah Delta Health Care District
Annual Report to the Board of Directors

Medical-Surgical (2S Clinical Decision Unit-CDU, 2N Tele, 3S Oncology)

Emma Mozier, MSN, RN, CNML
Interim Director, Medical-Surgical Services
559.624.2825
October 2, 2019

Summary Issue/Service Considered

- Nursing remains focused on charge nurse and staff development with specific attention to best practices to further improve the patient experience; 2North (2N), 2South (2S) and 3South (3S) have focused goals and action items related to Kaweah Delta's Operation Always initiative.
- Currently working on recruitment to fill open positions, retain and maintain qualified nursing staff, and reduce contract labor.
- Active surveillance of all quality measures with the greatest focus: 2N- hypoglycemia rates, Hospital Acquired Pressure Injury (HAPI) and Catheter Associated Urinary Tract Infections (CAUTI), 2S- fall prevention, 3S- Central Line Associated Blood Stream Infection (CLABSI) and CAUTI.
- Continued participation in optimization efforts and governance of KDHub super user group Safety and Information Nursing Team (SAINT).

Quality/Performance Improvement Data

- Health Stream overall patient satisfaction Fiscal Year (FY) ending 2019: 2N- 76.6% (exceeding the organizational goal), 2S- 68.8%, and 3S- 69.6%. FY20 and the new vendor J.L. Morgan, data for July: 2N- 98.0%, 2S- 83.71%, and 3S- 60.96%. As this new partnership develops, we anticipate better survey response for a more accurate polling of our patient's overall experience.

The Medical-Surgical units monitor the following nurse sensitive quality indicators:

CLINICAL QUALITY	2 NORTH				2 SOUTH				3 SOUTH			
	3Q18	4Q18	1Q19	2Q19	3Q18	4Q18	1Q19	2Q19	3Q18	4Q18	1Q19	2Q19
Central line associated blood stream infection (CLABSI)	4.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.40	0.00	0.00
KDHCD Target	0.70	0.70	0.00	0.00	0.90	0.90	0.00	0.00	0.90	0.90	0.00	0.00
Catheter associated urinary tract infection (CAUTI)	0.00	5.40	0.00	0.00	7.40	0.00	0.00	0.00	5.00	0.00	1.00	0.00
KDHCD Target	1.30	1.30	0.00	0.00	1.50	1.50	0.00	0.00	1.50	1.50	0.00	0.00
Falls/1000 pt days	1.98	1.21	0.79	2.02	0.61	0.91	1.19	0.00	1.06	0.36	0.37	1.49
NDNQI Mean	3.06	3.28	2.98	2.92	3.27	3.01	2.78	1.56	3.06	3.28	2.98	2.92
Injury Falls/1000 pt days	1.19	0.40	0.79	0.40	0.00	0.61	0.59	0.00	0.00	0.36	0.00	0.00
NDNQI Mean	0.66	0.63	0.62	0.62	0.43	0.35	0.73	0.48	0.66	0.63	0.62	0.62
% pts. Stage 2+HAPI - 1 Day PREVALENCE *Hospital Acquired Pressure Injury	3.85	0.00	0.00	4.00	N/A	N/A	N/A	N/A	0.00	0.00	5.00	0.00
NDNQI Mean	1.36	1.08	1.31	1.20	N/A	N/A	N/A	N/A	1.36	1.08	1.31	1.20
Hypoglycemia (% Patient Days < 70)	4.70	5.70	5.10	5.50	3.00	3.90	4.00	2.10	6.50	5.80	4.10	3.00
KDHCD Mean	3.30	3.20	3.20	3.50	3.30	3.20	3.20	3.50	3.30	3.20	3.20	3.50

Policy, Strategic or Tactical Issues

- Assumed director leadership of these medical-surgical departments July 2019.
- Plans of action in place for all clinical indicators higher than the mean.
- Focused efforts on throughput and timely discharge through Monday-Friday discharge rounds on units and participation in discharge management/throughput committees.
- Completing training of the 2S Certified Nursing Assistant's (CNA) to complete electrocardiograms (EKG) to expedite treatment of chest pain patients on 2S.
- Will participate in plan of correction initiatives in order to remain fully accredited by the Joint Commission, post survey September 2019.
- Will continue participation in the Stroke Committee and collaborate in the recertification survey for our National Stroke Certification in Spring 2020.

Recommendations/Next Steps

- Focused efforts on reduction in length of stay for observation, transient ischemic attack (TIA), congestive heart failure, and end of life/palliative patients.
- Continued focused efforts on improving the patient experience and inspiring a culture of excellence and World-Class care within our staff.
- Focus on the employee engagement survey and Safety Attitudes Questionnaire (SAQ) action plans.
- Continued KDHub optimization related to documentation, policies and medication administration safety.
- Continue focused partnership with the Clinical Education team and Advanced Practice Nurse to shore up the on-boarding and orientation process for new staff on all units.
- Promote active engagement of our physician partners.

Approvals/Conclusions

- Strive for overall quality outcomes and set goals to continue to improve.
- Length of stay reductions seen over all in the organization and continue to see gains in 2N, 2S, and 3S.
- Overall decrease/increase in patient care volumes for FY19 from FY18:
  - 2N admissions decreased by 0.97% from prior year and 0.96 lower than FY 19 budget
  - 2S admissions increased by 1.16% from prior year and 1.13 higher than FY19 budget
  - 3S admissions decreased by 0.97% from prior year and 0.98 lower than FY19 budget
- Leadership remains vigilant, reviewing budget reports and striving for financial strength within each department, both in staff pay practices and supply management.

Kaweah Delta Health Care District
Annual Report to the Board of Directors

Post-Surgical Care- 4S, 3N, Broderick Pavilion

Kari Knudsen, RN, BSN, MPA, NE-BC
Director of Post-Surgical Care
624-2196
October 28, 2019

Summary Issue/Service Considered

- Nursing remains committed to Kaweah Care best practices to further improve the patient experience; each unit has focused Operation Always goals and plans of action.
- Currently working on employee engagement results to action plan opportunities, recruitment and retention to maintain qualified nursing staff and professional development to inspire a positive work environment.
- Active surveillance of quality measures and focused improvements in fall prevention, Hospital Acquired Pressure Injuries (HAPI), Catheter Associated Urinary Tract Infections (CAUTI), Central Line Associated Bloodstream Infections (CLABSI), and decreased length of stay for post-surgical populations.
- Continued participation and ownership in optimization efforts and governance for Inpatient Medical Surgical and Critical Care KDHub.
- Continued evaluation of staffing patterns and trends, focused process and systems improvement to improve efficiencies, decrease waste and improve quality for staff and patients.

Quality/Performance Improvement Data

- FY 18/19 Press Ganey Post-Surgical Division overall score is 75.2. BP maintains the 94th percentile, with 3N/4S striving to achieve consistent overall gains.
- The Post-Surgical units monitor the following nurse sensitive quality indicators:

CLINICAL QUALITY	3 NORTH				4 SOUTH				BRODERICK PAVILION			
	3Q18	4Q18	1Q19	2Q19	3Q18	4Q18	1Q19	2Q19	3Q18	4Q18	1Q19	2Q19
Central line associated blood stream infection (CLABSI)	5.70	3.10	0	0	0	0	1.00	0	0	0	0	0
NHSN Mean	0.70	0.70	0.70	0.70	0.80	0.80	0.80	0.80	0.70	0.70	0.70	0.70
Catheter associated urinary tract infection (CAUTI)	2.60	0	0	0	0	2.10	3.00	1.0	0	0	0	0
NHSN Mean	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30
Falls/1000 pt days	0.33	2.33	1.74	1.38	1.34	2.44	2.10	2.59	0	2.22	4.15	2.42
NDNQI Mean	2.22	2.34	2.21	2.21	2.68	2.80	2.86	2.86	2.22	2.34	2.21	2.21
Injury Falls/1000 pt days	0	0.67	0.70	0.69	0.33	0	0.35	0	0	0	2.07	0
NDNQI Mean	0.38	0.39	0.45	0.45	0.51	0.47	0.71	0.71	0.38	0.39	0.45	0.45
% pts. Stage 2+HAPI 1 Day Prevalence	0	11.11	12.5	6.45	0	0	4.55	0	0	0	0	0
NDNQI Mean	1.02	0.86	1.41	1.41	1.02	1.26	1.69	1.69	1.02	0.86	1.41	1.41

*HAPI= Hospital Acquired Pressure Injury

Policy, Strategic or Tactical Issues

- Active participation in multiple National Surgery and Quality Improvement Program (NSQIP) initiatives: Surgical Site Infection (SSI) reduction, Colorectal- Enhanced Recovery After Surgery (ERAS).
    - Plans of action are in place for all clinical indicators higher than the mean
- Director responsibility for CAUTI improvement initiative- multifocal interdisciplinary plans in place to improve on all units.
- Director responsibility for the IV Safety Team with marked reduction in CLABSI rates.
- Focused efforts on Operation Bottom Line initiatives and careful budget management.
- Successful creation of Out-patient Infusion Charging workflow to capture new revenue.
- Plan implemented for reduction in length of stay for all patients with specific focused action plans for colorectal surgical patients, stroke, total joint replacement and hip fracture.
    - Focused efforts on throughput and timely discharge through daily Nurse Manager led length of stay rounds (3N, 4S) and participation in discharge management/throughput committees.
- Acquisition of Nursing Float Pool leadership with completed evaluation and addition of necessary resources to facilitate quality patient care for the inpatient nursing units.

Recommendations/Next Steps

- Focused efforts on reduction in length of stay for colorectal and orthopedic surgical patients.
- Continued focused efforts on improving the patient experience and inspiring a culture of excellence through Operation Always efforts.
- Continued focus on employee engagement survey action plans and Safety Attitudes Questionnaire (SAQ) action plans.
- Continued Cerner optimization related to enhanced workflow design, documentation, policies and medication administration safety.
- Participation in HAPI QFT to realize reduction in hospital acquired pressure injuries.
- Continued systematic improvements to reduce hospital acquired infections; specifically, SSI, CAUTI and CLABSI.
- Continued focused partnership with the Clinical Education and Advanced Practice to shore up orientation processes and on-going education for staff on all units.
- Promote active engagement of our ACTSS and Resident physician partners.

Approvals/Conclusions

- Strive for overall quality outcomes and set goals to continue to improve.

KAWEAH DELTA HEALTH CARE DISTRICT
FINANCE DIVISION MEMORANDUM

TO: Finance Committee, Board of Directors, Chief Executive Officer and Executive Team

FROM: Jennifer Stockton, Director of Finance (ext. #5536) and Malinda Tupper, Chief Financial Officer (ext. #4065)

DATE: October 21, 2019

SUBJECT: **Semi-annual Investment Report**

Each month the Board of Directors receives an investment report depicting the specific investments held by the District including the nature, amount, maturity, yield, and investing institution. On a semi-annual basis, the District's Chief Financial Officer is required to review the District's investment policy with the Board, to discuss our compliance with that policy, to review the purpose of our various investment funds and to report on the performance, quality and risk profile of our current portfolio. At the Board's request, fulfillment of this requirement is hereby made by means of this written report and accompanying schedules.

The purpose of this report is to assure the Board that the following primary objectives have been satisfied with respect to its fiduciary responsibility for the sound and prudent management of the District's monetary assets:

1) The Board of Directors understands and approves of the District's investment policy and is confident that management has effectively complied with this policy.

2) Management has effectively established appropriate funds and managed investments in a manner that safeguards the District's assets, meets the ongoing liquidity needs of the District and provides necessary funds for the various projects and budgets approved and adopted by the Board.

3) Within the constraints of the investment policy and the funding needs of the District, management effectively maximizes its return on investments to meet the income expectations adopted by the Board as part of the annual budget.

4) The acceptance/approval of this report includes the semi-annual review and approval of the investment policy (and any changes proposed) as well as the delegation of authority contained within the policy.

For the purpose of assessing performance relative to each of these objectives, this written report describes and evaluates each of the following documents accompanying this report and demonstrates achievement of the stated objectives.

General Deposit and Investment Policy

The District's current investment policy reflects strict compliance with the California Government Code (Code) sections 53600 through 53686 which govern the investment of surplus funds by governmental entities of the State of California, including political subdivisions thereof**. At June 30, 2019, the District's investment portfolio complies with all reporting and investment provisions of this policy**.

Statement of Purpose Guidelines District Funds

This document describes the various funds established by the District for the purpose of setting aside cash and investments for specific uses. The establishment of these funds (other than revenue or general obligation bond proceeds) is entirely at the discretion of the Board and are not mandated or controlled by any third-party or regulatory agency.

Summary of Investment Funds

This document depicts the carrying value, equal to cost, of investments held at June 30, 2019 in each of the various funds established by the District. As indicated in this report, the District's total adjusted surplus funds at June 30, 2019 are $290.5 million. The following table depicts the District's adjusted surplus funds over the past four years; the number of days cash on hand, a measure of liquidity; and the District's average daily operating expenses (excluding depreciation expense), the denominator used in the calculation of the liquidity measure; and the percent increase in each year over the prior year:

	June 30, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Adjusted Surplus Funds	$290,503,000	$221,468,000	$295,289,000	$262,399,000
Days Cash on Hand	150.1	115.9	170.9	159.2
Average Daily Operating Expenses (excluding depreciation expense)	$1,936,000	$1,911,000	$1,728,000	$1,648,000
Percent Increase in Daily Expenses	1.3%	10.6%	4.9%	16.3%
Days Cash on Hand Benchmarks:				
Moody's "A" Rated Hospitals	226.5 Days			
Revenue Bond Covenants	90 Days			

As illustrated in the above table, the District's liquidity ratio (days cash on hand) exceeds the covenant amount required by the District's revenue bond indentures. Total surplus funds have experienced a 10.7% increase from December 31, 2016 to June 30, 2019, but the number of days cash on hand has decreased 5.7% from 2016 due to the increase in the average daily operating expenses amount.

Given the District's current average daily operating expense total of $1.9 million, achievement of the Moody's "A"-rated hospitals' days cash on hand benchmark of 226.5 would require approximately $147.9 million of additional cash resources.

The District's surplus funds investment portfolio is separated into two different categories including short-term funds and long-term funds. For the year ended June 30, 2019, the District experienced a total return of 2.42% on funds invested short-term including mainly its investment in the Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP). The District's long-term portfolio is managed by PFM Asset Management (PFM) and Wells Capital Management (Wells Cap). The twelve-month total return of the portfolio managed by PFM was 5.16% (net of fees); while the twelve-month total return of the portfolio managed by Wells Cap was 4.96% (net of fees). Both the Wells Cap and the PFM portfolio were short of the benchmark of 5.24% for the period. The benchmark for the managed portfolios is a custom index including 70% of the Merrill Lynch 1-5 year US Treasury Index and 30% of the Merrill Lynch 1-5 year A-AAA Corporate Index. The benchmark does include security types that the District is not allowed to purchase and that because of their nature tend to carry higher yields. These include foreign issuers and private placement securities. As of June 30, 2019, the District's investment portfolio had a weighted average prospective yield of 2.37%. The District's targeted rate of return of 1.66% was used to project interest income in the District's Annual Budget for the fiscal year. Both the prospective yield and the targeted rate of return exclude market value fluctuations that are included in the total return figures noted above.

Investment Summary by Institution

This document depicts the amount of District investments held by various financial institutions as of June 30, 2019. In each case, the financial institution may be the issuer of an investment security, the custodian of securities, or the investment advisor managing the securities.

Investment Summary of Surplus Funds by Type

This document depicts the amount of District funds invested into the various categories of investments permitted by the District's investment policy and the Code, as well as the percentage of total surplus funds invested in each category and the corresponding limitation established by the Code for compliance measurement.

Investment Summary of Surplus Funds by Maturity

This document depicts the amount of District funds maturing each year over the five-year investment time horizon permitted by the District's investment policy. The measurement period for each year commences on July 1 and runs to June 30. The purpose of this schedule is to assess the overall liquidity of the District's portfolio, which has a weighted average maturity of 2.56 years at June 30, 2019.

Investment Summary of Surplus Fund's Unrealized Gains and Losses

All investment summaries referenced above include the cost of investments and do not reflect current market values. This document depicts the status of securities with respect to unrealized gains and losses at June 30, 2019. The District measures and records an adjustment to reflect the current fair market value of its total investment portfolio each quarter. The unrealized gain on the District's surplus fund portfolio at June 30, 2019 was $1.9 million.

Kaweah Delta Health Care District
General Deposit and Investment Policy

Scope

This policy sets forth the deposit and investment policy governing all District funds and related transactions and investment activity. This policy does not apply to the Employer Retirement Plan Trust. Bond proceeds shall be invested in securities permitted by the applicable bond documents. If the bond documents are silent as to the permitted investments, bond proceeds will be invested in the securities permitted by this Policy. Notwithstanding the other provisions of this Policy, the limitations (credit quality, percentage holdings, etc.) listed elsewhere in this Policy do not apply to bond proceeds. With the exception of permitted investment requirements, all other provisions of this policy will apply to the investment of bond proceeds to the degree they do not conflict with the requirements of the applicable bond documents.

Goals and Objectives

Legal Compliance: All District deposits and investments shall be in compliance with sections 53600 through 53686 of the California Government Code (Code) for local agencies. This policy sets forth certain additional restrictions which may exceed those imposed by the Code.

Prudence: The District Board of Directors (Board) and any persons authorized to make investment decisions on behalf of the District are trustees and therefore fiduciaries subject to the prudent investor standard. When managing District investment activities, a trustee shalt act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

Goals: In order of priority, trustee goals shall be:

1) Safety - The principal of the portfolio will be preserved by investing in high quality securities and by maintaining diversification of securities to include various types, issuers and maturities. Investments will be limited to those allowed by the Code as outlined in the permitted investments section below. Due to the complexity of various investment options and the volatility of market conditions, the trustee may seek professional advice in making decisions in order to optimize investment selections.

The trustee will also monitor the ongoing credit rating of selected investments by reference to monthly investment statements and council with investment advisors.

2) Liquidity - The portfolio will be managed to ensure sufficient liquidity to meet routine and non-routine budgeted cash flow requirements as well as provide for unanticipated cash needs. Based upon these needs, investments with appropriate maturity dates will be selected. Generally, these investments will be held to maturity once purchased unless called by the issuer. Securities may be sold prior to maturity under the following circumstances: 1) A security with declining credit may be sold early to minimize loss of principal. 2) A security trade would improve the quality, yield, or target duration in the portfolio. 3) Liquidity needs of the portfolio require that the security be sold.

3) Rate of Return - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Performance will be measured by the ability to meet the targeted rate of return, which will equal or exceed the average return earned on the District's investment in the State of California Local Agency Investment Funds.

Safekeeping

District investments not purchased directly from the issuer shall be purchased either from an institution licensed by the State as a broker-dealer or from a member of a federally-regulated securities exchange, a national or state-chartered bank, a federal or state association or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank. Investments purchased in a negotiable, bearer, registered or nonregistered format shall be delivered to the District by book entry, physical delivery or third party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery. A counterparty bank's trust or separate safekeeping department may be used for the physical delivery of the security if the security is held in the District's name.

Authorized Financial Dealers and Institutions: If the District utilizes an external investment adviser, the adviser may be authorized to transact with its own Approved Broker/Dealer List on behalf of the District. In the event that the investment advisor utilizes its own Broker/Dealer List, the advisor will perform due diligence for the brokers/dealers on its Approved List.

Internal Controls: The Chief Financial Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District

are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Delivery vs. Payment: All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities will be held by a third-party custodian as evidenced by safekeeping receipts.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District.

Delegation of Authority

The Board hereby delegates its authority to invest District funds, or to sell or exchange purchased securities, to the Treasurer for a one-year period, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires. The Board may renew the delegation of authority each year. The responsibility for day-to-day management (including the investment of funds, and selling or exchanging of purchases securities) of District investments is hereby delegated by the Board, and the Treasurer, to the Chief Financial Officer (CFO).and/or their designee subject to compliance with all reporting requirements and the prudent investor standard. The District may engage the services of one or more external investment managers to assist in the management of the investment portfolio in a manner consistent with the Districts' objectives. Such external managers will be granted the discretion to purchase and sell investment securities in accordance with the Investment Policy.

Reporting

The Treasurer or CFO shall annually submit a statement of investment policy to the Board summarizing the District's investment activities and demonstrating compliance with this

policy and the Code. The Treasurer or CFO shall submit monthly reports to the Board detailing each investment by amount, type, issuer, maturity date, and rate of return, and reporting any other information requested by the Board. The monthly reports shall also summarize all material non-routine investment transactions and demonstrate compliance of the portfolio with this policy and the Code, or delineate the manner in which the portfolio is not in compliance. Any concerns regarding the District's ability to maintain sufficient liquidity to meet current obligations shall be disclosed in the monthly reports.

Performance Standards: The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis.

Deposits

All District deposits shall be maintained in banks having full-service operations in the State of California. Deposits are defined as working funds needed for immediate necessities of the District. Deposits in any depository bank shall not exceed the shareholders' equity of that bank. The Treasurer shall be responsible for the safekeeping of District funds and shall enter into a contract with any qualified depository making the depository responsible for securing the funds deposited. All District deposits shall be secured by eligible securities as defined by section 53651 of the Code and shall have a market value of at least 10 percent in excess of the total amount deposited. The Treasurer may waive security for the portion of any deposits insured pursuant to federal law and any interest which subsequently accrues on federally-insured deposits.

Permitted Investments

Sinking funds or surplus funds not required for immediate needs of the District shall be invested in authorized investments as defined in Code section 53601 and may be further limited by this policy. No investment shall be made in any security having a term remaining to maturity exceeding five years at the time of investment unless the Board has granted express authority to make the investment no less than three months prior to the investment. Certain investments are limited by the Code and this policy as to the percent of surplus funds which may be invested. Investments not expressly limited by the Code or this policy may be made in a manner which maintains reasonable balance between investments in the portfolio.

Authorized investments are limited to the following:

(a) Investment in the State of California Local Agency Investment Fund up to the maximum investment allowed by the State.

(b) United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Registered State warrants or treasury notes or bonds of this State, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the State or a department, board, agency or authority of the State.

(d) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

(e) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances. Purchases of bankers' acceptances may not exceed 180 days maturity or 40 percent of surplus funds. However, no more than 30 percent of surplus funds may be invested in bankers' acceptances of any one commercial bank.

(f) Commercial paper of prime quality of the highest ranking or of the highest letter and numerical rating as provided for by a nationally recognized statistical rating organization (NRSRO).. Eligible paper is further limited to issuing corporations organized and operating within the United States and having total assets exceeding five hundred million dollars ($500,000,000) and is rated in a rating category of ”A” or its equivalent or higher rating for the issuer's debt, other than commercial paper, if any, as provided for by an NRSRO. Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 25 percent of surplus funds.

(g) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency

and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit. Purchases of all types of certificates of deposit may not exceed 30 percent of surplus funds.

(h) Investments in repurchase agreements or reverse repurchase agreements of any securities authorized by this policy when the term of the agreement does not exceed one year. The market value of securities underlying a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Reverse repurchase agreements shall meet all conditions and requirements set forth in Code section 53601.

(i) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum of five years maturity, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of medium-term notes may not exceed 30 percent of surplus funds.

(j) Any mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. Securities eligible for investment under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. Purchases of collateralized mortgage obligations may not exceed 20 percent of surplus funds.

(k) Shares of beneficial interest issued by diversified management companies that invest in securities and obligations as authorized by section 53601 or that are money market funds registered with the Securities and Exchange Commission under the Investment Act of 1940, and that have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

Purchases of shares of beneficial interest may not exceed 20 percent of surplus funds, and no more than 10 percent of surplus funds may be invested in shares of beneficial interest of any one mutual fund.

(l) Bonds issued by Kaweah Delta Health Care District, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by Kaweah Delta Health Care District.

(m) Bonds, notes. warrants, or other evidences of indebtedness of any local agency within this state, including bonds payable solely out of the revenues from a revenue- producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(n) Registered treasury notes or bonds of any of the other forty-nine United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other forty-nine United States, in addition to California.

(p) Shares of beneficial interest issued by a joint powers authority (JPA) organized pursuant to Section 6509.7 that invests in the securities and obligations authorized under Section 53601 subdivisions (a) to (q), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA. The JPA issuing the shares shall have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission, with not less than five years of experience investing in the authorized securities, and having assets under management in excess of five hundred million dollars.

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and shall not exceed 30 percent of surplus funds.

Policy Considerations

This policy shall be reviewed on an annual basis. Any changes must be approved by the Chief Financial Officer and any other appropriate authority, as well as the individual(s) charged with maintaining internal controls.

Kaweah Delta Health Care District
STATEMENT OF PURPOSE GUIDELINES
DISTRICT FUNDS

Operating Accounts:
General operating funds to meet current and future operating obligations.

Self-Insurance Trust Fund:
Self-insurance fund established for potential settlement of general, professional and public liability claims. All earnings remain in the fund. Disbursements are allowed for payment of claims, legal fees, or by approval of the Board of Directors. Whenever possible, District operating funds or other funds will be used to meet such liabilities.

2012 Revenue Bond Fund:
The purpose of this fund is to hold and disburse the District's 2012 Revenue Bond principal and interest payments made by the District pending disbursement by the trustee bank.

2015A Revenue Bond Fund:
The purpose of this fund is to hold and disburse the District's 2015A Revenue Bond principal and interest payments made by the District pending disbursement by the trustee bank.

2015B Revenue Bond Fund:
The purpose of this fund is to hold and disburse the District's 2015B Revenue Bond proceeds for various projects and to hold principal and interest payments made by the District pending disbursement by the trustee bank.

2017A/B Revenue Bond Fund:
The purpose of this fund is to hold and disburse the District's 2017 A and B Revenue Bond principal and interest payments made by the District pending disbursement by the trustee bank.

2017 C Revenue Bond Fund:
The purpose of this fund is to hold and disburse the District's 2017 C Revenue Bond principal and interest payments made by the District pending disbursement by the trustee bank.

2014 General Obligation Bond Fund:
The purpose of this fund is to hold and disburse the District's 2014 General Obligation Bond principal and interest payments made by the District pending disbursement by the trustee bank.

Plant Fund:
The primary purpose of this fund is to retain investments for funded depreciation. In addition, funds for special capital projects and Board-designated projects which may include real property, unbudgeted capital equipment, etc. are retained in the fund. Disbursements are made for such special capital projects and for replacement capital items at the Board's discretion.

Cost Report Settlement Fund:
Account established to set aside sufficient funds to settle Federal and State cost reports due to the substantial nature of potential settlements.

Development Fund:
Accumulated reserves set aside from special projects, activities and memorials to be used as seed money for research, community service, or service development at the specific direction of the Board.

Workers' Compensation Liability Fund:
Funds available for possible settlement or payment of employee work-related medical claims, suits or judgments, or legal fees. Whenever possible, District operating funds or other funds will be used to meet such liabilities.

General Obligation Bond Reserve Fund:
The purpose of this fund is to hold funds set aside to establish a reserve account in the amount recommended by the County of Tulare.

Kaweah Delta Health Care District
SUMMARY OF INVESTMENT FUNDS
June 30, 2019

	June 30, 2019	December 31, 2018	December 31, 2017	December 31, 2016
Total Surplus Funds	**$265,761,000**	$203,269,000	$273,724,000	$243,467,000
Add: Kaweah Delta Medical Foundation	**3,747,000**	3,395,000	2,494,000	1,972,000
Sequoia Regional Cancer Ctr.	**26,000**	263,000	49,000	40,000
KDH Foundation	**16,024,000**	15,431,000	17,136,000	15,696,000
Adjustment to record fair market value (FMV)	**3,784,000**	(1,808,000)	1,052,000	463,000
Accrued Investment Earnings	**1,161,000**	918,000	834,000	761,000
Adjusted Surplus Funds	$290,503,000	$221,468,000	$295,289,000	$262,399,000
Daily Operating Expenses (excluding depreciation expense)	**$1,936,000**	$1,911,000	$1,728,000	$1,648,000
Percent Increase	**1.3%**	10.6%	4.9%	16.3%
Days Cash on Hand (Actual - consolidated financial statements)	**150.1**	115.9	170.9	159.2
Benchmark:				
Moody's "A" Rated Hospitals (2017)	**226.5**			
Cash spread to "A" rating	**$147,864,000**			
Surplus portfolio return (includes FMV adjustment) :				
12-Months Ended :				
Short-Term (LAIF/Operations/CD)	**2.42%**	1.94%	1.00%	0.54%
LAIF	**2.26%**	1.85%	0.99%	0.58%
Total Return:				
Long-Term (PFM - net of fees)	**5.16%**	1.39%	1.14%	1.28%
Long-Term (WC - net of fees)	**4.96%**	1.43%	1.21%	1.49%
Benchmark (70% ML 1-5 Treasury, 30% ML US Corp A-AAA)	**5.24%**	1.41%	1.13%	1.42%
Prospective Yield of Portfolio (No FMV)	**2.37%**	2.05%	1.66%	1.38%
Fiscal Year Budget (No FMV)	**1.66%**	1.66%	1.45%	1.51%

Note: All investment balances included in the attached investment summaries are stated at the cost value and do not reflect current fair market values. Please refer to the Investment Summary of Unrealized Gains and Losses for current market values.

Kaweah Delta Health Care District
SUMMARY OF INVESTMENT FUNDS
June 30, 2019

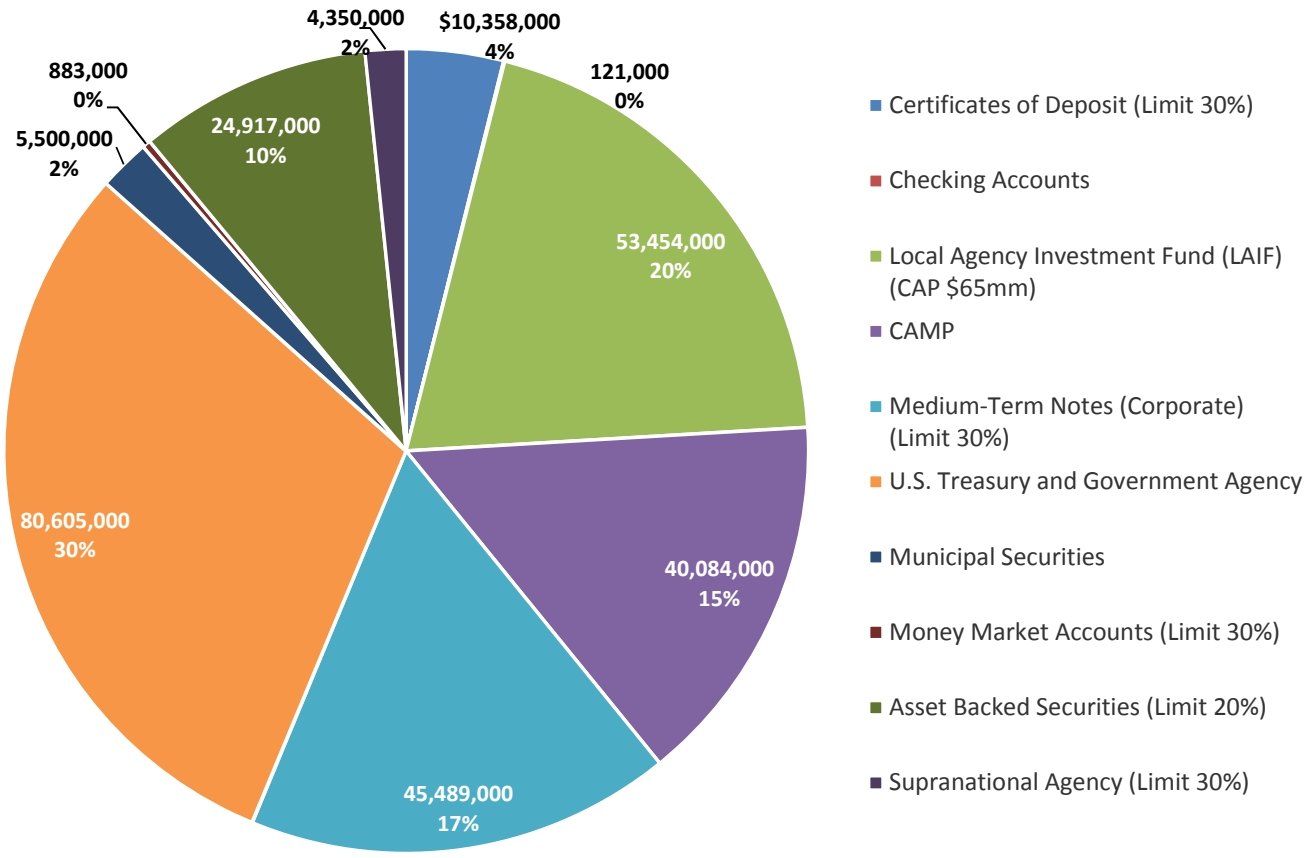
	Investment Amount (Cost)		
		June 30, 2019	December 31, 2018
Trust Accounts			
Self-Insurance Trust Fund		$ 4,710,000	$ 5,375,000
2012 Revenue Bond Fund		367,000	2,063,000
2014 General Obligation Bond Fund		3,271,000	1,654,000
2015A Revenue Bond Fund		142,000	445,000
2015B Revenue Bond Fund		33,801,000	40,717,000
2017A/B Revenue Bond Fund		130,000	125,000
2017C Revenue Bond Fund		193,000	511,000
Operating Accounts		122,000	7,212,000
Board Designated Funds			
Plant Fund			
Committed for Capital Expenditure	$19,219,000		
Committed for Other Expenditure	13,874,000		
Uncommitted	206,967,000	240,060,000	170,582,000
General Obligation Bond Reserve		2,014,000	2,014,000
Cost Report Settlement Fund		3,448,000	3,448,000
Development Fund		104,000	104,000
Workers' Compensation Liability Fund		20,014,000	19,908,000
Total Board Designated Funds		265,640,000	196,056,000
Total Investments		**$ 308,376,000**	**$254,158,000**
Kaweah Delta Medical Foundation Funds		**$3,747,000**	**$3,395,000**
Sequoia Regional Cancer Center Funds		**$26,000**	**$263,000**
Kaweah Delta Hospital Foundation		**$16,024,000**	**$15,431,000**

Kaweah Delta Health Care District
INVESTMENT SUMMARY BY INSTITUTION
June 30, 2019

	Investment Amount (Cost)	
	June 30 2019	**December 31, 2018**
US Bank (Bond Trustee)	$ 34,634,000	$ 43,861,000
Local Agency Investment Fund (LAIF)	56,725,000	25,277,000
PFM Asset Management (Manager) - US Bank Custodian	83,033,000	82,238,000
Wells Capital Management (Manager) - US Bank Custodian	86,061,000	70,947,000
Wells Capital Management (SITF)	4,710,000	5,375,000
CAMP (Managed by PFM)	40,084,000	39,000
Cal Trust (Managed by Blackrock)	0	16,192,000
Bancorp (FSA)	36,000	16,000
West America Bank (Pledged CD)	0	0
Torrey Pines CD (CD Placement GO Refinance)	3,008,000	3,018,000
Wells Fargo Bank (Operating accounts)	85,000	7,195,000
Total Investments	**308,376,000**	254,158,000
Less Trust Accounts	(42,615,000)	(50,889,000)
Total Surplus Funds	**$265,761,000**	$203,269,000
Kaweah Delta Medical Foundation		
Wells Fargo Bank	**$3,747,000**	**$3,395,000**
Sequoia Regional Cancer Center		
Wells Fargo Bank	**$26,000**	**$263,000**
Kaweah Delta Hospital Foundation		
Central Valley Community Bank	$635,000	$340,000
Various Short-Term and Long-Term Investments	15,389,000	15,091,000
	$16,024,000	**$15,431,000**

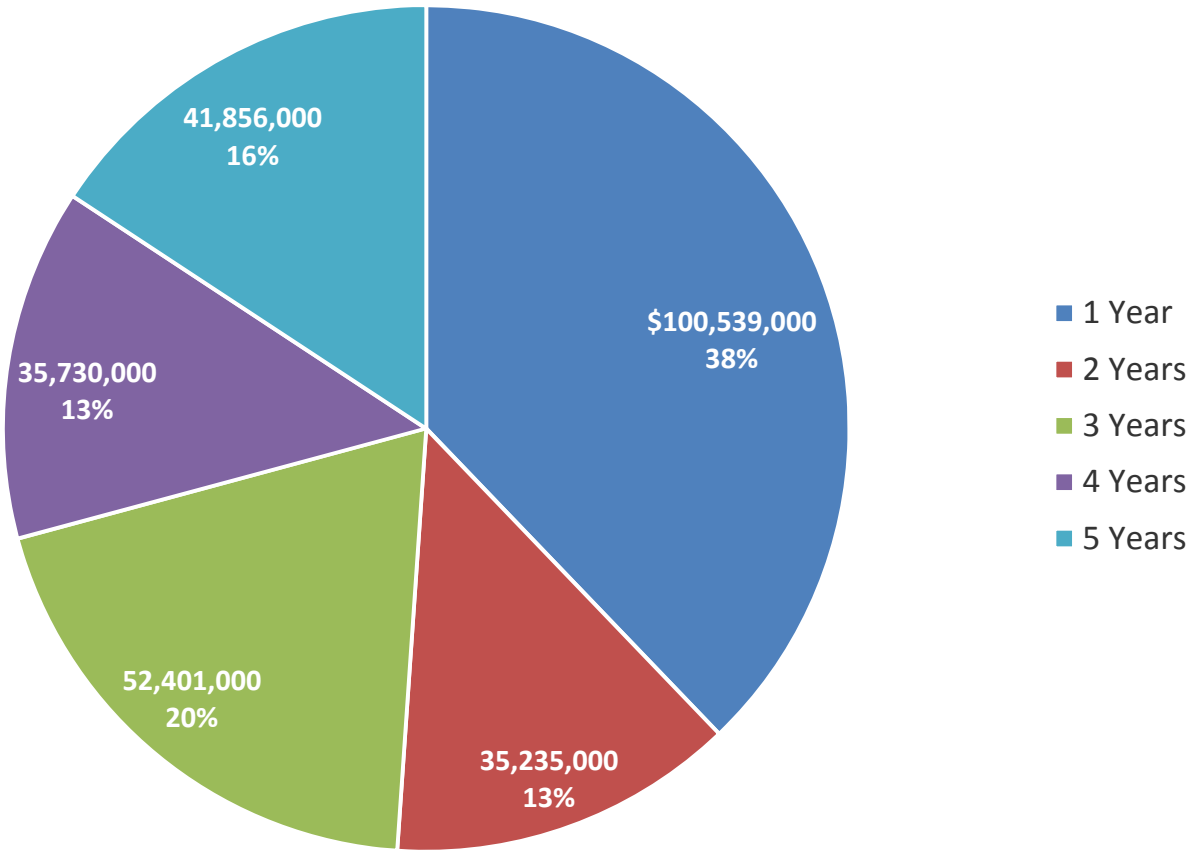
Kaweah Delta Health Care District
INVESTMENT SUMMARY OF SURPLUS FUNDS BY TYPE
June 30, 2019

	Investment Amount (Cost)	%	$ or % Limit
Certificates of Deposit	$10,358,000	3.9%	30.0%
Checking Accounts	121,000	0.0%	
Local Agency Investment Fund (LAIF)	53,454,000	20.1%	$65 mm
CAMP	40,084,000	15.1%	
Medium-Term Notes (Corporate)	45,489,000	17.1%	30.0%
U.S. Treasury and Government Agency	80,605,000	30.3%	
Municipal Securities	5,500,000	2.1%	
Money Market Accounts	883,000	0.3%	20.0%
Commercial Paper	0	0.0%	25.0%
Asset Backed Securities	24,917,000	9.4%	20.0%
Supranational Agency	4,350,000	1.6%	30.0%
Total Surplus Funds	**$265,761,000**	**100.0%**	



Kaweah Delta Health Care District
INVESTMENT SUMMARY OF SURPLUS FUNDS BY MATURITY
June 30, 2019

	Investment Amount (Cost)	%
1 Year	$100,539,000	37.8%
2 Years	35,235,000	13.3%
3 Years	52,401,000	19.7%
4 Years	35,730,000	13.4%
5 Years	41,856,000	15.7%
Total Surplus Fund Investments	**$ 265,761,000**	100.0%
Weighted Average Maturity	**2.56 Years**	



Kaweah Delta Health Care District
INVESTMENT SUMMARY OF SURPLUS FUND'S UNREALIZED GAINS AND LOSSES
June 30, 2019

Description	Maturity	Par Value	Amort Cost	Market Value	Unrealized Gain (Loss)
Negotiable Certificate of Deposits:					
CREDIT SUISSE NEW YORK	02/07/2020	750,000	750,000	752,048	2,048
BANK OF NOVA SCOTIA	06/05/2020	1,600,000	1,599,716	1,613,424	13,708
WESTPAC BKING CORP NY	08/03/2020	1,570,000	1,570,000	1,567,802	(2,198)
SUMITOMO MTSU BKG CO	10/16/2020	805,000	804,290	817,413	13,123
SWEDBANK SPARBANK	11/16/2020	1,800,000	1,800,000	1,794,690	(5,310)
CREDIT AGRICOLE CRP	04/02/2021	825,000	825,000	829,274	4,274
		$ 7,350,000	$ 7,349,006	$ 7,374,650	$ 25,644
Medium-Term Notes (Corporate):					
HOME DEPOT INC	06/05/2020	425,000	424,924	423,525	(1,398)
JOHN DEERE CAPITAL CORP	06/22/2020	200,000	199,960	199,486	(474)
AMERICAN HONDA FINANCE	07/20/2020	420,000	419,851	418,631	(1,220)
WELLS FARGO COMPANY	07/22/2020	1,150,000	1,151,400	1,153,784	2,383
STATE STREET CORP	08/18/2020	830,000	829,571	833,685	4,114
CATERPILLAR FINL SERVICE	09/04/2020	670,000	669,778	667,642	(2,136)
GOLDMAN SACHS GROUP INC	09/15/2020	350,000	350,287	351,460	1,173
AUTOMATIC DATA PROCESSNG	09/15/2020	800,000	799,831	800,504	673
UNITEDHEALTH GROUP INC	10/15/2020	595,000	594,571	592,572	(1,998)
APPLE INC	11/13/2020	900,000	899,654	899,523	(131)
VISA INC	12/14/2020	1,100,000	1,097,493	1,101,727	4,234
JOHN DEERE CAPITAL CORP	01/08/2021	750,000	749,802	752,243	2,441
JOHN DEERE CAPITAL CORP	01/08/2021	1,300,000	1,308,172	1,307,709	(463)
IBM CREDIT CORP	01/20/2021	900,000	899,138	894,375	(4,763)
APPLE INC	02/23/2021	615,000	618,074	617,196	(879)
TEXAS INSTRUMENTS INC	03/12/2021	180,000	181,784	182,009	225
TEXAS INSTRUMENTS INC	03/12/2021	630,000	636,243	637,031	788
TOYOTA MOTOR CREDIT CORP	04/13/2021	950,000	951,335	963,072	11,737
BANK OF NY MELLON CORP	04/15/2021	900,000	907,472	904,950	(2,522)
BANK OF AMERICA CORP	04/19/2021	1,035,000	1,032,308	1,041,448	9,140
MORGAN STANLEY	04/21/2021	750,000	749,510	751,403	1,893
MORGAN STANLEY	04/21/2021	900,000	901,493	901,683	190
PNC BANK NA	04/29/2021	925,000	916,040	923,298	7,258
AMERICAN EXPRESS CREDIT	05/05/2021	450,000	450,906	450,135	(771)
BB T CORPORATION	05/10/2021	450,000	449,889	447,611	(2,279)
CATERPILLAR FINL SERVICE	05/17/2021	700,000	699,685	706,272	6,587
STATE STREET CORP	05/19/2021	245,000	244,607	244,361	(246)
CHARLES SCHWAB CORP	05/21/2021	1,300,000	1,325,532	1,325,168	(364)
US BANCORP	05/24/2021	900,000	931,614	929,997	(1,617)
FIFTH THIRD BANK	06/14/2021	800,000	799,766	799,792	26
RYDER SYSTEM INC	09/01/2021	420,000	419,608	418,664	(943)
ORACLE CORP	09/15/2021	900,000	899,647	895,446	(4,201)
CISCO SYSTEMS INC	09/20/2021	800,000	793,600	795,304	1,704
PEPSICO INC	10/06/2021	1,320,000	1,313,509	1,309,664	(3,845)
COMCAST CORP	01/15/2022	450,000	439,115	444,407	5,292
JPMORGAN CHASE CO	01/24/2022	1,300,000	1,371,483	1,369,849	(1,634)
BANK OF NY MELLON CORP	02/07/2022	1,000,000	998,890	1,010,090	11,200
MICROSOFT CORP	02/12/2022	450,000	451,117	454,550	3,433
CITIBANK NA	02/19/2022	500,000	505,905	506,260	355
JOHNSON JOHNSON	03/03/2022	500,000	499,276	503,395	4,119
WALT DISNEY COMPANY	03/04/2022	375,000	375,065	378,090	3,025
PNC FUNDING CORP	03/08/2022	494,000	504,956	508,524	3,568
BB T CORPORATION	04/01/2022	450,000	455,188	455,450	261
NATIONAL RURAL UTIL COOP	04/25/2022	950,000	949,851	956,593	6,742
CITIGROUP INC	04/25/2022	1,000,000	1,002,913	1,009,170	6,257
GOLDMAN SACHS GROUP INC	04/26/2022	440,000	442,423	444,206	1,783
UNITED PARCEL SERVICE	05/16/2022	450,000	452,857	452,714	(143)
BANK OF AMERICA CORP	05/17/2022	300,000	300,000	305,781	5,781
COSTCO WHOLESALE CORP	05/18/2022	1,000,000	997,844	1,006,110	8,266
US BANK NA CINCINNATI	05/23/2022	1,300,000	1,318,254	1,318,538	284
COCA COLA CO	05/25/2022	500,000	499,426	502,585	3,159
BLACKROCK INC	06/01/2022	395,000	394,576	408,809	14,234
TOYOTA MOTOR CREDIT CORP	09/08/2022	450,000	449,660	450,518	857
CITIGROUP INC	10/27/2022	750,000	741,104	756,338	15,233
INTEL CORP	12/15/2022	415,000	407,927	422,242	14,315
BERKSHIRE HATHAWAY INC	03/15/2023	370,000	362,871	375,979	13,109
3M COMPANY	03/15/2023	540,000	523,449	540,929	17,480

Kaweah Delta Health Care District
INVESTMENT SUMMARY OF SURPLUS FUND'S UNREALIZED GAINS AND LOSSES
June 30, 2019

Description	Maturity	Par Value	Amort Cost	Market Value	Unrealized Gain (Loss)
BANK OF AMERICA CORP	04/24/2023	640,000	625,719	646,688	20,969
JP MORGAN CHASE CO	05/18/2023	1,000,000	990,123	1,010,250	20,127
WALMART INC	06/26/2023	800,000	808,035	840,824	32,789
GOLDMAN SACHS GROUP INC	07/24/2023	900,000	875,926	908,703	32,777
TOYOTA MOTOR CREDIT CORP	09/20/2023	550,000	546,365	575,801	29,435
AMERICAN HONDA FINANCE	10/10/2023	395,000	401,141	415,702	14,561
MERCK CO INC	03/07/2024	405,000	405,087	418,422	13,335
PFIZER INC	03/15/2024	465,000	467,294	479,382	12,089
MASTERCARD INC	04/01/2024	395,000	406,812	417,077	10,264
		$ 45,489,000	$ 45,587,706	$ 45,935,339	$ 347,634
Municipal Securities:					
CALIFORNIA ST HIGH SPEED PASSENGER	04/01/2021	1,250,000	1,258,502	1,265,763	7,261
SACRAMENTO CA PUBLIC FING AUTH LEASE	04/01/2021	1,200,000	1,218,743	1,223,580	4,837
CALIFORNIA ST	04/01/2021	530,000	530,013	538,273	8,261
SAN FRANCISCO CA BAY AREA RAPID	07/01/2021	935,000	935,000	940,376	5,376
UNIV OF CALIFORNIA CA REVENUES TXBL	05/15/2022	400,000	401,203	412,576	11,373
SAN MARCOS CA REDEV AGY TAXABLE	10/01/2026	1,185,000	1,259,009	1,272,785	13,776
		$ 5,500,000	$ 5,602,469	$ 5,653,353	$ 50,884
U.S. Treasury and Government Agency:					
U S TREASURY NOTE	03/31/2021	935,000	934,288	926,239	(8,049)
F N M A	05/06/2021	700,000	698,642	692,811	(5,831)
U S TREASURY NOTE	06/30/2021	400,000	400,781	395,092	(5,689)
FEDERAL HOME LOAN BKS	07/14/2021	950,000	947,645	938,163	(9,482)
F N M A	08/17/2021	2,900,000	2,896,630	2,867,085	(29,545)
U S TREASURY NOTE	10/31/2021	1,520,000	1,532,146	1,529,211	(2,935)
U S TREASURY NOTE	10/31/2021	290,000	284,454	286,772	2,318
U S TREASURY NOTE	11/30/2021	1,160,000	1,155,767	1,160,360	4,593
U S TREASURY NOTE	11/30/2021	2,000,000	1,996,542	2,000,620	4,078
U S TREASURY NOTE	12/31/2021	1,225,000	1,226,570	1,233,232	6,662
U S TREASURY NOTE	12/31/2021	3,600,000	3,635,352	3,634,740	(612)
FEDERAL FARM CREDIT BKS	01/18/2022	250,000	249,936	254,840	4,904
U S TREASURY NOTE	02/15/2022	2,000,000	2,002,840	2,039,300	36,460
U S TREASURY NOTE	02/28/2022	390,000	389,167	391,447	2,280
F N M A	04/05/2022	920,000	917,711	921,647	3,936
U S TREASURY NOTE	04/15/2022	3,500,000	3,532,785	3,549,350	16,565
U S TREASURY NOTE	04/30/2022	800,000	801,317	803,216	1,899
U S TREASURY NOTE	05/15/2022	2,300,000	2,237,016	2,301,702	64,686
FEDERAL FARM CREDIT BKS	06/14/2022	2,600,000	2,601,340	2,602,964	1,624
U S TREASURY NOTE	06/30/2022	660,000	658,509	660,825	2,316
U S TREASURY NOTE	08/31/2022	590,000	585,177	588,112	2,935
U S TREASURY NOTE	08/31/2022	2,000,000	1,987,669	2,008,980	21,311
FEDERAL HOME LOAN BKS	09/09/2022	300,000	301,438	301,770	332
U S TREASURY NOTE	09/30/2022	750,000	741,980	753,690	11,710
F N M A DEB	10/05/2022	950,000	949,590	956,650	7,060
U S TREASURY NOTE	10/31/2022	3,150,000	3,147,866	3,177,563	29,697
U S TREASURY NOTE	11/30/2022	2,770,000	2,752,504	2,794,985	42,482
U S TREASURY NOTE	12/31/2022	1,810,000	1,771,179	1,834,670	63,491
U S TREASURY NOTE	01/31/2023	350,000	348,204	357,819	9,615
U S TREASURY NOTE	01/31/2023	1,200,000	1,159,508	1,200,840	41,332
U S TREASURY NOTE	02/28/2023	2,100,000	2,100,358	2,166,360	66,002
U S TREASURY NOTE	05/15/2023	3,500,000	3,397,617	3,501,925	104,308
U S TREASURY NOTE	08/31/2023	1,240,000	1,230,020	1,290,084	60,064
U S TREASURY NOTE	10/31/2023	550,000	547,635	575,801	28,166
U S TREASURY NOTE	10/31/2023	4,280,000	4,125,126	4,258,600	133,474
U S TREASURY NOTE	11/30/2023	700,000	688,179	711,186	23,007
U S TREASURY NOTE	12/31/2023	3,000,000	2,973,230	3,064,680	91,450
U S TREASURY NOTE	01/31/2024	3,575,000	3,578,474	3,692,296	113,822
F N M A	02/05/2024	1,110,000	1,106,195	1,143,356	37,161
FEDERAL HOME LOAN BKS	02/13/2024	1,220,000	1,216,003	1,257,588	41,585
U S TREASURY NOTE	02/29/2024	2,825,000	2,821,908	2,904,552	82,644
U S TREASURY NOTE	02/29/2024	3,425,000	3,401,477	3,521,448	119,971
U S TREASURY NOTE	03/31/2024	1,260,000	1,247,026	1,281,067	34,041
U S TREASURY NOTE	04/30/2024	500,000	498,585	511,350	12,765
U S TREASURY NOTE	04/30/2024	1,700,000	1,679,180	1,718,530	39,350
U S TREASURY NOTE	05/15/2024	1,800,000	1,850,035	1,861,812	11,777

Kaweah Delta Health Care District
INVESTMENT SUMMARY OF SURPLUS FUND'S UNREALIZED GAINS AND LOSSES
June 30, 2019

Description	Maturity	Par Value	Amort Cost	Market Value	Unrealized Gain (Loss)
U S TREASURY NOTE	05/31/2024	4,850,000	4,889,003	4,907,036	18,033
		$ 80,605,000	$ 80,194,603	$ 81,532,365	$ 1,337,762
Asset-backed Securities:					
F N M A GTD R E M I C PASS THRU	09/25/2019	1,659	1,660	1,656	(4)
JOHN DEERE OWNER TRUST	06/15/2020	11,322	11,322	11,312	(10)
HYUNDAI AUTO RECEIVABLES TRUST	09/15/2020	10,045	10,045	10,041	(4)
TOYOTA AUTO RECEIVABLES OWNER	02/16/2021	112,512	112,510	112,248	(262)
SMART TRUST	03/15/2021	457,823	457,786	456,281	(1,505)
HYUNDAI AUTO RECEIVABLES TRUST	04/15/2021	193,691	193,687	193,035	(653)
USAA AUTO OWNER TRUST	05/17/2021	207,236	207,230	206,797	(434)
FORD CREDIT AUTO OWNER TRUST	06/15/2021	194,047	194,047	193,463	(584)
HONDA AUTO RECEIVABLES OWNER	08/15/2021	638,213	638,198	636,381	(1,817)
HYUNDAI AUTO RECEIVABLES TRUST	08/16/2021	287,776	287,771	287,077	(694)
F H L M C MULTICLASS MTG PARTN	09/15/2021	998	998	1,004	6
F H L M C MULTICLASS MTG PARTN	09/25/2021	1,300,000	1,316,675	1,319,617	2,942
JOHN DEERE OWNER TRUST	10/15/2021	275,578	275,573	274,870	(703)
TOYOTA AUTO RECEIVABLES OWNER	11/15/2021	250,000	249,994	249,118	(876)
ALLY AUTO RECEIVABLES TRUST	12/15/2021	289,985	289,984	289,112	(872)
TOYOTA AUTO RECEIVABLES OWNER	01/18/2022	625,000	624,979	623,594	(1,385)
F H L M C MULTICLASS MTG PARTN	01/25/2022	1,600,000	1,620,889	1,625,232	4,343
ALLY AUTO RECEIVABLES TRUST	03/15/2022	694,670	694,649	693,649	(1,000)
FORD CREDIT AUTO OWNER TRUST	03/15/2022	945,000	944,932	943,488	(1,444)
TOYOTA AUTO RECEIVABLES OWNER	12/15/2022	915,000	914,895	930,098	15,202
ALLY AUTO RECEIVABLES TRUST	01/17/2023	965,000	964,960	974,081	9,121
MERCEDES BENZ AUTO RECEIVABLES	01/17/2023	565,000	564,986	572,577	7,590
CITIBANK CREDIT CARD ISSUANCE TRUST	01/20/2023	1,700,000	1,708,569	1,711,611	3,042
CITIBANK CREDIT CARD ISSUANCE TRUST	01/20/2023	1,900,000	1,885,430	1,912,977	27,547
NISSAN AUTO RECEIVABLES	03/15/2023	1,700,000	1,727,492	1,727,489	(3)
TOYOTA AUTO RECEIVABLES	03/15/2023	1,400,000	1,425,684	1,428,056	2,372
HONDA AUTO RECEIVABLES	03/20/2023	1,135,000	1,147,631	1,151,321	3,691
VERIZON OWNER TRUST	04/20/2023	600,000	599,872	617,952	18,080
GM FINANCIAL SECURITIZED TERM	05/16/2023	415,000	414,937	421,383	6,445
BANK OF AMERICA CREDIT CARD TRUST	07/17/2023	1,400,000	1,411,247	1,414,392	3,145
JOHN DEERE OWNER TRUST	07/17/2023	400,000	399,959	407,264	7,305
F H L M C MULTICLASS MTG PARTN	07/25/2023	336,260	336,259	341,923	5,664
CAPITAL ONE PRIME AUTO	11/15/2023	900,000	899,825	910,197	10,372
CAPITAL ONE PRIME AUTO	11/15/2023	480,000	479,907	485,438	5,532
AMERICAN EXPRESS CREDIT ACCOUNT	12/15/2023	1,410,000	1,428,232	1,432,490	4,258
VERIZON OWNER TRUST	12/20/2023	600,000	599,959	601,812	1,853
		$ 24,916,816	$ 25,042,771	$ 25,169,033	$ 126,262
Supra-National Agency					
INTER AMERICAN DEVEL BK	11/09/2020	1,800,000	1,807,364	1,804,464	(2,900)
INTERNATIONAL BANK M T N	01/25/2021	750,000	748,845	753,968	5,122
INTERNATIONAL BANK	07/23/2021	1,800,000	1,797,101	1,833,264	36,163
		$ 4,350,000	$ 4,353,310	$ 4,391,696	$ 38,385

Policy Submission Summary

Manual Name: Human Resources			**Date: 10/18/2019**
Support Staff Name: George Ortega			
Policy/Procedure Title	**#**	**Status** (New, Revised, Reviewed, Deleted)	**Name and Phone # of person who wrote the new policy or revised an existing policy**
Just Culture	HR.00	New	Dianne Cox, VP Human Resources 624-2362
Recruitment and Selection of Staff Members	HR.28	Revised	Dianne Cox, VP Human Resources 624-2362
New Hire Processing	HR.36	Revised	Dianne Cox, VP Human Resources 624-2362
Status Classification of Employees/Concurrent Jobs	HR.61	Revised	Dianne Cox, VP Human Resources 624-2362
Timekeeping	HR.63	Revised	Dianne Cox, VP Human Resources 624-2362
Overtime	HR.71	Revised	Dianne Cox, VP Human Resources 624-2362
Salary Administration	HR.78	Revised	Dianne Cox, VP Human Resources 624-2362
Docking	HR.80	Revised	Dianne Cox, VP Human Resources 624-2362
Non-Employees	HR.233	Revised	Dianne Cox, VP Human Resources 624-2362
Per Diem Staff	HR.29	Deleted	Dianne Cox, VP Human Resources 624-2362
Working at Two or More Kaweah Delta Health Care District Job	HR.32	Deleted	Dianne Cox, VP Human Resources 624-2362
Supplemental Staffing	HR.35	Deleted	Dianne Cox, VP Human Resources 624-2362

Policy Number: ASSIGN NEW #	Date Created: 08/02/2019
Document Owner: Dianne Cox (VP Human Resources)	Date Approved:
Approvers: Board of Directors (Administration), Board of Directors (Human Resources), Dianne Cox (VP Human Resources)	

Just Culture Commitment

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

POLICY:

Kaweah Delta is committed to building, maintaining, and supporting a Just Culture. A Just Culture is one where accountability is balanced fairly between the organization and its staff members. It is a culture in which errors, near miss events, adverse events, unsafe conditions, and system problems can be easily reported without retaliation, and are seen as a means to identify system and behavior changes that will improve the safety and quality of care and services we deliver. This environment will encourage and empower each person to take part in improving the quality of care and services delivered by Kaweah Delta and will support our Kaweah Care commitment to personal, professional and compassionate experiences for every person, every time.

A Just Culture recognizes that adverse events and unanticipated outcomes are often the results of human error or system failures, rather than the result of reckless or intentionally malicious behavior, and that individuals are accountable for their individual actions, but generally not errors or problems in system design.

Procedure:

To foster this culture, Kaweah Delta will utilize a fair and systematic approach that balances a non-punitive learning environment with the equally important need of accountability. This shall include evaluation for system contributors that allow or encourage unwanted human error or behavioral choices and identification of system modifications that will prevent recurrence or minimize potential harm.

Staff will not be disciplined or retaliated against for reporting an error, near miss, adverse event, system problem, safety or quality concern. When indicated, staff members will be held accountable and appropriate corrective action taken. Actions will be consistent with Just Culture principles, and with the disciplinary policy and procedures of Kaweah Delta (refer to policy HR.216 Progressive Discipline). Staff will not be held accountable for system flaws over which they have no control.

Kaweah Delta will make reasonable efforts to work with staff to redesign the system or its components to prevent and/or mitigate unintended risks or harm.

This policy applies anyone working at any Kaweah Delta department or facility including and but not limited to: regular and contingent employees, physicians, agency staff, volunteers and contract workers.

The interpretation, administration and monitoring for compliance of this policy shall be the responsibility of operational leadership in conjunction with Human Resources, Quality/Risk leadership and other departments where necessary.

This policy does not replace existing organizational policies and procedures related to reporting, responding to, investigating, and documenting an observed or reported errors, near misses, adverse events, complaints, or safety or quality concerns, etc.

The table below should be used to help ensure appropriate application of Just Culture principles and aid in determining the right course of action when there has been an error, near miss, adverse event or unexpected outcome, or when a staff member has otherwise not met their obligation to the organization.

ERROR AND BEHAVIORAL CHOICES	RESPONSE TO SYSTEMS AND INDIVIDUALS
Human Error (inadvertently doing other than what should have been done: a slip, lapse or mistake)	• Evaluate for system contributors (includes results of substitution test – another person(s) in same circumstances), presence of existing policies and procedures that promote expected behavior, and availability or resource, suitable education and training). • Determine the organization's tolerance to risks related to the human error. • Work with staff to redesign the system or its components to prevents and/or mitigate unintended risks or harm. • Coach and console individual. • If there is history of similar human errors by the same individual, add counseling and/or remedial action. • Repetitive human error may rise to level of at-risk behavior.
At-Risk Behavior (behavioral choice that increases risk where risk is not recognized, or is mistakenly believed to be justified, may include repeated acts of similar human error)	• Evaluate for system contributors (includes results of substitution test– another person(s) in same circumstances), presence of existing policies and procedures that promote expected behavior, and availability or resource, suitable education and training). • Determine the organization's tolerance to risks related to the at-risk behavior. • Work with staff to redesign the system or its components to prevent and/or mitigate unintended risks or harm. • Assess if there are incentives for at-risk behavior. • Establish clear expectations with the individual who made this behavioral choice which may include placing or changing incentives and consequences to discourage undesirable behavioral choices and encourage desirable behavioral choices. • Counsel and provide remedial action. • If there is history of similar at-risk behavioral choices by the same individual, add additional remedial actions and/or disciplinary action (as applicable). • Repetitive at-risk behavior may rise to the level or reckless behavior.

Reckless Behavior (behavioral choice to consciously disregard a substantial and unjustifiable risk; may include repeated acts of at-risk behavior)	• Take immediate steps to stop the individual from engaging in further reckless behavior. • Evaluate for system contributors (includes results of substitution test– another person(s) in same circumstances), presence of existing policies and procedures that promote expected behavior, and availability or resource, suitable education and training). • Determine the organization's tolerance to risks related to reckless behavior. • Work with staff to redesign the system or its components to prevent and/or mitigate unintended risks or harm. • Assess if there are incentives in reckless behavior. • Establish clear expectations with the individual who made this behavioral choice which may include placing or changing incentives and consequences to discourage undesirable choices and encourage desirable behavioral choices. • Consult with Human Resources regarding the need for disciplinary action (as applicable).
Beyond Reckless (Malicious Action) (behavioral choice with deliberate intent to harm another individual. It is malevolent and motivated by wrongful, vicious, or mischievous purposes)	• May warrant legal action. • Assess system for necessary improvement to prevent intentional harm and mitigate risks.

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Policy Number: HR.28	**Date Created: 06/01/2007**
Document Owner: Dianne Cox (VP Human Resources)	**Date Approved: 11/1/2019**
Approvers: Board of Directors (Administration), Dianne Cox (VP Human Resources)	

Recruitment and Selection of Staff Members

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

POLICY:

Kaweah Delta personnel will be employed on the basis of their training, experience, skill, aptitude, reliability, past performance and other indications of their ability to perform the essential functions and requirements of the job, and their willingness to partner with Kaweah Delta in the provision of high quality patient care in accordance with established employment policies.

It is the policy of Kaweah Delta to select the strongest candidates for employment by ensuring that the following steps are taken prior to extending an offer of employment:

A. Ensure a complete and accurate Job Description, including Physical Requirements, is on file with Human Resources;
B. Ensure the essential functions of the job have been identified;
C. Ensure the prospective employee meets the minimum requirements of the position.

Further, it is the policy of Kaweah Delta to adhere to the philosophy and principles of Equal Employment Opportunity and comply with all local, state, and federal laws applicable to recruiting, interviewing, and selecting employees. All candidates for employment, internal and external, must apply through the Human Resources Department in order to ensure proper screening and consideration, as well as to maintain the appropriate applicant documentation. Further, management will refer all contacts with applicants and employment agencies to Human Resources. (See HR.12- Equal Employment Opportunity.)

All offers of employment will be contingent upon successful completion of a background screening, employer sponsored post offer/pre-employment medical examination, including drug screen, and proof of candidate's legal ability to work in the United States. (See HR.36- New Hire Processing.)

PROCEDURE:

I. Responsibility of Management/Human Resources

A. Hiring Manager must submit a Position Request Form, with approvals from appropriate Manager, Director and Vice President, for recruitment of new and replacement positions.

B. Upon receipt of an approved requisition, Human Resources will post position and source qualified applicants, including internal candidates.

C. New and replacement positions will be posted online for a minimum of five days to allow equal opportunity for applicant consideration. Internal departmental postings are acceptable when position is limited to current employees within the department or include changes in Shift or Status. The internal posting will allow departments to adjust to changing staffing needs within the department.

D. Human Resources will maintain a recruitment program that meets the needs of the organization and will continually search for new means and sources to expand our workforce and support patient care.

E. Human Resources will ensure that all job applicants complete an application for employment. (Will provide accommodation to any applicant who experiences difficulty with the application process and requests reasonable accommodation.)

F. Human Resources will review qualified applicants and forward selected candidates to the appropriate hiring manager.

G. Hiring Manager will interview, assess and select candidates to determine the preferred candidate utilizing effective and legal practices. During the interview process, hiring leader will ensure application for employment is complete and accurate, as well as confirm prospective candidate meets minimum position requirements. (An interview panel must be coordinated for all management and director vacancies.)

H. Following interviews, the hiring manager will notify Human Resources of selection decision.

I. Human Resources will be responsible for extending the contingent offer to the selected candidate, including hourly rate, benefit eligibility, start date and other relevant information. Human Resources will provide an appropriate starting pay rate based on Kaweah Delta’s current Compensation Program.

J. Human Resources will notify the hiring manager on job offer acceptance and pre-employment clearances and start date.

K. Human Resources will validate job requirements (licensure/certification, degree, driving record, etc.) and will ensure that post-offer background screening (including regulatory components, criminal convictions, employment verifications and professional references), pre-employment medical examination and drug screen are satisfactorily completed prior to the employee's start date.

L. The Hiring Manager will notify candidates who have been interviewed and not chosen for the position.

M. Human Resources will maintain applications/transfer requests received and appropriate records of the selection process for two years from application date.

II. Eligibility for Rehire

If a qualified applicant has been employed previously by Kaweah Delta, a review of the former Human Resources file must be completed to determine eligibility for re-employment. Review will include assessment of employment record and circumstances of the termination

Applications from former employees will be considered case-by-case with consideration of the job opening and other relevant factors.

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Policy Number: HR.36	**Date Created: 06/01/2007**
Document Owner: Dianne Cox (VP Human Resources)	**Date Approved: 11/1/2019**
Approvers: Board of Directors (Administration), Dianne Cox (VP Human Resources)	

New Hire Processing

POLICY:

All applicants who have accepted an offer of employment with Kaweah Delta will be required to successfully complete all steps of the new hire process prior to their first day of work, including background check, post offer/pre-employment medical exam, drug screen, and new hire paperwork. This process maintains compliance with The Joint Commission, Title XXII, OSHA requirements, The Americans with Disabilities Act, and all Federal, State and Local regulations. Applicants who refuse any part of the medical exam, drug screen or new hire processing will not be hired.

PROCEDURE:

I. Background Check Results

At the time of employment application submittal, applicants are provided with appropriate legal notifications concerning consumer reports (background check) and submit authorization allowing Kaweah Delta to submit the background check to a third-party vendor.

After the contingent job offer is extended and accepted, applicants are asked to disclose information to Human Resources concerning criminal conviction history. Analysis of criminal convictions will be individually assessed by Human Resources based on the nature and gravity of the offense or conduct, the time that has passed since the offense, conduct and/or completion of the sentence, and the nature of the job held or sought.

Following acceptance of the contingent job offer, a third-party background check is initiated for completion. When background results are returned to Human Resources, they are reviewed for consistency with the information disclosed by applicant within the disclosure form and employment application. If results are consistent with what was disclosed and if the criminal history results are not relevant to employment at Kaweah Delta, Human Resources will clear the background check and continue with the new hire process.

When background results are not consistent with what was disclosed by applicant, or if the report contains information that raises concern regarding work performance, an assessment will be undertaken by Human Resources. If the

results of the assessment determine that the offer may be withdrawn, the adverse action process may be initiated.

II. Adverse Action Process

The third-party vendor completing the background check is considered a consumer reporting agency. As such, per the federal Fair Credit Reporting Act, before taking an adverse action based on information contained in a consumer report (background check), Human Resources will:

1. Provide the subject of the report a “Pre-Adverse Action” notice, a copy of the report, and a copy of the document “A Summary of Your Rights Under the Fair Credit Reporting Act” and any applicable state law notices.
2. Allow seven (7) days for the applicant to review the report and contact the third-party background company to dispute any information the consumer believes to be inaccurate or incomplete.
3. If the applicant does not file a dispute (or based on the results of a dispute investigation), Human Resources may take adverse action. The applicant will be provided with a “Final Adverse Action” Notice, a copy of the report, and a copy of the document “A Summary of Your Rights Under the Fair Credit Reporting Act”. Adverse action will result in the withdrawal or rescission of the job offer.

III. Medical Exam and Drug Screen

Upon clearance of the background check, prospective new hires will be scheduled for a post-offer/pre-employment medical examination at Employee Health Services within 30 days of start date.

The exam is performed utilizing the physical requirements outlined in the job description. The exam will include but not be limited to: drug screen, TB skin test (PPD), diagnostic lab work and immunizations if determined to be necessary by the position to be hired for and the examining practitioner. (See Policy EHS 11-Immunization Requirements for Health Care Workers.)

In the event that Employee Health receives a report indicating temporary or permanent work restrictions or presence of a communicable disease, the Employee Health Services Manager, with Medical Director guidance, will make the decision as to whether or not the individual is cleared to be hired for the position offered. If the applicant is deemed to be unable to perform his/her job duties, the applicant will be given the opportunity to request a reasonable accommodation that would allow the new hire with a qualified disability to perform the essential functions of the job, unless the accommodation would create an undue hardship for the organization. (Please refer to HR.16 Reasonable Accommodation & Medical Fitness for Work.)

Employee Health Services notifies Human Resources of clearance or non-clearance results after completion of the post-offer/pre-employment medical examination and drug screen. Prospective new hires will receive notification from Human Resources if it is determined that they are not fit for employment as a result of the medical exam and/or drug screen.

IV. New Hire Processing

Upon clearance of the background check, prospective new hires will be scheduled for a processing meeting in Human Resources. This meeting will include completion of all paperwork required for new hires. New hires will be required to show proof of their right to work in the United States, provide social security card (for payroll and tax purposes only), as well as original licenses, certifications or registrations required for their job.

V. Rescinded Job Offers

Job offers may be withdrawn or rescinded due to reasons including results of the background report or drug screen, failure to verify ability to work in the United States, failure to fulfill all components of the employment process in a timely professional manner, and in some cases, the results of the post-offer/pre-employment medical examination (per HR.16- Reasonable Accommodation & Medical Fitness for Work).

VI. Proof of right to work in the US

Kaweah Delta will comply with the Immigration Reform and Control Act of 1986 which prohibits the employment of unauthorized aliens and requires all employers to implement an employment verification system.

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Policy Number: HR.61	**Date Created: 06/01/2007**
Document Owner: Dianne Cox (VP Human Resources)	**Date Approved: 11/01/2019**
Approvers: Board of Directors (Administration), Dianne Cox (VP Human Resources)	

Status Classification of Employees/ Concurrent Jobs

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

POLICY: Each Kaweah Delta employee has a current status designation that is used to determine compensation, benefits, and status. It is Kaweah Delta's policy to comply with the Fair Labor Standards Act (FLSA).

PROCEDURE:

I. Exempt/Non-Exempt Status

Each position (not individual) will be designated as either exempt or non-exempt under the FLSA for overtime purposes. The Human Resources Department will conduct a job evaluation to determine whether the position has exempt or non- exempt status.

A. Exempt Status

1. Full-time employees occupying positions designated as exempt under the FLSA are exempt from overtime payments under federal law.

2. To qualify for an exemption from overtime, employees must be paid on a salary basis. For further information, refer to policy (HR.62) EXEMPT EMPLOYEE PAY/SALARY BASIS SAFE HARBOR PROVISION.

3. Employees categorized as exempt are expected to work hours necessary to accomplish their job duties. Compensatory time off will not be authorized.

B. Non-Exempt Status

Employees occupying positions designated as non-exempt under the FLSA are eligible for compensation of overtime for hours worked in excess of 40 hours per week under federal law. Compensatory time off will not be authorized.

II. Employment Status

Individuals will be designated as full-time, part-time or per diem.

A. Full-time Status- Benefits Eligible

Employees occupying positions designated as full-time are normally and regularly scheduled to work 36 to 40 hours per week.

Weekly Hours	Bi-Weekly Hours	Classification
36-40	72-80	Full Time Benefits Eligible

B. Part-time Status- Benefits Eligible

Employees occupying positions designated as part-time are normally and regularly scheduled to work 24-35 hours per week.

Weekly Hours	Bi-Weekly Hours	Classification
24-35	48-71	Part Time Benefits Eligible

C. Part Time- No Benefits

Employees occupying positions designated as part-time are normally and regularly scheduled to work less than 24 hours per week.

Weekly Hours	Bi-Weekly Hours	Classification
0-23	0-47	Part Time No Benefits

D. Per Diem Employees

Per Diem Employees who work as needed are not eligible to participate in employee-sponsored benefit programs, unless eligible for medical insurance in compliance with the ACA. Active Per Diem job codes are determined by Human Resources.

Note: Regardless of status, all employees are eligible to participate in the Retirement Plans 401(k) and 457(b).

III. Employee Acknowledgement

Upon initial hire and/or change in employment status of an existing employee from full or part time to Per Diem, the employee will sign a Per Diem Agreement form indicating that they have read and acknowledged the requirements and commitments they make in order to remain a Per Diem employee.

IV. Performance Management Program

Per Diem employee will be evaluated annually to assure performance standards are being met.

V. Paid Time Off (PTO)

In the event a full or part time employee changes to Per Diem status, all accrued PTO Time in their bank at the time of status change will be paid out to the employee at the hourly rate prior to the change. Any accrued EIB Time will be held in abeyance in the event the employee returns to regular full or part time status.

VI. Concurrent Jobs

Employees may, with permission from department leaders, work at more than one Kaweah Delta job or department. Additional jobs are referred to as concurrent jobs. Employees apply for concurrent jobs by following the same process used for transfer requests.
(HR.31) Transfer Policy.

One department leader must agree to be the primary manager of the employee. This leader confirms the employee's payroll.

For Timekeeper, the employee clocks in for all hours worked using the transfer function in HR Timekeeper or on the wall clock, adjusting their job code or department as appropriate.

- If an employee's primary and concurrent jobs are both non-exempt, overtime will be paid for combined hours worked in excess of 40 hours in a week.
- If an employee has one job that is exempt and one job that is non-exempt, all hours worked over 40 will be paid at overtime any week in which the non-exempt duties exceed 50% of the hours worked in

that week.

- If an employee's primary job and concurrent job are classified as exempt, no overtime will be paid for hours exceeding 40hours in a week.

The department that schedules the concurrent hours is responsible for paying any overtime unless an alternate agreement has been reached between the primary and concurrent managers. The primary manager confirms all hours to be paid after verifying with the appropriate manager(s) the hours worked in the concurrent department(s).

Changes in Employment Status

Changes in employment status (e.g., from full-time to part-time and back to full-time) may be made as warranted and will be effective on the first day of a pay period. Changes in employment status which result in the employee becoming eligible or ineligible for benefit coverage (e.g., from non-benefits eligible to benefits-eligible,) will be as follows:

A. Non-benefits eligible employees who change status to benefits-eligible may apply for insurance coverage for themselves and their eligible dependents within thirty (30) days of that eligibility. Coverage will be effective on the first day of the following month.

B. Benefits-eligible employees who change status to become non-benefits eligible lose their eligibility for insurance benefit coverage unless eligible under the Affordable Care Act for medical insurance. Coverage terminates the end of the month in which the status occurred. Accrual rates for PTO/EIB adjust according to status and eligibility. Coverage for some benefits may be continued by eligible employees under COBRA. For more information, see HR.128 Employee Benefits Overview.

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Policy Number: HR.71	Date Created: 06/01/2007
Document Owner: Dianne Cox (VP Human Resources)	Date Approved: 11/01/2019
Approvers: Board of Directors (Administration)	

Overtime Pay

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

PURPOSE: To provide leadership with appropriate guidelines for overtime scheduling.

POLICY: When patient care or other operating requirements or other needs cannot be met during regular working hours, employees may be scheduled to work overtime hours. When possible, advance notification of these assignments will be provided. Unless a strict emergency, or where patient care is necessary without interruption, all overtime work must receive the supervisor or department leadership's prior authorization. Overtime assignments will be distributed as equitably as practical to all employees qualified for the work.

Overtime compensation is paid to all nonexempt employees in accordance with Federal wage and hour requirements. As required by law, overtime pay is based on actual hours worked, including orientation and workshop hours that are scheduled by the manager. Time off for sick, vacation, holiday, Jury Duty, Bereavement, or other non-productive time, or any leave of absence will not be considered hours worked for purposes of performing overtime calculations.

Using Fair Labor Standards Act guidelines, overtime pay is calculated at one and one-half times the employee's regular rate for all hours over 40 hours in one work week.

Failure to work scheduled overtime, or overtime worked without prior authorization from the supervisor may result in Disciplinary Action, up to and including termination of employment.

Employees who are characterized by Kaweah Delta as exempt from the overtime provisions federal law are paid a salary that is intended to fully compensate them for all hours worked each week. The salary consists of a predetermined amount constituting the exempt employee's compensation. That amount is not subject to reduction because of variations in the quality or quantity of the employee's work.

PROCEDURE: Unless a strict emergency, or where patient care is necessary without interruption, employees are to obtain supervisor or department leadership's approval in advance of working any overtime hours and record overtime hours during the pay period in which they worked.

Concurrent Jobs

The employee clocks in for all hours worked using the transfer function in HR Timekeeper or on the wall clock, adjusting their job code or department as appropriate.

- If an employee's primary and concurrent jobs are both non-exempt, overtime will be paid for combined hours worked in excess of 40 hours in a week.
- If an employee has one job that is exempt and one job that is non-exempt, all hours worked over 40 will be paid at overtime any week in which the non-exempt duties exceed 50% of the hours worked in that week.
- If an employee's primary job and concurrent job are classified as exempt, no overtime will be paid for hours exceeding 40 hours in a week.

The department that schedules the concurrent hours is responsible for paying any overtime unless an alternate agreement has been reached between the primary and concurrent managers. The primary manager confirms all hours to be paid after verifying with the appropriate manager(s) the hours worked in the concurrent department(s).

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Policy Number: HR.78	**Date Created: 06/01/2007 Revised: 9/4/2019**
Document Owner: Dianne Cox (VP Human Resources)	**Date 11/01/2019**
Approvers: Board of Directors (Administration), Dianne Cox (VP Human Resources)	

Salary Administration Program

POLICY:

Kaweah Delta has established and maintains a compensation program to govern the fair and competitive administration of wages and salaries. This program was implemented to provide salary consistency and internal equity throughout all Kaweah Delta departments and jobs. This program will be reviewed annually and updated as necessary. We strive to have, wages and salaries that are:[RN1]

1. Internally Equitable: Fairly reflecting the scope and complexity of each position in relation to all other positions in the organization; ensuring fair and e0quitable wages between individuals with the same job class.

2. Externally Competitive: Enabling Kaweah Delta to attract, retain and motivate qualified employees through compensation and benefits that are positioned fairly within the competitive labor market as defined by Human Resources. Exceptions to this philosophy may be made in cases where there are significant imbalances in the demand and supply for staff. Kaweah Delta participates in and/ or purchases results of salary surveys. The results of these surveys are used in the job evaluation process used to assign salary grades to each job. In no case should managers or employees participate in or initiate salary surveys. Any requests for established salary grades for any position are to be forwarded to Human Resources. Kaweah Delta's policy prohibits formal or informal sharing or receipt of salary grade information outside the context of salary surveys conducted by third parties.

3. Cost Effective: Consistent with Kaweah Delta's needs, financial goals and ability to pay.[RN2]

Job Evaluation Process used for assigning salary grades:

Human Resources uses input from department leaders as needed to assure market competitiveness when evaluating the appropriate salary grade for a job. Human Resources uses a market based system and the results of salary surveys to evaluate the market value of a job and to assign a

salary grade. Using the market based system, each job is either a "benchmark job" or a "linkage job". A "benchmark job" is one typically found in published surveys. Jobs that are not "benchmark jobs" are linked to a benchmark job with similar levels of duties and responsibilities within a similar job family. These jobs are called "linkage" jobs.

This linkage process helps ensure internal equity while at the same time acknowledging the salaries paid for the same or similar positions with the local job market.

Salary survey data is reviewed initially when a job is established and then at least annually. Jobs are assigned to a salary grade based on the survey results. When an employee's job is assigned to a different grade, the hourly rate may be adjusted to preserve internal equity. Pay adjustments may be given based on the survey data results and annual budget considerations.

[RN3]

DEFINITIONS:[RN4]

Minimum Wage:
The minimum wage complies with Federal and California minimum wage guidelines.

Equal Pay:
The equal pay standard requires that male and female workers receive equal pay for work requiring equal skill, effort, and responsibility and performed under similar working conditions.

Child Labor:
“Minor” means any person under 18 years of age. Only minors under age 18 who have graduated from high school or who have been awarded a certificate of proficiency may be employed.

Discrimination:
Kaweah Delta is an “Equal Opportunity Employer” and is committed to a policy which establishes individual qualifications and merit as the only conditions for employment. Refer to HR.12 (Equal Employment Opportunity)

Job Code:
A code which identifies an employee’s position title, pay grade, salary range, and associated pay practices.

Pay Grade:
Job codes reflecting jobs with requirements, duties and responsibilities of similar complexity are grouped by pay grade. The pay grade is a code which identifies a salary range.

Salary Range:
The range of pay between the minimum and maximum of a salary grade.

Minimum Rate:
The minimum hourly rate of pay within the salary range.

Midpoint:
The pay rate that is midway between the minimum and maximum of the salary range.

Maximum Rate:
The maximum hourly rate of pay within the salary range.

Base Rate:
The employee's current hourly rate, which is based on relevant experience, excluding differentials. The employee's education and/or performance may be considered as well.

Performance Evaluation/Competence Assessment:
The process from date of hire through employment used for formal evaluation by the department head or supervisor for appraising an employee's job performance. This process includes performance evaluations, skills checklists and competency assessments. Refer to HR.213 Performance Management and Competency Assessment Program.

Merit Review Date:
This normally corresponds with the date of hire with exceptions made for unsatisfactory performance, leaves of absence, promotions, demotions, or transfers, and/or failure to comply with job requirements.

Merit Increase:
An increase based on the employee's current rate and determined by the overall performance evaluation.

Promotional Increase:
A change in position to one that is at least one grade higher than the current grade.

Downgrade/Demotion:
A downgrade/demotion is considered to be a change in position to one that is at least one grade lower than the current grade.

a. Demotion - Generally an involuntary action taken by Kaweah Delta, based on unacceptable performance by an employee. Refer to HR.221 Employee Reduction in Force - or- Reassignment Resulting in Demotion
b. Downgrade - Generally a voluntary action taken by an employee, or taken Kaweah Delta due to a restructure.

Exempt:
An exempt employee is paid on a "salary" basis, which means that he/she will receive a pre-determined amount each pay period constituting all or part of his/her compensation, and the amount will not be subject to reduction because of variations in the number of hours worked in the work day or week, except in accordance with "Leave of Absence" Policy or Paid Time Off (PTO) Policy. Refer to HR.62 Exempt Employees Pay/Salary Basis Safe Harbor Provision and HR.234 Paid Time Off (PTO), Extended Illness Bank (EIB) and Healthy Workplace,
Healthy Families Act of 2014

Non-exempt:
Employees in this classification are paid on an hourly basis and are subject to overtime under Federal Labor Standards Act (FLSA).

Productive Hours Worked:
Includes all regular, overtime, call back and orientation and workshop hours.

Non-Productive Hours Paid:
Any time for which the employee is paid while not at work (i.e., Paid Time Off (PTO), Bereavement Leave, Jury Duty, Employee Illness Bank (EIB), or Leave of Absence).

Overtime Hours:
Productive hours worked in excess 40 hours per week; applies only to non-exempt employees.

Overtime Pay:
The overtime rate times the overtime hours, applied with Fair Labor Standards Act calculations. Employees classified as non-exempt by the Fair Labor Standards Act will receive overtime after 40 hours in a 7-day work week at one and one-half times the employee's regular rate.

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Kaweah Delta Health Care District

Human Resources

Policy Number: HR.80	**Date Created: 06/01/2007**
Document Owner: Dianne Cox (VP Human Resources)	**Date Approved:11/01/2019**
Approvers: Board of Directors (Administration), Debbie Wood (VP Human Resources)	
Docking Staff	

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POLICY:

The fluctuating workload and census inherent with hospitals and health care may occasionally cause need for a reduced workforce. When this situation occurs, non-exempt personnel may have their hours reduced in accordance with this policy. Exempt staff are not normally included in the docking rotation. Each department's management will be responsible for recommending and implementing sound staffing decisions in accordance with Kaweah Delta's goals for effective resource management. Employees who report to work, and are not provided any work, and are subsequently docked are guaranteed one (1) hour of pay.

PROCEDURE:

I. At times the workload or census may require that employees who are scheduled to work but indicated to dock be put on standby. In these cases, employees will stay on standby until called back into work or subsequently docked until their shift ends. Employees will not have the right to refuse standby. Pay for standby and callback will be in accordance with policy entitled STANDBY AND CALLBACK PAY (HR. 72). Additionally, dock time will be documented in the time keeper system to allow appropriate application of hours as described in Section III. Employees may only be put on standby if they are in an eligible department and job classification as defined in the policy entitled STANDBY AND CALLBACK PAY (HR. 72).

Each department establishes a plan for docking that sets out the criteria by which decisions for docking are made, utilizing the prioritization noted below. When docking is indicated, the determination of which employees will be scheduled for docking will be made by the department leader or designee.

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Deleted: The fluctuating workload and census inherent with hospitals may occasionally cause need for a reduced workforce. When this situation occurs, non-exempt personnel may have their hours reduced in accordance with this policy. Exempt staff should not be included in the docking rotation. Each department's management staff will be responsible for recommending and implementing sound staffing decisions in accordance with the District's goals for effective resource management. Staff members who report to work, and are not provided any work, and are subsequently docked are guaranteed one (1) hour of pay.

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Deleted: Each department establishes a plan for docking that sets out the criteria by which decisions for docking are made, utilizing the prioritization noted below. When docking is indicated, the determination of which staff will be scheduled for docking will be made by the department head or designee. ¶

II. Mandatory dock time will be applied in the following order

A. Overtime shifts
B. Per Diem
C. Part-Time Staff
D. Full-Time Staff

Prior to mandatory docking employees, leaders may ask if any employee wishes to take time off rather than work the shift or remainder of the shift.

Employees who volunteer for time off are not considered for mandatory dock hours under this policy. Instead, they are considered to have requested time off from work. Hours of work and use of Paid Time Off (if used) is recorded as usual for purposes of timekeeping.

If no employee desires time off, then leaders should apply the mandatory dock time in order stated in Section II above as it meets the functional needs of the department.

To ensure fairness, each department will rotate their employees through docking procedures as appropriate to their staffing needs.

III. Timekeeping

Timekeeping is noted as Mandatory Dock or Mandatory Dock/No Pay.

Dock hours are applied to:

A. Hours required to maintain employee benefits eligibility.
B. Accruals earned each pay period,
C. Qualified service hours used to compute what level Paid Time Off accrual is earned.

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<#>A. Per Diem Overtime¶
<#>B. Registry/Travelers¶
<#>C. Overtime shifts¶
<#>D. Per Diem¶
<#>E. Part-Time Staff¶
<#>F. Full-Time Staff¶
<#>¶
<#>Prior to docking staff members in categories E and F above, managers should ask if any employee wishes to take time off rather than work the shift or remainder of the shift. ¶
<#>¶
<#>Staff members who volunteer for time off are not considered for mandatory dock hours under this policy. Instead, they are considered to have requested time off from work. Hours of work and use of Paid Time Off (if used) is recorded as usual for purposes of timekeeping. ¶
<#>¶
<#>If no staff desires time off, then management should apply the mandatory dock time in the order stated in Section II above as it meets the functional needs of the department.¶
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<#>To ensure fairness, each department will rotate their personnel through docking procedures as appropriate to their staffing needs. The rotation should begin with the least senior staff member in the District unless directed otherwise. ¶

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Deleted: IV. Department management who routinely dock personnel will report staffing numbers to the division director on a weekly basis.

IV. Department management who routinely dock employees will review staffing needs. Those who are actively recruiting to fill vacancies within their department will analyze the need for extra staff and, when not justified, will notify Human Resources if it is determined that a current vacancy should not be posted or if a full-time opening should be changed to part-time or per-diem.

"Responsibility for the review and revision of this Policy is assigned to the Vice President of Human Resources. In some cases, such as Employee Benefits Policies, Summary Plan Descriptions and Plan Documents prevail over a policy. In all cases. Kaweah Delta will follow Federal and State Law, as applicable, as well as Regulatory requirements. Policies are subject to change as approved by the Governing Board and will be communicated as approved after each Board Meeting. It is the employee's responsibility to review and understand all Kaweah Delta Policies and Procedures."

Deleted: Department management who routinely dock staff and who are actively recruiting to fill vacancies within their department will analyze the need for extra staff and, when not justified, will notify Human Resources if it is determined that a current vacancy should not be posted or if a full-time opening should be changed to part-time.

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Page Break

"These guidelines, procedures, or policies herein do not represent the only medically or legally acceptable approach, but rather are presented with the recognition that acceptable approaches exist. Deviations under appropriate circumstances do not represent a breach of a medical standard of care. New knowledge, new techniques, clinical or research data, clinical experience, or clinical or bio-ethical circumstances may provide sound reasons for alternative approaches, even though they are not described in the document."¶

Kaweah Delta Health Care District

Human Resources

Policy Number: HR.233	**Date Created: 06/01/2007**
Document Owner: Dianne Cox (VP Human Resources)	**Date Approved: 11-01-19**
Approvers: Board of Directors (Administration), Dianne Cox (VP Human Resources)	

Non-Employees & Supplemental Staffing

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

POLICY:

Kaweah Delta uses both employees and non-employees in the course of normal operations. Non-employee categories include but are not limited to Volunteers, Students, Independent Contractors, Contractors who have direct patient care or access, Temporary Staff, and Travelers. Non-employees are not on the payroll and do not receive benefits. Department Leaders of non-employees must coordinate their usage of non-employees through Human Resources. Certain contractors may utilize the Vendor Mate process as instructed.

PROCEDURE:

I. Coordination of Non-Employees

Human Resources clears all non-employees covered by this policy.

All non-employees must complete third-party background checks as well as a drug screening, two-step TB testing and Flu vaccine (during flu season). Once Human Resources has processed and cleared the background check, an identification badge will be issued. Human Resources and Clinical Education (when required) will provide orientation materials. Additional Clinical Orientation requirements are determined by the non-employee position, location of work and level of involvement with staff, patients and the public. Leaders or their designees are responsible for department specific orientation. (See HR.46 Orientation of Kaweah Delta Personnel)

II. Department Leaders Responsibilities

The Department Leader is responsible for all required processing, including orientation using information provided by Human Resources. All non-employees must complete orientation materials before they may begin working at Kaweah Delta.

As determined by the leader, all non-employees must have an initial competency assessment that is

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documented in the department and/or Human Resources file.

The department leader is responsible for the training duties and documented performance of non-employees.

III. Worker's Compensation and Employee Benefits

Non-Employees are not covered under any Kaweah Delta Self-Insurance nor Insurance programs. If an investigation indicates Kaweah Delta caused or contributed to the injury of a non-employee, Kaweah Delta will review coverage under its general liability program for visitors.

Kaweah Delta provides Worker's Compensation coverage for volunteers within the scope of the volunteer's duties.

IV. Ending the Non-Employee Relationship

The relationship between Kaweah Delta and the non-employee can be ended without notice by either the non-employee or Kaweah Delta. Non-employees who leave Kaweah Delta must return all Kaweah Delta property. Department Leaders must notify Human Resources when a non-employee ends their service.

V. Volunteers

Volunteer opportunities are available through the Guild, Hospice, Kaweah Kuddlers, Clergy and the General Volunteer Program.

Volunteers will not be used to replace paid staff members but will perform extra duties that will contribute to the well-being and comfort of patients and visitors or support the services of Kaweah Delta.

VI. Students

The Human Resources Department maintains all Student Affiliation Agreement contracts.

Student placements are tracked by Clinical Education, Graduate Medical Education, Human Resources and may only occur when Affiliation Agreements are valid.

Duties of Students

Students will perform duties based on learning needs determined by their school and as defined in the Affiliation Agreement. Students/schools must show proof of compliance with Student Affiliation Agreements.

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If a volunteer is working under the auspices of a separate agency, they must provide identification from that agency. The DistrictKaweah Delta will not assume risk in regards to any injury or illness the volunteer may acquire through their own actions.¶

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Supervision of Students

Supervision is provided by the clinical instructor of record, Physician, the department leader or designee following the Affiliation Agreement.

VII. Supplemental Staffing

As a general rule, an individual employed by Kaweah Delta cannot also contract to provide services to Kaweah Delta.

Outside resources will be utilized when a need is determined for specialized services and/or to fulfill a shortage of qualified staff. Management must present all requests for contracting services to their Director and Vice President for submission to Human Resources.

Per AP.69, Human Resources must approve all contracted staffing and independent contractor agreements. Human Resources has sole authority and responsibility for communication and negotiation with contracted staffing agencies and independent contractors.

Human Resources will be responsible for procuring and maintaining the contractors for contracted personnel, including Independent Contractors, Temporary Staff, and Travelers.

Leaders wishing to utilize temporary labor through an agency or registry are required to contact Human Resources. Human Resources will select the appropriate agencies for provision of personnel.

Departments which utilize contact or agency staff members are responsible for assuring compliance with regulatory standards and Kaweah Delta standards for performance. Management is also responsible for assuring proper orientation, competency assessment, privacy and safety training for all contract and agency staff.

Individuals and companies who contract to provide staffing services with Kaweah Delta must provide proof that they meet all applicable state, national, local, Kaweah Delta and Joint Commission requirements.

VIII. Medical Exams and Health Requirements

Non-employees who provide services to patients will be contractually required to comply with Employee Health Services guidelines, i.e. Two-Step TB testing, drug screening and flu vaccine (during flu season). Non-employees must meet all essential functions for their position as noted in the job description. (See EHS.11

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Non-Employee Application and Selection Process¶
Non-employees will be selected without regard to race, color, religion, sex, sexual orientation, national origin, disability, genetic information marital status or veteran status.¶

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Immunization Requirements for Health Care Workers).

IX. Non-Employee Files

A file on each non-employee must be kept with the Department Leader and/or Human Resources. The file should contain the non-employee's initial competency assessment, documentation of competency assessment if applicable, and documentation of training and in-services. During surveys by the State or Joint Commission, Human Resources, leaders and the Director of Volunteer Services will be responsible for providing all required documentation.

X. Kaweah Delta Policies and Procedures

All non-employees will conduct themselves in a manner which reflects positively upon Kaweah Delta. Non-employees will familiarize themselves with the Mission of Kaweah Delta.

Non-employees must abide by the same policies as Kaweah Delta employees during their assignment. This includes dress code, identification badges, personal visits, use of phones for personal use, confidentiality of Kaweah Delta and patient information, solicitation etc.

XI. Harassment

Non-employees, who believe that they have been harassed by an employee, patient, or member of the medical staff, are encouraged to report the incident to their leader or to the Human Resources Department.

RELATED POLICIES: AP.69 Requirements for Contracting with Outside Service Provider; HR.35 Supplemental Staffing

"Responsibility for the review and revision of this Policy is assigned to the Vice President of Human Resources. In some cases, such as Employee Benefits Policies, Summary Plan Descriptions and Plan Documents prevail over a policy. In all cases. Kaweah Delta will follow Federal and State Law, as applicable, as well as Regulatory requirements. Policies are subject to change as approved by the Governing Board and will be communicated as approved after each Board Meeting. It is the employee's responsibility to review and understand all Kaweah Delta Policies and Procedures."

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between the DistrictKaweah Delta and a non-employee may be discontinued if the non-employee violates any DistrictKaweah Delta policies or procedures. Managers should work with Human Resources on this process.

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Kaweah Delta
HEALTH CARE DISTRICT

October 28, 2019

Sent via Certified Mail
No. 70160340000002569487
Returned Receipt Requested

Luis Alfonso Garcia Viscarra
1123 North Ranch Road
Visalia, CA 93291

RE: Claim of Luis Alfonso Garcia Viscarra vs. Kaweah Delta Health Care District

NOTICE IS HEREBY GIVEN that the claim dated September 13, 2019, you presented to Kaweah Delta Health Care District is being returned because it was not presented within six (6) months after the event or occurrence as required by law. See 901 and 911.2 of the Government Code. Because the claim was not presented within the time allowed by law, no action was taken on the claim.

Your only recourse at this time is to apply, without delay, to Kaweah Delta Health Care District for leave to present a late claim. See Sections 911.4 to 912.2, inclusive, and Section 946.6 of the Government Code. Under some circumstances, leave to present a late claim will be granted. See Section 911.6 of the Government Code.

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

Sincerely,

Nevin House
Secretary/Treasurer, Board of Directors

cc: Richard Salinas, Attorney at Law

RESOLUTION 2050

WHEREAS, a claim on behalf of Luis Alfonso Garcia Viscarra has been presented on September 13, 2019 to Kaweah Delta Health Care District,

IT IS HEREBY RESOLVED AS FOLLOWS:

1. The aforementioned claim is hereby returned.

2. In accordance with Government Code Section 913, the Secretary of the Board of Directors is hereby directed to give notice of rejection of said claim to Luis Alfonso Garcia Viscarra, in the following form:

"Notice is hereby given that the claim which you presented to the Board of Directors of the Kaweah Delta Health Care District on September 13, 2019, is being returned because it was not presented within six (6) months after the event or occurrence as required by law. See 901 and 911.2 of the Government Code. Because the claim was not presented within the time allowed by law, no action was taken on the claim."

WARNING

Your only recourse at this time is to apply, without delay, to Kaweah Delta Health Care District for leave to present a late claim. See Sections 911.4 to 912.2, inclusive, and Section 946.6 of the Government Code. Under some circumstances, leave to present a late claim will be granted. See Section 911.6 of the Government Code.

You may seek the advice of an attorney of your choice in connection with this matter. If you desire to consult an attorney, you should do so immediately.

PASSED AND ADOPTED by unanimous vote of those present at a regular meeting of the Board of Directors of the Kaweah Delta Health Care District on October 28, 2019.

_____
President, Kaweah Delta Health Care District

ATTEST:

_____
Secretary/Treasurer, Kaweah Delta Health
Care District and of the Board of
Directors thereof

/cm

Appendix D

Policy Submission Summary

Manual Name: Medical Staff			**Date: 10/1/19**
Support Staff Name: April McKee			
Routed to:			**Approved By: (Name/Committee – Date)**
☐ **Department Director** ☐ **Medical Director** *(if applicable)* ☐ **Medical Staff Department** *(if applicable)* ☐ **Patient Care Policy** *(if applicable)* ☐ **Pharmacy & Therapeutics** *(if applicable)* ☐ **Interdisciplinary Practice Council** *(if applicable)* ☐ **Credentials Committee** *(if applicable)* ☐ **Executive Team** *(if applicable)* ☒ **Medical Executive Committee** *(if applicable)* ☒ **Board of Directors**			
Policy/Procedure Title	**#**	**Status** (New, Revised, Reviewed, Deleted)	**Name and Phone # of person who wrote the new policy or revised an existing policy**
Informed Consent for Surgical, Diagnostic, or Therapeutic Procedure	MS.43	Revised	Evelyn McEntire x5241

Kaweah Delta Health Care District

Patient Care Manual
Medical Staff Services

Policy Number: MS.43	**Date Created: No Date Set**
Document Owner: April McKee (Medical Staff Coordinator)	**Date Approved: Not Approved Yet**
Approvers: Board of Directors (Administration), Medical Executive Committee, April McKee (Medical Staff Coordinator), Cindy Moccio (Board Clerk/Exec Assist-CEO), Teresa Boyce (Director of Medical Staff Svcs)	

Informed Consent for Surgical, Diagnostic, or Therapeutic Procedure

Printed copies are for reference only. Please refer to the electronic copy for the latest version.

Purpose: Kaweah Delta Health Care District (KDHCD) adheres to the principles of Informed Consent. The purpose of this policy is to define the responsibilities of KDHCD and its affiliated members of the medical staff and credentialed advance practice providers for obtaining and documenting the process of informed consent, based on statutory and legal requirements in the state of California, the Centers for Medicare & Medicaid Services and the Joint Commission. This policy is intended to provide guidance to assure patients receive sufficient information so that they have the opportunity to make knowledgeable and informed decisions about the course of their treatment related to surgical, diagnostic and other procedures that require informed consent.

Policy:

1. KDHCD recognizes the fundamental right of each person (or authorized representative) to be reasonably informed in decisions involving the person's healthcare. This patient's rights also include the patient's participation in the care planning and treatment, and being able to request or refuse treatment. This right must not be construed as a mechanism to demand provision of treatment or services deemed medically unnecessary or inappropriate.

2. The consent process consists of two important components: information disclosure and documentation. Except in limited circumstances, disclosure of certain information pertinent to the procedure, care or treatment rendered is always required. The responsibility for disclosure rests with the healthcare provider performing the procedure or rendering the care/treatment and/or an equally credentialed member of the medical staff.

3. It is the provider's responsibility to obtain informed consent and to document this consent in the patient's hospital medical record before the provider is permitted to perform any procedure that requires consent.

4. The hospital's role in the consent process is to verify the patient's informed consent was obtained by the provider before the provider is permitted to perform the procedure.

5. The provider, not the hospital, has the duty to disclose all information relevant to the patient's decision and to obtain the patient's informed consent for surgery and for special diagnostic or therapeutic procedures including blood transfusion.

6. Discussion between a patient and health care providers regarding his/her value system and healthcare treatment preferences are encouraged and may include family members/surrogates in discussions as appropriate to the wishes of the patient. Whenever the word "person" or "patient" is used in this policy/procedure, one may substitute "or authorized representative."

Definitions:

1. Advance Directive: An expression by a person with capacity, which is recorded into a document and retained, communicating his/her health care treatment preferences to become effective upon the person's loss of capacity. A living will is one type of advance directive providing that no death prolonging procedures be instituted or continued, becoming effective only when the person has a terminal illness and loss of capacity. A health care treatment directive, another type of advance directive, usually offers more specific information than a living will regarding the person's treatment preferences. A Durable Power of Attorney for Healthcare (DPOA-HC) is a specific power of attorney designating another person (proxy) to make healthcare decisions on behalf of the party executing the DPOA-HC. A DPOA-HC or Living Will executed in another state is durable (operative) in California as long as it was properly executed and operative in the state of execution.

2. Informed Consent: Agreement to the performance of a procedure or treatment based on a prior explanation of the nature and the purpose of the procedure; to include risk, benefits, alternatives and expected outcome. Informed Consent is a process, not a form. It is the communication process between a patient and a provider of healthcare services in which both parties ask questions and exchange information, culminating in the patient’s agreeing to a specific medical or surgical intervention. During this discussion, the patient may also elect to refuse a proposed treatment.

3. Capacity: a person’s ability to understand the nature and consequences of a decision and to make and communicate a decision, and includes in the case of proposed health care, the ability to understand its significant benefits, risks and alternatives.

4. Decision-making Capacity: a clinical determination made by a provider that a patient has requisite capacities to make a medical decision.

5. Incompetence: A judicial determination of a person's lack of capacity, with an appointment of a guardian to make certain decisions for the person (ward).

The court issuing the order of incompetence retains oversight over the guardian.

6. Surgery: Any procedure that is listed as a surgical procedure in any of the various billing coding system used by CMS or the hospital, regardless of whether Medicare pays for that surgical procedure.

7. Provider: Whenever the word "provider" is used in this policy/procedure, one may substitute "provider" or “advance practice provider” credentialed to perform a certain procedure(s) by the Medical Staff.

8. Who can Give Consent? Adult- a person who has reached the age of 18, or a minor who has entered into a valid marriage, who is on active duty with the armed forces of the United States of America, or who has been declared emancipated. See attached Appendices for further guideline on who can give consent on special circumstances. ***(Appendix 1 – Reference Guide for Informed Consent for Special Circumstances; Appendix 2 – Legal Consent Requirements for Medical Treatment of Minors).***

Procedure:

1. The provider performing the procedure is responsible to conduct the informed consent discussion with the patient. Typically, this information exchange would include potential short- and long-term risks and benefits to the patient of the proposed intervention, including the likelihood of each, based on the available clinical evidence, and alternatives.
   - In order to obtain informed consent, the provider must first determine whether the patient has decision-making capacity.
   - In a situation where a patient has been medicated (for example: chest pain, fractures and continuous narcotic infusions) the provider must assess the patient’s capacity to give consent and may proceed with the consent process if the provider determines and documents the patient has capacity to consent.

2. The provider is responsible to document that this discussion occurred by signing the “Informed Consent for Surgical, Diagnostics or Therapeutic Procedure” (Informed Consent form) form prior to the procedure.

3. The hospital’s role is to verify that the informed consent discussion occurred.

4. On behalf of the hospital, it is ~~the nurse~~licensed staff who conducts the verification process, as a witness to the patient’s signature, and as a patient advocate.

   - First, the ~~nurse~~licensed staff will ask the patient and/or patient’s legal representative if they had a discussion with the provider about the proposed procedure to make an informed decision. If the patient expresses to the ~~nurse~~licensed staff that he/she still have questions, the

~~nurse~~licensed staff must advocate for the patient and communicate with the provider prior to the initiation of the treatment or procedure.

- Second, with the patient's acknowledgement that an informed consent discussion occurred, the ~~nurse~~licensed staff may serve as the witness to the patient's signature on the consent form.

5. **Considerations when completing Informed Consent Form**:
   a. Prior to the initiation of the procedure, the provider performing the procedure will ensure that documentation is completed using the approved Informed Consent Form and is placed in the patient's medical record.

   b. A properly executed informed consent form has the following required elements and must be in the patient's medical record prior to the surgery:
      1. Patient's full name
      2. Full name of the provider/Licensed Independent Provider who will be performing the procedure (not a practice or group name, i.e., Trauma Services is not acceptable)
      3. Name of the procedure(s) (no abbreviations).
      4. Patient's signature or DPOA for Healthcare. If patient does not have decision-~~-~~making capacity and has no DPOA, surrogate decision-maker.
      5. Signature, date and time of the person who witnesses the patient sign the document.

   c. Certain interventions require additional "informed consent" forms and processes, including but not necessarily limited to the following "High Risk Procedures":
      1. High risk surgical or medical interventions (any intervention that carries a significant risk of complications)
      2. Procedures utilizing moderate sedation or general anesthesia.
      3. Specified non-invasive diagnostic procedures during which the patient may be exposed to increased risk of harm, such as oxytocin challenge test.
      4. Administration of blood or blood products.
         Consent to blood transfusion is included in the informed consent form.
      5. Experimental procedures, administration of special drugs/therapies;
      6. HIV Testing – per California State Law, documentation of patient consent in practitioner note is adequate for consent; completion of consent form is not required. (*Consent to HIV antibody testing in the event that a Health Care worker is exposed to patient's blood or body fluids is included in the surgical consent form);
      7. Others may include Autopsy, organ and tissue donation, transfer of patients, and examination of alleged victims of sexual abuse (SART).
      8. For other state related list, see Appendix 1 – Reference Guide for Informed Consent for Special Circumstances and Appendix 2 – Legal Consent Requirements for Medical Treatment of Minors.
      9. Other: Any procedure, at the discretion of the provider.

   d. Except as otherwise specified, the following is a non-exhaustive list of routine

interventions that are *not* high risk and therefore do *not* require completion of the informed consent process:

1. oral, intramuscular, subcutaneous, or intravenous medication administration (including the administration of contrast media);
2. superficial Incision and Drainage that does not require moderate sedation;
3. peripheral phlebotomy;
4. dressing changes; and
5. urinary catheterization.

e. How to complete the Informed Consent Form Procedures

Every blank space must be completed prior to the initiation of the procedure. The completed consent is placed in the patient's chart and becomes a permanent part of the Medical Record. The consent signed during an admission remains in effect until procedure is performed or until discharged, or revoked by the patient.

During an emergency surgical procedure, ideally, this form is still under the Provider Attestation section as part of the Timeout process.

Section I:

a. This section is to be filled out by the provider in clear, legible writing. Abbreviations are not acceptable.
b. The ~~nurse~~licensed staff may assist in completing this section based on the documented provider order.
c. Full name of the patient undergoing the procedure will be written on the consent form.
d. Full name of the provider or Advance Practice Provider performing the procedure(s). No abbreviation.
e. The name of the proposed procedure to be performed, including site-specific information, such as laterality, if applicable. ABBREVIATIONS ARE NOT PERMITED.

ALERT: If the provider's order or the consent form for the proposed procedure was abbreviated or incomplete, a call will be placed to the provider for clarification immediately.

Section II

This section will either be read by the patient/legal representative and/or read to the patient if requested.

1– 3 Documentation of disclosure related to the proposed treatment plan, including discussion of the risks, complications, alternative treatments, expectations related to hospitalization, recovery and outcome; potential changes in the treatment plan related to unforeseen circumstances; and consent for the participation of other assistants in the OR.

#4 Photographing, Video & Audio Recordings – consent. If the patient refused to give consent, staff may cross out this section, initialed and dated by the patient and communicated to the provider. If the patient is a minor, the written consent of a parent or guardian must be obtained.

#5 Observers and Paraprofessionals - patients are to be notified of any additional observers to include the purpose or role of their presence during the procedure.

6 Confidentiality – will be carried out as defined by KDHCD policy related to uses and disclosures of Protected Health Information.

#7 Tissue Disposals. Consent for tissue disposal which will be carried out according to customary process. If the patient requests to retain any tissue and/or body part, staff needs to contact the director of laboratory and surgery prior to the procedure.

8 Health Care Worker Exposure – Discussion with the patient regarding the need to perform HIV testing in the event of an unanticipated exposure to bodily fluids. Follow the hospital's policy on employee exposure to bodily fluids as required by California law.

9 – 11 Blood Transfusions - The Paul Gann Blood Act must be followed in obtaining consent for blood transfusion. For non-surgical cases that require blood consent, use the separate consent form for blood.

When considering blood transfusion:

A. The patient has the right to rescind this consent and must be documented.

B. An individual may raise religious or philosophical objections to blood products and/or blood transfusion and has the right to refuse blood transfusion. The licensed nurse will screen and document in the admission database, the patient's wishes not to accept blood transfusion and place a "No Blood" armband on the patient's wrist. The patients will be asked if they have a Health Care Directive related to no blood products. If so, a copy will be made and placed/scanned in the patient chart. In such circumstances when blood transfusion maybe medically indicated, the health care provider will discuss with the patient the consequences of such refusal and any reasonably available treatment alternatives. This discussion will be documented in the patient's medical record.

   Alert: Do not assume that all Jehovah's Witness patient will categorically refuse blood transfusion. A discussion with the patient and a representative from the patient's religious organization (with the patient's consent) is recommended.

C. Transfusion of a competent individual over the individuals informed objection may raise allegations of battery.

D. Rare circumstances may dictate judicial intervention when blood product administration is refused, especially in potential life-threatening situations. The Director of Risk Management should be notified if refusal occurs such as the following circumstances:
   i. parent refusing transfusion for a minor child;
   ii. refusal by a pregnant woman; or
   iii. existence of family dispute regarding transfusion administration to an incompetent patient lacking an executed advanced directive

E. Consider Bioethics consult to help resolve these issues.

Section III

A. Patient's Signature

The signature signifies that the patient's acknowledgment of the discussion with his/her provider; that the information has been shared or read to him/her and consents to the procedure, and has no further questions. If the person signing is other than the patient, the individual has to be identified next to the signature, i.e., POA-HC, etc. The medical record should reflect the reason why other than the patient is signing the consent form.

B. Witnessing the Signing of the Consent Form and Verification of Consent.

Confirm that the patient has been given sufficient information by the provider regarding the procedure. The licensed staff will ask the patient to read the consent form and/or read the consent form to the patient if requested. If the patient does not understand English, call Interpreter Services for assistance. The use of the interpreter must be documented and completed in the Interpreter's section of the informed consent form.

SECTION IV

Provider/Advance Practice Provider Attestation Section:

- ☐ The provider performing the procedure or rendering the care/treatment and/or equally credentialed member of the medical staff must check the appropriate box, attesting that a discussion regarding risks, benefits; reasonable alternatives, code status, etc., has been discussed with the patient or patient's legal representative.
- ☐ **EMERGENCY -** If the discussion was not discussed due to an emergency condition, the appropriate box needs to be checked. The signature needs to be dated and timed. During an emergency situation, consent can be bypassed and documented.

Medical Emergency - Exemption to the Requirement for Consent is in case of an emergency. This exception applies to adults, otherwise with or

without capacity, and minor patients.

a. In medical emergencies the patient's consent is implied by law. The provider may provide necessary medical care in emergency situations without the patient's or surrogate's express consent when all of the following conditions are met:
   - Immediate services are required for the alleviation of severe pain; or
   - Immediate medical care is necessary to preserve life or avert serious impairment of the health of the patient or others; and
   - The patient is unable to consent; and
   - The patient has no surrogate, or the practitioner determines that waiting to obtain consent from the patient's surrogate would increase the hazard to the life or health of the patient or others.

b. In a medical emergency, reasonable attempts to contact the patient's POA-HC or surrogate must be made as promptly as possible, before or after treatment is begun, to explain the nature of the treatment or procedure, the indications, and the expected outcome. The patient's previously stated wishes (e.g., verbal, advance directive) must be followed to the extent that they are known and are applicable to the current situation.

c. When the patient's consent is not obtained due to the emergency exception: The health care provider performing the emergency intervention will document the following information in the medical record:
   - The nature and extent of the emergency;
   - The reasons for and possible consequences if the procedure/intervention does not occur;
   - Any attempts made to notify the next of kin or seek appropriate consent from an alternative source.

Alert: The term "medical necessity" does not convey the appropriate urgency of the intervention and should not be used in place of informed consent.

6. Special Circumstances to consider when obtaining documentation of the informed consent process requiring 2 witnesses. For further guideline, see General Consent Policy for details.
   - Telephone consent will be obtained after the provider has obtained consent from the legal representative, if the consenting party is unavailable to sign the form prior to starting the procedure.
   - Documentation shall reflect the relationship of the consenting party and the exact date and time the telephone consent was obtained.
   - If the patient is physically unable to write his or her name, an "X" may be used in lieu of a signature.

7. Consent from the Physician's Office

Operative permits completed on the approved KDHCD form in a physician's office are acceptable provided they are accurate and complete. If the consent comes from the office with the patient, then the ~~nurse~~licensed staff puts the name of the condition and procedure as written on the operative permit onto a physician's order sheet and puts "received from physician's office consent form not in an approved form." KDHCD form will be completed and the process described in this policy will be followed, i.e., verifying that the patient received the consent information from the practioner and h/she no longer has any questions.

8. For any questions or concerns regarding special circumstances on who should be providing consent or how consent is obtained you may contact the Risk Management Department.

Related Documents:
KDHCD Informed Consent Form
See related policies under General Consent Policy.

References:

1. Joint Commission for Hospital Accreditation. RC 02.01.01.04; RI.01.03.01 – EP01 – 09, EP 11, EP 13
2. CMS Patients' Rights Condition of Participation ("CoP") at 42 CFR 482.13(b) (2); Medical Records CoP at 482.24(c) (2) (v); and Surgical Services CoP at 482.51(b) (2).
3. CMS Interpretive Guidelines for Tags A-0049 (Patients' rights), A-0238 (Medical Records), and A-0392 (Surgical Services).
4. State of California – Title 22.
5. California Hospital Association: Consent Manual 2016

"These guidelines, procedures, or policies herein do not represent the only medically or legally acceptable approach, but rather are presented with the recognition that acceptable approaches exist. Deviations under appropriate circumstances do not represent a breach of a medical standard of care. New knowledge, new techniques, clinical or research data, clinical experience, or clinical or bio-ethical circumstances may provide sound reasons for alternative approaches, even though they are not described in the document."

Appendix 1

Kaweah Delta District Hospital Reference Guide for Informed Consent

Status of Patient	Consent For Medical Consent	
	Non-Emergency	**Emergency**
Adult Competent	Self	Self
Special Circumstances Involving Competent Adult Patients	• *Married Patients:* In some circumstances a spouse may consent on the basis of another legal relationship or on the basis that the patient is incompetent and the spouse is the closest living relative. • *In Custody of Law Enforcement:* Must consent to non-emergent situations. Although law enforcement officers may request limited medical examinations and tests. • *Potential HIV Exposure:* Unless the law expressly permits otherwise, no person may be tested for HIV without his or her written consent. The form "Consent for the HIV Test" should be used only when the test is performed for purposes other than testing donated blood.	Patient or Spouse or No Consent Required "In the case of a medical emergency, treatment may proceed without the patient's consent so long as no evidence exists to indicate that the patient would refuse the treatment-such as a particular religious belief, for example, or a relative's statement regarding the patient's wishes. The law implies consent in these circumstances on the theory that if the patient were able, or if a qualified legal representative were present, the consent would be given". To further clarify, "A medical emergency exists when: Immediate services are required for the alleviation of severe pain, or Immediate diagnosis and treatment of unforeseeable medical conditions are required, if such conditions would lead to serious disability or death if not immediately diagnosed and treated.
Adult determined to be Incompetent or Incapacitated	• Legal Representative • Attorney-in-Fact: • Conservator • Closest Available Relative • (Should not rely upon consent from "Closest Available Relative" if questionable motive, substantial doubt if patient would consent treatment, any other close relative objects). Identifying the Patient's Closet Available Relative - Once it is determined that it is appropriate to rely upon the consent of the closest available relative, it is necessary to determine that the person authorizing the treatment is, in fact, the patient's closest relative. The relative should, of course, be asked to identify his or her relationship to the patient. In addition, he or she should be asked if there are any other relatives and, if so, whether they are more closely related to the patient. This inquiry is especially important if the relative is not a member of the patient's immediate family. If, after such inquiry, there is no reason to suspect that the relative is not the closest available relative, it is probably safe to rely upon his or her assertions. These assertions should be documented on the consent form which the relative signs by requiring a statement specifying the relationship to the patient. If there is reason to suspect that the person accompanying the patient is, in fact, not the patient's closest available relative, his or her assertions should not be relied upon (CHA Consent Manual, 2016).	No Consent Required Same as for Special Circumstances involving Competent Adults

Developmentally Disabled Adults	• Should not presumed to be incompetent
	• If the patient's provider makes the determination that he or she is incapable of consenting to treatment, the consent can be provided by the DDA's
	  • attorney-in-fact
	  • conservator legally authorized to consent to such treatment
	  • closest available relative
	  • court order
		Legal Representative
		
		No Consent Required
		Same as for Special Circumstances involving Competent Adults

Appendix 2

Legal Consent Requirements For Medical Treatment Of Minors

If Patient is:	Is parental consent required?	Are parents responsible for costs? †	Is minor's consent sufficient?	May MD inform parents of treatment without minor's consent?
Unmarried, no special circumstances	Yes	Yes	No	Yes
Unmarried, emergency care and parents not available [Business and Professions Code § 2397]	No	Yes	Yes, if capable	Yes
Married or previously married [Family Code § 7002]	No	No	Yes	No
Emancipated (declaration by court, identification card from DMV) [Family Code §§ 7002, 7050, 7140]	No	1	Yes	No
Self-sufficient (15 or over, not living at home, manages own financial affairs) [Family Code § 6922]	No	No	Yes	1
Not married, care related to prevention or treatment of pregnancy, except sterilization [Family Code § 6925]	No	No	Yes	No
Not married, seeking abortion	No	No	Yes	No
Not married, pregnant, care not related to prevention or treatment of pregnancy and no other special circumstances	Yes	Yes	No	Yes
On active duty with Armed forces [Family Code § 7002]	No	No	Yes	No
12 or older, care for communicable reportable disease or condition [Family Code § 6926]	No	No	Yes	Probably not
12 or older, care for rape [Family Code § 6927]	No	No	Yes	Yes, usually
Care for sexual assault[1] [Family Code § 6928]	No	No	Yes	Yes, usually
12 or older, care for alcohol or drug abuse[1] [Family Code § 6929]	No[2]	Only if parents are participating in counseling	Yes	Yes, usually
12 or older, care for mental health treatment, outpatient only [Family Code § 6924]	No	Only if parents are participating in counseling	Yes	Yes, usually
17 or older, blood donation only [Health and Safety Code § 1607.5]	No	No	Yes	Yes, usually

1 Special requirements apply. See *Chapter 2* of the *Consent Manual & Health Care Law.*

2 Parental consent *is* required for a minor's participation in replacement narcotic abuse treatment (such as methadone, LAAM or buprenorphine products) in a program licensed pursuant to Health and Safety Code § 11875 *et. seq.* [Family Code § 6929(e)]

† Reference: Welfare and Institutions Code § 14010

Minors are defined as all persons under 18 years of age.

California Hospital Association 4/16

September 19, 2019

Attached are the Medical Staff Approved Proposed Bylaws & Rules and Regulations Revisions forwarded to the Board of Directors

Vote Statistics:

Sent to Active Medical Staff Members (329)

Bylaws 12.J

Approve	87.60%	(106)
Not Approve	12.40%	(15)

Bylaws 12.Q

Approve	91.89%	(102)
Not Approve	8.11%	(9)

Rules & Regulations 3.1.

Approve	87.18%	(102)
Not Approve	12.82%	(15)

Rules & Regulations 3.4

Approve	93.97%	(109)
Not Approve	6.03%	(7)

Rules & Regulations 7.2

Approve	96.52%	(111)
Not Approve	3.48%	(4)

Bylaws CEO Definition

Approve	88.89%	(104)
Not Approve	11.11%	(13)

Bylaws 2.B.1

Approve	87.07%	(101)
Not Approve	12.93%	(15)

Bylaws 4.A.3

Approve	94.12%	(112)
Not Approve	5.88%	(7)

Bylaws 5.A.3

Approve	88.98%	(105)
Not Approve	11.02%	(13)

Bylaws 5.B

Approve	92.37%	(109)
Not Approve	7.63%	(9)

Bylaws 8.A

Approve	92.31%	(108)
Not Approve	7.69%	(9)

Bylaws 8.C

Approve	89.08%	(106)
Not Approve	10.92%	(13)

Bylaws 8.C.2

Approve	89.08%	(106)
Not Approve	10.92%	(13)

Bylaws 8.C.3

Approve	91.53%	(108)
Not Approve	8.47%	(10)

Bylaws 8.D

Approve	89.83%	(106)
Not Approve	10.17%	(12)

Bylaws 8.D.3

Approve	88.03%	(103)
Not Approve	11.97%	(14)

Bylaws 15.B

Approve	89.17%	(107)
Not Approve	10.83%	(13)

Bylaws:

12.J EXECUTIVE OPERATIONS COMMITTEE (EOC)

12.J.1. Composition:

The EOC shall consist of the Chief of Staff, Vice Chief of Staff, Secretary/Treasurer, and Immediate Past Chief of Staff with the Chief Executive Officer and Chief Medical Officer as ex-officio members.

12.J.2. Duties:

The EOC shall serve as a working group to address daily operational issues and develop projects prior to presentation to the Departments or MEC. The EOC may meet with stakeholders to accomplish information/data gather in order for the Departments and MEC to function more efficiently and expeditiously. The EOC shall review incidents and issues prior to review by the full MEC. Additional obligations of the EOC include on-call and code of conduct issues. The EOC is a working group. All matters of policy shall come forward to the MEC for action. The EOC shall forward a summary of their meetings to the MEC.

12.J.3. Meetings:

The EOC shall meet as often as needed, but at least monthly.

12.Q. PROFESSIONAL STAFF QUALITY COMMITTEE

12.Q.1 Composition:

(a) The Professional Staff Quality Committee shall be comprised of the following voting members: the Vice Chief of Staff (who shall serves as the Chair of the Committee), the Medical Directors of the Hospitalist Service, Emergency Department, Infectious Disease, Critical Care, Surgical Services, Clinical Documentation, and Health Informatics, the Quality and Patient Safety Medical Director, the Director of Quality and Patient Safety, the Director of Risk, the Director of Pharmacy, the Director of Nursing Practice, the Assistant Chief Nursing Officer, and an IS representative. The Committee shall also include the following ex officio, non-voting members: the Chief of Staff, the Secretary-Treasurer, the CNO, the CMO, and the CEO.

Rules & Regulations:

Medical Records

3.1. General Requirements:

(m) Co-Signature and Co-Documentation Requirements:

(1) Resident physicians, intern physicians, ~~Nurse Practitioners,~~ and physician assistants require the following documents co-signed and co-documented by a supervising attending physician within the documentation time requirements:

(i) history and physicals: within 24 hours of admission;

(ii) discharge summaries: within five days of discharge; and

(iii) anesthesia/operative/procedure reports: within 24 hours of procedure.

The aforementioned practitioners are required to document the name of the supervising attending physician at the beginning of the document.

(2) Co-documentation consists of an addendum to the original document showing involvement and participation in the management of the patient. Example: "I was present with the resident during the history and exam. I discussed the case with the resident and agree with the findings and plan as documented in the resident's note. (add customized statement regarding the care of the patient)."

3.4. Delinquent Medical Records:

(a) General Requirements:

(2) The following documents must be available in the electronic medical record (or on the paper chart when the electronic medical record is experiencing downtime), authenticated, and co-signed (if applicable) within the following time frames:

(i) History and physical: within 24 hours of admission.

(ii) Brief operative/procedure note: before patient moves to the next level of care (not needed if a full operative report is typed and ready before patient moves to the next level of care).

(iii) Full operative/procedure report: within 24 hours of ~~surgery~~procedure.

(iv) Consultation report: within 24 hours of ~~request~~the consultation.

(v) Discharge/Death summary: preferably on the day of discharge and no later than five days from discharge.

**All documentation must be dated, timed and authenticated/signed to be considered complete.

7.2. Pre-Anesthesia Procedures:

(a) A pre-anesthesia evaluation will be performed for each patient who receives anesthesia by an individual qualified to administer anesthesia prior to an inpatient or outpatient procedure requiring anesthesia services. Documentation on the anesthesia preoperative evaluation must include date, time, and signature of anesthesia provider. Timeliness of Attending co-signature/co-documentation for residents will adhere to the Medical Staff Rules and Regulations, section 3.1.m.

(b) The evaluation will be recorded in the medical record and will include:

(1) a review of the medical history, including anesthesia, drug and allergy history;

(2) an interview, if possible, preprocedural education, and examination of the patient;

(3) notation of any anesthesia risks according to established standards of practice (e.g., ASA classification of risk);

(4) identification of potential anesthesia problems, particularly those that may suggest potential complications or contraindications to the planned procedure (e.g., difficult airway, ongoing infection, limited intravascular access);

(5) additional pre-anesthesia evaluation, if applicable and as required in accordance with standard practice prior to administering anesthesia (e.g., stress tests, additional specialist consultation); ~~and~~

(6) informed consent for anesthesia, which will be obtained through discussion with the patient and/or family regarding anesthesia options and risks.; and

(7) development of a plan for the patient's anesthesia care, including the type of medications for induction, maintenance and post-operative care, and discussion with the patient (or the patient's representative) of the risks and benefits of the delivery of anesthesia.

Except in cases of emergency, this evaluation must be recorded prior to the patient's transfer to the operating area and before any pre-operative medication has been administered. All patients scheduled for surgery shall be examined pre-operatively by an anesthesiologist or Certified Registered Nurse Anesthetist (CRNA) within 24 hours prior to the scheduled surgery. If the anesthesia evaluation has been completed within the 30-day period prior to admission or registration, a durable, legible copy of this report may be used in the patient's medical record. However, in these circumstances, the patient must also be evaluated within 24 hours prior to surgery/invasive procedure, and an update recorded in the medical record by an individual who has been granted clinical privileges by the district to perform Anesthesia services.

Bylaws:

"CHIEF EXECUTIVE OFFICER" ("CEO") means the individual appointed by the Board to act on its behalf in the overall management of the District. At the direction of the CEO, another individual may be designated to fulfill a responsibility assigned to the CEO in these Bylaws with notification to Chief of Staff.

2.B.1 Basic Responsibilities and Requirements:

As a condition of being granted appointment or reappointment, and as a condition of ongoing membership, every member specifically agrees to the following:

(h) to inform the Medical Staff Services Department, in writing, within 14 days of any of the following occurrences:

- any charge of, or arrest for, driving while intoxicated/under the influence ("DWI") (Any DWI incident will be reviewed by the Chief of Staff and the ~~CMO~~CEO so that they may understand the circumstances surrounding it. If they have any concerns after doing so, they will forward the matter for further review under the Impaired Provider Policy);

(y) to cooperate with the Chief of Staff, the department chair, the MEC~~, the CMO,~~and the CEO in good faith with respect to summary suspensions and restrictions.

4.A.3 Steps to Be Followed for All Initial Applicants:

(b) An interview(s) with the applicant may be conducted. The purpose of the interview is to discuss and review any aspect of the applicant's application, qualifications, and requested clinical privileges. This interview may be conducted by ~~a combination of any~~ two or more of the following: the department chair, the Credentials Committee, a Credentials Committee representative, the MEC, an MEC representative, the CMO, and/or the Chief of Staff. ~~Such interviews, when conducted, shall be conducted by at least two individuals from this list.~~

5.A.3 Clinical Privileges for New Procedures:

(b) As an initial step in the process, the individual seeking to perform the new procedure will prepare and submit a report the ~~CMO,~~Chief of Staff and CEO and shall address the following:

5.B. TEMPORARY CLINICAL PRIVILEGES

5.B.3 Withdrawal of Temporary Clinical Privileges:

(b) If the care or safety of patients might be endangered by continued treatment by the individual granted temporary privileges, the department chair, the Chief of Staff, ~~the CMO,~~ or the CEO may immediately withdraw all temporary privileges. The department chair or the Chief of Staff shall assign to another member of the Medical Staff responsibility for the care of such individual's patients until they are discharged or an appropriate transfer arranged. Whenever possible, consideration shall be given to the wishes of the patient in the selection of a substitute physician.

8.A. COLLEGIAL INTERVENTION

(4) A log of collegial intervention efforts shall be maintained. In addition, if the relevant Medical Staff Leader(s) ~~, in consultation with the CMO,~~ determines that it is necessary to formally document a collegial intervention effort, such documentation shall be maintained in a confidential file. The individual shall have an opportunity to review any such documentation that is prepared

and to respond in writing. The response shall be maintained in that individual's file along with the original documentation.

(7) The relevant Medical Staff Leader(s)~~, in consultation with the CMO,~~ shall determine whether to direct that a matter be handled in accordance with another policy (e.g., Disruptive Medical Staff Member/Advanced Practice Provider Policy, Impaired Provider Policy, Peer Review Process Policy), or to direct it to the MEC for further review.

8.C. INVESTIGATIONS

8.C.1 Initial Review:

(b) In addition, if the Board becomes aware of information that raises concerns about any Medical Staff member, the matter shall be referred to the Chief of Staff, the chair of the department, the chair of a standing committee, ~~or~~ the CMO, or the CEO for review and appropriate action in accordance with this Article.

8.C.2 Initiation of Investigation:

(a) The Chief of Staff shall update the ~~CMO~~ CEO on actions taken in connection with an investigation ~~and the CMO shall, in turn, update the CEO~~.

8.C.3 Investigative Procedure:

(a) Once a determination has been made to begin an investigation, after notifying the CEO ~~and the CMO~~, the MEC shall either investigate the matter itself, request that the Credentials Committee conduct the investigation, or appoint an ad hoc committee to conduct the investigation, keeping in mind the conflict of interest guidelines outlined in Article 14. Any ad hoc committee may include individuals not on the Medical Staff. Whenever the questions raised concern the clinical competence of the individual under review, the ad hoc committee shall include a peer of the individual (e.g., physician, dentist, oral surgeon, or podiatrist).

(e) The investigating committee shall make a reasonable effort to complete the investigation and issue its report within 30 days of the commencement of the investigation, provided that an outside review is not necessary. When an outside review is necessary, the investigating committee shall make a reasonable effort to complete the investigation and issue its report within 30 days of receiving the results of the outside review. These time frames are intended to serve as guidelines and, as such, shall not be deemed to create any right for an individual to have an investigation completed within such time periods. In the event the investigating committee is unable to complete the investigation and issue its report within these time frames, it shall inform the individual and the ~~CMO~~ Chief of Staff of the reasons for the delay and the approximate date on which it expects to complete the investigation.

8.D. SUMMARY SUSPENSION OR RESTRICTION OF CLINICAL PRIVILEGES

8.D.1 Grounds for Summary Suspension or Restriction:

(a) Whenever, in their sole discretion, failure to take such action may result in imminent danger to the health and/or safety of any individual, the MEC, or the Chief of Staff, the chair of a clinical department, ~~the CMO,~~ or the CEO shall have the authority to (1) afford an individual an opportunity to voluntarily refrain from exercising privileges pending an investigation;* or (2) summarily suspend or restrict all or any portion of an individual's clinical privileges as a precaution.

(e) A summary suspension or restriction will become effective immediately upon imposition, will immediately be reported in writing to the CEO, ~~CMO,~~ and the Chief of Staff, and will remain in effect unless it is modified by the MEC.

8.D.3 Care of Patients:

(b) All members of the Medical Staff have a duty to cooperate with the Chief of Staff, the department chair, the MEC, and the ~~CMO~~ CEO in enforcing summary suspensions or restrictions.

15.B. PEER REVIEW PROTECTION

(1) All credentialing and professional practice evaluation activities pursuant to these Bylaws shall be performed by "peer review committees" in accordance with California law. These committees include, but are not limited to:

(e) any individual acting for or on behalf of any such entity, including but not limited to department chairs and vice chairs, committee chairs and members, Medical Staff Officers, the CMO, CEO, and experts or consultants retained to assist in peer review activities.

Kaweah Delta
HEALTH CARE DISTRICT

RESOLUTION 2052

WHEREAS, Betty Sumwalt, RN, Employee Health Services, is retiring from duty at Kaweah Delta Health Care District after 38 years of service; and,

WHEREAS, the Board of Directors of the Kaweah Delta Health Care District is aware of her loyal service and devotion to duty;

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Kaweah Delta Health Care District, on behalf of themselves, the hospital staff, and the community they represent, hereby extend their appreciation to Betty Sumwalt, RN for 38 years of faithful service and, in recognition thereof, have caused this resolution to be spread upon the minutes of this meeting.

PASSED AND APPROVED this 28th day of October 2019 by a unanimous vote of those present.

President, Kaweah Delta Health Care District

ATTEST:

Secretary/Treasurer, Kaweah Delta Health Care District
and of the Board of Directors, thereof

Kaweah Delta HEALTH CARE DISTRICT

Interoffice Memorandum

Date: October 09, 2019

To: Kaweah Delta Health Care District (KDHCD) Board of Directors

From: Dianne Cox, Vice President Human Resources

Subject: Plan Amendments
Kaweah Delta Health Care District Employees' Salary Deferral Plan (401(k))
Kaweah Delta Health Care District 457(b) Deferred Compensation Plan

Employees' Salary Deferral Plan

Amendments related to Voluntary Correction Program

Periodically, KDHCD reviews the administration procedures associated with our 401(k) Plan. In late 2017 and early 2018, during a review of retirement plan procedures, operational failures regarding the administration of the KDHCD 401(k) Plan were uncovered. Kaweah Delta is required to correct these errors and have the corrections reviewed and approved by the Internal Revenue Service (IRS). This approval process is called a Voluntary Correction Program (VCP). The purpose of this Memorandum is to provide the Board of Directors with background on the VCP project and the requirements for resolution of this project.

- In May 2018, the VCP was filed with the IRS. Foley Lardner, Kaweah Delta's retirement plan counsel, completed this filing. The VCP called for retroactive amendments to the 401(k) Plan and corrective contributions to the Plan. These retroactive amendments were designed to align the plan document with the procedures employed by KDHCD in the administration of the Plan. The corrective contributions were designed to correct distributions to plan participants that were incorrectly calculated due to vesting provisions.
- In April 2019, the IRS provided a response to the VCP filing asking for clarification of the original submission. Foley Lardner answered the response with commentary regarding the VCP filing.
- On June 18, 2019, the IRS provided a Compliance Statement to KDHCD. This Compliance Statement accepted the remedies proposed in the VCP filing. KDHCD was given to November 15, 2019, to implement the remedies outlined in the VCP filing.

In summary, the plan made excess distributions to 31 participants in 2015 and 1 participant in 2017. These excess distributions were made because of incorrect calculations of vesting percentages for these participants. A corrective contribution of $22,489.14 was made to the plan on August 19, 2019. This contribution was made into the forfeiture suspense account for the plan.

The plan also under-distributed assets to 16 participants in 2015. Again, the vesting percentage for these participants was incorrectly calculated. Kaweah Delta was required to fund $29,052.31 to correct these under-distributions; this was also completed on August 19, 2019. The assets to fund this correction were made from the plan's forfeiture account.

These corrective actions have been taken and no further action is required. Communication to current and prior employees was completed.

Retroactive Plan Amendments

Several procedural corrections are required by the plan. These corrections will be made by retroactive amendment to the plan document. These amendments will align the plan design for the 401(k) Plan with the procedures that were employed by Kaweah Delta.

1. Amendment No. 7 to the restated plan effective January 5, 2003. Amends the plan to provide for partial distribution of plan benefits to four participants who received such partial distributions for the period July 1, 2006 and June 30, 2009.
2. Amendment No. 7 to the restated plan effective July 1, 2009. Amends the definition of compensation for the period July 1, 2009 and June 30, 2012, and amends the provisions for partial distribution of Plan benefits to three participants that received such benefits for the period July 1, 2009 and June 30, 2012.
3. Amendment No. 7 to the restated plan effective July 1, 2012. Amends the provision for partial distribution of Plan benefits to two participants that received such benefits for the period July 1, 2012 and December 31, 2015. Amends the provision for automatic rollover of mandatory cash outs will be applied to account balances of less than $1,000 for the period July 1, 2012 and December 31, 2015. Amends the definition of compensation for the period July 1, 2012 and December 31, 2016. Amends the provision permitting in-service distributions from Participant Matching Contributions for the period July 1, 2012 and June 30, 2017. Amends the vesting provisions to provide special vesting for two participants that took excess loans based on a miscalculation of vesting and for one participant that received an excess distribution of $66.93 in or about July 2017. This amendment is effective for the period July 1, 2012 and June 30, 2016.

Our legal counsel, Foley & Lardner, has prepared the three required Amendments above; these Amendments will align our plan with the corrections required. Adoption of these amendments will complete the requirements of the VCP project. The corresponding Board Resolutions will be included in the October Board Packet for adoption.

Plan Design Amendments

401(k) Employee's Salary Deferral Plan

KDHCD has reviewed the plan document and proposes to prospectively amend the Employees' Salary Deferral Plan as of January 1, 2020, to simplify plan administration and to comply with current regulations. The proposed Adoption Agreement includes;

- Remove the $1,000 Minimum on In-Service Distributions.
- Remove the "few weeks' rule" Kaweah Delta does not recognize prior year compensation paid to an employee in the first few weeks for a new calendar year.
- Amend the definition of Plan Compensation for purposes of Employer Match Contributions. The amended definition removes all pay codes is excess of what would be considered "base pay."
- Revise the language for Total Matching Contributions to align the contribution with service tiers associated with the Match.
- Amend Hardship Withdrawals to remove the loan requirement and as required by law, remove the suspension of deferrals after a Hardship Withdrawal is taken by a participant.

457(b) Deferred Compensation Plan

KDHCD has reviewed the plan design for the 457(b) Deferred Compensation Plan and proposes to prospectively amend the Plan effective January 1, 2020, to simplify plan administration, comply with current regulations and to align the plan with the Employees' Salary Deferral Plan. The proposed Plan Document includes;

- Remove the $1,000 Minimum on Partial Distributions.
- Balances of $5,000 or less, including rollovers, will be an automatic rollover to an IRA.
- Remove the de minimis Account Balance Distribution provision and the $1,000 minimum in-service distribution of a Rollover Account.

Two corresponding Board Resolutions will be included in the October Board Packet for adoption.

RESOLUTION 2053
OF THE BOARD OF DIRECTORS OF
KAWEAH DELTA HEALTH CARE DISTRICT
AMENDING THE EMPLOYEES' SALARY DEFERRAL PLAN

WHEREAS, the Board of Directors (the "Board") of the Kaweah Delta Health Care District (the "District") adopted the Kaweah Delta Heath Care District Employees' Salary Deferral Plan, as amended and restated effective January 5, 2003 (the "Plan"); and

WHEREAS, the District reserves the right to amend or restate the Plan in Section 15.01 of the Plan's Base Plan Document;

WHEREAS, the District desires to restate the Plan document effective January 5, 2003, to provide for partial distribution of plan benefits to 4 participants that received such distributions during the time period July 1, 2006 to June 30, 2009;

NOW, THEREFORE, BE IT RESOLVED, that an authorized officer be and hereby is directed and authorized to sign the Restatement to the plan which is attached hereto.

This Resolution is adopted by the Board of Directors of Kaweah Delta Health Care District at a duly constituted meeting held on the 28th day of October, 2019.

KAWEAH DELTA HEALTH CARE DISTRICT

_____
President, Kaweah Delta Health Care District

ATTEST:

_____
Secretary/Treasurer
Kaweah Delta Health Care District and of the
Board of Directors, thereof

SEVENTH AMENDMENT
TO THE
KAWEAH DELTA HEALTH CARE DISTRICT EMPLOYEES'
SALARY DEFERRAL PLAN
Amended and Restated Effective January 5, 2003

WHEREAS, the Kaweah Delta Health Care District ("Employer") is the sponsor of the Kaweah Delta Health Care District Employees' Salary Deferral Plan, amended and restated effective January 5, 2003 (the "Plan"); and

WHEREAS, the Employer has reserved the authority in Section 15.01 of the Plan's base plan document the authority to amend the Plan; and

WHEREAS, the Plan document did not specifically provide for partial distributions when a participant became entitled to take a distribution under the terms of the Plan, but four participants between 2006 and 2009 were allowed to take a partial distribution; and

WHEREAS, the Employer has decided to correct the operational failure described above by retroactively amending the Plan to provide for the partial distributions that were made to the four participants in question pursuant to a VCP (and pursuant to the Compliance Statement received from the IRS pursuant to the VCP) submitted to the IRS in May 2018.

NOW, THEREFORE, the Plan is hereby amended effective as of the dates stated herein:

1. Section 18-1 of the Plan document is hereby revised for the period between July 1, 2006 and June 30, 2009 to provide for partial distribution of plan benefits to the four participants who received such partial distributions during this period.

IN WITNESS WHEREOF, the duly authorized officer of the Employer has executed this Seventh Amendment to the January 5, 2003 Restatement on the _____ day of _____, 2019.

KAWEAH DELTA HEALTH CARE DISTRICT

By:_____
Gary K. Herbst
Title: Chief Executive Officer

RESOLUTION 2054
OF THE BOARD OF DIRECTORS OF
KAWEAH DELTA HEALTH CARE DISTRICT
AMENDING THE EMPLOYEES' SALARY DEFERRAL PLAN

WHEREAS, the Board of Directors (the "Board") of the Kaweah Delta Health Care District (the "District") adopted the Kaweah Delta Heath Care District Employees' Salary Deferral Plan, as amended and restated effective July 1, 2009 (the "Plan"); and

WHEREAS, the District reserves the right to amend or restate the Plan in Section 15.2 of the Plan's Base Plan Document;

WHEREAS, the District desires to restate the Plan document effective July 1, 2009, to amend the definition of compensation for the time period July 1, 2009 to June 30, 2012; and to provide for partial distribution of plan benefits to 3 participants that received such distributions during the time period July 1, 2009 to June 30, 2012;

NOW, THEREFORE, BE IT RESOLVED, that an authorized officer be and hereby is directed and authorized to sign the Restatement to the plan which is attached hereto.

This Resolution is adopted by the Board of Directors of Kaweah Delta Health Care District at a duly constituted meeting held on the 28th day of October 2019.

KAWEAH DELTA HEALTH CARE DISTRICT

_____
President, Kaweah Delta Health Care District

ATTEST:

_____
Secretary/Treasurer
Kaweah Delta Health Care District and of the
Board of Directors, thereof

AMENDMENT NO. 7
TO THE
KAWEAH DELTA HEALTH CARE DISTRICT EMPLOYEES' SALARY DEFERRAL PLAN
Amended and Restated Effective July 1, 2009

WHEREAS, the Kaweah Delta Health Care District ("Employer") is the sponsor of the Kaweah Delta Health Care District Employees' Salary Deferral Plan, amended and restated effective July 1, 2009 (the "Plan"); and

WHEREAS, the Employer has reserved in Section 15.2 of the Plan's base plan document the authority to amend the Plan; and

WHEREAS, the Plan was amended as part of a 2016 VCP submission to provide that all items of compensation would be included for purposes of elective deferrals even though the Plan document during this period had previously provided for the exclusion of certain items of compensation; and

WHEREAS, upon detailed audit as part of the transition from PeopleSoft to Lawson, it was determined that a number of items of compensation were actually excluded for purposes of elective deferrals consistent with the original Plan document language and the Employer therefore decided to correct this disconnect between the Plan document, as amended in the prior VCP, and actual practice, as part of a new VCP (and pursuant to the Compliance Statement received from the IRS pursuant to the new VCP) submitted to the IRS in May 2018; and

WHEREAS, the Plan document did not specifically provide for partial distributions when a participant became entitled to take a distribution under the terms of the Plan, but three participants between 2009 and 2012 were allowed to take partial distributions, and the Employer decided to correct this operational failure by retroactively amending the Plan to provide for personal distributions that were made to the three participants in question pursuant to the new VCP Compliance Statement received from the IRS pursuant to the new VCP (and pursuant to the Compliance Statement received from the IRS pursuant to the new VCP) submitted to the IRS in May 2018.

NOW, THEREFORE, the Plan is hereby amended effective as of the dates stated herein:

1. Effective for the period beginning July 1, 2009 and ending June 30, 2012, Section III.A (Compensation definition) of the Adoption Agreement for the July 1, 2009 Restatement is amended to provide that the following pay code items of compensation are excluded from the Plan's definition of compensation for purposes of elective deferrals, in addition to the definition of compensation for matching contributions and non-elective contributions from which definition they are already excluded:

Acronym	Description
BNF	Referral Bonus
BNR	Retention Bonus

Acronym	Description
CBS	Certification Bonus Reimb
CRS	Chief Resident Stipend (added after our call)
EDR	Educ Book & Tuition if not paid as lump
HHV	Home Health Visit
ICR	Initial Cert Reply Taxable
LNR	Loan Repayment Taxable if paid as lump sum
LRA	Lang Resource Asst
MLS	Merit Lump Sum
MTX	Moving Expenses Taxable
NGB	New Grad Benefit
SBN	Sign on Bonus
X10	Extra Evening 10% Diff
X15	Extra Night 15% Diff
XBS	Base differential.
XHL	Shift differential for working holiday.
XPR	Extra Prem. Differential.
XWN	Differential for working a weekend shift.

2. Effective for the period between July 1, 2009 and ending June 30, 2012, Section XVI.D is amended to provide for partial distribution of Plan benefits to the three participants who received such partial distributions during this period.

IN WITNESS WHEREOF, the duly authorized officer of the Employer has executed this Amendment No. 7 to the Kaweah Delta Health Care District Employees' Salary Deferral Plan, amended and restated effective July 1, 2009, on this ____ day of _____, 2019.

KAWEAH DELTA HEALTH CARE DISTRICT

By_____
Gary K. Herbst
Title: Chief Executive Officer

RESOLUTION 2055
OF THE BOARD OF DIRECTORS OF
KAWEAH DELTA HEALTH CARE DISTRICT
AMENDING THE EMPLOYEES' SALARY DEFERRAL PLAN

WHEREAS, the Board of Directors (the "Board") of the Kaweah Delta Health Care District (the "District") adopted the Kaweah Delta Heath Care District Employees' Salary Deferral Plan, as amended and restated effective July 1, 2012 (the "Plan"); and

WHEREAS, the District reserves the right to amend or restate the Plan in Section 7.1 of the Plan's Base Plan Document;

WHEREAS, the District desires to restate the Plan document effective July 1, 2012, to reflect the following:

- provide for partial distribution of plan benefits to 2 participants that received such distributions during the time period July 1, 2012 to December 31, 2015; and
- to provide for automatic rollover of mandatory cash outs for account balances of less than $1,000 for the period July 1, 2012 to December 31, 2015; and
- to amend the definition of compensation for the period July 1, 2012 to December 31, 2016; and
- to amend the provision permitting in-service distributions from Participant Matching Contributions for the period July 1, 2012 to June 30, 2017; and
- to amend vesting provisions to provide special vesting for two participants that took excess loans for the time period July 1, 2012 to June 30, 2016;

NOW, THEREFORE, BE IT RESOLVED, that an authorized officer be and hereby is directed and authorized to sign the Restatement to the plan which is attached hereto.

This Resolution is adopted by the Board of Directors of Kaweah Delta Health Care District at a duly constituted meeting held on the 28th day of October 2019.

KAWEAH DELTA HEALTH CARE DISTRICT

_____
President, Kaweah Delta Health Care District

ATTEST:

_____
Secretary/Treasurer
Kaweah Delta Health Care District and of the
Board of Directors, thereof

AMENDMENT NO. 7
TO THE
KAWEAH DELTA HEALTH CARE DISTRICT
EMPLOYEES' SALARY DEFERRAL PLAN
Amended and Restated Effective July 1, 2012

WHEREAS, the Kaweah Delta Health Care District ("Employer") is the sponsor of the Kaweah Delta Health Care District Employees' Salary Deferral Plan, amended and restated effective July 1, 2012 (the "Plan"); and

WHEREAS, pursuant to Section 9.6 of the Plan, the Employer has the authority to amend the Plan; and

WHEREAS, the Employer, pursuant to an IRS Compliance Statement received due to a VCP that the Employer submitted in May, 2018, desires to retroactively conform the Plan document to certain administrative practices that it followed during the period being corrected.

NOW, THEREFORE, the Plan is hereby amended effective as of the dates stated herein:

1. Effective for the period between July 1, 2012 and December 31, 2015, Sections 6.5 ("Distribution of Benefits") and Section 6.6 ("Distribution of Benefits Upon Death") are hereby revised to provide for partial distribution of Plan benefits to the two participants who received such partial distributions during this period.

2. Effective for the period between July 1, 2012 and December 31, 2015, Section 6.4(c) ("Mandatory Cash-outs of Participant Vested Accounts Valued at $5,000 or Less") is hereby amended to provide that the provision for automatic rollover of mandatory cash-outs will also be applied to account balances valued at less than $1,000.

3. Effective for the period from July 1, 2012 through December 31, 2016, Subsection 1.12(b)(1) ("Compensation Shall Exclude") shall be amended to read as follows: "For purposes of determining Elective Deferral Contributions, amounts which are not 415 compensation and amounts covered by the following pay codes:

Acronym	Description
BNF	Referral Bonus
BNR	Retention Bonus
CBS	Certification Bonus Reimb
CRS	Chief Resident Stipend (added after our call)
EDR	Educ Book & Tuition if not paid as lump
HHV	Home Health Visit
ICR	Initial Cert Reply Taxable
LNR	Loan Repayment Taxable if paid as lump sum
LRA	Lang Resource Asst
MLS	Merit Lump Sum
MTX	Moving Expenses Taxable
NGB	New Grad Benefit

Acronym	Description
SBN	Sign on Bonus
X10	Extra Evening 10% Diff
X15	Extra Night 15% Diff
XBS	Base differential.
XHL	Shift differential for working holiday.
XPR	Extra Prem. Differential.
XWN	Differential for working a weekend shift.

4. Effective for the period between July 1, 2012 and June 30, 2017, Section 6.11 ("In-Service Distributions Upon Reaching Age 59-1/2") is amended in subsection (a) thereof to provide that distributions may also be taken from a Participant's Matching Contribution Account.

5. Effective between July 1, 2012 and June 30, 2016, Section 6.4(d) ("Vesting Schedule") is amended to provide special vesting for the two participants who took excess loans based on the erroneous calculation of the vested percentage of their account balances at the time they took loans out during this period, and the one participant who took an excess distribution of $66.93 in or about July 2017 based on the erroneous calculation of the participant's vested percentage during this period.

IN WITNESS WHEREOF, the duly authorized officer of the Employer has executed this Amendment on the _____ day of _____, 2019.

KAWEAH DELTA HEALTH CARE DISTRICT

By:_____
Gary K. Herbst
Title: Chief Executive Officer

RESOLUTION 2056
OF THE BOARD OF DIRECTORS OF
KAWEAH DELTA HEALTH CARE DISTRICT
AMENDING THE EMPLOYEES' SALARY DEFERRAL PLAN

WHEREAS, the Board of Directors (the "Board") of the Kaweah Delta Health Care District (the "District") adopted the Kaweah Delta Heath Care District Employees' Salary Deferral Plan, as amended and restated effective January 1, 2019 (the "Plan"); and

WHEREAS, the District reserves the right to amend or restate the Plan in Section 14.01 of the Plan's Base Plan Document;

WHEREAS, the District desires to restate the Plan document effective January 1, 2020, to reflect the following:

- Remove the $1,000 minimum on In-Service Distributions; and
- Remove the "few weeks rule"; and
- Amend the definition of Plan Compensation for purposes of the Employer Contribution; and
- Amend the Matching Contribution formula to reflect service-based tiers with specific percentages of Plan Compensation; and
- Amend Hardship Withdrawals to remove any loan requirement and to remove the 6-month suspension of deferrals (as required by law);

NOW, THEREFORE, BE IT RESOLVED, that an authorized officer be and hereby is directed and authorized to sign the Restatement to the plan which is attached hereto.

This Resolution is adopted by the Board of Directors of Kaweah Delta Health Care District at a duly constituted meeting held on the 28th day of October 2019.

KAWEAH DELTA HEALTH CARE DISTRICT

_____
President, Kaweah Delta Health Care District

ATTEST:

_____
Secretary/Treasurer
Kaweah Delta Health Care District and of the
Board of Directors, thereof

Kaweah Delta Health Care District
GOVERNMENTAL VOLUME SUBMITTER PLAN
ADOPTION AGREEMENT

By executing this Governmental Volume Submitter Plan Adoption Agreement (the "Agreement"), the undersigned Employer agrees to establish or continue a Governmental Plan for its Employees. The Plan adopted by the Employer consists of the Governmental Defined Contribution Volume Submitter Plan and Trust Basic Plan Document #05 (the "BPD") and the elections made under this Agreement (collectively referred to as the "Plan"). An Employer may jointly co-sponsor the Plan by signing a Participating Employer Adoption Page, which is attached to this Agreement. **This Plan is effective as of the Effective Date identified on the Signature Page of this Agreement.**

SECTION 1
EMPLOYER INFORMATION

The information contained in this Section 1 is informational only. The information set forth in this Section 1 may be modified without amending this Agreement. Any changes to this Section 1 may be accomplished by substituting a new Section 1 with the updated information. The information contained in this Section 1 is not required for qualification purposes and any changes to the provisions under this Section 1 will not affect the Employer's reliance on the IRS Favorable Letter.

1-1 **EMPLOYER INFORMATION:**

Name: Kaweah Delta Health Care District

Address: 400 W. Mineral King Ave.
Visalia, CA 93291-6237

Telephone: 559-624-2000 Fax: n/a

1-2 **EMPLOYER IDENTIFICATION NUMBER (EIN):** 94-1534475

1-3 **FORM OF BUSINESS:**

- ☑ State or political subdivision of a State
- ☐ State agency or instrumentality
- ☐ Indian Tribal Government
- ☐ Describe other Employer qualified to adopt a Governmental Plan: _____

1-4 **EMPLOYER'S TAX YEAR END:** The Employer's tax year ends June 30

1-5 **RELATED EMPLOYERS:** Is the Employer part of a group of Related Employers (as defined in Section 1.78 of the Plan)?

- ☐ Yes
- ☑ No

If yes, Related Employers may be listed below. A Related Employer must complete a Participating Employer Adoption Page for Employees of that Related Employer to participate in this Plan.

[***Note:*** *This AA §1-5 is for informational purposes. The failure to identify all Related Employers will not jeopardize the qualified status of the Plan.*]

SECTION 2
PLAN INFORMATION

2-1 **PLAN NAME:** Kaweah Delta Health Care District Employees' Salary Deferral Plan

2-2 **PLAN NUMBER:** 001

2-3 **TYPE OF PLAN:** This Plan is a Grandfathered 401(k) Plan. To qualify as a Grandfathered 401(k) Plan, the Employer must have maintained a 401(k) plan as of May 6, 1986. A Grandfathered 401(k) Plan may also include a plan of an Indian Tribal Government, as defined in Section 1.54. (See Section 1.57 of the Plan for a more detailed description of a Grandfathered 401(k) Plan.)

☐ The Plan is intended to be a FICA Replacement Plan (as defined under Section 4.03 of the Plan).

2-4 **PLAN YEAR:**

☑ (a) Calendar year.

☐ (b) The 12-consecutive month period ending on _____ each year.

☐ (c) The Plan has a Short Plan Year running from ____ to ____.

2-5 **FROZEN PLAN**: Check this AA §2-5 if the Plan is a frozen Plan to which no contributions will be made.

☐ This Plan is a frozen Plan effective _____. (See Section 3.02(a)(1)(iv) of the Plan.)

[***Note:*** *As a frozen Plan, the Employer will not make any contributions with respect to Plan Compensation earned after such date and no Participant will be permitted to make any contributions to the Plan after such date. In addition, no Employee will become a Participant after the date the Plan is frozen.*]

2-6 **PLAN ADMINISTRATOR:**

☑ (a) The Employer identified in AA §1-1.

☐ (b) Name: _____

Address: _____

Telephone: _____

SECTION 3
ELIGIBLE EMPLOYEES

3-1 **ELIGIBLE EMPLOYEES:** In addition to the Employees identified in Section 2.02 of the Plan, the following Employees are excluded from participation under the Plan with respect to the contribution source(s) identified in this AA §3-1. See Sections 2.02(d) and (e) of the Plan for rules regarding the effect on Plan participation if an Employee changes between an eligible and ineligible class of employment.

Deferral	Match	ER	
☐	☐	☐	(a) No exclusions
☑	☑	☑	(b) Collectively Bargained Employees
☐	☐	☐	(c) Non-resident aliens who receive no compensation from the Employer which constitutes U.S. source income
☐	☐	☐	(d) Leased Employees
☐	☐	☐	(e) Employees paid on an hourly basis
☐	☐	☐	(f) Employees paid on a salaried basis
☐	☐	☐	(g) Employees in an elected or appointed position.
☐	☐	☐	(h) Part-Time Employees (as defined in Section 1.68 of the Plan)
☐	☐	☐	(i) Seasonal Employees (as defined in Section 1.84 of the Plan)
☐	☐	☐	(j) Temporary Employees (as defined in Section 1.88 of the Plan)
☐	☐	☑	(k) Other: Employees who are not designated as the Employer's chief executive officer (CEO)

[***Note:*** *The elections under the ER column apply to any Pick-Up Contributions authorized under AA §6-1(d) and any After-Tax Employee Contributions authorized under AA §6-6, unless elected otherwise under subsection (k).*]

SECTION 4
MINIMUM AGE AND SERVICE REQUIREMENTS

4-1 **ELIGIBILITY REQUIREMENTS – MINIMUM AGE AND SERVICE:** An Eligible Employee (as defined in AA §3-1) who satisfies the minimum age and service conditions under this AA §4-1 will be eligible to participate under the Plan as of his/her Entry Date (as defined in AA §4-2 below).

(a) **Service Requirement.** An Eligible Employee must complete the following minimum service requirements to participate in the Plan.

Deferral	Match	ER	
☑	☑	☑	(1) There is no minimum service requirement for participation in the Plan.
☐	☐	☐	(2) ____ Year(s) of Service (as defined in Section 2.03(a)(1) of the Plan and AA §4-3).
☐	☐	☐	(3) The completion of at least ____ Hours of Service during the first ___ months of employment or the completion of a Year of Service (as defined in AA §4-3), if earlier.
			☐ (i) An Employee who completes the required Hours of Service satisfies eligibility at the end of the designated period, regardless if the Employee actually works for the entire period.
			☐ (ii) An Employee who completes the required Hours of Service must also be employed continuously during the designated period of employment. See Section 2.03(a)(2) of the Plan for rules regarding the application of this subsection (ii).
☐	☐	☐	(4) The completion of ___ Hours of Service during an Eligibility Computation Period. [*An Employee satisfies the service requirement immediately upon completion of the designated Hours of Service rather than at the end of the Eligibility Computation Period.*]
☐	☐	☐	(5) Full-time Employees are eligible to participate as set forth in subsection (i). Employees who are "part-time" Employees must complete a Year of Service (as defined in AA §4-3). For this purpose, a full-time Employee is any Employee not defined in subsection (ii).
			(i) Full-time Employees must complete the following minimum service requirements to participate in the Plan:
			☐ (A) There is no minimum service requirement for participation in the Plan.
			☐ (B) The completion of at least ____ Hours of Service during the first ____ months of employment or the completion of a Year of Service (as defined in AA §4-3), if earlier.
			☐ (C) Under the Elapsed Time method as defined in AA §4-3(c) below.
			☐ (D) Describe: _____
			(ii) Part-time Employees must complete a Year of Service (as defined in AA §4-3). For this purpose, a part-time Employee is any Employee (including a temporary or seasonal Employee) whose normal work schedule is less than:
			☐ (A) ____ hours per week.
			☐ (B) ____ hours per month.
			☐ (C) ____ hours per year.
☐	☐	☐	(6) Under the Elapsed Time method as defined in AA §4-3(c) below.
☐	☐	☐	(7) Describe eligibility conditions: _____

(b) **Minimum Age Requirement.** An Eligible Employee (as defined in AA §3-1) must have attained the following age with respect to the contribution source(s) identified in this AA §4-1(b).

Deferral	Match	ER	
☑	☑	☑	(1) There is no minimum age for Plan eligibility.
☐	☐	☐	(2) Age 21.
☐	☐	☐	(3) Age ___.

☐ (c) **Special eligibility rules.** The following special eligibility rules apply with respect to the Plan: _____

[***Note:*** *Any elections under the ER column under this AA §4-1 apply to any Pick-Up Contributions authorized under AA §6-1(d) and any After-Tax Employee Contributions authorized under AA §6-6, unless elected otherwise under subsection (c). Subsection (c) may be used to apply the eligibility conditions selected under this AA §4-1 separately with respect to different Employee groups or different contribution formulas under the Plan. Any special rules under subsection (c) must be definitely determinable.*]

4-2 **ENTRY DATE:** An Eligible Employee (as defined in AA §3-1) who satisfies the minimum age and service requirements in AA §4-1 shall be eligible to participate in the Plan as of his/her Entry Date. For this purpose, the Entry Date is the following date with respect to the contribution source(s) identified under this AA §4-2.

Deferral	Match	ER	
☐	☐	☐	(a) **Immediate.** The date the minimum age and service requirements are satisfied (or date of hire, if no minimum age and service requirements apply).
☐	☐	☐	(b) **Semi-annual.** The first day of the 1st and 7th month of the Plan Year.
☐	☐	☐	(c) **Quarterly.** The first day of the 1st, 4th, 7th and 10th month of the Plan Year.
☐	☐	☐	(d) **Monthly.** The first day of each calendar month.
☑	☑	☑	(e) **Payroll period.** The first day of the payroll period.
☐	☐	☐	(f) **The first day of the Plan Year.**

An Eligible Employee's Entry Date (as defined above) is determined based on when the Employee satisfies the minimum age and service requirements in AA §4-1. For this purpose, an Employee's Entry Date is the Entry Date:

Deferral	Match	ER	
☐	☐	☐	(g) **next following** satisfaction of the minimum age and service requirements.
☑	☑	☑	(h) **coinciding with or next following** satisfaction of the minimum age and service requirements.
N/A	☐	☐	(i) **nearest** the satisfaction of the minimum age and service requirements.
N/A	☐	☐	(j) **preceding** the satisfaction of the minimum age and service requirements.

This section may be used to describe any special rules for determining Entry Dates under the Plan. For example, if different Entry Date provisions apply for the same contribution sources with respect to different groups of Employees, such different Entry Date provisions may be described below.

Deferral	Match	ER	
☐	☐	☐	(k) **Describe** any special rules that apply with respect to the Entry Dates under this AA §4-2: _____

[***Note:*** *The elections under the ER column under this AA §4-2 apply to any Pick-Up Contributions selected under AA §6-1(d) and any After-Tax Employee Contributions selected under AA §6-6, unless elected otherwise under subsection (k). Any special rules under subsection (k) must be definitely determinable.*]

4-3 **DEFAULT ELIGIBILITY RULES.** In applying the minimum age and service requirements under AA §4-1 above, the following default rules apply with respect to all contribution sources under the Plan:

- **Year of Service.** An Employee earns a Year of Service for eligibility purposes upon completing 1,000 Hours of Service during an Eligibility Computation Period. Hours of Service are calculated based on actual hours worked during the Eligibility Computation Period. (See Section 1.56 of the Plan for the definition of Hours of Service.)
- **Eligibility Computation Period.** If one Year of Service is required for eligibility, the Plan will determine subsequent Eligibility Computation Periods on the basis of Plan Years. (See Section 2.03(a)(3)(i) of the Plan). If more than one Year of Service is required for eligibility, the Plan will determine subsequent Eligibility Computation Periods on the basis of Anniversary Years. (See Section 2.03(a)(3)(ii) of the Plan.)

To override the default eligibility rules, complete the applicable sections of this AA §4-3. **If this AA §4-3 is not completed for a particular contribution source, the default eligibility rules apply.**

Deferral	Match	ER	
☐	☐	☐	(a) **Year of Service.** Instead of 1,000 Hours of Service, an Employee earns a Year of Service upon the completion of ____ Hours of Service during an Eligibility Computation Period.
☐	☐	☐	(b) **Eligibility Computation Period (ECP).** The Plan will use Anniversary Years, unless more than one Year of Service is required under AA §4-1(a), in which case the Plan will shift to Plan Years if the Employee does not earn a Year of Service during the first Eligibility Computation Period. (See Section 2.03(a)(3)(ii) of the Plan.)
☐	☐	☐	(c) **Elapsed Time method.** Eligibility service will be determined under the Elapsed Time method. An Eligible Employee (as defined in AA §3-1) must complete a ___ period of service to participate in the Plan. (See Section 2.03(a)(6) of the Plan.) [***Note:*** *Under the Elapsed Time method, service will be measured from the Employee's employment commencement date (or reemployment commencement date, if applicable) without regard to the Eligibility Computation Period designated in Section 2.03(a)(3) of the Plan.*]
☐	☐	☐	(d) **Equivalency Method**. For purposes of determining an Employee's Hours of Service for eligibility, the Plan will use the Equivalency Method (as defined in Section 2.03(a)(5) of the Plan). The Equivalency Method will apply to: ☐ (1) All Employees. ☐ (2) Only Employees for whom the Employer does not maintain hourly records. For Employees for whom the Employer maintains hourly records, eligibility will be determined based on actual hours worked. Hours of Service for eligibility will be determined under the following Equivalency Method. ☐ (3) **Monthly.** 190 Hours of Service for each month worked. ☐ (4) **Weekly.** 45 Hours of Service for each week worked. ☐ (5) **Daily.** 10 Hours of Service for each day worked. ☐ (6) **Semi-monthly.** 95 Hours of Service for each semi-monthly period worked.
☐	☐	☐	(e) **Special eligibility provisions.** _____

[***Note:*** *The elections under the ER column under this AA §4-3 apply to any Pick-Up Contributions authorized under AA §6-1(d) and any After-Tax Employee Contributions selected under AA §6-6, unless elected otherwise under subsection (e). Any special rules under subsection (e) must be definitely determinable.*]

4-4 **EFFECTIVE DATE OF MINIMUM AGE AND SERVICE REQUIREMENTS.** The minimum age and/or service requirements under AA §4-1 apply to all Employees under the Plan. An Employee will participate with respect to all contribution sources under the Plan as of his/her Entry Date, taking into account all service with the Employer, including service earned prior to the Effective Date.

To allow Employees hired on a specified date to enter the Plan without regard to the minimum age and/or service conditions, complete this AA §4-4.

Deferral	Match	ER
☐	☐	☐

An Eligible Employee who is employed by the Employer on the following date will become eligible to enter the Plan without regard to minimum age and/or service requirements (as designated below):

☐ (a) the Effective Date of this Plan (as designated in the Employer Signature Page).

☐ (b) the date the Plan is executed by the Employer (as indicated on the Employer Signature Page).

☐ (c) _____ [*insert date*]

An Eligible Employee who is employed on the designated date will become eligible to participate in the Plan without regard to the minimum age and service requirements under AA §4-1. If both minimum age and service conditions are not waived, select (d) or (e) to designate which condition is waived under this AA §4-4.

☐ (d) This AA §4-4 only applies to the minimum service condition.

☐ (e) This AA §4-4 only applies to the minimum age condition.

The provisions of this AA §4-4 apply to all Eligible Employees employed on the designated date unless designated otherwise under subsection (f) or (g) below.

☐ (f) The provisions of this AA §4-4 apply to the following group of Employees employed on the designated date: _____

☐ (g) Describe special rules: _____

[***Note:*** *An Employee who is employed as of the date described in this AA §4-4 will be eligible to enter the Plan as of such date unless a different Entry Date is designated under subsection (g). The elections under the ER column apply to any Pick-Up Contributions authorized under AA §6-1(d) and any After-Tax Employee Contributions selected under AA §6-6, unless elected otherwise under subsection (g). Any special rules under subsection (g) must be definitely determinable.*]

4-5 **SERVICE WITH PREDECESSOR EMPLOYER.** Service with the following Predecessor Employers will be counted for purposes of determining eligibility, vesting and allocation conditions under this Plan, unless designated otherwise under subsection (a) or (b) below. (See Sections 2.06, 3.07(b) and 6.07 of the Plan.)

☑ (a) The Plan will count service with the following Predecessor Employers:

Name of Predecessor Employer	Eligibility	Vesting	Allocation Conditions
☑ (1) Visalia Medical Clinic, Inc. if employed with Visalia Medical Clinic, Inc. immediately prior to the acquisition and subsequently hired by the Employer on 11-1-2015 or as part of the acquisition process.	☐	☑	☐
☑ (2) Harry R. Lively MD Inc., if employed with Harry R. Lively MD Inc. immediately prior to the acquisition and subsequently hired by the Employer on 7-1-2017 or as part of the acquisition process.	☑	☑	☑
☑ (3) David J. Cislowski MD Inc., if employed with David J. Cislowski MD Inc. immediately prior to the acquisition and subsequently hired by the Employer on 7-1-2017 or as part of the acquisition process.	☑	☑	☑
☑ (4) Strickler & Johnson, if employed with Strickler & Johnson immediately prior to the acquisition and subsequently hired by the Employer on 7-1-2017 or as part of the acquisition process.	☑	☑	☑
☑ (5) John S. Lin, M.D., Inc., if employed with John S. Lin, M.D., Inc., immediately prior to the acquisition and subsequently hired by the Employer	☑	☑	☑

on 2-1-2017 or as part of the acquisition process.

☑ (b) **Describe** any special provisions applicable to Predecessor Employer service: Prior service is also credited with any listed Predecessor Employer for the purpose of determining Matching Contributions Years of Service.

4-6 **BREAKS IN SERVICE.** Generally, an Employee will be credited with all service earned with the Employer, including service earned prior to a Break in Service. To disregard service earned prior to a Break in Service for eligibility purposes, complete this AA §4-6. (See Section 2.07 of the Plan.)

☐ (a) If an Employee incurs at least one Break in Service, the Plan will disregard all service earned prior to such Break in Service for purposes of determining eligibility to participate.

☐ (b) If an Employee incurs at least _____ Breaks in Service, the Plan will disregard all service earned prior to such Break in Service for purposes of determining eligibility to participate. [*Enter "0" if prior service will be disregarded for all rehired Employees.*]

☐ (c) Describe: _____

SECTION 5
COMPENSATION DEFINITIONS

5-1 **TOTAL COMPENSATION.** Total Compensation is based on the definition set forth under this AA §5-1. See Section 1.89 of the Plan for a specific definition of the various types of Total Compensation.

☑ (a) W-2 Wages

☐ (b) Code §415 Compensation

☐ (c) Wages under Code §3401(a)

[*For purposes of determining Total Compensation, each definition includes Elective Deferrals as defined in Section 1.35 of the Plan, pre-tax contributions to a Code §125 cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4).*]

5-2 **POST-SEVERANCE COMPENSATION.** Total Compensation includes post-severance compensation, to the extent provided in Section 1.89(b) of the Plan.

☐ (a) **Exclusion of post-severance compensation from Total Compensation.** The following amounts paid after a Participant's severance of employment are excluded from Total Compensation.

☐ (1) **Unused leave payments.** Payment for unused accrued bona fide sick, vacation, or other leave, but only if the Employee would have been able to use the leave if employment had continued.

☐ (2) **Deferred compensation.** Payments received by an Employee pursuant to a nonqualified unfunded deferred compensation plan, but only if the payment would have been paid to the Employee at the same time if the Employee had continued in employment and only to the extent that the payment is includible in the Employee's gross income.

[***Note:*** *Plan Compensation (as defined in Section 1.72 of the Plan) includes any post-severance compensation amounts that are includible in Total Compensation. The Employer may elect to exclude all compensation paid after severance of employment from the definition of Plan Compensation under AA §5-3(j) or may elect to exclude specific types of post-severance compensation from Plan Compensation under AA §5-3(l).*]

☐ (b) **Continuation payments for disabled Participants.** Unless designated otherwise under this subsection (b), Total Compensation does not include continuation payments for disabled Participants.

☐ **Payments to disabled Participants.** Total Compensation shall include post-severance compensation paid to a Participant who is permanently and totally disabled, as provided in Section 1.89(c) of the Plan.

5-3 **PLAN COMPENSATION**: Plan Compensation is **Total Compensation** (as defined in AA §5-1 above) with the following exclusions described below.

Deferral	Match	ER	
☐	☐	☐	(a) No exclusions.
N/A	☐	☐	(b) Elective Deferrals (as defined in Section 1.35 of the Plan), pre-tax contributions to a cafeteria plan or a Code §457 plan, and qualified transportation fringes under Code §132(f)(4) are excluded.
☐	☐	☐	(c) All fringe benefits (cash and noncash), reimbursements or other expense allowances, moving expenses, deferred compensation, and welfare benefits are excluded.
☐	☐	☐	(d) Compensation above $___ is excluded.
☐	☐	☐	(e) Amounts received as a bonus are excluded.
☐	☐	☐	(f) Amounts received as commissions are excluded.
☐	☐	☐	(g) Overtime payments are excluded.
☐	☐	☐	(h) Amounts received for services performed for a non-signatory Related Employer are excluded. (See Section 2.02(c) of the Plan.)
☐	☐	☐	(i) "Deemed §125 compensation" as defined in Section 1.89(d) of the Plan.
☐	☐	☐	(j) Amounts received after termination of employment are excluded. (See Section 1.89(b) of the Plan.)
☐	☐	☐	(k) Differential Pay (as defined in Section 1.89(e) of the Plan).
☑	☑	☑	(l) Describe adjustments to Plan Compensation: For purposes of Salary Deferrals and Employer Contributions: (1) Rewards and recognition (RNR) compensation; (2) Excess group term life greater than $50,000; and (3) Severance pay. For purposes of Matching Contributions: all Plan Compensation except the following pay codes: Base Pay, Bereavement, Blood Donation, Extended Illness Bank (EIB), Flex Time Off, Jury Duty, Merit Lump Sum, Orientation, Paid Sick Leave, Paid Time Off (PTO), Retro Pay, Sitter Pay, Sleep Pay, and Workshop. The detailed pay code listing is kept in Human Resources and Finance.

[***Note:*** *Any modification under subsection (l) must be definitely determinable and preclude Employer discretion. The elections under the ER column under this AA §5-3 apply to any Pick-Up Contributions authorized under AA §6-1(d) and any After-Tax Employee Contributions selected under AA §6-6, unless elected otherwise under subsection (l).*]

5-4 **PERIOD FOR DETERMINING COMPENSATION.**

(a) **Compensation Period.** Plan Compensation will be determined on the basis of the following period(s) for the contribution sources identified in this AA §5-4. [*If a period other than the Plan Year applies for any contribution source, any reference to the Plan Year as it refers to Plan Compensation for that contribution source will be deemed to be a reference to the period designated under this AA §5-4.*]

Deferral	Match	ER	
☑	☑	☑	(1) The Plan Year.
☐	☐	☐	(2) The calendar year ending in the Plan Year.
☐	☐	☐	(3) The Employer's fiscal tax year ending in the Plan Year.
☐	☐	☐	(4) The 12-month period ending on _____ which ends during the Plan Year.

(b) **Compensation while a Participant.** Unless provided otherwise under this subsection (b), in determining Plan Compensation, only compensation earned while an individual is a Participant under the Plan with respect to a particular contribution source will be taken into account.

To count compensation for the entire Plan Year for a particular contribution source, including compensation earned while an individual is not a Participant with respect to such contribution source, check below. (See Section 1.72(b) of the Plan.)

Deferral	Match	ER	
☑	☑	☑	All compensation earned during the Plan Year will be taken into account, including compensation earned while an individual is not a Participant.

(c) **Few weeks rule.** The few weeks rule (as described in Section 5.02(c)(7)(ii) of the Plan) will not apply unless designated otherwise under this subsection (c).

☐ Amounts earned but not paid during a Limitation Year solely because of the timing of pay periods and pay dates shall be included in Total Compensation for the Limitation Year, provided the amounts are paid during the first few weeks of the next Limitation Year, the amounts are included on a uniform and consistent basis with respect to all similarly situated Employees, and no amounts are included in more than one Limitation Year.

SECTION 6
EMPLOYER AND EMPLOYEE CONTRIBUTIONS

6-1 **EMPLOYER / EMPLOYEE CONTRIBUTIONS.** The Employer/Employee may make the following contributions under the Plan:

☑ (a) Employer Contributions under AA §6-2

☐ (b) Voluntary After-Tax Employee Contributions under AA §6-6(a)

☐ (c) Mandatory After-Tax Employee Contributions under AA §6-6(b)

☐ (d) Employer Pick-Up Contributions under AA §6-6(c)

☐ (e) N/A. No Employer/Employee Contributions are permitted under the Plan [*Skip to Section 6A*]

6-2 **EMPLOYER CONTRIBUTION FORMULA.** For the period designated in AA §6-4(a) below, the Employer will make the following Employer Contributions on behalf of Participants who satisfy the allocation conditions designated in AA §6-5 below. Any Employer Contribution authorized under this AA §6-2 will be allocated in accordance with the allocation formula selected under AA §6-3.

☑ (a) **Discretionary contribution.** The Employer will determine in its sole discretion how much, if any, it will make as an Employer Contribution.

☐ (b) **Fixed contribution.**

☐ (1) **Fixed percentage.** __% of each Participant's Plan Compensation.

☐ (2) **Fixed dollar.** $____ for each Participant.

☐ (3) **Determined in accordance with the terms of the Employment contract** between an Eligible Employee and the Employer. [*If this subsection (3) is checked, the provisions of an Employment contract addressing retirement benefits will override any selection under this AA §6-2.*]

☐ (c) **Service-based contribution.** The Employer will make the following contribution:

☐ (1) **Discretionary.** A discretionary contribution determined as a uniform percentage of Plan Compensation or a uniform dollar amount for each period of service designated below.

☐ (2) **Fixed percentage.** ____% of Plan Compensation paid for each period of service designated below.

☐ (3) **Fixed dollar.** $____ for each period of service designated below.

The service-based contribution will be based on the following periods of service:

☐ (4) Each Hour of Service

☐ (5) Each week of employment

☐ (6) Describe period: _____

The service-based contribution is subject to the following rules.

☐ (7) Describe any special provisions that apply to service-based contribution: _____

☐ (d) **Describe special rules for determining contributions under Plan:** _____

[***Note:*** *Any special rules under subsection (d) must be definitely determinable.*]

6-3 **ALLOCATION FORMULA.**

☑ (a) **Pro rata allocation.** The discretionary Employer Contribution under AA §6-2(a) will be allocated:

☑ (1) as a uniform percentage of Plan Compensation.

☐ (2) as a uniform dollar amount.

☐ (b) **Fixed contribution.** The fixed Employer Contribution under AA §6-2(b) will be allocated in accordance with the selections made under AA §6-2(b).

☐ (c) **Permitted disparity allocation.** The discretionary Employer Contribution under AA §6-2(a) will be allocated under the two-step method (as defined in Section 3.02(a)(1)(i)(B)(I) of the Plan), using the Taxable Wage Base (as defined in Section 1.87 of the Plan) as the Integration Level.

To modify these default rules, complete the appropriate provision(s) below.

☐ (1) **Integration Level.** Instead of the Taxable Wage Base, the Integration Level is:

☐ (i) ____% of the Taxable Wage Base, increased (but not above the Taxable Wage Base) to the next higher:

☐ (A) N/A ☐ (B) $1

☐ (C) $100 ☐ (D) $1,000

☐ (ii) $_____ (not to exceed the Taxable Wage Base)

☐ (iii) 20% of the Taxable Wage Base

[***Note:*** *See Section 3.02(a)(1)(i)(B)(IV) of the Plan for rules regarding the Maximum Disparity Rate that may be used where an Integration Level other than the Taxable Wage Base is selected.*]

☐ (2) **Describe** special rules for applying permitted disparity allocation formula: _____

[***Note:*** *Any special rules under subsection (2) must be definitely determinable.*]

☐ (d) **Uniform points allocation.** The discretionary Employer Contribution designated in AA §6-2(a) will be allocated to each Participant in the ratio that each Participant's total points bears to the total points of all Participants. A Participant will receive the following points:

☐ (1) ____ point(s) for each ____ year(s) of age (attained as of the end of the Plan Year).

☐ (2) ____ points for each $____ of Plan Compensation.

☐ (3) ____ point(s) for each ____ Year(s) of Service. For this purpose, Years of Service are determined:

☐ (i) In the same manner as determined for eligibility.

☐ (ii) In the same manner as determined for vesting.

☐ (iii) Points will not be provided with respect to Years of Service in excess of ____.

☐ (e) **Employee group allocation.** The Employer may make a separate discretionary Employer Contribution to the Participants in the following allocation groups. The Employer must notify the Trustee in writing of the amount of the contribution to be allocated to each allocation group.

☐ (1) A separate discretionary Employer Contribution may be made to each Participant of the Employer (i.e., each Participant is in his/her own allocation group).

☐ (2) A separate discretionary or fixed Employer Contribution may be made to the following allocation groups. If no fixed amount is designated for a particular allocation group, the contribution made for such allocation group will be allocated as a uniform percentage of Plan Compensation or as a uniform dollar amount to all Participants within that allocation group.

Group 1: _____

[***Note:*** *The Employee allocation groups designated above must be clearly defined in a manner that will not violate the definite allocation formula requirement of Treas. Reg. §1.401-1(b)(1)(ii).*]

☐ (3) **Special rules.**

☐ (i) **More than one Employee group.** Unless designated otherwise under this subsection (i), if a Participant is in more than one allocation group described in (2) above during the Plan Year, the Participant will receive an Employer Contribution based on the Participant's status on the last day of the Plan Year. (See Section 3.02(a)(1)(i)(D) of the Plan.)

☐ **Determined separately for each Employee group.** If a Participant is in more than one allocation group during the Plan Year, the Participant's share of the Employer Contribution will be based on the Participant's status for the part of the year the Participant is in each allocation group.

☐ (ii) **Describe:** _____

[***Note:*** *Any special rules under subsection (ii) must be definitely determinable.*]

☐ (f) **Age-based allocation.** The discretionary Employer Contribution designated in AA §6-2(a) will be allocated under the age-based allocation formula so that each Participant receives a pro rata allocation based on adjusted Plan Compensation. For this purpose, a Participant's adjusted Plan Compensation is determined by multiplying the Participant's Plan Compensation by an Actuarial Factor (as described in Section 1.03 of the Plan).

A Participant's Actuarial Factor is determined based on a specified interest rate and mortality table. Unless designated otherwise under (1) or (2) below, the Plan will use an applicable interest rate of 8.5% and a UP-1984 mortality table.

☐ (1) **Applicable interest rate.** Instead of 8.5%, the Plan will use an interest rate of ___% (must be between 7.5% and 8.5%) in determining a Participant's Actuarial Factor.

☐ (2) **Applicable mortality table.** Instead of the UP-1984 mortality table, the Plan will use the following mortality table in determining a Participant's Actuarial Factor: _____

☐ (3) **Describe special rules applicable to age-based allocation:** _____

[***Note:*** *See Exhibit A of the Plan for sample Actuarial Factors based on an 8.5% applicable interest rate and the UP-1984 mortality table. If an interest rate or mortality table other than 8.5% or UP-1984 is selected, appropriate Actuarial Factors must be calculated.*]

☐ (g) **Service-based allocation formula.** The service-based Employer Contribution selected in AA §6-2(c) will be allocated in accordance with the selections made in AA §6-2(c).

☐ (h) **Describe special rules for determining allocation formula:** _____

[***Note:*** *Any special rules under subsection (h) must be definitely determinable.*]

6-4 **SPECIAL RULES.** No special rules apply with respect to Employer/Employee Contributions under the Plan, except to the extent designated under this AA §6-4. Unless designated otherwise, in determining the amount of the Employer/Employee Contributions to be allocated under this AA §6, the contribution will be based on Plan Compensation earned during the Plan Year.

☐ (a) **Period for determining Employer/Employee Contributions.** Instead of the Plan Year, Employer/Employee Contributions will be determined based on Plan Compensation earned during the following period: [*The Plan Year must be used if the permitted disparity allocation method is selected under AA §6-3(c) above.*]

☐ (1) Plan Year quarter

☐ (2) calendar month

☐ (3) payroll period

☐ (4) Other: _____

[***Note:*** *Although Employer Contributions are determined on the basis of Plan Compensation earned during the period designated under this subsection (a), this does not require the Employer to actually make contributions or allocate contributions on the basis of such period. Employer Contributions may be contributed and allocated to Participants at any time within the contribution period permitted under Treas. Reg. §1.415(c)-1(b)(6)(B), regardless of the period selected under this subsection (a).*]

☐ (b) **Limit on Employer Contributions.** The Employer Contribution elected in AA §6-2 may not exceed:

☐ (1) ___% of Plan Compensation

☐ (2) $___

☐ (3) Describe: _____

☐ (c) **Offset of Employer Contribution.**

☐ (1) A Participant's allocation of Employer Contributions under AA §6-2 of this Plan is reduced by contributions under _____ [*insert name of plan(s)*]. (See Section 3.02(a)(1) of the Plan.)

☐ (2) In applying the offset under this subsection (c), the following rules apply: _____

☐ (d) **Special rules:** _____

[***Note:*** *Any special rules under subsection (d) must be definitely determinable.*]

6-5 **ALLOCATION CONDITIONS.** A Participant must satisfy any allocation conditions designated under this AA §6-5 to receive an allocation of Employer Contributions under the Plan. [***Note:*** *No allocation conditions apply to After-Tax Employee Contributions or Employer Pick-Up Contributions under AA §6-6.*]

☑ (a) **No allocation conditions** apply with respect to Employer Contributions under the Plan.

☐ (b) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.

☐ (c) **Minimum service condition.** An Employee must be credited with at least:

☐ (1) ____ Hours of Service during the Plan Year.

☐ (i) Hours of Service are determined using actual Hours of Service.

☐ (ii) Hours of Service are determined using the following Equivalency Method (as defined under Section 2.03(a)(5) of the Plan):

☐ (A) Monthly ☐ (B) Weekly

☐ (C) Daily ☐ (D) Semi-monthly

☐ (2) ____ consecutive days of employment with the Employer during the Plan Year.

☐ (d) **Exceptions.**

☐ (1) The above allocation condition(s) will **not** apply if the Employee:

☐ (i) dies during the Plan Year.

☐ (ii) terminates employment due to becoming Disabled.

☐ (iii) terminates employment after attaining Normal Retirement Age.

☐ (iv) terminates employment after attaining Early Retirement Age.

☐ (v) is on an authorized leave of absence from the Employer.

☐ (2) The exceptions selected under subsection (1) will apply even if an Employee has not terminated employment at the time of the selected event(s).

☐ (3) The exceptions selected under subsection (1) do not apply to:

☐ (i) an employment condition under subsection (b) above.

☐ (ii) a minimum service condition under subsection (c) above.

☐ (e) **Describe** any special rules governing the allocation conditions under the Plan: _____

[***Note:*** *Any special rules under subsection (e) must be definitely determinable.*]

6-6 **AFTER-TAX EMPLOYEE CONTRIBUTIONS AND EMPLOYER PICK-UP CONTRIBUTIONS.**

☐ (a) **Voluntary After-Tax Employee Contributions.** If permitted under this subsection (a), a Participant may contribute any amount as Voluntary After-Tax Employee Contributions up to the Code §415 Limitation (as defined in Section 5.02 of the Plan), except as limited under this subsection (a).

☐ (1) **Limits on Voluntary After-Tax Employee Contributions.** If this subsection (1) is checked, the following limits apply to Voluntary After-Tax Employee Contributions:

☐ (i) **Maximum limit.** A Participant may make Voluntary After-Tax Employee Contributions up to:

☐ (A) _____% of Plan Compensation

☐ (B) $_____

for the following period:

☐ (C) the entire Plan Year.

☐ (D) the portion of the Plan Year during which the Employee is eligible to participate.

☐ (E) each separate payroll period during which the Employee is eligible to participate.

☐ (ii) **Minimum limit.** The amount of Voluntary After-Tax Employee Contributions a Participant may make for any payroll period may not be less than:

☐ (A) _____% of Plan Compensation

☐ (B) $_____

☐ (2) **Change or revocation of Voluntary After-Tax Employee Contributions.** In addition to the Participant's Entry Date under the Plan, a Participant's election to change or resume Voluntary After-Tax Employee Contributions will be effective as of the dates designated under the Voluntary After-Tax Employee

Contribution election form or other written procedures adopted by the Plan Administrator. Alternatively, the Employer may designate under this subsection (2) specific dates as of which a Participant may change or resume Voluntary After-Tax Employee Contributions. (See Section 3.04 of the Plan.)

☐ (i) The first day of each calendar quarter.

☐ (ii) The first day of each Plan Year.

☐ (iii) The first day of each calendar month.

☐ (iv) The beginning of each payroll period.

☐ (v) Other: _____

[***Note:*** *A Participant must be permitted to change or revoke a Voluntary After-Tax Employee Contribution election at least once per year. Unless designated otherwise under subsection (v), a Participant may revoke an election to make Voluntary After-Tax Employee Contributions (on a prospective basis) at any time. This subsection (2) also applies to any Employer Pick-Up Contributions selected under subsection (c) below, unless designated otherwise under subsection (c)(2).*]

☐ (3) **Other limits or special rules relating to Voluntary After-Tax Employee Contributions:** _____

[***Note:*** *Any limits described under this subsection (3) must be consistent with the provisions of Section 3.04 of the Plan.*]

☐ (b) **Mandatory After-Tax Employee Contributions.** If this subsection (b) is checked, Employees are required to make Mandatory After-Tax Employee Contributions in order to participate under the Plan.

☐ (1) **Amount of Mandatory After-Tax Employee Contributions.** Employees are required to contribute the following amount in order to participate in the Plan:

☐ (i) _____% of each Employee's Total Compensation.

☐ (ii) $_____ for each Participant.

☐ (iii) Describe rate or amount: _____

☐ (2) **Special rules** applicable to Mandatory After-Tax Employee Contributions: _____

☐ (c) **Employer Pick-Up Contributions.** Each Participant will be required to make a Pick-up Contribution to the Plan equal to the amount specified under this subsection (c). Any amounts contributed pursuant to this subsection (c) will be picked up by the Employer pursuant to Code §414(h) and will be treated as Employer Contributions under the Plan. Such contributions and earnings thereon will be 100% vested at all times. (See Section 3.03 of the Plan.)

☐ (1) The following amounts will be contributed to the Plan as an Employer Pick-Up Contribution:

☐ (i) _____% of Plan Compensation.

☐ (ii) $_____ per pay period.

☐ (iii) Any amount from _____% to _____% of Plan Compensation, as designated by the Participant.

☐ (2) Special rules applicable to Employer Pick-Up Contributions: _____

[***Note:*** *Any Employer Pick-Up Contributions made under this subsection (c) must satisfy the requirements of Section 3.03 of the Plan. See AA §11-4 for an Employee's ability to elect out of making Employer Pick-Up Contributions.*]

SECTION 6A
SALARY DEFERRALS

6A-1 **SALARY DEFERRALS.** Are Employees permitted to make Salary Deferrals under the Plan?

☑ Yes.

☐ No. [*If "No" is checked, skip to Section 6B.*]

6A-2 **MAXIMUM LIMIT ON SALARY DEFERRALS.** Unless designated otherwise under this AA §6A-2, a Participant may defer any amount up to the Elective Deferral Dollar Limit and the Code §415 Limitation (as set forth in Sections 5.02 and 5.03 of the Plan).

☐ (a) **Salary Deferral Limit.** A Participant may not defer an amount in excess of:

☐ (1) ____% of Plan Compensation.

☐ (2) $____.

[***Note:*** *If both (1) and (2) are checked, the deferral limit is the lesser of the amounts selected.*]

Any limit described in subsection (1) or (2) above applies with respect to the following period:

☐ (3) Plan Year.

☐ (4) the portion of the Plan Year during which the individual is eligible to participate.

☐ (5) each separate payroll period during which the individual is eligible to participate.

☐ (b) **Special limit for bonus payments.** If bonus payments are not excluded from the definition of Plan Compensation under AA §5-3, Employees may defer any amounts out of bonus payments, subject to the Elective Deferral Dollar Limit and the Code §415 Limitation (as defined in Sections 5.02 and 5.03 of the Plan) and any other limit on Salary Deferrals under this AA 6A-2. The Employer may use this section to impose special limits on bonus payments or may impose special limits on bonus payments under the Salary Deferral Election. (See Section 3.02(c)(2) of the Plan.)

☐ A Participant may defer up to ___% (*not to exceed 100%*) of any bonus payment (subject to the Elective Deferral Dollar Limit and the Code §415 Limitation), without regard to any other limits described under this AA §6A-2.

[***Note:*** *If this subsection (b) is checked, bonus payments may not be excluded from Plan Compensation in the Deferral column under AA §5-3(e).*]

☐ (c) **Describe** any other limits that apply with respect to Salary Deferrals under the Plan: _____

6A-3 **MINIMUM DEFERRAL RATE.** Unless designated otherwise under this AA §6A-3, no minimum deferral requirement applies under the Plan. Alternatively, a Participant must defer at least the following amount in order to make Salary Deferrals under the Plan.

☐ (a) ___% of Plan Compensation for a payroll period.

☐ (b) $___ for a payroll period.

☐ (c) Describe: _____

[***Note:*** *If more than one limit applies under this AA §6A-3, the minimum deferral rate is the lesser of the amounts designated under this AA §6A-3.*]

6A-4 **CATCH-UP CONTRIBUTIONS.** Catch-Up Contributions (as defined in Section 3.02(c)(2)(iv) of the Plan) are permitted under the Plan, unless designated otherwise under this AA §6A-4.

☐ Catch-Up Contributions are not permitted under the Plan.

6A-5 **ROTH DEFERRALS.** Roth Deferrals (as defined in Section 3.02(c)(2)(v) of the Plan) are not permitted under the Plan, unless designated otherwise under this AA §6A-5.

☐ (a) **Availability of Roth Deferrals.** Roth Deferrals are permitted under the Plan. [***Note:*** *If Roth Deferrals are effective as of a date later than the Effective Date of the Plan, designate such special Effective Date in AA §6A-8(b) below. Roth Deferrals may not be made prior to January 1, 2006.*]

☐ (b) **Distribution of Roth Deferrals.** Unless designated otherwise under this subsection (b), to the extent a Participant takes a distribution or withdrawal from his/her Salary Deferral Account(s), the Participant may designate the extent to which such distribution is taken from the Pre-Tax Deferral Account or from the Roth Deferral Account.

Alternatively, the Employer may designate the order of distributions as listed below:

☐ (1) Any distribution will be taken on a pro rata basis from the Participant's Pre-Tax Deferral Account and Roth Deferral Account.

☐ (2) Any distribution will be taken first from the Participant's Roth Deferral Account and then from the Participant's Pre-Tax Deferral Account.

☐ (3) Any distribution will be taken first from the Participant's Pre-Tax Deferral Account and then from the Participant's Roth Deferral Account.

☐ (c) **In-Plan Roth Conversions (pre-2013 provisions).** Unless elected under this subsection, the Plan does not permit a Participant to make an In-Plan Roth Conversion under the Plan. To override this provision to allow Participants to make an In-Plan Roth Conversion, this subsection must be completed.

☐ (1) **Effective date.** Effective _____ [*not earlier than 9/27/2010 or later than 12/31/2012*], a Participant may elect to convert all or any portion of his/her non-Roth vested Account Balance to an In-Plan Roth Conversion Account.

[***Note:*** *The Plan must provide for Roth Deferrals under AA §6A-5 as of the effective date designated in this subsection (1). The provisions under this subsection do not address the provisions under the American Taxpayer Relief Act of 2012 (ATRA). To apply the rules under ATRA for In-Plan Roth Conversions made on or after January 1, 2013, see Appendix B of the Plan and Interim Amendment #1.*]

☐ (2) **Additional in-service distribution options for In-Plan Roth Conversions.** For a Participant to convert his/her contributions to Roth contributions, the Participant must be eligible to take a distribution from the Plan. This subsection (2) may be used to add the in-service distribution options under the Plan applicable only to In-Plan Roth Conversions.

☐ (i) **In-service distribution events:** In addition to any in-service distribution options described in AA §10, the following in-service distribution options apply for In-Plan Roth Conversions: [*Check the appropriate boxes.*]

☐ (A) Attainment of age 59½ for all contribution sources.

☐ (B) Attainment of age 59½ for Salary Deferrals.

☐ (C) Attainment of age ___ for contribution sources other than Salary Deferrals.

☐ (D) Completion of ___ (cannot be less than 60) months of participation in the Plan. (*Not applicable to Salary Deferrals.*)

☐ (E) The amounts being withdrawn have been held in Plan for at least two years. (*Not applicable to Salary Deferrals.*)

☐ (F) Other distribution event: _____

[***Note:*** *For Salary Deferrals, a Participant must be at least age 59½ to take an in-service distribution. For Employer Contributions and Matching Contributions, the Plan may authorize an in-service distribution upon a stated event, including the attainment of any age. Any selection in subsection (F) must be definitely determinable and not subject to Employer discretion.*]

☐ (ii) **In-service distribution option available only to accomplish In-Plan Roth Conversion.** If this subsection (ii) is checked, the in-service distribution options described in subsection (i) will be permitted only to accomplish an In-Plan Roth Conversion.

[***Note:*** *An in-service distribution may be limited solely to accomplish a Roth conversion only if the Plan does not already authorize an in-service distribution. Thus, this subsection (ii) will not apply to the extent an in-service distribution is already authorized under the Plan.*]

☐ (3) **Contribution sources.** An Employee may only elect to make an In-Plan Roth Conversion from the following sources: *[Check all contribution sources available under the Plan from which an In-Plan Roth Conversion is available.]*

☐ (i) All available sources under the Plan

☐ (ii) Pre-tax Salary Deferrals

☐ (iii) Employer Contributions

☐ (iv) Matching Contributions

☐ (v) After-Tax Contributions

☐ (vi) Employer Pick-Up Contributions

☐ (vii) Rollover Contributions

☐ (viii) Describe: _____

[***Note:*** *Any selection in subsection (viii) must be definitely determinable and not subject to Employer discretion.*]

☐ (4) **Limits applicable to In-Plan Roth Conversions.** The following limits apply in determining the amounts that are eligible for an In-Plan Roth Conversion.

☐ (i) Check this box if Roth conversions may only be made from contribution sources that are fully vested (i.e., 100% vested).

[***Note:*** *If an In-Plan Roth Conversion is permitted from partially-vested sources, special rules apply for determining the vested percentage of such amounts after conversion. See Section 7.09 of the Plan.*]

☐ (ii) A Participant may not make an In-Plan Roth Conversion of less than $___ (may not exceed $1,000).

☐ (iii) A Participant may not make an In-Plan Roth Conversion of any outstanding loan amount.

[***Note:*** *If this subsection (iii) is not checked, a Participant may convert amounts that are attributable to an outstanding loan, to the extent the loan relates to a contribution source that is eligible for conversion under subsection (3) above.*]

☐ (iv) Describe: _____

[***Note:*** *Any selection in subsection (iv) must be definitely determinable and not subject to Employer discretion.*]

☐ (5) **Amounts available to pay federal and state taxes generated from an In-Plan Roth Conversion.**

☐ (i) **In-service distribution.** If the Plan does not otherwise permit an in-service distribution at the time of the In-Plan Roth Conversion and this subsection (a) is checked, a Participant may elect to take an in-service distribution solely to pay taxes generated from the In-Plan Roth Conversion.

☐ (ii) **Participant loan.** Generally, a Participant may request a loan from the Plan to the extent permitted under Section 13 of the Plan and Appendix B of this Adoption Agreement. However, to the extent a Participant loan is not otherwise allowed and this subsection (ii) is selected, a Participant may receive a Participant loan solely to pay taxes generated from an In-Plan Roth Conversion.

[***Note:*** *If this subsection (ii) is selected and Participant loans are not otherwise authorized under the Plan, any Participant loan made pursuant to this subsection (ii) will be made in accordance with the default loan policy described in Section 13 of the Plan.*]

☐ (6) **Distribution from In-Plan Roth Conversion Account.** Distributions from the In-Plan Roth Conversion account will be permitted as follows:

☐ (i) In-service distributions will not be permitted from an In-Plan Roth Conversion account until the earliest date a distribution would otherwise be permitted for any contribution source eligible for conversion, without regard to the conversion distribution.

☐ (ii) An in-service distribution may be made from the In-Plan Roth Conversion account at any time.

☐ (iii) A separate In-Plan Roth Conversion account will be maintained for converted amounts attributable to Rollover Contributions and/or After-Tax Contributions. An in-service distribution may be made at any time from this separate account.

☐ (iv) Describe distribution options: _____

[***Note:*** *This subsection (6) may not be used to eliminate an in-service distribution option that was otherwise available at the time of the In-Plan Roth Conversion. Thus, for example, if a Participant is permitted to make an In-Plan Roth Conversion of After-Tax Contributions or Rollover contributions, and such contributions are eligible for immediate distribution at the time of the In-Plan Roth Conversion, those amounts must continue to be available for distribution after the In-Plan Roth Conversion. Subsection (3) permits the protection of the immediate distribution option for Rollover and After-Tax Contributions while still delaying the distribution of other contribution sources. If subsection (iii) is checked, subsection (i) or (iv) should also be checked to describe distribution options for other contribution sources. To the extent a selection in this subsection (6) results in an improper elimination of a distribution right, the provisions of this subsection (6) will not apply.*]

☐ (d) **Describe** any special rules that apply to Roth Deferrals under the Plan: _____

6A-6 **CHANGE OR REVOCATION OF DEFERRAL ELECTION:** In addition to the Participant's Entry Date under the Plan, a Participant's election to change or resume a deferral election will be effective as set forth under the Salary Reduction Agreement or other written procedures adopted by the Plan Administrator. Alternatively, the Employer may designate under this AA §6A-6 specific dates as of which a Participant may change or resume a deferral election. (See Section 3.02(c)(2)(ii) of the Plan.)

☐ (a) The first day of each calendar quarter.

☐ (b) The first day of each Plan Year.

☐ (c) The first day of each calendar month.

☑ (d) The beginning of each payroll period.

☐ (e) Other: _____

[***Note:*** *A Participant must be permitted to change or revoke a deferral election at least once per year. Unless designated otherwise under subsection (e), a Participant may revoke a deferral election (on a prospective basis) at any time.*]

6A-7 **AUTOMATIC CONTRIBUTION ARRANGEMENT.** No automatic contribution provisions apply under Section 3.02(c)(2)(iii) of the Plan, unless provided otherwise under this AA §6A-7.

☐ (a) **Automatic deferral election.** Upon becoming eligible to make Salary Deferrals under the Plan (pursuant to AA §3 and AA §4), a Participant will be deemed to have entered into a Salary Deferral Election for each payroll period, unless the Participant completes a Salary Deferral Election (subject to the limitations under AA §6A-2 and AA §6A-3) in accordance with procedures adopted by the Plan Administrator.

☐ (1) **Effective date of Automatic Contribution Arrangement.** The automatic deferral provisions under this AA §6A-7 are effective as of:

☐ (i) The Effective Date of this Plan as set forth under the Employer Signature Page.

☐ (ii) _____ [*insert date*]

☐ (iii) As set forth under a prior Plan document. [***Note:*** *If this subsection (iii) is checked, the automatic deferral provisions under this AA §6A-7 will apply as of the original Effective Date of the automatic contribution arrangement. Unless provided otherwise under this AA §6A-7, an Employee who is automatically enrolled under a prior Plan document will continue to be automatically enrolled under the current Plan document.*]

☐ (2) **Automatic Contribution Arrangement.** Check this subsection (2) if the Plan is designated as an Automatic Contribution Arrangement, as described under Section 3.02(c)(2)(iii) of the Plan. [***Note:*** *Unless an election is made under this AA §6A-7 that is inconsistent with the requirements of an Eligible Automatic Contribution Arrangement (EACA), the Automatic Contribution Arrangement will qualify as an EACA, as described in Code §414(w).*]

☐ (i) **Automatic deferral percentage.**

☐ (A) ___% of Plan Compensation.

☐ (B) $___.

☐ (ii) **Automatic increase.** If elected under this subsection (ii), the automatic deferral amount will increase each Plan Year by the following amount.

☐ (A) ___% of Plan Compensation.

☐ (B) $____.

☐ (C) Describe: _____

Any automatic increase elected under this subsection (ii) will not cause the automatic deferral amount to exceed:

☐ (D) ___% of Plan Compensation.

☐ (E) $____.

☐ (F) Describe: _____

☐ (3) **Application of automatic deferral provisions.** The automatic deferral election under subsection (2) will apply to new Participants and existing Participants as set forth under this subsection (3):

☐ (i) **New Participants.** The automatic deferral provisions apply to all eligible Participants who do not enter into a Salary Deferral Election (including an election not to defer) and who:

☐ (A) become Participants on or after the effective date of the automatic deferral provisions.

☐ (B) are hired on or after the effective date of the automatic deferral provisions.

☐ (ii) **Current Participants.** The automatic deferral provisions apply to all other eligible Participants as follows:

☐ (A) Automatic deferral provisions apply to all current Participants who have not entered into a Salary Deferral Election (including an election not to defer under the Plan).

☐ (B) Automatic deferral provisions apply to all current Participants who have not entered into a Salary Deferral Election that is at least equal to the automatic deferral amount under subsection (2)(i) above. Current Participants who have made a Salary Deferral Election that is less than the automatic deferral amount or who have not made a Salary Deferral Election will automatically be increased to the automatic deferral amount unless the Participant enters into a new Salary Deferral election on or after the effective date of the automatic deferral provisions.

☐ (C) Automatic deferral provisions do not apply to current Participants. Only new Participants described in subsection (i) are subject to the automatic deferral provisions.

☐ (D) Describe: _____

☐ (iii) **Treatment of automatic deferrals.** Any Salary Deferrals made pursuant to an automatic deferral election will be treated as Pre-Tax Salary Deferrals, unless designated otherwise under this subsection (iii).

☐ Any Salary Deferrals made pursuant to an automatic deferral election will be treated as Roth Deferrals. [*This subsection (iii) may only be checked if Roth Deferrals are permitted under AA §6A-5.*]

☐ (iv) **Special rules:** _____

[***Note:** Any Salary Deferral Election (including an election not to defer under the Plan) made after the effective date of the automatic deferral provisions will override such automatic deferral provisions.*]

☐ (4) **Application of automatic increase.** Unless designated otherwise under this subsection (4), if an automatic increase is selected under subsection (2)(ii) above, the automatic increase will take effect as of the first day of the second Plan Year following the Plan Year in which the automatic deferral election first becomes effective with respect to a Participant.

☐ (i) **First Plan Year.** Instead of applying as of the second Plan Year, the automatic increase described in subsection (2)(ii) takes effect as of the appropriate date within the first Plan Year following the date automatic contributions begin.

☐ (ii) **Designated Plan Year.** Instead of applying as of the second Plan Year, the automatic increase described in subsection (2)(ii) takes effect as of the appropriate date within the ____ Plan Year following the Plan Year in which the automatic deferral election first becomes effective with respect to a Participant.

☐ (iii) **Effective date.** The automatic increase described under subsection (2)(ii) is generally effective as of the first day of the Plan Year. If this subsection (iii) is checked, instead of becoming effective on the first day of the Plan Year, the automatic increase will be effective on:

☐ (A) The anniversary of the Participant's date of hire.

☐ (B) The anniversary of the Participant's first automatic deferral contribution.

☐ (C) The first day of each calendar year.

☐ (D) Other date: _____

☐ (iv) **Special rules:** _____

(b) **Permissible Withdrawals under Automatic Contribution Arrangement.**

☐ (1) **Permissible withdrawals allowed.** An Employee who has Salary Deferrals contributed to the Plan pursuant to an automatic deferral election under this AA §6A-7 may elect to withdraw such contributions (and earnings attributable thereto) within 90 days after the date such Salary Deferrals would otherwise have been included in gross income, unless designated otherwise under subsection (3).

☐ (2) **No permissible withdrawals.** The permissible withdrawal provisions under this subsection (b) are not available.

☐ (3) **Time period for electing a permissible withdrawal.** Instead of a 90-day election period, a Participant must request a permissible withdrawal no later than ____ [*may not be less than 30 or more than 90*] days after the date the Plan Compensation from which such Salary Deferrals are withheld would otherwise have been included in gross income.

☐ (c) **Other automatic deferral provisions:** _____

6A-8 **SPECIAL DEFERRAL EFFECTIVE DATES.** Unless designated otherwise under this AA §6A-8, a Participant is eligible to make Salary Deferrals under the Plan as of the Effective Date of the Plan (as designated in the Employer Signature Page). However, in no case may a Participant begin making Salary Deferrals prior to the later of the date the Employee becomes a Participant, the date the Participant executes a Salary Reduction Agreement or the date the Plan is adopted or effective. (See Section 3.02(c)(2)(i) of the Plan.)

To designate a later Effective Date for Salary Deferrals or Roth Deferrals, complete this AA §6A-8.

☐ (a) **Salary Deferrals.** A Participant is eligible to make Salary Deferrals under the Plan as of:

☐ (1) the date the Plan is executed by the Employer (as indicated on the Employer Signature Page).

☐ (2) _____ (insert date).

☐ (b) **Roth Deferrals.** The Roth Deferral provisions under AA §6A-5 are effective as of _____. [*If Roth Deferrals are permitted under AA §6A-5 above, Roth Deferrals are effective as of the Effective Date applicable to Salary Deferrals under this AA §6A-8, unless a later date is designated under this subsection.*]

SECTION 6B
MATCHING CONTRIBUTIONS

6B-1 **MATCHING CONTRIBUTIONS.** Is the Employer authorized to make Matching Contributions under the Plan?

☑ **Yes.**

☐ **No.** [*If "No" is checked, skip to Section 7.*]

6B-2 **MATCHING CONTRIBUTION FORMULA:** For the period designated in AA §6B-5 below, the Employer will make the following Matching Contribution on behalf of Participants who satisfy the allocation conditions under AA §6B-6 below. [*See AA §6B-3 for the definition of Eligible Contributions for purposes of the Matching Contributions under the Plan.*]

☐ (a) **Discretionary match.** The Employer will determine in its sole discretion how much, if any, it will make as a Matching Contribution. Such amount can be determined either as a uniform percentage of deferrals or as a flat dollar amount for each Participant.

☐ (b) **Fixed match.** The Employer will make a Matching Contribution for each Participant equal to:

☐ (1) ____% of Eligible Contributions made for each period designated in AA §6B-5 below.

☐ (2) $____ for each period designated in AA §6B-5 below.

☐ (c) **Tiered match.** The Employer may make a Matching Contribution to all Participants based on the following tiers of Eligible Contributions as a percentage of Plan Compensation.

Eligible Contributions	Fixed Match	Discretionary Match
☐ (1) Up to ___% of Plan Compensation	_____%	☐
☐ (2) From __% up to __% of Plan Compensation	_____%	☐

Eligible Contributions	Fixed Match	Discretionary Match
☐ (3) From __% up to __% of Plan Compensation	_____%	☐
☐ (4) From __% up to __% of Plan Compensation	_____%	☐

☐ (d) **Year of Service match.** The Employer will make a Matching Contribution as a uniform percentage of Eligible Contributions to all Participants based on Years of Service with the Employer.

Years of Service	Matching %
☐ (1) From ____ up to ____ Years of Service	_____%
☐ (2) From ____ up to ____ Years of Service	_____%
☐ (3) From ____ up to ____ Years of Service	_____%
☐ (4) From ____ up to ____ Years of Service	_____%
☐ (5) Years of Service equal to and above _	_____%

For this purpose, a Year of Service is each Plan Year during which an Employee completes at least 1,000 Hours of Service. Alternatively, a Year of Service is: _____

[***Note:*** *Any alternative definition of a Year of Service must meet the requirements of a Year of Service as defined in Section 2.03(a)(1) of the Plan.*]

☐ (e) **Based on employment agreement.** The Employer will make a Matching Contribution determined in accordance with the terms of the Employment agreement between an Eligible Employee and the Employer. [*If this subsection (e) is checked, the provisions of an Employment agreement addressing retirement benefits will override any selection under this AA §6B-2.*]

☑ (f) **Describe special rules for determining Matching Contribution formula:** Matching Contributions are subject to a specific definition of Plan Compensation. Check the definitions for the specific Plan Compensation applicable to Matching Contributions. For a Participant with 1 to 2 Years of Service, for Salary Deferrals the Participant makes up to the first 3% of Plan Compensation (as defined for Salary Deferral purposes) during the Plan Year, the Participant will receive a Matching Contribution equal to 100% of such amounts (subject to Plan Compensation as defined for Matching Contribution purposes). For a Participant with 3 to 5 Years of Service, for Salary Deferrals the Participant makes up to the first 4% of Plan Compensation (as defined for Salary Deferral purposes) during the Plan Year, the Participant will receive a Matching Contribution equal to 100% of such amounts (subject to Plan Compensation as defined for Matching Contribution purposes). For a Participant with 6 to 10 Years of Service, for Salary Deferrals the Participant makes up to the first 5% of Plan Compensation (as defined for Salary Deferral purposes) during the Plan Year, the Participant will receive a Matching Contribution equal to 100% of such amounts (subject to Plan Compensation as defined for Matching Contribution purposes). For a Participant with 11 or more Years of Service, for Salary Deferrals the Participant makes up to the first 6% of Plan Compensation (as defined for Salary Deferral purposes) during the Plan Year, the Participant will receive a Matching Contribution equal to 100% of such amounts (subject to Plan Compensation as defined for Matching Contribution purposes). For purposes of the Matching Contribution formula, both earning a Year of Service and crediting Breaks in Service are determined on the same basis as defined for vesting purposes.

6B-3 **ELIGIBLE CONTRIBUTIONS.** Unless designated otherwise under this AA §6B-3, the Matching Contribution described in AA §6B-2 will apply to all Eligible Contributions authorized under AA §6-6 and/or AA §6A.

☐ (a) **Designated Eligible Contributions.** If this subsection (a) is checked, the Matching Contribution described in AA §6B-2 will apply only to the Eligible Contributions selected below:

☐ (1) Pre-tax Salary Deferrals under AA §6A.

☐ (2) Roth Deferrals under AA §6A-5.

☐ (3) Catch-Up Contributions under AA §6A-4.

☐ (4) Voluntary After-Tax Employee Contributions under AA §6-6(a).

☐ (5) Mandatory After-Tax Employee Contributions under AA §6-6(b).

☐ (6) Employer Pick-Up Contributions under AA §6-6(c).

☐ (b) **Elective deferrals under another plan.** If this subsection (b) is checked, the Matching Contributions described in AA §6B-2 will apply to elective deferrals made under another plan maintained by the Employer.

☐ (1) The Matching Contribution designated in AA §6B-2 above will apply to elective deferrals under the following plan maintained by the Employer: _____

☐ (2) The following special rules apply in determining the amount of Matching Contributions under this Plan with respect to elective deferrals under the plan described in subsection (1): _____

[***Note:*** *This subsection (b) may be used to describe special provisions applicable to Matching Contributions provided with respect to elective deferrals under another plan maintained by the Employer, including another qualified plan or Code §403(b) or Code §457(b) plan.*]

☐ (c) **Special rules.** The following special rules apply for purposes of determining the Matching Contribution under this AA §6B-3: _____

[***Note:*** *Any special rules under subsection (c) must be definitely determinable.*]

6B-4 **LIMITS ON MATCHING CONTRIBUTIONS.** In applying the Matching Contribution formula(s) selected under AA §6B-2 above, all Eligible Contributions designated under AA §6B-3 are eligible for Matching Contributions, unless elected otherwise under this AA §6B-4.

☐ (a) **Limit on amount of Eligible Contributions.** The Matching Contribution formula(s) selected in AA §6B-2 above apply only to Eligible Contributions under AA §6B-3 that do not exceed:

☐ (1) _____% of Plan Compensation.

☐ (2) $_____.

☐ (3) A discretionary amount determined by the Employer.

[***Note:*** *If both (1) and (2) are selected, the limit under this subsection (a) is the lesser of the percentage selected in subsection (1) or the dollar amount selected in subsection (2).*]

☐ (b) **Limit on Matching Contributions.** The total Matching Contribution provided under the formula(s) selected in AA §6B-2 above will not exceed:

☐ (1) __% of Plan Compensation.

☐ (2) $_____.

☑ (c) **Special limits applicable to Matching Contributions:** The Matching Contribution formula for each Years of Service based tier states a specific percentage of Plan Compensation above which Salary Deferrals will not be matched.

6B-5 **PERIOD FOR DETERMINING MATCHING CONTRIBUTIONS.** The Matching Contribution formula(s) selected in AA §6B-2 above (including any limitations on such amounts under AA §6B-4) are based on Eligible Contributions under AA §6B-3 and Plan Compensation for the Plan Year. To apply a different period for determining the Matching Contributions and limits under AA §6B-2 and AA §6B-4, complete this AA §6B-5.

☐ (a) payroll period

☐ (b) Plan Year quarter

☐ (c) calendar month

☐ (d) Other: _____

[***Note:*** *Although Matching Contributions (and any limits on those Matching Contributions) will be determined on the basis of the period designated under this AA §6B-5, this does not require the Employer to actually make contributions or allocate contributions on the basis of such period. Matching Contributions may be contributed and allocated to Participants at any time within the contribution period permitted under Treas. Reg. §1.415-6, regardless of the period selected under this AA §6B-5.*]

[***Note:*** *In determining the amount of Matching Contributions for a particular period, if the Employer actually makes Matching Contributions to the Plan on a more frequent basis than the period selected in this AA §6B-5, a Participant will be entitled to a true-up contribution to the extent he/she does not receive a Matching Contribution based on the Eligible Contributions and/or Plan Compensation for the entire period selected in this AA §6B-5. If a period other than the Plan Year is selected under this AA §6B-5, the Employer may make an additional discretionary Matching Contribution equal to the true-up contribution that would otherwise be required if Plan Year was selected under this AA §6B-5. See Section 3.02(c)(3)(iii) of the Plan.*]

6B-6 **ALLOCATION CONDITIONS.** A Participant must satisfy any allocation conditions designated under this AA §6B-6 to receive an allocation of Matching Contributions under the Plan.

☐ (a) **No allocation conditions** apply with respect to Matching Contributions under the Plan.

☑ (b) **Employment condition.** An Employee must be employed with the Employer on the last day of the Plan Year.

☑ (c) **Minimum service condition.** An Employee must be credited with at least:

☑ (1) 1,000 Hours of Service during the Plan Year.

☑ (i) Hours of Service are determined using actual Hours of Service.

☐ (ii) Hours of Service are determined using the following Equivalency Method (as defined under Section 2.03(a)(5) of the Plan):

☐ (A) Monthly ☐ (B) Weekly

☐ (C) Daily ☐ (D) Semi-monthly

☐ (2) ___ consecutive days of employment with the Employer during the Plan Year.

☐ (d) **Exceptions.**

☐ (1) The above allocation condition(s) will **not** apply if the Employee:

☐ (i) dies during the Plan Year.

☐ (ii) terminates employment as a result of becoming Disabled.

☐ (iii) terminates employment after attaining Normal Retirement Age.

☐ (iv) terminates employment after attaining Early Retirement Age.

☐ (v) is on an authorized leave of absence from the Employer.

☐ (2) The exceptions selected under subsection (1) will apply even if an Employee has not terminated employment at the time of the selected event(s).

☐ (3) The exceptions selected under subsection (1) do not apply to:

☐ (i) an employment condition designated under subsection (b) above.

☐ (ii) a minimum service condition designated under subsection (c) above.

☐ (e) **Describe** any special rules governing the allocation conditions under the Plan: _____

SECTION 7
RETIREMENT AGES

7-1 **NORMAL RETIREMENT AGE:** Normal Retirement Age under the Plan is:

☐ (a) Age ___ (not to exceed 65).

☐ (b) The later of age ___ (not to exceed 65) or the _____ (not to exceed 5th) anniversary of:

☐ (1) the Employee's participation commencement date (as defined in Section 1.64 of the Plan).

☐ (2) the Employee's employment commencement date.

☑ (c) the later of age 65 or the completion of 5 Years of Service, determined in the same manner as for vesting purposes

7-2 **EARLY RETIREMENT AGE:** Unless designated otherwise under this AA §7-2, there is no Early Retirement Age under the Plan.

☐ (a) A Participant reaches Early Retirement Age if he/she is still employed after attainment of each of the following:

☐ (1) Attainment of age ___

☐ (2) The ___ anniversary of the date the Employee commenced participation in the Plan, and/or

☐ (3) The completion of ___ Years of Service, determined as follows:

☐ (i) Same as for eligibility.

☐ (ii) Same as for vesting

☐ (b) **Describe.** _____

SECTION 8
VESTING AND FORFEITURES

8-1 **CONTRIBUTIONS SUBJECT TO VESTING.** Does the Plan provide for any Employer and/or Matching Contributions that are subject to a vesting schedule under AA §8-2?

☑ Yes

☐ No [*If "No" is checked, skip to Section 9.*]

[***Note:*** *"Yes" should be checked under this AA §8-1 if the Plan provides for Employer Contributions and/or Matching Contributions that are subject to a vesting schedule, even if such contributions are always 100% vested under AA §8-2. "No" should be checked if the only contributions under the Plan are Salary Deferrals, After-Tax Employee Contributions and/or Employer Pick-Up Contributions. If the Plan holds Employer Contributions and/or Matching Contributions that are subject to vesting but the Plan no longer provides for such contributions, see Sections 7.04(e) and 7.13(e) of the Plan for default rules for applying the vesting and forfeiture rules to such contributions.*]

8-2 **VESTING SCHEDULE.** The vesting schedule under the Plan is as follows for both Employer Contributions and Matching Contributions, to the extent authorized under the Plan. See Section 6.02 of the Plan for a description of the various vesting schedules under this AA §8-2.

☑ (a) **Vesting schedule:**

ER	Match	
☐	☐	(1) Full and immediate vesting.
☐	☐	(2) Three-year cliff vesting schedule
☐	☐	(3) Six-year graded vesting schedule
☑	☑	(4) Modified vesting schedule
		0 % after 1 Year of Service
		0 % after 2 Years of Service
		0 % after 3 Years of Service
		0 % after 4 Years of Service
		100 % after 5 Years of Service
		100 % after 6 Years of Service
		100 % after 7 Years of Service
		100 % after 8 Years of Service
		100 % after 9 Years of Service
		100% after 10 Years of Service
☐	☐	(5) Other: vesting schedule: _____

☐ (b) **Special provisions applicable to vesting schedule:** _____

[***Note:*** *This subsection (b) may be used to apply a different vesting schedule for different contribution formulas or different Employee groups under the Plan.*]

8-3 **VESTING SERVICE.** In applying the vesting schedules under this AA §8, all service with the Employer counts for vesting purposes, unless designated otherwise under this AA §8-3.

☐ (a) Service before the original Effective Date of this Plan (or a Predecessor Plan) is excluded.

☐ (b) Service completed before the Employee's ____ birthday is excluded.

☐ (c) Describe vesting service exclusions: _____

[***Note:*** *See Section 6.07 of the Plan and AA §4-5 for rules regarding the crediting of service with Predecessor Employers for purposes of vesting under the Plan.*]

8-4 **VESTING UPON DEATH, DISABILITY OR EARLY RETIREMENT AGE.** An Employee's vesting percentage increases to 100% if, while employed with the Employer, the Employee

☑ (a) dies

☐ (b) becomes Disabled

☐ (c) reaches Early Retirement Age

☐ (d) Not applicable. No increase in vesting applies.

8-5 **DEFAULT VESTING RULES.** In applying the vesting requirements under this AA §8, the following default rules apply. [***Note:*** *No election should be made under this AA §8-5 if all contributions are 100% vested.*]

- **Year of Service.** An Employee earns a Year of Service for vesting purposes upon completing 1,000 Hours of Service during a Vesting Computation Period. Hours of Service are calculated based on actual hours worked during the Vesting Computation Period. (See Section 1.56 of the Plan for the definition of Hours of Service.)
- **Vesting Computation Period.** The Vesting Computation Period is the Plan Year.

To override the default vesting rules, complete the applicable sections of this AA §8-5. If this AA §8-5 is not completed, the default vesting rules apply.

ER	Match		
☐	☐	(a)	**Year of Service.** Instead of 1,000 Hours of Service, an Employee earns a Year of Service upon the completion of ____ Hours of Service during a Vesting Computation Period.
☐	☐	(b)	**Vesting Computation Period (VCP).** Instead of the Plan Year, the Vesting Computation Period is: ☐ (1) The 12-month period beginning with the Employee's date of hire and, for subsequent Vesting Computation Periods, the 12-month period beginning with the anniversary of the Employee's date of hire. ☐ (2) Describe: _____ [***Note:*** *Any Vesting Computation Period described in (2) must be a 12-consecutive month period and must apply uniformly to all Participants.*]
☐	☐	(c)	**Elapsed Time Method.** Instead of determining vesting service based on actual Hours of Service, vesting service will be determined under the Elapsed Time Method. If this subsection (c) is checked, service will be measured from the Employee's employment commencement date (or reemployment commencement date, if applicable) without regard to the Vesting Computation Period designated in Section 6.05 of the Plan. (See Section 6.04(b) of the Plan.)
☐	☐	(d)	**Equivalency Method**. For purposes of determining an Employee's Hours of Service for vesting, the Plan will use the Equivalency Method (as defined in Section 6.04(a)(2) of the Plan). The Equivalency Method will apply to: ☐ (1) All Employees. ☐ (2) Only to Employees for whom the Employer does not maintain hourly records. For Employees for whom the Employer maintains hourly records, vesting will be determined based on actual hours worked. Hours of Service for vesting will be determined under the following Equivalency Method. ☐ (3) **Monthly.** 190 Hours of Service for each month worked. ☐ (4) **Weekly.** 45 Hours of Service for each week worked. ☐ (5) **Daily.** 10 Hours of Service for each day worked. ☐ (6) **Semi-monthly.** 95 Hours of Service for each semi-monthly period.
☐	☐	(e)	**Special rules:** _____ [***Note:*** *Any special rules under subsection (e) must be definitely determinable.*]

8-6 **BREAKS IN SERVICE.** Generally, an Employee will be credited with all service earned with the Employer, including service earned prior to a Break in Service. To disregard service earned prior to a Break in Service for vesting purposes, complete this AA §8-6. (See Section 6.08 of the Plan.)

☐ (a) If an Employee incurs at least one Break in Service, the Plan will disregard all service earned prior to such Break in Service for purposes of determining vesting under the Plan.

☐ (b) If an Employee incurs at least _____ consecutive Breaks in Service, the Plan will disregard all service earned prior to such consecutive Breaks in Service for purposes of determining vesting under the Plan. [*Enter "0" if prior service will be disregarded for all rehired Employees.*]

☑ (c) Describe any special rules for applying the vesting Break in Service rules: For purposes of calculating vesting Years of Service: (A) Employees employed as of 12-31-2018 will be credited with vesting Years of Service earned from the later of the Participant's Employment Commencement Date or their most recent Reemployment Commencement Date, if prior to 1-1-2019; (B) Former Employees not employed on 12-31-2018 and reemployed on or after 1-1-2019 will be credited with vesting Years of Service earned from their Reemployment Commencement Date (after 1-1-2019). No vesting Years of Service prior to 1-1-2019 will be credited; and (C) Employees employed on or after 1-1-2019 will be credited with vesting Years of Service earned from the Participant's Employment Commencement Date.

[***Note:*** *Any special rules under subsection (c) must be definitely determinable.*]

8-7 ALLOCATION OF FORFEITURES.

The Employer may decide in its discretion how to treat forfeitures under the Plan. Alternatively, the Employer may designate under this AA §8-7 how forfeitures occurring during a Plan Year will be treated. (See Section 6.11 of the Plan.)

ER	Match		
☐	☐	(a)	N/A. All contributions are 100% vested. [*Do not complete the rest of this AA §8-7.*]
☐	☐	(b)	Reallocated as additional Employer Contributions or as additional Matching Contributions.
☑	☑	(c)	Used to reduce Employer and/or Matching Contributions.

For purposes of subsection (b) or (c), forfeitures will be applied:

☑	☑	(d)	for the Plan Year in which the forfeiture occurs.
☐	☐	(e)	for the Plan Year following the Plan Year in which the forfeitures occur.

Prior to applying forfeitures under subsection (b) or (c):

☑	☑	(f)	Forfeitures may be used to pay Plan expenses. (See Section 6.11(d) of the Plan.)
☐	☐	(g)	Forfeitures may not be used to pay Plan expenses.

In determining the amount of forfeitures to be allocated under subsection (b), the same allocation conditions apply as for the source for which the forfeiture is being allocated, unless designated otherwise below.

☐	☐	(h)	Forfeitures are not subject to any allocation conditions.
☐	☐	(i)	Forfeitures are subject to a last day of employment allocation condition.
☐	☐	(j)	Forfeitures are subject to a ____ Hours of Service minimum service requirement.

In determining the treatment of forfeitures under this AA §8-7, the following special rules apply:

☐ ☐ (k) Describe: _____

8-8 SPECIAL RULES REGARDING CASH-OUT DISTRIBUTIONS.

(a) **Additional allocations.** If a terminated Participant receives a complete distribution of his/her vested Account Balance while still entitled to an additional allocation, the Cash-Out Distribution forfeiture provisions do not apply until the Participant receives a distribution of the additional amounts to be allocated. (See Section 6.10(a)(1) of the Plan.)

To modify the default Cash-Out Distribution forfeiture rules, complete this AA §8-8(a).

☑ The Cash-Out Distribution forfeiture provisions will apply if a terminated Participant takes a complete distribution, regardless of any additional allocations during the Plan Year.

(b) **Timing of forfeitures.** A Participant who receives a Cash-Out Distribution (as defined in Section 6.10(a) of the Plan) is treated as having an immediate forfeiture of his/her nonvested Account Balance.

To modify the forfeiture timing rules to delay the occurrence of a forfeiture upon a Cash-Out Distribution, complete this AA §8-8(b).

☐ A forfeiture will occur upon the completion of ____ consecutive Breaks in Service (as defined in Section 6.08 of the Plan).

SECTION 9
DISTRIBUTION PROVISIONS – TERMINATION OF EMPLOYMENT

9-1 AVAILABLE FORMS OF DISTRIBUTION.

Lump sum distribution. A Participant may take a distribution of his/her entire vested Account Balance in a single lump sum upon termination of employment. The Plan Administrator may, in its discretion, permit Participants to take distributions of less than their entire vested Account Balance provided, if the Plan Administrator permits multiple distributions, all Participants are allowed to take multiple distributions upon termination of employment. In addition, the Plan Administrator may permit a Participant to take partial distributions or installment distributions solely to the extent necessary to satisfy the required minimum distribution rules under Section 8 of the Plan.

Additional distribution options. To provide for additional distribution options, check the applicable distribution forms under this AA §9-1.

☑ (a) **Installment distributions.** A Participant may take a distribution over a specified period not to exceed the life or life expectancy of the Participant (and a designated beneficiary).

☐ (b) **Annuity distributions.** A Participant may elect to have the Plan Administrator use the Participant's vested Account Balance to purchase an annuity as described in Section 7.01 of the Plan.

☐ (c) **Describe distribution options:** _____

[***Note:*** *Any distribution option described in (c) may not be subject to the discretion of the Employer or Plan Administrator.*]

9-2 PARTICIPANT AND SPOUSAL CONSENT.

☑ (a) **Involuntary Cash-Out Distribution.** A Participant who terminates employment with a vested Account Balance of $5,000 or less will receive an Involuntary Cash-Out Distribution, unless elected otherwise under this AA §9-2. If a Participant's vested Account Balance exceeds $5,000, the Participant generally must consent to a distribution from the Plan, except to the extent provided otherwise under this AA §9-2. See Sections 7.03 of the Plan for additional rules regarding the Participant consent requirements under the Plan.

- ☐ (1) **No Involuntary Cash-Out Distributions.** The Plan does not provide for Involuntary Cash-Out Distributions. A terminated Participant must consent to any distribution from the Plan. (See Section 14.02(b) of the Plan for special rules upon Plan termination.)
- ☐ (2) **Involuntary Cash-Out Distribution threshold.** A terminated Participant will receive an Involuntary Cash-Out Distribution only if the Participant's vested Account Balance is less than or equal to $_____.
- ☑ (3) **Application of Automatic Rollover rules.** The Automatic Rollover rules described in Section 7.05 of the Plan do not apply to any Involuntary Cash-Out Distribution below $1,000, unless elected otherwise under this subsection (3). If this subsection (3) is checked, the Automatic Rollover provisions apply to all Involuntary Cash-Out Distributions (including those below $1,000).
- ☐ (4) **Distribution upon attainment of stated age.** Participant consent will not be required with respect to distributions made upon attainment of Normal Retirement Age (or age 62, if later), regardless of the value of the Participant's vested Account Balance.
- ☑ (5) **Treatment of Rollover Contributions.** Unless elected otherwise under this (5), Rollover Contributions will be excluded in determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold for purposes of applying the distribution rules under this AA §9 and the Automatic Rollover provisions under Section 7.05 of the Plan. To include Rollover Contributions in determining whether a Participant's vested Account Balance exceeds the Involuntary Cash-Out threshold, check this (5).

☑ (b) **Spousal consent.** Spousal consent is not required for a Participant to receive a distribution or name an alternate beneficiary, unless designated otherwise under this subsection (b). See Section 9.02 of the Plan for rules regarding Spousal consent under the Plan.

- ☐ (1) **Distribution consent.** A Participant's Spouse must consent to any distribution or loan, provided the Participant's vested Account Balance exceeds $_____.
- ☑ (2) **Beneficiary consent.** A Participant's Spouse must consent to naming someone other than the Spouse as beneficiary under the Plan.

☑ (c) **Describe** any special rules affecting Participant or Spousal consent: The spousal consent requirement for loans shall be determined under a separate loan policy.

[***Note:*** *Any special rules under subsection (c) must be definitely determinable.*]

9-3 **TIMING OF DISTRIBUTIONS UPON TERMINATION OF EMPLOYMENT.**

(a) **Distribution of vested Account Balances exceeding $5,000.** A Participant who terminates employment with a vested Account Balance exceeding $5,000 may receive a distribution of his/her vested Account Balance in any form permitted under AA §9-1 within a reasonable period following:

☑ (1) the date the Participant terminates employment.

☐ (2) the last day of the Plan Year during which the Participant terminates employment.

☐ (3) the first Valuation Date following the Participant's termination of employment.

☐ (4) the end of the calendar quarter following the date the Participant terminates employment.

☐ (5) attainment of Normal Retirement Age, death or becoming Disabled.

☐ (6) Describe: _____

[***Note:*** *Any special rules under subsection (6) must be definitely determinable.*]

(b) **Distribution of vested Account Balances not exceeding $5,000.** A Participant who terminates employment with a vested Account Balance that does not exceed $5,000 will receive a **lump sum** distribution of his/her vested Account Balance within a reasonable period following:

☑ (1) the date the Participant terminates employment.

☐ (2) the last day of the Plan Year during which the Participant terminates employment.

☐ (3) the first Valuation Date following the Participant's termination of employment.

☐ (4) the end of the calendar quarter following the date the Participant terminates employment.

☐ (5) Describe: _____

[***Note:*** *Any special rules under subsection (5) must be definitely determinable.*]

☐ (c) **Alternate Cash-Out distribution threshold.** Instead of a vested Account Balance Cash-Out threshold of $5,000, for purposes of applying the Cash-Out distribution provisions under this AA §9-3, the forms of distribution available under subsections (a) and (b) will be based on a vested Account Balance of $_____.

☐ (d) **Describe additional distribution options:** _____

[***Note:*** *Any additional distribution option described in (d) may not be subject to the discretion of the Employer or Plan Administrator.*]

9-4 **DISTRIBUTION UPON DISABILITY.** Unless designated otherwise under this AA §9-4, a Participant who terminates employment on account of becoming Disabled may receive a distribution of his/her vested Account Balance in the same manner as a regular distribution upon termination.

(a) **Termination of Disabled Employee.**

☐ (1) **Immediate distribution.** Distribution will be made as soon as reasonable following the date the Participant terminates on account of becoming Disabled.

☐ (2) **Following year.** Distribution will be made as soon as reasonable following the last day of the Plan Year during which the Participant terminates on account of becoming Disabled.

☐ (3) **Describe:** _____

[***Note:*** *Any distribution event described in subsection (3) will apply uniformly to all Participants under the Plan and may not be subject to the discretion of the Employer or Plan Administrator.*]

(b) **Definition of Disabled.** A Participant is treated as Disabled if such Participant satisfies the conditions in Section 1.28 of the Plan.

To override this default definition, check below to select an alternative definition of Disabled to be used under the Plan.

☐ (1) The definition of Disabled is the same as defined in the Employer's Disability Insurance Plan.

☑ (2) The definition of Disabled is the same as defined under Section 223(d) of the Social Security Act for purposes of determining eligibility for Social Security benefits.

☐ (3) Alternative definition of Disabled: _____

9-5 **DETERMINATION OF BENEFICIARY.**

(a) **Default beneficiaries.** Unless elected otherwise under this subsection (a), the default beneficiaries described under Section 7.07(c)(3) of the Plan are the Participant's surviving Spouse, the Participant's surviving children, and the Participant's estate.

☐ If this subsection (a) is checked, the default beneficiaries under Section 7.07(c)(3) of the Plan are modified as follows: _____

(b) **One-year marriage rule.** For purposes of determining whether an individual is considered the surviving Spouse of the Participant, the determination is based on the marital status as of the date of the Participant's death, unless designated otherwise under this subsection (b).

☐ If this subsection (b) is checked, in order to be considered the surviving Spouse, the Participant and surviving Spouse must have been married for the entire one-year period ending on the date of the Participant's death. If the Participant and surviving Spouse are not married for at least one year as of the date of the Participant's death, the Spouse will not be treated as the surviving Spouse for purposes of applying the distribution provisions of the Plan. (See Section 9.03 of the Plan.)

(c) **Divorce of Spouse.** Unless elected otherwise under this subsection (c), if a Participant designates his/her Spouse as Beneficiary and subsequent to such Beneficiary designation, the Participant and Spouse are divorced, the designation of the Spouse as Beneficiary under the Plan is automatically rescinded as set forth under Section 7.07(c)(6) of the Plan.

☐ If this subsection (c) is checked, a Beneficiary designation will not be rescinded upon divorce of the Participant and Spouse.

[***Note:*** *Section 7.07(c)(6) of the Plan and this subsection (c) will be subject to the provisions of a Beneficiary designation entered into by the Participant. Thus, if a Beneficiary designation specifically overrides the election under this subsection (c), the provisions of the Beneficiary designation will control. See Section 7.07(c)(6) of the Plan.*]

SECTION 10
IN-SERVICE DISTRIBUTIONS AND REQUIRED MINIMUM DISTRIBUTIONS

10-1 **AVAILABILITY OF IN-SERVICE DISTRIBUTIONS.** A Participant may withdraw all or any portion of his/her vested Account Balance, to the extent designated, upon the occurrence of any of the event(s) selected under this AA §10-1. If more than one option is selected for a particular contribution source under this AA §10-1, a Participant may take an in-service distribution upon the occurrence of any of the selected events, unless designated otherwise under this AA §10-1.

Deferral	Match	ER	
☐	☐	☐	(a) No in-service distributions are permitted.
☑	☑	☑	(b) Attainment of age 59½.
☐	☐	☐	(c) Attainment of age ___.
☑	☐	☐	(d) A Hardship that satisfies the safe harbor rules under Section 7.10(e)(1) of the Plan.
☐	☐	☐	(e) A non-safe harbor Hardship described in Section 7.10(e)(2) of the Plan.
☐	☐	☐	(f) Attainment of Normal Retirement Age.
☐	☐	☐	(g) Attainment of Early Retirement Age.
N/A	☐	☐	(h) The Participant has participated in the Plan for at least ___ (cannot be less than 60) months.
N/A	☐	☐	(i) The amounts being withdrawn have been held in the Trust for at least two years.
☐	☐	☐	(j) Upon a Participant becoming Disabled (as defined in AA §9-4(b)).
☑	☐	☐	(k) Describe: As a Qualified Reservist Distribution.

[***Note:*** *No in-service distribution of Salary Deferrals is permitted prior to age 59½, except for Hardship, or Disability. If Normal Retirement Age or Early Retirement Age is earlier than age 59½, such age is deemed to be age 59½ for purposes of determining eligibility to distribute Salary Deferrals (if subsection (f) or (g) is checked under the Deferral column). If this Plan has accepted a transfer of assets from a pension plan (e.g., a money purchase plan), no in-service distribution from amounts attributable to such transferred assets is permitted prior to age 62, except for Disability.*]

10-2 **APPLICATION TO OTHER CONTRIBUTION SOURCES.** If the Plan allows for Rollover Contributions under AA §C-2 or After-Tax Employee Contributions under AA §6-6, unless elected otherwise under this AA §10-2, a Participant may take an in-service distribution from his/her Rollover Account and After-Tax Employee Contribution Account at any time. Employer Pick-Up Contributions will not be eligible for in-service distribution.

Alternatively, if this AA §10-2 is completed, the following in-service distribution provisions apply for Rollover Contributions, After-Tax Employee Contributions and/or Employer Pick-Up Contributions:

Rollover	After-Tax	Pick-Up	
☐	☐	☐	(a) No in-service distributions are permitted.
☐	☐	☐	(b) Attainment of age 59½.
☐	☐	☐	(c) Attainment of age ____.
☐	☐	☐	(d) A Hardship (that satisfies the safe harbor rules under Section 7.10(e)(1) of the Plan).
☐	☐	☐	(e) A non-safe harbor Hardship described in Section 7.10(e)(2) of the Plan.
☐	☐	☐	(f) Attainment of Normal Retirement Age.
☐	☐	☐	(g) Attainment of Early Retirement Age.
☐	☐	☐	(h) Upon a Participant becoming Disabled (as defined in AA §9-4(b)).
☐	☐	☐	(i) Describe: _____

10-3 **SPECIAL DISTRIBUTION RULES.** No special distribution rules apply, unless specifically provided under this AA §10-3.

☐ (a) In-service distributions will only be permitted if the Participant is 100% vested in the source from which the withdrawal is taken.

☐ (b) A Participant may take no more than ____ in-service distribution(s) in a Plan Year.

☐ (c) A Participant may not take an in-service distribution of less than $____.

☐ (d) A Participant may not take an in-service distribution of more than $____.

☐ (e) Unless elected otherwise under this subsection, the hardship distribution provisions of the Plan are not expanded to cover primary beneficiaries as set forth in Section 7.10(e)(5) of the Plan. If this subsection (e) is checked, the hardship provisions of the Plan will apply with respect to individuals named as primary beneficiaries under the Plan.

☐ (f) In determining whether a Participant has an immediate and heavy financial need for purposes of applying the non-safe harbor Hardship provisions under Section 7.10(e)(2) of the Plan, the following modifications are made to the permissible events listed under Section 7.10(e)(1) of the Plan: _____

[***Note:*** *This subsection (f) may only be used to the extent a non-safe harbor Hardship distribution is authorized under AA §10-1 or AA §10-2.*]

☐ (g) Other distribution rules: _____

10-4 **REQUIRED MINIMUM DISTRIBUTIONS.**

(a) **Required distributions after death.** If a Participant dies before distributions begin and there is a Designated Beneficiary, the Participant or Beneficiary may elect on an individual basis whether the 5-year rule (as described in Section 8.06(a) of the Plan) or the life expectancy method described under Sections 8.02 of the Plan apply. See Section 8.06(b) of the Plan for rules regarding the timing of an election authorized under this AA §10-4.

Alternatively, if selected under this subsection (a), any death distributions to a Designated Beneficiary will be made only under the 5-year rule.

☐ The five-year rule under Section 8.06(a) of the Plan applies (instead of the life expectancy method). Thus, the entire death benefit must be distributed by the end of the fifth year following the year of the Participant's death. Death distributions to a Designated Beneficiary may not be made under the life expectancy method.

(b) **Waiver of Required Minimum Distribution for 2009.** For purposes of applying the Required Minimum Distribution rules for the 2009 Distribution Calendar Year, as described in Section 8.06(d) of the Plan, a Participant (including an Alternate Payee or beneficiary of a deceased Participant) who is eligible to receive a Required Minimum Distribution for the 2009 Distribution Calendar Year may elect whether or not to receive the 2009 Required Minimum Distribution (or any portion of such distribution). If a Participant does not specifically elect to leave the 2009 Required Minimum

Distribution in the Plan, such distribution will be made for the 2009 Distribution Calendar Year as set forth in Section 8 of the Plan.

☑ (1) **No Required Minimum Distribution for 2009.** If this box is checked, 2009 Required Minimum Distributions will not be made to Participants who are otherwise required to receive a Required Minimum Distribution for the 2009 Distribution Calendar Year under Section 8 of the Plan, unless the Participant elects to receive such distribution.

☐ (2) **Describe any special rules applicable to 2009 Required Minimum Distributions:** _____

SECTION 11
MISCELLANEOUS PROVISIONS

11-1 **PLAN VALUATION.** The Plan is valued **annually**, as of the last day of the Plan Year.

☑ (a) **Additional valuation dates.** In addition, the Plan will be valued on the following dates:

Deferral	Match	ER	
☑	☑	☑	(1) **Daily.** The Plan is valued at the end of each business day during which the New York Stock Exchange is open.
☐	☐	☐	(2) **Monthly.** The Plan is valued at the end of each month of the Plan Year.
☐	☐	☐	(3) **Quarterly.** The Plan is valued at the end of each Plan Year quarter.
☐	☐	☐	(4) **Describe:** _____

[***Note:*** *The Employer may elect operationally to perform interim valuations, regardless of any selection in this subsection (a).*]

☐ (b) **Special rules.** The following special rules apply in determining the amount of income or loss allocated to Participants' Accounts: _____

11-2 **SPECIAL RULES FOR APPLYING THE CODE §415 LIMITATION.** The provisions under Section 5.02 of the Plan apply for purposes of determining the Code §415 Limitation.

Complete this AA §11-2 to override the default provisions that apply in determining the Code §415 Limitation under Section 5.02 of the Plan.

☐ (a) **Limitation Year.** Instead of the Plan Year, the Limitation Year is the 12-month period ending _____.

[***Note:*** *If the Plan has a short Plan Year for the first year of establishment, the Limitation Year is deemed to be the 12-month period ending on the last day of the short Plan Year.*]

☐ (b) **Imputed compensation.** For purposes of applying the Code §415 Limitation, Total Compensation includes imputed compensation for a Nonhighly Compensated Participant who terminates employment on account of becoming Disabled. (See Section 5.02(c)(7)(iii) of the Plan.)

☐ (c) **Special rules:** _____

[***Note:*** *Any special rules under this subsection (c) must be consistent with the requirements of Code §415.*]

11-3 **HEART ACT PROVISIONS -- BENEFIT ACCRUALS.** The benefit accrual provisions under Section 15.04 of the Plan do not apply. To apply the benefit accrual provisions under Section 15.04, check the box below.

☐ **Eligibility for Plan benefits.** Check this box if the Plan will provide the benefits described in Section 15.04 of the Plan. If this box is checked, an individual who dies or becomes disabled in qualified military service will be treated as reemployed for purposes of determining entitlement to benefits under the Plan.

11-4 **ELECTION NOT TO PARTICIPATE (see Section 2.08 of the Plan).** All Participants share in any allocation under this Plan and no Employee may waive out of Plan participation.

To allow Employees to make a one-time irrevocable waiver, check below.

☐ (a) An Employee may make a one-time irrevocable election not to participate under the Plan.

☐ (b) An Employee may make a one-time irrevocable election not to make Employer Pick-Up Contributions under the Plan.

APPENDIX A
SPECIAL EFFECTIVE DATES

☐ A-1 **Eligible Employees.** The definition of Eligible Employee under AA §3 is effective as follows:

☐ A-2 **Minimum age and service conditions.** The minimum age and service conditions and Entry Date provisions specified in AA §4 are effective as follows:

☑ A-3 **Compensation definitions.** The compensation definitions under AA §5 are effective as follows:
Effective for the 2017 Plan Year, the definition of Plan Compensation for Matching and Employer Contributions excludes bonus, overtime, standby, call back, shift differentials, and other lump sum payments.

☐ A-4 **Employer and Matching Contributions.** The Employer and Matching Contribution provisions under the Plan are effective as follows:

☐ A-5 **After-Tax Employee and Pick-Up Contributions.** The provisions of the Plan addressing Employee After-Tax Contributions and Pick-Up Contribution provisions under the Plan are effective as follows:

☐ A-6 **Salary Deferrals.** The Salary Deferral provisions under AA §6A are effective as follows:

☐ A-7 **Retirement ages.** The retirement age provisions under AA §7 are effective as follows:

☐ A-8 **Vesting and forfeiture rules.** The rules regarding vesting and forfeitures under AA §8 are effective as follows:

☐ A-9 **Distribution provisions.** The distribution provisions under AA §9 are effective as follows:

☐ A-10 **In-service distributions and Required Minimum Distributions.** The provisions regarding in-service distribution and Required Minimum Distributions under AA §10 are effective as follows:

☐ A-11 **Miscellaneous provisions.** The provisions under AA §11 are effective as follows:

☐ A-12 **Special effective date provisions for merged plans.** If any qualified retirement plans have been merged into this Plan, the provisions of Section 14.04 of the Plan apply, as follows:

☐ A-13 **Other special effective dates:**

APPENDIX B
LOAN POLICY

Use this Appendix B to identify elections dealing with the administration of Participant loans. These elections may be changed without amending this Agreement by substituting an updated Appendix B with new elections. Any modifications to this Appendix B or any modifications to a separate loan policy describing the loan provisions selected under the Plan will not affect an Employer's reliance on the IRS Favorable Letter.

B-1 Are **PARTICIPANT LOANS** permitted? (See Section 13 of the Plan.)

☑ (a) Yes

☐ (b) No

B-2 **LOAN PROCEDURES.**

☐ (a) Loans will be provided under the default loan procedures set forth in Section 13 of the Plan, unless modified under this Appendix B.

☑ (b) Loans will be provided under a separate written loan policy. [*If this subsection (b) is checked, do not complete the rest of this Appendix B.*]

B-3 **AVAILABILITY OF LOANS.** Participant loans are available to all active Participants and Beneficiaries. Participant loans are not available to a former Employee or Beneficiary (including an Alternate Payee under a QDRO). To override this default provision, check (a) and/or (b) below:

☐ (a) A former Employee or Beneficiary (including an Alternate Payee) who has a vested Account Balance may request a loan from the Plan.

☐ (b) A "limited participant" as defined in Section 3.05 of the Plan may not request a loan from the Plan.

☐ (c) An officer or director of the Employer, as defined for purposes of the Sarbanes-Oxley Act, may **not** request a loan from the Plan.

B-4 **LOAN LIMITS.** The default loan policy under Section 13.03 of the Plan allows Participants to take a loan provided all outstanding loans do not exceed 50% of the Participant's vested Account Balance. To override the default loan policy to allow loans up to $10,000, even if greater than 50% of the Participant's vested Account Balance, check this AA §B-4.

☐ A Participant may take a loan equal to the greater of $10,000 or 50% of the Participant's vested Account Balance. [*If this AA §B-4 is checked, the Participant may be required to provide adequate security as required under Section 13.06 of the Plan.*]

B-5 **NUMBER OF LOANS.** The default loan policy under Section 13.04 of the Plan restricts Participants to one loan outstanding at any time. To override the default loan policy and permit Participants to have more than one loan outstanding at any time, complete (a) or (b) below.

☐ (a) A Participant may have ____ loans outstanding at any time.

☐ (b) There are no restrictions on the number of loans a Participant may have outstanding at any time.

B-6 **LOAN AMOUNT.** The default loan policy under Section 13.04 of the Plan provides that a Participant may not receive a loan of less than $1,000. To modify the minimum loan amount or to add a maximum loan amount, complete this AA §B-6.

☐ (a) There is no minimum loan amount.

☐ (b) The minimum loan amount is $_____.

☐ (c) The maximum loan amount is $_____.

B-7 **INTEREST RATE.** The default loan policy under Section 13.05 of the Plan provides for an interest rate commensurate with the interest rates charged by local commercial banks for similar loans. To override the default loan policy and provide a specific interest rate to be charged on Participant loans, complete this AA §B-7.

☐ (a) The prime interest rate

☐ plus ____ percentage point(s).

☐ (b) Describe: _____

[***Note:*** *Any interest rate described in this AA §B-7 must be reasonable and must apply uniformly to all Participants.*]

B-8 **PURPOSE OF LOAN.** The default loan policy under Section 13.02 of the Plan provides that a Participant may receive a Participant loan for any purpose. To modify the default loan policy to restrict the availability of Participant loans to hardship events, check this AA §B-8.

☐ (a) A Participant may only receive a Participant loan upon the demonstration of a hardship event, as described in Section 7.10(e)(1)(i) of the Plan.

☐ (b) A Participant may only receive a Participant loan under the following circumstances: _____

B-9 **APPLICATION OF LOAN LIMITS.** If Participant loans are not available from all contribution sources, the limitations under Code §72(p) and the adequate security requirements of the Department of Labor regulations will be applied by taking into account the Participant's entire Account Balance. To override this provision, complete this AA §B-9.

☐ The loan limits and adequate security requirements will be applied by taking into account only those contribution Accounts which are available for Participant loans.

B-10 **CURE PERIOD.** The Plan provides that a Participant incurs a loan default if a Participant does not repay a missed payment by the end of the calendar quarter following the calendar quarter in which the missed payment was due. To override this default provision to apply a shorter cure period, complete this AA §B-10.

☐ The cure period for determining when a Participant loan is treated as in default will be _____ days (cannot exceed 90) following the end of the month in which the loan payment is missed.

B-11 **PERIODIC REPAYMENT – PRINCIPAL RESIDENCE.** If a Participant loan is for the purchase of a Participant's primary residence, the loan repayment period for the purchase of a principal residence may not exceed ten (10) years.

☐ (a) The Plan does not permit loan payments to exceed five (5) years, even for the purchase of a principal residence.

☐ (b) The loan repayment period for the purchase of a principal residence may not exceed _____ years (may not exceed 30).

☐ (c) Loans for the purchase of a Participant's primary residence may be payable over any reasonable period commensurate with the period permitted by commercial lenders for similar loans.

B-12 **TERMINATION OF EMPLOYMENT.** Section 13.10(a) of the Plan provides that a Participant loan becomes due and payable in full upon the Participant's termination of employment. To override this default provision, complete this AA §B-12.

☐ A Participant loan will not become due and payable in full upon the Participant's termination of employment.

B-13 **DIRECT ROLLOVER OF A LOAN NOTE.** Section 13.10(b) of the Plan provides that upon termination of employment a Participant may request the Direct Rollover of a loan note. To override this default provision, complete this AA §B-13.

☐ A Participant may **not** request the Direct Rollover of the loan note upon termination of employment.

B-14 **LOAN RENEGOTIATION.** The default loan policy provides that a Participant may renegotiate a loan, provided the renegotiated loan separately satisfies the reasonable interest rate requirement, the adequate security requirement, the periodic repayment requirement and the loan limitations under the Plan. The Employer may restrict the availability of renegotiations to prescribed purposes provided the ability to renegotiate a Participant loan is available on a non-discriminatory basis. To override the default loan policy and restrict the ability of a Participant to renegotiate a loan, complete this AA §B-14.

☐ (a) A Participant may **not** renegotiate the terms of a loan.

☐ (b) The following special provisions apply with respect to renegotiated loans: _____

B-15 **SOURCE OF LOAN.** Participant loans may be made from all available contribution sources, to the extent vested, unless designated otherwise under this AA §B-15.

☐ Participant loans will not be available from the following contribution sources: _____

B-16 **MODIFICATIONS TO DEFAULT LOAN PROVISIONS.**

☐ The following special rules will apply with respect to Participant loans under the Plan: _____

[***Note:*** *Any provision under this AA §B-16 must satisfy the requirements under Code §72(p) and the regulations thereunder and will control over any inconsistent provisions of the Plan dealing with the administration of Participant loans.*]

APPENDIX C
ADMINISTRATIVE ELECTIONS

Use this Appendix C to identify certain elections dealing with the administration of the Plan. These elections may be changed without amending this Agreement by substituting an updated Appendix C with new elections. The provisions selected under this Appendix C do not create qualification issues and any changes to the provisions under this Appendix C will not affect the Employer's reliance on the IRS Favorable Letter.

C-1 **DIRECTION OF INVESTMENTS.** Are Participants permitted to **direct investments**? (See Section 10.07 of the Plan.)

☐ (a) No

☑ (b) Yes

☐ (c) Describe any special rules that apply for purposes of direction of investments: _____

C-2 **ROLLOVER CONTRIBUTIONS.** Does the Plan accept **Rollover Contributions**? (See Section 3.05 of the Plan.)

☐ (a) No

☑ (b) Yes

☐ (1) If this subsection (1) is checked, an Employee may not make a Rollover Contribution to the Plan prior to becoming a Participant in the Plan.

☑ (2) Check this subsection (2) if the Plan will not accept Rollover Contributions from former Employees.

☑ (3) Describe any special rules for accepting Rollover Contributions: The Plan does not accept Rollover Contributions from eligible plans under Code §457(b) which are maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state

[***Note:*** *The Employer may designate in subsection (3) or in separate written procedures the extent to which it will accept rollovers from designated plan types. For example, the Employer may decide not to accept rollovers from certain designated plans (e.g., 403(b) plans, §457 plans or IRAs). Any special rollover procedures will apply uniformly to all Participants under the Plan.*]

C-3 **LIFE INSURANCE.** Are **life insurance** investments permitted? (See Section 10.08 of the Plan.)

☑ (a) No

☐ (b) Yes

C-4 **QDRO PROCEDURES.** Do the **default QDRO procedures** under Section 11.05 of the Plan apply?

☑ (a) No

☐ (b) Yes

☐ The provisions of Section 11.05 are modified as follows: _____

EMPLOYER SIGNATURE PAGE

PURPOSE OF EXECUTION. This Signature Page is being executed to effect:

☐ (a) The adoption of a **new plan**, effective [*insert Effective Date of Plan*]. [***Note:*** *Date can be no earlier than the first day of the Plan Year in which the Plan is adopted.*]

☐ (b) The **restatement** of an existing plan, in order to comply with the requirements of PPA, pursuant to Rev. Proc. 2011-49.

(1) Effective date of restatement: _____. [***Note:*** *Date can be no earlier than January 1, 2007. Section 14.01(d)(2) of Plan provides for retroactive effective dates for all PPA provisions. Thus, a current effective date may be used under this subsection (1) without jeopardizing reliance.*]

(2) Name of plan(s) being restated: _____

(3) The original effective date of the plan(s) being restated: _____

☑ (c) An **amendment or restatement** of the Plan (other than to comply with PPA). If this Plan is being amended, a snap-on amendment may be used to designate the modifications to the Plan or the updated pages of the Adoption Agreement may be substituted for the original pages in the Adoption Agreement. All prior Employer Signature Pages should be retained as part of this Adoption Agreement.

(1) Effective Date(s) of amendment/restatement: 1-1-2020

(2) Name of plan being amended/restated: Kaweah Delta Health Care District Employees' Salary Deferral Plan

(3) The original effective date of the plan being amended/restated: 7-1-1984

(4) If Plan is being amended, identify the Adoption Agreement section(s) being amended: 5-3; 5-4; 6B-4; 10-3

VOLUME SUBMITTER SPONSOR INFORMATION. The Volume Submitter Sponsor (or authorized representative) will inform the Employer of any amendments made to the Plan and will notify the Employer if it discontinues or abandons the Plan. To be eligible to receive such notification, the Employer agrees to notify the Volume Submitter Sponsor (or authorized representative) of any change in address. The Employer may direct inquiries regarding the Plan or the effect of the Favorable IRS Letter to the Volume Submitter Sponsor (or authorized representative) at the following location:

Name of Volume Submitter Sponsor (or authorized representative): Lincoln Financial Group

Address: 1300 South Clinton Street Ft. Wayne, IN 46802

Telephone number: 800-248-0838

IMPORTANT INFORMATION ABOUT THIS VOLUME SUBMITTER PLAN. A failure to properly complete the elections in this Adoption Agreement or to operate the Plan in accordance with applicable law may result in disqualification of the Plan. The Employer may rely on the Favorable IRS Letter issued by the National Office of the Internal Revenue Service to the Volume Submitter Sponsor as evidence that the Plan is qualified under Code §401(a), to the extent provided in Rev. Proc. 2011-49. The Employer may not rely on the Favorable IRS Letter in certain circumstances or with respect to certain qualification requirements, which are specified in the Favorable IRS Letter issued with respect to the Plan and in Rev. Proc. 2011-49. In order to obtain reliance in such circumstances or with respect to such qualification requirements, the Employer must apply to the office of Employee Plans Determinations of the Internal Revenue Service for a determination letter. See Section 1.50 of the Plan.

By executing this Adoption Agreement, the Employer intends to adopt the provisions as set forth in this Adoption Agreement and the related Plan document. By signing this Adoption Agreement, the individual below represents that he/she has the authority to execute this Plan document on behalf of the Employer. This Adoption Agreement may only be used in conjunction with Basic Plan Document #05. The Employer understands that the Volume Submitter Sponsor has no responsibility or liability regarding the suitability of the Plan for the Employer's needs or the options elected under this Adoption Agreement. It is recommended that the Employer consult with legal counsel before executing this Adoption Agreement.

Kaweah Delta Health Care District
(Name of Employer)

_____
(Name of authorized representative) *(Title)*

SIGN & DATE HERE

_____
(Signature) *(Date)*

TRUSTEE DECLARATION

This Trustee Declaration may be used to identify the Trustees under the Plan. A separate Trustee Declaration may be used to identify different Trustees with different Trustee investment powers.

Effective date of Trustee Declaration: 7-1-2017

The Trustee's investment powers are:

☐ (a) **Discretionary.** The Trustee has discretion to invest Plan assets, unless specifically directed otherwise by the Plan Administrator, the Employer, an Investment Manager or other Named Fiduciary or, to the extent authorized under the Plan, a Plan Participant.

☐ (b) **Nondiscretionary.** The Trustee may only invest Plan assets as directed by the Plan Administrator, the Employer, an Investment Manager or other Named Fiduciary or, to the extent authorized under the Plan, a Plan Participant.

☐ (c) **Fully funded.** There is no Trustee under the Plan because the Plan is funded exclusively with custodial accounts, annuity contracts and/or insurance contracts. (See Section 12.15 of the Plan.)

☑ (d) **Determined under a separate trust agreement.** The Trustee's investment powers are determined under a separate trust document which replaces (or is adopted in conjunction with) the trust provisions under the Plan.

Name of Trustee: Lincoln Financial Group Trust Company

Title of Trust Agreement: Trust Agreement

[***Note:*** *To qualify as a Volume Submitter Plan, any separate trust document used in conjunction with this Plan must be approved by the Internal Revenue Service. Any such approved trust agreement is incorporated as part of this Plan and must be attached hereto. The responsibilities, rights and powers of the Trustee are those specified in the separate trust agreement.*]

Description of Trustee powers. This section can be used to describe any special trustee powers or any limitations on such powers. This section also may be used to impose any specific rules regarding the decision-making authority of individual trustees. In addition, this section can be used to limit the application of a trustee's responsibilities, e.g., by limiting trustee authority to only specific assets or investments.

☐ **Describe Trustee powers:** _____

[*The addition of special trustee powers under this section will not cause the Plan to lose Volume Submitter status provided such language merely modifies the administrative provisions applicable to the Trustee (such as provisions relating to investments and the duties of the Trustee). Any language added under this section may not conflict with any other provision of the Plan and may not result in a failure to qualify under Code §401(a).*]

RESOLUTION 2057
OF THE BOARD OF DIRECTORS OF
KAWEAH DELTA HEALTH CARE DISTRICT
AMENDING THE 457(b) DEFERRED COMPENSATION PLAN

WHEREAS, the Board of Directors (the "Board") of the Kaweah Delta Health Care District (the "District") adopted the Kaweah Delta Heath Care District 457(b) Deferred Compensation Plan, as amended and restated effective July 1, 2017 (the "Plan"); and

WHEREAS, the District reserves the right to amend or restate the Plan in Section 14.01 of the Plan's Base Plan Document;

WHEREAS, the District desires to restate the Plan document effective January 1, 2020, to reflect the following:

- Remove the $1,000 minimum on In-Service Distributions; and
- Distributions of $5,000 or less, including rollovers, will automatically rollover into an IRA; and
- Remove the De minimis Account Balance Distribution provision and the $1,000 Minimum In-Service Distribution of a Rollover Account;

NOW, THEREFORE, BE IT RESOLVED, that an authorized officer be and hereby is directed and authorized to sign the Restatement to the plan which is attached hereto.

This Resolution is adopted by the Board of Directors of Kaweah Delta Health Care District at a duly constituted meeting held on the 28th day of October 2019.

KAWEAH DELTA HEALTH CARE DISTRICT

_____
President, Kaweah Delta Health Care District

ATTEST:

_____
Secretary/Treasurer
Kaweah Delta Health Care District and of the
Board of Directors, thereof

Lincoln Financial Group®

You're In Charge®

Kaweah Delta Health Care District 457(b) Deferred Compensation Plan

Effective Date of This Document January 1, 2020

The Lincoln National Life Insurance Company
1300 South Clinton Street
PO Box 2340
Fort Wayne, Indiana 46802
Phone 800-4LINCOLN

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SUPERSEDING PROVISIONS ADDENDUM

The following provisions supersede other provisions in this Plan in the manner described below:

Section 2.3, Commencement of Participation shall be further clarified by adding the following as the final sentence: If a new Employee does not elect to defer Compensation when he/she first becomes an Employee, such an Employee can elect to defer Compensation as of the first day of any pay period provided the participation agreement is completed before the first day of the month in which the Compensation is paid or made available.

Section 6.2, Benefit Distributions upon Severance of Employment shall be further clarified by replacing this section in its entirety with the following: No later than 30 days before the Participant's Severance from Employment date, the Participant can elect to either (i) receive his/her Account Balance as soon as administratively possible following his/her Severance from Employment date payable in a form of payment as described under Section 6.5 or (ii) postpone receipt of his/her Account Balance until a later date as requested by the Participant but in no event later than a Participant's "required beginning date", as defined by Code Section 401(a)(9). A Participant is deemed to have elected to postpone receipt of his/her Account Balance if no election is made upon Severance of Employment.

Section 6.3(a), Distribution on Account of a Participant's Death shall be further clarified by replacing the second paragraph with the following: If the designated Beneficiary does not make an election within 90 days after the district has been notified of the Participant's death, the Participant's Account Balance will distributed to the designated Beneficiary immediately. Such distribution will be made in the form of a lump sum.

Section 7.4, Permissive Service Credit Transfers shall be revised to state: Permissive service credit transfers are not allowed from the Plan.

Section 12.2, Domestic Relation Orders shall be further clarified by adding the following as the final paragraph: Payments from this Plan will be made to an alternate payee under a qualified domestic relations order, under the terms of Code Section 414(p), as applied by the Administrator. If so provided by the qualified domestic relations order, distribution of a portion or all of the Participant's plan account will be made to the alternate payee (including an alternate payee who is the Participant's registered domestic partner whom the Participant can claim as a dependent on the Participant's federal income tax return) within a reasonable period of time following the date it is provided under the qualified domestic relations order. If the alternate payee is the Participant's registered domestic partner, and the Participant cannot claim the registered domestic partner as a dependent on the Participant's federal income tax return, payment to the registered domestic partner will be not made until the Participant has a Severance from Employment. A "registered domestic partner" is the Participant's domestic partner with whom the Participant and domestic partner have satisfied the requirements of California Family Code Section 297, and who have not terminated the domestic partnership in accordance with California Family Code Section 299.

457(b) PLAN DOCUMENT

DEFERRED COMPENSATION PLAN

PREAMBLE

Adoption of Plan

The Kaweah Delta Health Care District 457(b) Deferred Compensation Plan (hereinafter "the Plan"), an eligible deferred compensation plan within the meaning of Section 457(b) of the Internal Revenue Code of 1986, as amended (hereinafter the "Code"), of a State or local government as described in Code Section 457(e)(1)(A), that meets the requirements of Code Section 401(a)(37), originally adopted by Kaweah Delta Health Care District (hereinafter the "Employer") effective September 10, 1997 and hereby amended effective as of January 1, 2020.

Purpose of Plan

The primary purpose of this Plan is to permit Employees of the Employer to enter into an agreement which will provide for deferral of payment of a portion of his or her current compensation until death, retirement, Severance from Employment, or other event, in accordance with the provisions of the Code Section 457(b), with other applicable provisions of the Code, and in accordance with the General Statutes of the State.

Status of Plan

It is intended that the Plan shall qualify as an eligible deferred compensation plan within the meaning of Code Section 457(b) sponsored by an eligible employer within the meaning of Code Section 457(e)(1)(A), i.e., a State, political subdivision of a State, or agency or instrumentality of a State or political subdivision of a State.

Tax Consequences of Plan

The Employer does not and cannot represent or guarantee that any particular federal or State income, payroll, or other tax consequence will occur by reason of participation in this Plan. A Participant should consult with his or her own counsel or other representative regarding all tax or other consequences of participation in this Plan.

SECTION I
DEFINITIONS

1.1 Plan Definitions

For purposes of this Plan, the following words and phrases have the meaning set forth below, unless a different meaning is plainly required by the context:

An **"Account Balance"** means the bookkeeping account maintained with respect to each Participant which reflects the value of the deferred Compensation credited to the Participant, including the Participant's Annual Deferrals, the earnings or loss of the Trust Fund (net of Trust Fund expenses) allocable to the Participant, any transfers for the Participant's benefit, and any distribution made to the Participant or the Participant's Beneficiary. If a Participant has more than one Beneficiary at the time of the Participant's death, then a separate Account Balance shall be maintained for each Beneficiary. The Account Balance includes any account established under Section VII for rollover contributions and plan-to-plan transfers made for a Participant, the account established for a Beneficiary after a Participant's death, and any account or accounts established for an alternate payee (as defined in Code Section 414(p)(8)).

The **"Administrator"** means the Employer. The term Administrator includes any person or persons, committee, or organization appointed by the Employer to administer the Plan.

An **"Annual Deferral"** means the amount of Compensation deferred in any calendar year.

The **"Beneficiary"** of a Participant means the person or persons (or, if none, the Participant's surviving spouse, or if the Participant has no surviving spouse, the Participant's surviving children in equal shares, or if there are no surviving children, the Participant's estate) who is entitled under the provisions of the Plan to receive a distribution in the event the Participant dies before receiving distribution of his or her entire interest under the Plan. If a married Participant designates his or her spouse as Beneficiary under the Plan, such designation shall automatically become null and void as of the date of any final divorce or similar decree or order; except that the Participant may re-designate such former spouse as his or her Beneficiary after the date of the final decree or order.

The **"Code"** means the Internal Revenue Code of 1986, as now in effect or as hereafter amended from time to time. Reference to a Code Section includes such section and any comparable section or sections of any future legislation that amends, supplements, or supersedes such section.

The **"Compensation"** of a Participant means all cash compensation for services to the Employer that is includible in the Employee's gross income for the calendar year, including, as applicable, compensation attributable to services as an independent contractor, plus amounts that would be cash compensation for services to the Employer includible in the Employee's gross income for the calendar year but for a compensation reduction election under Code Section 125, 132(f), 401(k), 403(b), or 457(b) (including an election to defer compensation under Section II).

Notwithstanding the foregoing, Compensation shall not include severance pay that is received after a Participant's Severance form Employment date.

Any payments described below made to a Participant after a Severance from Employment shall qualify as Compensation for purposes of the Plan, but only if the payments are made by the later of (a) the end of the calendar year in which the Severance from Employment occurred or (b) within 2 ½ months of such Severance from Employment:

(a) Compensation that, absent a Severance from Employment, would have been paid to the Participant while the Participant continued in employment with the Employer, but only if such payments constitute regular compensation for services during the Participant's regular working hours, compensation for services outside the Participant's regular working hours (such as overtime or a shift differential), commissions, bonuses or other similar payments that would otherwise be included in determining Compensation under the Plan.

Any payment that is not described above shall not be considered Compensation if it is paid after the date of the Participant's Severance from Employment, even if it is paid within 2 ½ months of such date. Thus, for example, Compensation does not include severance pay.

For years beginning after December 31, 2008, (a) a Participant receiving a differential wage payment, as defined by Code Section 3401(h)(2), by reason of qualified military service (within the meaning of Code Section 414(u)), is treated as an Employee of the Employer making the payment and (b) the differential wage payment is treated as Compensation.

An "**Employee**" means each natural person who is employed by the Employer as a common law employee on a full time basis and any employee in an elected or appointed position; provided, however, that the term Employee shall not include a leased employee or any employee who is included in a unit of employees covered by a collective bargaining agreement that does not specifically provide for participation in the Plan.

Any individual who is not treated by the Employer as a common law employee of the Employer shall be excluded from Plan participation even if a court or administrative agency determines that such individual is a common law employee of the Employer, unless the Employer has included the individual in Plan participation as an independent contractor.

An "**Employer**" means the eligible employer (within the meaning of Code Section 457(e)(1)) that has adopted the Plan. In the case of an eligible employer that is an agency or instrumentality of a political subdivision of a State within the meaning of Code Section 457(e)(1)(A), the term Employer shall include any other agency or instrumentality of the same political subdivision that has adopted the Plan.

An **"Employer Contribution"** means Annual Deferrals made to the Account Balance of a Participant by the Employer on a non-elective basis.

"Includible Compensation" means, with respect to a taxable year, the Participant's compensation as defined in Code Section 415(c)(3) and the regulations thereunder, for services

performed for the Employer. The amount of Includible Compensation is determined without regard to any community property laws.

"**Normal Retirement Age**" means age 65.

A Participant's Normal Retirement Age must be the same as his or her Normal Retirement Age under any other eligible deferred compensation plan or plans sponsored by the Employer. The designation of a Normal Retirement Age under the Plan does not compel retirement with the Employer.

The "**Participant**" means an individual who is currently deferring Compensation, or who has previously deferred Compensation under the Plan by salary reduction and who has not received a distribution of his or her entire benefit under the Plan. Only individuals who perform services for the Employer as an Employee may defer Compensation under the Plan.

A "**Plan Year**" means the calendar year.

"**Severance from Employment**" means the date that the Employee dies, retires, or otherwise has a severance from employment with the Employer, as determined by the Administrator (and taking into account guidance issued under the Code).

The **"State"** means the State that is the Employer or of which the Employer is a political subdivision, agency, or instrumentality, including any agency or instrumentality of a political subdivision of the State, or the State in which the Employer is located.

The "**Trust Fund**" means the trust fund created under and subject to a trust agreement or a custodial account or contract described in Code Section 401(f) held on behalf of the Plan.

The "**Valuation Date**" means each business day.

SECTION II
PARTICIPATION AND CONTRIBUTIONS

2.1 Eligibility

Each Employee shall be eligible to participate in the Plan and defer Compensation hereunder immediately upon becoming employed by the Employer.

2.2 Election

An Employee may elect to become a Participant by executing an election to defer a portion of his or her Compensation (and to have that amount contributed as an Annual Deferral on his or her behalf) and filing such election with the Administrator. This participation election shall be made on the deferral agreement provided by the Administrator under which the Employee agrees to be bound by all the terms and conditions of the Plan. Any such election shall remain in effect until a new election is filed. The Administrator may establish a minimum deferral amount, and may change such minimums from time to time. The deferral agreement shall also include designation of investment funds and a designation of Beneficiary.

2.3 Commencement of Participation

An Employee shall become a Participant as soon as administratively practicable following the date the Employee files an election pursuant to Section 2.2. Such election shall become effective no earlier than the calendar month following the month in which the election is made. A new Employee may defer Compensation payable in the calendar month during which the Participant first becomes an Employee if an agreement providing for the deferral is entered into on or before the first day on which the Participant performs services for the Employer.

2.4 Amendment of Annual Deferral Election, Investment Direction, or Beneficiary Designation

Subject to other provisions of the Plan, a Participant may at any time revise his or her participation election, including a change of the amount of his or her Annual Deferrals, his or her investment direction and his or her designated Beneficiary. Unless the election specifies a later effective date, a change in the amount of the Annual Deferrals shall take effect as of the first day of the next following month or as soon as administratively practicable if later. A change in the investment direction shall take effect as of the date provided by the Administrator on a uniform basis for all Employees. A change in the Beneficiary designation shall take effect when the election is accepted by the Administrator.

2.5 Information Provided by the Participant

Each Employee enrolling in the Plan should provide to the Administrator at the time of initial enrollment, and later if there are any changes, any information necessary or advisable for the Administrator to administer the Plan, including, without limitation, whether the Employee is a participant in any other eligible plan under Code Section 457(b).

2.6 Contributions Made Promptly

Annual Deferrals by the Participant under the Plan shall be transferred to the Trust Fund within a period that is not longer than is reasonable for the proper administration of the Participant's Account Balance. For this purpose, Annual Deferrals shall be treated as contributed within a period that is not longer than is reasonable for the proper administration if the contribution is made to the Trust Fund within 15 business days following the end of the month in which the amount would otherwise have been paid to the Participant, or earlier if required by law.

2.7 Employer Contributions

Nothing in this Plan prohibits the Employer from making Employer Contributions to the Account Balance of a Participant on a non-elective basis, including but not limited to Employer matching contributions, subject to the Participant's contribution limits in Section III.

2.8 Leave of Absence

Unless an election is otherwise revised, if a Participant is absent from work by leave of absence, Annual Deferrals under the Plan shall continue to the extent that Compensation continues.

2.9 Disability

A disabled Participant (as determined by the Administrator) may elect Annual Deferrals during any portion of the period of his or her disability to the extent that he or she has actual Compensation (not imputed Compensation and not disability benefits) from which to make contributions to the Plan and has not had a Severance from Employment.

2.10 Protection of Persons Who Serve in a Uniformed Service

An Employee whose employment is interrupted by qualified military service under Code Section 414(u) or who is on a leave of absence for qualified military service under Code Section 414(u) may elect to make additional Annual Deferrals upon resumption of employment with the Employer equal to the maximum Annual Deferrals that the Employee could have elected during that period if the Employee's employment with the Employer had continued (at the same level of Compensation) without the interruption or leave, reduced by the Annual Deferrals, if any, actually made for the Employee during the period of the interruption or leave. This right applies for five years following the resumption of employment (or, if sooner, for a period equal to three times the period of the interruption or leave).

A reemployed Employee shall also be entitled to an allocation of any additional Employer Contributions, if applicable, that such Employee would have received under the Plan had the Employee continued to be employed as an eligible Employee during the period of qualified military service. Such restorative Employer Contributions (without interest), if applicable, shall be remitted by the Employer to the Plan on behalf of the Employee within 90 days after the date of the Employee's reemployment or, if later, as of the date the contributions are otherwise due for the year in which the applicable qualified military service was performed.

2.11 Corrective Measures

In the event that an otherwise eligible Employee is erroneously omitted from Plan participation, or an otherwise ineligible individual is erroneously included in the Plan, the Employer shall take such corrective measures as may be permitted by applicable law. Such measures may include, in the case of an erroneously omitted Employee, contributions made by the Employer to the Plan on behalf of such Employee equal to the missed deferral opportunity, subject to the Participant's contribution limits in Section III, and, in the case of an erroneously included individual, a payment by the Employer to such individual of additional Compensation in an amount equal to the amount of the individual's elective deferrals under the Plan.

2.12 Vesting of Account Balance

A Participant's vested interest in his Account Balance shall be at all times 100%.

SECTION III
LIMITATIONS ON AMOUNTS DEFERRED

3.1 Basic Annual Limitation

(a) The maximum amount of the Annual Deferral and, if applicable, Employer Contributions under the Plan for any calendar year shall not exceed the lesser of:

(i) The "applicable dollar amount" (as defined in paragraph (b) below); or

(ii) The Participant's Includible Compensation (as defined in Code Section 415(c)(3)) for the calendar year.

(b) The "applicable dollar amount" means the amount established under Code Section 457(e)(15), as indexed.

(c) Rollover amounts received by the Plan under Treasury Regulation Section 1.457-10(e) and any plan-to-plan transfer into the Plan made pursuant to Section 7.2 shall not be applied against the Annual Deferral limit.

3.2 Age 50 Catch-up Annual Deferral Contributions

A Participant who will attain age 50 or more by the end of a calendar year is permitted to elect an additional amount of Annual Deferral for the calendar year, up to the maximum age 50 catch-up Annual Deferral limit under §414(v)(2), as indexed.

The amount of the age 50 catch-up Annual Deferral for any calendar year cannot exceed the amount of the Participant's Compensation, reduced by the amount of the elective deferred compensation, or other elective deferrals, made by the Participant under the Plan.

The age 50 catch-up Annual Deferral limit is not available to a Participant for any calendar year for which the Special Section 457 Catch-up limitation described in Section 3.3 is available and applied.

3.3 Special Rules

For purposes of this Section III, the following rules shall apply:

(a) Participant Covered By More Than One Eligible Plan. If the Participant is or has been a participant in one or more other eligible plans within the meaning of Code Section 457(b), then this Plan and all such other plans shall be considered as one plan for purposes of applying the foregoing limitations of this Section III. For this purpose, the Administrator shall take into account any other such eligible plan maintained by the Employer and shall also take into account any other such eligible plan for which the Administrator receives from the Participant sufficient information concerning his or her participation in such other plan.

(b) Disregard Excess Deferral. For purposes of Sections 3.1 and 3.2, an individual is treated as not having deferred compensation under a plan for a prior taxable year if excess deferrals under the plan are distributed, as described in Section 3.4. To the extent that the combined deferrals for pre-2002 years exceeded the maximum deferral limitations, the amount is treated as an excess deferral for those prior years.

3.4 Correction of Excess Deferrals

If the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above, or the Annual Deferral on behalf of a Participant for any calendar year exceeds the limitations described above when combined with other amounts deferred by the Participant under another eligible deferred compensation plan under Code Section 457(b) for which the Participant provides information that is accepted by the Administrator, then the Annual Deferral, to the extent in excess of the applicable limitation (adjusted for any income or loss in value, if any, allocable thereto), shall be distributed to the Participant as soon as administratively practicable after the Administrator determines that the amount is an excess deferral.

SECTION IV
INVESTMENT RESPONSIBILITIES

4.1 Investment of Deferred Amount

Each Participant or Beneficiary shall direct the investment of amounts held in his or her Account Balance under the Plan among the investment options of the Trust Fund. The investment of amounts segregated on behalf of an alternate payee pursuant to a Plan qualified domestic relations order (as defined under Code Section 414(p)) may be directed by such alternate payee to the extent provided in such order. In the absence of such direction, such amounts shall be invested in the same manner as they were immediately before such segregation was made on account of such order. Each Account Balance shall share in any gains or losses of the investment(s) in which such account is invested.

4.2 Investment Election for Future Contributions

A Participant may amend his or her investment election at such times and by such manner and form as prescribed by the Administrator. Such election will, unless specifically stated otherwise, apply only to future amounts contributed under the Plan.

4.3 Investment Changes for an Existing Account Balance

The Participant, Beneficiary, alternate payee, or Administrator may elect to transfer amounts in his Account Balance among and between those investments available under the Trust Fund at such times and by such manner and form prescribed by the Administrator, subject further to any restrictions or limitations placed on any investment by the Administrator to be uniformly applied to all Participants.

4.4 Investment Responsibility

To the extent that a Participant, Beneficiary, or alternate payee exercises control over the investment of amounts credited to his Account Balance, the Employer, the Administrator, and any other fiduciary of the Plan shall not be liable for any losses that are the direct and necessary result of investment instructions given by a Participant, Beneficiary or an alternate payee.

4.5 Default Investment Fund

The Employer may designate a default investment fund. Any Participant who does not make an investment election on the deferral agreement provided by the Administrator will have his contributions invested in the default investment fund until such time he provides investment direction under Sections 4.2 and 4.3.

4.6 Statements

The Administrator will cause statements to be issued periodically to reflect the contributions and actual earnings posted to the Account Balances.

SECTION V
LOANS

5.1 No Loans

There shall be no loans made to Participants from the Plan.

SECTION VI
DISTRIBUTIONS

6.1 Distributions from the Plan

(a) Earliest Distribution Date. Payments from a Participant's Account Balance shall not be made earlier than:

(i) the Participant's Severance from Employment pursuant to Section 6.2

(ii) the Participant's death pursuant to Section 6.3

(iii) Plan termination under Section 10.3

(iv) an unforeseeable emergency withdrawal pursuant to Section 6.10(a), if permitted under the Plan

(v) a de minimis Account Balance distribution pursuant to Section 6.10(b), if permitted under the Plan

(vi) a rollover account withdrawal pursuant to Section 6.10(c), if permitted under the Plan

(vii) attainment of age 70 ½ withdrawal pursuant to Section 6.10(d), if permitted under the Plan

(viii) Qualified Military Service Deemed Severance withdrawal pursuant to Section 6.10(e), if permitted under the Plan

(ix) Qualified Distributions for Retired Public Safety Officers pursuant to Section 6.11, if permitted under the Plan

(b) Latest Distribution Date. In no event shall any distribution under this Section VI begin later than the Participant's "required beginning date". Such required minimum distributions must be made in accordance with Section 6.6.

(c) Amount of Account Balance. Except as provided in Section 6.3, the amount of any payment under this Section VI shall be based on the amount of the Account Balance as of the Valuation Date.

6.2 Benefit Distributions Upon Severance from Employment

Distributions required to commence under this section shall be made in the form of benefit provided under Section 6.5. Distributions postponed until the Participant's "required beginning date" will be made in a manner that meets the requirements of Section 6.6.

6.3 Distributions on Account of Participant's Death

Upon receipt of satisfactory proof of the Participant's death, the designated Beneficiary may file a request with the Administrator to elect a form of benefit provided under Section 6.5 and made in a manner that meets the requirements of Section 6.6.

(a) Death of Participant Before Distributions Begin. If the Participant dies before his or her distributions begin, the designated Beneficiary may elect to have distributions to be made (i) in full within 5 years of the Participant's death (5-year rule) or (ii) in installments over the designated Beneficiary's "life expectancy" (life expectancy rule).

If the designated Beneficiary does not make an election by September 30 of the year following the year of the Participant's death, the Participant's Account Balance will be distributed in a lump sum payment by December 31 of the calendar year containing the fifth anniversary of the Participant's death or if the Participant's spouse is the sole designated Beneficiary by December 31 of the year the Participant would have attained age 70 ½.

(b) Death of Participant On or After Date Distributions Begin. If the Participant dies on or after his or her distributions began, the Participant's Account Balance shall be paid to the Beneficiary at least as rapidly as under the payment option used before the Participant's death.

For purposes of this Section, a Participant who dies on or after January 1, 2007, while performing qualified military service (as defined in Code Section 414(u)) will be deemed to have resumed employment in accordance with the Participant's reemployment rights under chapter 43 of title 38, United States Code, on the day preceding death and to have terminated employment on the actual date of death for purposes of determining the entitlement of the Participant's survivors to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan, in accordance with the provisions of Code Sections 401(a)(37), 414(u)(9), and 457(g)(4).

6.4 Distribution of Small Account Balances Without Participant's Consent

Notwithstanding any other provision of the Plan to the contrary, if the amount of a Participant's or Beneficiary's Account Balance is not in excess of the amount specified below on the date that payments commence under Section 6.2 or on the date the Administrator is notified of the Participant's death, the Administrator may direct payment without the Participant's or Beneficiary's consent as soon as practicable following the Participant's retirement, death, or other Severance from Employment.

(a) If the Participant's or Beneficiary's Account Balance (including the rollover contribution separate account) does not exceed $5,000 (or the dollar limit under Code Section 411(a)(11), if greater), distribution shall be made through a direct rollover to an individual retirement account selected by the Administrator, unless the Participant or Beneficiary affirmatively elects rollover to a different "eligible retirement plan" (as defined under Section 6.9(b)) or distribution in a lump sum payment.

6.5 Forms of Distribution

In an election to commence benefits under Section 6.2, a Participant entitled to a distribution of benefits under this Section VI may elect to receive payment in any of the forms of distribution offered under the Plan. Such election may be made or modified by the date 30 days prior to commencement of payment. If the Participant fails to elect a distribution option then the benefit shall be paid in the form of a lump sum payment to the Participant or Beneficiary. The forms of distribution available under the Plan are as follows:

(a) a lump sum payment of the Participant's total Account Balance.

(b) partial distribution of the Participant's Account Balance in a lump sum payment.

(c) in a series of installments over a period of years (payable on a monthly, quarterly, semi-annual or annual basis) which extends no longer than the life expectancy of the Participant as permitted under Code Section 401(a)(9).

6.6 Minimum Distribution Requirements

(a) General Rules.

Notwithstanding anything in this Plan to the contrary, distributions from this Plan shall commence and be made in accordance with Code Section 401(a)(9) and the regulations promulgated thereunder. Additionally, the requirements of this Section 6.6 will take precedence over any inconsistent provisions of the Plan.

(b) Time and Manner of Distribution.

(i) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's "required beginning date".

(ii) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(A) If the Participant's surviving spouse is the Participant's sole "designated Beneficiary", then distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant dies, or by December 31 of the calendar year in which the Participant would have attained age 70 ½, if later.

(B) If the Participant's surviving spouse is not the Participant's sole "designated Beneficiary" (i.e., multiple beneficiaries), then distributions to the "designated Beneficiaries" will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(C) If the Participant's sole "designated Beneficiary" is not the Participant's spouse, then distributions to the "designated Beneficiary" will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(D) If there is no "designated Beneficiary" as of September 30 of the year following the year of the Participant's death, the Participant's Account Balance will be distributed in a lump sum payment by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(E) If the Participant's surviving spouse is the Participant's sole "designated Beneficiary" and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this subparagraph (b)(ii), other than subsection (b)(ii)(A), will apply as if the surviving spouse were the Participant.

For purposes of this subparagraph (ii) and paragraph (d), unless subsection (b)(ii)(D) applies, distributions are considered to begin on the Participant's "required beginning date". If subsection (b)(ii)(E) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under subsection (b)(ii)(A). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's "required beginning date" (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under subsection (b)(ii)(A)), the date distributions are considered to begin is the date distributions actually commence.

(iii) Death of Participant On or After Distributions Begin. If the Participant dies on or after distributions begin and before depleting his or her Account Balance, distributions must commence to the "designated Beneficiary" by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(iv) Forms of Distribution. Unless the Participant's Account Balance is distributed in the form of an annuity contract or in a lump sum on or before the Participant's "required beginning date", as of the first distribution calendar year, distributions will be made in accordance with paragraphs (c) and (d). If the Participant's interest is distributed in the form of an annuity contract, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9).

(c) Required Minimum Distributions During the Participant's Lifetime.

(i) Amount of Required Minimum Distribution For Each "Distribution Calendar Year". During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(A) The quotient obtained by dividing the "Participant's Account Balance" by the distribution period in the Uniform Lifetime Table set forth in Treasury Regulation Section 1.401(a)(9)-9, Q&A-2 using the Participant's age as of the Participant's birthday in the "distribution calendar year"; or

(B) if the Participant's sole "designated Beneficiary" for the "distribution calendar year" is the Participant's spouse and the spouse is more than 10 years younger than the Participant, the quotient obtained by dividing the "Participant's Account Balance" by the distribution period in the Joint and Last Survivor Table set forth in Treasury Regulation Section 1.401(a)(9)-9, Q&A-3 using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the "distribution calendar year".

(ii) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this paragraph (c) beginning with the first "distribution calendar year" and up to and including the "distribution calendar year" that includes the Participant's date of death.

(d) Required Minimum Distributions After Participant's Death.

For purposes of this Section 6.6(d), the Participant's and Beneficiary's "life expectancy" determination will use the Single Life Table set forth in Treasury Regulation Section 1.401(a)(9)-9, Q&A-1.

(i) Death On or After Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary.

If the Participant dies on or after the date distributions begin and there is a "designated Beneficiary", the minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's Account Balance" by the longer of the remaining "life expectancy" of the Participant or the remaining "life expectancy" of the Participant's "designated Beneficiary", determined as follows:

(1) The Participant's remaining "life expectancy" is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(2) If the Participant's surviving spouse is the Participant's sole "designated Beneficiary", the remaining "life expectancy" of the surviving spouse is calculated for each "distribution calendar year" after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For "distribution calendar years" after the year of the surviving spouse's death, the

remaining "life expectancy" of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(3) If the Participant's surviving spouse is not the Participant's sole "designated Beneficiary" (i.e., multiple beneficiaries), the "designated Beneficiary's" remaining "life expectancy" is calculated using the age of the oldest Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(4) If the Participant's sole "designated Beneficiary" is not the Participant's spouse, the "designated Beneficiary's" remaining "life expectancy" is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary.

If the Participant dies on or after the date distributions begin and there is no "designated Beneficiary" as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's Account Balance" by the Participant's remaining "life expectancy" calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) Death Before Date Distributions Begin.

(A) Participant Survived by Designated Beneficiary.

Except as provided in this Section, if the Participant dies before the date distributions begin and there is a "designated Beneficiary", the minimum amount that will be distributed for each "distribution calendar year" after the year of the Participant's death is the quotient obtained by dividing the "Participant's Account Balance" by the remaining "life expectancy" of the Participant's "designated Beneficiary", determined as follows:

(1) If the Participant's surviving spouse is the Participant's sole "designated Beneficiary", the remaining "life expectancy" of the surviving spouse is calculated for each "distribution calendar year" after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year.

(2) If the Participant's surviving spouse is not the Participant's sole "designated Beneficiary" (i.e., multiple beneficiaries), the "designated Beneficiary's" remaining "life expectancy" is calculated using the age of the oldest Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(3) If the Participant's sole "designated beneficiary" is not the Participant's spouse, the "designated Beneficiary's" remaining "life expectancy" is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(B) No Designated Beneficiary.

If the Participant dies before the date distributions begin and there is no "designated Beneficiary" as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(C) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin.

If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole "designated Beneficiary", and the surviving spouse dies before distributions are required to begin to the surviving spouse under subsection (b)(ii)(A), this subparagraph (d)(ii) will apply as if the surviving spouse were the Participant.

(e) Definitions.

(i) A Participant's "required beginning date" is April 1 of the year that follows the later of (1) the calendar year the Participant attains age 70 ½ or (2) retires due to Severance from Employment. If the Participant postpones the required distribution due in calendar year he or she attains age 70 ½ or severs employment, to the "required beginning date", the second required minimum distribution must be taken by the end of that year.

(ii) Participant's "designated Beneficiary" means the individual who is designated as the Beneficiary under Section 8.1 and is the designated Beneficiary under Code Section 401(a)(9) and Treasury Regulation Section 1.401(a)(9)-4.

(iii) A "distribution calendar year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first "distribution calendar year" is the calendar year the Participant attains age 70 ½ or retires, if later. For distributions beginning after the Participant's death,

the first "distribution calendar year" is the calendar year in which distributions are required to begin under subparagraph (b)(ii).

The required minimum distribution for the Participant's first "distribution calendar year" will be made on or before the Participant's "required beginning date". The required minimum distribution for other "distribution calendar years", including the required minimum distribution for the "distribution calendar year" in which the Participant's "required beginning date" occurs, will be made on or before December 31 of that "distribution calendar year".

(iv) A married Participant's "life expectancy", whose spouse is the sole Beneficiary and is more than 10 years younger than the Participant, means the Participant's and spouse Beneficiary's life expectancy as computed by use of the Joint and Last Survivor Life Table under Treasury Regulation Section 1.401(a)(9)-9, Q&A 3. All other Participants will have his or her life expectancy computed by use of the Uniform Lifetime Table under Treasury Regulation Section 1.401(a)(9)-9, Q&A 2. A deceased Participant's or Beneficiary's "life expectancy" means his or her life expectancy as computed by use of the Single Life Table under Treasury Regulation Section 1.401(a)(9)-9, Q&A 1.

(v) A "Participant's Account Balance" means the Account Balance as of the last Valuation Date in the calendar year immediately preceding the "distribution calendar year" (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account Balance as of dates in the valuation calendar year after the Valuation Date and decreased by distributions made in the valuation calendar year after the Valuation Date. The Account Balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the "distribution calendar year" if distributed or transferred in the valuation calendar year.

(f) Special Provision Applicable to 2009 Required Minimum Distributions.

A Participant who would otherwise be required to receive a minimum distribution from the Plan in accordance with Code Section 401(a)(9) for the 2009 "distribution calendar year" will not receive any such distribution that is payable with respect to the 2009 "distribution calendar year" unless the Participant elects otherwise.

A Participant who receives a minimum distribution from the Plan for the 2009 "distribution calendar year" is subject to the provisions of Section 6.9(b)(iii) and may not elect to directly rollover such distribution to an "eligible retirement plan".

The provisions of this Section 6.6(f) are effective for minimum payments made for the 2009 "distribution calendar year" and do not include any minimum payment that is made in 2009, but is attributable to a different year (i.e., the Participant reached his required beginning date in 2008, but payment of the 2008 minimum is not made until 2009).

6.7 Payments to Minors and Incompetents

If a Participant or Beneficiary entitled to receive any benefits hereunder is a minor or is adjudged to be legally incapable of giving valid receipt and discharge for such benefits, or is deemed so by the Administrator, benefits will be paid to such person as the Administrator or a court of competent jurisdiction may designate for the benefit of such Participant or Beneficiary. Such payments shall be considered a payment to such Participant or Beneficiary and shall, to the extent made, be deemed a complete discharge of any liability for such payments under the Plan.

6.8 Procedure When Distributee Cannot Be Located

The Administrator shall make all reasonable attempts to determine the identity and address of a Participant or a Participant's Beneficiary entitled to benefits under the Plan. For this purpose, a reasonable attempt means (a) the mailing by certified mail of a notice to the last known address shown in the Administrator's records; (b) use of a commercial locator service, the internet or other general search method; (c) use such other methods as the Administrator believes prudent.

If the Participant or Beneficiary has not responded within 6 months, the Plan shall continue to hold the benefits due such person until, in the Administrator's discretion, the Plan is required to take other action under applicable law.

Notwithstanding the foregoing, if the Administrator is unable to locate a person entitled to benefits hereunder after applying the search methods set forth above, then the Administrator, in its sole discretion, may pay an amount that is immediately distributable to such person in a direct rollover to an individual retirement plan designated by the Administrator.

6.9 Direct Rollover

(a) A Participant or spouse Beneficiary (or a Participant's spouse or former spouse who is the alternate payee under a domestic relations order, as defined in Code Section 414(p)) who is entitled to an "eligible rollover distribution" may elect, at the time and in the manner prescribed by the Administrator, to have all or any portion of the distribution paid directly to an "eligible retirement plan" specified by the Participant or spouse Beneficiary in a direct rollover.

(b) For purposes of this Section 6.9, an "eligible rollover distribution" means any distribution of all or any portion of a Participant's Account Balance, except that an eligible rollover distribution does not include (i) any distribution that is one of a series of substantially equal periodic payment made not less frequently than annually for the life or life expectancy of the Participant or the joint lives or life expectancies of the Participant and the Participant's designated Beneficiary, or for a specified period of ten years or more (ii) any distribution made as a result of an unforeseeable emergency, or (iii) any distribution that is a required minimum distribution under Code Section 401(a)(9).

In addition, an "eligible retirement plan" with respect to the Participant, the Participant's spouse, or the Participant's spouse or former spouse who is an alternate payee under a domestic relations order as defined in Code Section 414(p) means any of the following:

(i) an individual retirement account described in Code Section 408(a), (ii) an individual retirement annuity described in Code Section 408(b), (iii) an annuity plan described in Code Section 403(a), (iv) a qualified defined contribution plan described in Code Section 401(a), (v) an annuity contract described in Code Section 403(b), (vi) an eligible deferred compensation plan described in Code Section 457(b) that is maintained by a State, political subdivision of a State, or any agency or instrumentality of a State or political subdivision of a State, or (vii) effective for distributions made on or after January 1, 2008, a Roth IRA, as described in Code Section 408A, provided, that for distributions made before January 1, 2010, such rollover shall be subject to the limitations contained in Code Section 408A(c)(3)(B).

(c) A Beneficiary who is not the spouse of the deceased Participant may elect a direct rollover of a distribution to an individual retirement account described in Code Section 408(b) or to a Roth individual retirement account described in Code Section 408A(b) ("IRA"), provided that the distributed amount satisfies all the requirements to be an eligible rollover distribution. The direct rollover must be made to an IRA established on behalf of the designated nonspouse Beneficiary that will be treated as an inherited IRA pursuant to the provisions of Code Section 402(c)(11). The IRA must be established in a manner that identifies it as an IRA with respect to a deceased Participant and also identifies the deceased Participant and the nonspouse Beneficiary. This Section applies to distributions made after the last day of the 2009 Plan Year.

6.10 Inservice Distributions

(a) Unforeseeable Emergency Distributions. If the Participant who has not incurred a Severance from Employment or Beneficiary has an unforeseeable emergency, the Administrator may approve a single sum distribution of the amount requested or, if less, the maximum amount determined by the Administrator to be permitted to be distributed under this Section 6.10(a), Treasury Regulation Section 1.457-6(c) or other regulatory guidance. The Administrator shall determine whether an unforeseeable emergency exists based on relevant facts and circumstances, and Treasury Regulation Section 1.457-6(c) or other regulatory guidance.

(i) An unforeseeable emergency is defined as a severe financial hardship resulting from the following:

(A) an illness or accident of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, or the Participant's or Beneficiary's dependent or the Participant's "primary Beneficiary";

(B) loss of the Participant's or Beneficiary's property due to casualty (including the need to rebuild a home following damage to a home not otherwise covered by homeowner's insurance, e.g., as a result of a natural disaster);

(C) the need to pay for the funeral expenses of a Participant's or Beneficiary's spouse, Participant's or Beneficiary's dependent or "primary Beneficiary" of the Participant;

(D) the need to pay for medical expenses of the Participant or Beneficiary, the Participant's or Beneficiary's spouse, Participant's or Beneficiary's dependent or the Participant's "primary Beneficiary" which are not reimbursed or compensated by insurance or otherwise, including non-refundable deductibles, as well as for the cost of prescription drug medication;

(E) the imminent foreclosure of or eviction from the Participant's or Beneficiary's primary residence; or

(F) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant or Beneficiary. However, except as otherwise specifically provided in this Section 6.10(a), certain circumstances are not considered an unforeseen emergency such as the purchase of a home or the payment of college tuition or credit card debt.

For purposes of this paragraph, if the Participant is not deceased, a "primary Beneficiary" shall be limited to a primary Beneficiary under the Plan, which is an individual who is named as a Beneficiary pursuant to Section 8.1 and has an unconditional right to all or a portion of the Participant's Account Balance upon the death of the Participant, and which shall not include a contingent Beneficiary. Additionally, dependent shall be limited to the definition under Code Section 152(a), and, for taxable years beginning on or after January 1, 2005, without regard to Code Sections 152(b)(1), (b)(2) and (d)(1)(B).

(ii) Unforeseeable emergency distribution standard. A distribution on account of unforeseeable emergency may not be made to the extent that such emergency is or may be relieved through reimbursement or compensation from insurance or otherwise; by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship; or by cessation of deferrals under the Plan if the cessation of deferrals would alleviate the financial need.

(iii) Distribution necessary to satisfy emergency need. Distributions because of an unforeseeable emergency may not exceed the amount reasonably necessary to satisfy the emergency need (which may include any amounts necessary to pay any federal, State, or local income taxes or penalties reasonably anticipated to result from the distribution).

(b) De minimis Account Balance Distributions. The Plan does not permit de minimis Account Balance distributions.

(c) Rollover Account Distributions. If a Participant has a separate account attributable to rollover contributions under the Plan, the Participant before Severance of Employment may at any time elect to receive an inservice distribution of all or any portion of the amount held in the rollover separate account.

(d) Age 70 ½ Distributions. Prior to Severance from Employment, a Participant may withdraw all or a portion of his or her Account Balance on or after the first day of the calendar year in which the Participant shall attain age 70½.

(e) Qualified Military Service Deemed Severance Distributions. The Plan does not permit "qualified military service deemed severance withdrawals".

6.11 Qualified Distributions for Retired Public Safety Officers

The Plan does not permit qualified distributions for retired public safety officers.

SECTION VII
ROLLOVERS AND PLAN TRANSFERS

7.1 Eligible Rollover Contributions to the Plan

(a) A Participant who is an Employee and who is entitled to receive an eligible rollover distribution from another "eligible retirement plan", as defined in 6.9(b) excluding the direct rollover of after-tax contributions, may request to have all or a portion of the eligible rollover distribution paid to the Plan. The Administrator may require such documentation from the distributing plan as it deems necessary to effectuate the rollover in accordance with Code Section 402 and to confirm that such plan is an "eligible retirement plan" within the meaning of Code Section 402(c)(8)(B).

(b) If an Employee makes a rollover contribution to the Plan of amounts that have previously been distributed to him or her, the Employee must deliver to the Administrator the cash that constitutes his or her rollover contribution within 60 days of receipt of the distribution from the distributing "eligible retirement plan". Such delivery must be made in the manner prescribed by the Administrator.

(c) The Plan shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any "eligible retirement plan" that is an eligible governmental plan under Code Section 457(b). In addition, the Plan shall establish and maintain for the Participant a separate account for any eligible rollover distribution paid to the Plan from any "eligible retirement plan" that is not an eligible governmental plan under Code Section 457(b).

7.2 Plan-to-Plan Transfers to the Plan

At the direction of the Employer, the Administrator may permit Participants or Beneficiaries who are participants or Beneficiaries in another eligible governmental plan under Code Section 457(b) to transfer assets to the Plan as provided in this Section 7.2. Such a transfer is permitted only if the other plan provides for the direct transfer of each Participant's or Beneficiary's interest therein to the Plan. The Administrator may require in its sole discretion that the transfer be in cash or other property acceptable to the Administrator. The Administrator may require such documentation from the other plan as it deems necessary to effectuate the transfer in accordance with Code Section 457(e)(10) and Treasury Regulation Section 1.457-10(b) and to confirm that the other plan is an eligible governmental plan as defined in Treasury Regulation Section 1.457-2(f). The amount so transferred shall be credited to the Participant's Account Balance and shall be held, accounted for, administered and otherwise treated in the same manner as an Annual Deferral by the Participant under the Plan, except that the transferred amount shall not be considered an Annual Deferral under the Plan in determining the maximum deferral under Section III.

7.3 Plan-to-Plan Transfers from the Plan

(a) At the direction of the Employer, the Administrator may permit Participants or Beneficiaries to elect to have his or her Account Balance transferred to another eligible governmental plan within the meaning of Treasury Regulation Section 1.457-2(f), if the other eligible governmental plan provides for the receipt of transfers, the Participant or Beneficiary whose amounts deferred are being transferred will have an amount deferred immediately after the transfer at least equal to the amount deferred with respect to that Participant or Beneficiary immediately before the transfer, and the conditions of subparagraph (i), (ii), or (iii) are met.

(i) A transfer from the Plan to another eligible governmental plan is permitted in the case of a transfer for a Participant if the Participant has had a Severance from Employment with the Employer and is performing services for the entity maintaining the other eligible governmental plan.

(ii) A transfer from the Plan to another eligible governmental plan is permitted if:

(A) The transfer is to another eligible governmental plan within the same State as the Plan;

(B) All the assets held by the Plan are transferred; and

(C) A Participant or Beneficiary whose amounts deferred are being transferred is not eligible for additional annual deferrals in the other eligible governmental plan unless he or she is performing services for the entity maintaining the other eligible governmental plan.

(iii) A transfer from the Plan to another eligible governmental plan of the Employer is permitted if:

(A) The transfer is to another eligible governmental plan of the Employer (and, for this purpose, an employer is not treated as the Employer if the Participant's compensation is paid by a different entity); and

(B) A Participant or Beneficiary whose deferred amounts are being transferred is not eligible for additional annual deferrals in the other eligible governmental plan unless he or she is performing services for the entity maintaining the other eligible governmental plan.

(b) Upon the transfer of assets under this Section 7.3(b), the Plan's liability to pay benefits to the Participant or Beneficiary under this Plan shall be discharged to the extent of the amount so transferred for the Participant or Beneficiary. The Administrator may require such documentation from the receiving plan as it deems appropriate or necessary to comply with this Section 7.3(b) (for example, to confirm that the receiving plan is an eligible governmental plan under paragraph (a) of this Section 7.3(b), and to assure that

the transfer is permitted under the receiving plan) or to effectuate the transfer pursuant to Treasury Regulation Section 1.457-10(b).

7.4 Permissive Service Credit Transfers

(a) If a Participant is also a participant in a tax-qualified defined benefit governmental plan (as defined in Code Section 414(d)) that provides for the acceptance of plan-to-plan transfers with respect to the Participant, then the Participant may elect to have any portion of the Participant's Account Balance transferred to the defined benefit governmental plan. A transfer under this Section 7.4(a) may be made before the Participant has had a Severance from Employment and without regard to whether the defined benefit governmental plan is maintained by the Employer. The distribution rules applicable to the defined benefit governmental plan to which any amounts are transferred under this Section 7.4(a) shall apply to the transferred amounts and any benefits attributable to the transferred amounts.

(b) A transfer may be made under Section 7.4(a) only if the transfer is either for the purchase of permissive service credit (as defined in Code Section 415(n)(3)(A)) under the receiving defined benefit governmental plan, including service credit for periods for which there is no performance of services, service credited in order to provide an increased benefit for service credit which a participant is receiving under the plan, and service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in Code Section 415(n)(3)(C)(i)) of an educational organization described in Code Section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12) or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed, without application of the limitations of Code Section 415(n)(3)(B) in determining whether the transfer is for the purchase of permissive service credit, or a repayment to which Code Section 415 does not apply by reason of Code Section 415(k)(3).

SECTION VIII
BENEFICIARY

8.1 Beneficiary Designation

A Participant has the right, by written notice filed with the Administrator, to designate one or more Beneficiaries to receive any benefits payable under the Plan in the event of the Participant's death prior to the complete distribution of benefits. The Participant accepts and acknowledges that he or she has the burden for executing and filing, with the Administrator, a proper Beneficiary designation form.

The form for this purpose shall be provided by the Administrator. The form is not valid until it is signed, filed with the Administrator by the Participant, and accepted by the Administrator. Upon the Participant filing the form and acceptance by the Administrator, the form revokes all Beneficiary designations filed prior to that date by the Participant. If a married Participant designates his or her spouse a Beneficiary under the Plan, such designation shall automatically become null and void as of the date of any final divorce or similar decree or order; except that the Participant may re-designate such former spouse or his or her Beneficiary after the date of the final decree or order.

If no such designation is in effect upon the Participant's death, or if no designated Beneficiary survives the Participant, the Beneficiary shall be the Participant's surviving spouse, or if the Participant has no surviving spouse, the Participant's surviving children in equal shares, or if there are no surviving children, the Participant's estate. If a Beneficiary dies after becoming entitled to receive a distribution under the Plan but before distribution is made to him or her in full, the estate of the deceased Beneficiary shall be the Beneficiary as to the balance of the distribution.

SECTION IX
ADMINISTRATION AND ACCOUNTING

9.1 Administrator

The Administrator shall have the responsibility and authority to control the operation and administration of the Plan in accordance with the terms of the Plan, the Code and regulations thereunder, and any State law as applicable.

The Administrator may contract with a financially responsible independent contractor to administer and coordinate the Plan under the direction of the Administrator. The Administrator shall have the right to designate a plan coordinator or other party of its choice to perform such services under this agreement as may be mutually agreed to between the Administrator and the plan coordinator or other party.

The Administrator has full and complete discretionary authority to determine all questions of Plan interpretation, policy, participation, or benefit eligibility in a manner consistent with the Plan's documents; such determinations shall be conclusive and binding on all persons except as otherwise provided by law.

9.2 Administrative Costs

All reasonable expenses of administration may be paid out of the Plan assets unless paid (or reimbursed) by the Employer. Such expenses shall include any expenses incident to the functioning of the Administrator, or any person or persons retained or appointed by the Administrator or the Employer incident to the exercise of his or her duties under the Plan, including, but not limited to, fees of accountants, counsel, investment managers, agents (including nonfiduciary agents) appointed for the purpose of assisting the Administrator in carrying out the instructions of Participants as to the directed investment of his or her accounts and other specialists and his or her agents, and other costs of administering the Plan. In addition, unless specifically prohibited under statute, regulation or other guidance of general applicability, the Administrator may charge to the Account Balance of an individual a reasonable charge to offset the cost of making a distribution to the Participant, Beneficiary, or alternate payee. If liquid assets of the Plan are insufficient to cover the fees of the Administrator, then Plan assets shall be liquidated to the extent necessary for such fees. In the event any part of the Plan assets becomes subject to tax, all taxes incurred will be paid from the Plan assets. Until paid, the expenses shall constitute a liability of the Trust Fund described in Section 11.1.

9.3 Paperless Administration

The Administrator may use telephonic or electronic media to satisfy any notice requirements required by this Plan, to the extent permissible under regulations (or other generally applicable guidance). In addition, a Participant's consent to immediate distribution may be provided through telephonic or electronic means, to the extent permissible under regulations (or other generally applicable guidance). The Administrator also may use telephonic or electronic media to conduct plan transactions such as enrolling Participants, making (and changing) salary reduction

elections, electing (and changing) investment allocations, and other transactions, to the extent permissible under regulations (or other generally applicable guidance).

SECTION X
AMENDMENTS

10.1 Amendment

The Employer may at any time either prospectively or retroactively amend the Plan. The Employer shall not have the right to reduce or affect the value of any Participant's Account Balance or any rights accrued under the Plan prior to amendment.

10.2 Conformation

The Employer shall amend and interpret the Plan to the extent necessary to conform to the requirements of Code Section 457 and any other applicable law, regulation or ruling, including amendments that are retroactive. In the event the Plan is deemed by the Internal Revenue Service to be administered in a manner inconsistent with Code Section 457, the Employer shall correct such inconsistency within the period provided in Code Section 457(b).

10.3 Plan Termination

In the event of the termination of the Plan, all Account Balances shall be disposed to or for the benefit of each Participant or Beneficiary in accordance with the provisions of Section VI or Section VII as soon as reasonably practicable following the Plan's termination. The Employer shall not have the right to reduce or affect the value of any Participant's account or any rights accrued under the Plan prior to termination of the Plan. The Participant's or Beneficiary's written consent to the commencement of distribution shall not be required regardless of the value of his or her Account Balance.

The distribution in the event of termination of the Plan may, at the discretion of the Employer, be made in the form of a lump sum payment of the Participant's total Account Balance, without regard to the form of distribution elected by the Participant.

SECTION XI
TRUST FUND

11.1 Trust Fund

All amounts in a Participant's or Beneficiary's Account Balance, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights shall be held and invested in the Trust Fund in accordance with this Plan. The Trust Fund, and any subtrust established under the Plan, shall be established pursuant to a written agreement that constitutes a valid trust, custodial agreement, annuity contract, or similar agreement under the laws of the State of residence of the Employer, to the extent not superseded by federal law,. All investments, amounts, property, and rights held under the Trust Fund shall be held in trust for the exclusive benefit of Participants and their Beneficiaries and defraying reasonable expenses of the Plan and of the Trust Fund. Prior to the satisfaction of all liabilities with respect to Participants and their Beneficiaries, no part of the assets and income of the Trust Fund may be used for, or diverted to, for purposes other than for the exclusive benefit of Participants and their Beneficiaries. The Employer has no beneficial interest in the Trust Fund and no part of the Trust Fund shall ever revert to the Employer, directly or indirectly, provided, however, that a contribution or any portion thereof made by the Employer through a mistake of fact under Section 12.4 shall upon written request of the Employer, reduced by losses attributable thereto, shall be returned to the Employer.

SECTION XII
MISCELLANEOUS

12.1 Non-Assignability

Except as provided in Sections 12.2 and 12.3, no benefit under the Plan at any time shall be subject in any manner to anticipation, alienation, assignment (either at law or in equity), encumbrance, garnishment, levy, execution, or other legal or equitable process; and no person shall have power in any manner to anticipate, transfer, assign (either law or in equity), alienate or subject to attachment, garnishment, levy, execution, or other legal or equitable process, or in any way encumber his or her benefits under the Plan, or any part thereof, and any attempt to do so shall be void except to such extent as may be required by law.

12.2 Domestic Relation Orders

The Employer shall establish reasonable procedures to determine the status of domestic relations orders and to administer distributions under domestic relations orders which are deemed to be qualified orders. Such procedures shall be in writing and shall comply with the provisions of Code Section 414(p) and regulations issued thereunder.

Notwithstanding Section 12.1, the Administrator may affect a Participant's Account Balance for a "qualified domestic relations order" as defined in Code Section 414(p), and those other domestic relations orders permitted to be so treated by the Administrator under the provisions of the Retirement Equity Act of 1984. The amount of the Participant's Account Balance shall be paid in the manner and to the person or persons so directed in the qualified domestic relations order. Such payment shall be made without regard to whether the Participant is eligible for a distribution of benefits under the Plan.

12.3 IRS Levy

Notwithstanding Section 12.1, the Administrator may pay from a Participant's or Beneficiary's Account Balance the amount that the Administrator finds is lawfully demanded under a levy issued by the Internal Revenue Service to the Plan with respect to that Participant or Beneficiary or is sought to be collected by the United States Government under a judgment resulting from an unpaid tax assessment against the Participant or Beneficiary.

12.4 Mistaken Contributions

Notwithstanding any other provision of the Plan or the Trust Fund to the contrary, in the event any contribution of an Employer is made under a mistake of fact (and not a Plan operational error), such contribution may be returned to the Employer within one year after the payment of the contribution. Earnings attributable to the excess contribution may not be returned to the Employer (and instead shall be applied otherwise as determined by the Administrator), but losses attributable thereto must reduce the amount to be so returned.

12.5 Employment

Neither the establishment of the Plan nor any modification thereof, nor the establishment of any account, nor the payment of any benefits, shall be construed as giving to any Participant or other person any legal or equitable right against the Employer except as herein provided; and, in no event, shall the terms or employment of any Employee be modified or in any way affected hereby.

12.6 Successors and Assigns

The Plan shall be binding upon and shall inure to the benefit of the Employer, its successors and assigns, all Participants and Beneficiaries and their heirs and legal representatives.

12.7 Written Notice

Any notice or other communication required or permitted under the Plan shall be in writing, and if directed to the Administrator shall be sent to the designated office of the Administrator, and, if directed to a Participant or to a Beneficiary, shall be sent to such Participant or Beneficiary at his or her last known address as it appears on the Administrator's record. To the extent permitted by law, regulation or other guidance from an appropriate regulatory agency, the Administrator, Employer or any other party may provide any notice or disclosure, obtain any authorization or consent, or satisfy any other obligation under the Plan through the use of any other medium acceptable to the Administrator. Such other medium may include, but is not necessarily limited to, electronic or telephonic medium. In addition, any communication or disclosure to or from Participants or Beneficiaries that is required under the terms of the Plan to be made in writing may be provided in any other medium (electronic, telephonic, or otherwise) that is acceptable to the Administrator and permitted under applicable law. The Administrator shall be entitled to reliance on any such communication from a Participant or Beneficiary, including any data or consent included in such communication, provided in any such manner.

12.8 Total Agreement

This Plan and Participant deferral election, and any subsequently adopted Plan amendment thereof, shall constitute the total agreement or contract between the Employer and the Participant regarding the Plan. No oral statement regarding the Plan may be relied upon by the Participant.

12.9 Gender

As used herein the masculine shall include the neuter and the feminine where appropriate.

12.10 Controlling Law

This Plan is created and shall be construed, administered and interpreted in accordance with Code Section 457 and the regulations thereunder, and under laws of the State of residence of the Employer, to the extent not superseded by federal law, as the same shall be at the time any dispute or issue is raised. If any portion of this Plan is held illegal, invalid or unenforceable, the legality, validity and enforceability of the remainder shall be unaffected.

IN WITNESS WHEREOF, the Employer has executed this Plan document this _____ day of _____,_____.

Kaweah Delta Health Care District

SIGN HERE

SEAL

By _____

Name_____

Title_____

Attest:_____

_____

WITNESS

Title

(Witness)

Employer Address: 400 West Mineral King Avenue

Visalia, CA 93291-6263

Employer EIN: 94-1534475

Contract Number: KWD-002

This plan document is a specimen plan document only. Unlike 401(a)/(k) and 403(b) plans, the Internal Revenue Service does not offer a preapproved program for 457(b) plan documents and does not generally provide any determination or advisory letter regarding a 457(b) plan's compliance in form with applicable rules. As such, this plan document has not been reviewed by the Internal Revenue Service for compliance with applicable sections of the Internal Revenue Code of 1986, as amended. The Lincoln National Life Insurance Company and its affiliates (Lincoln) make no guarantees or warranties, expressed or implied, regarding the tax effects of the specimen plan document. Employers are strongly encouraged to consult with their legal and/or tax advisor regarding the adoption of this plan document.

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Kaweah Delta Healthcare District

2019 Audit Results

Board of Directors

Kaweah Delta Health Care District

Dear Board of Directors:

Thank you for your continued engagement of Moss Adams LLP. We are pleased to have the opportunity to meet with you to discuss the results of our audit of the consolidated financial statements of Kaweah Delta Health Care District ("the District") for the year ended June 30, 2019.

The accompanying report, which is intended solely for the use of the Audit Committee and management, presents important information regarding the Kaweah Delta Health Care District consolidated financial statements and our audit that we believe will be of interest to you. It is not intended and should not be used by anyone other than these specified parties.

We conducted our audit with the objectivity and independence that you expect. We received the full support and assistance of the Kaweah Delta Health Care District personnel. We are pleased to serve and be associated with the Kaweah Delta Health Care District as its independent public accountants and look forward to our continued relationship.

We look forward to discussing our report or any other matters of interest with you during this meeting.

Agenda

- Auditor Opinion and Report
- Communication with Those Charged with Governance

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Auditor Opinion & Report

Better Together: Moss Adams & Kaweah Delta Health Care District

Scope of Services

We have performed the following services for Kaweah Delta Health Care District:

- Annual consolidated financial statement audit for the year ending June 30, 2019

We have also performed the following nonattest services:

- Assisted in the drafting of the consolidated financial statements of Kaweah Delta Health Care District

Auditor Report on the Financial Statements

Unmodified Opinion

- Consolidated financial statements are presented fairly and in accordance with United States Generally Accepting Accounting Principles (US GAAP)

Communication with Those Charged with Governance

- Our responsibility under Auditing Standards Generally Accepted in the U.S.
- Planned scope and timing of the audit
- Significant audit findings
- Qualitative aspects of accounting practices
- Significant accounting estimates
- Financial statement disclosures
- Difficulties encountered in performing the audit
- Corrected and uncorrected misstatements
- Disagreements with management
- Management representations
- Management consultations with other independent accountants
- Independence
- Other audit findings or issues

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Financial Ratios and Metrics

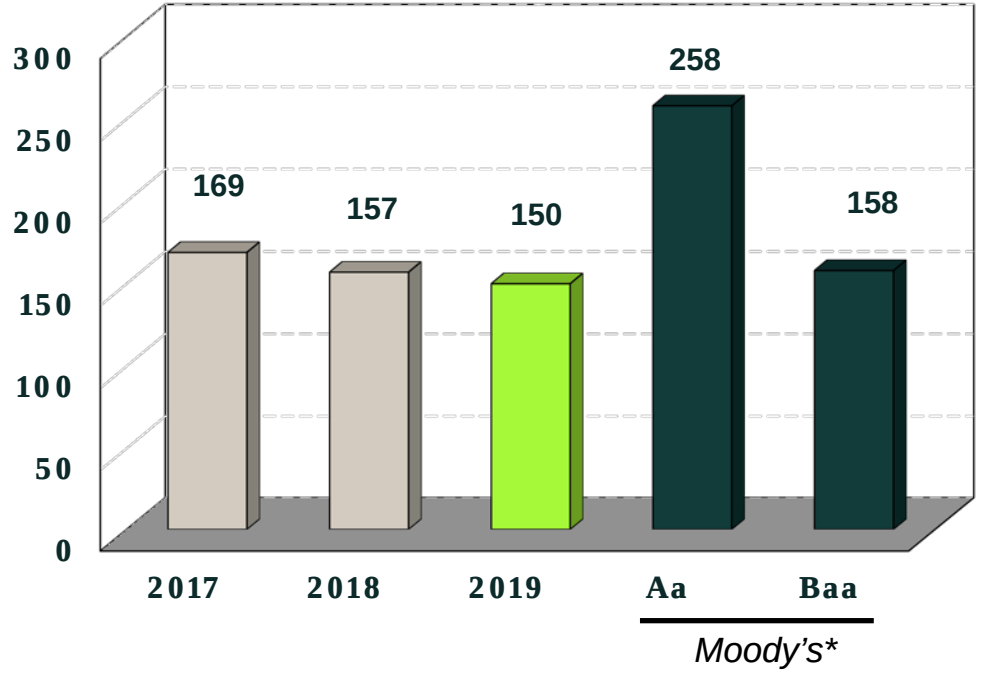
MOSSADAMS

Balance Sheet

Cash On Hand (days)

- Liquidity indicator
- Measures the ability of the Hospital to sustain operations with existing cash
- The higher the number, the more cash reserves available
- (Unrestricted cash and investments plus funds designated for capital improvements x 365)/(total operating expenses – depreciation and amortization expenses)

Cash On Hand (days)

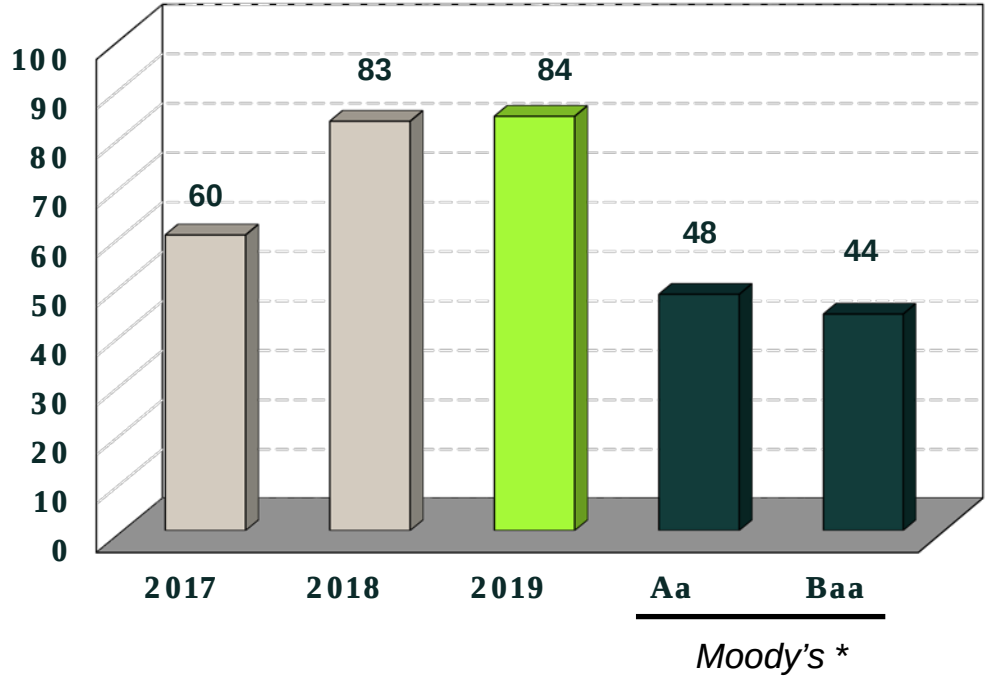


* Moody's Ratings: *2018 Median Ratios for Nonprofit Hospitals and Healthcare Systems*

Days In Accounts Receivable

- Liquidity indicator
- Measures the average number of days that accounts receivable are outstanding
- Lower number indicates that outstanding balances are being collected within a shorter duration
- (Net accounts receivable)/(net patient revenue/365)

Days In Accounts Receivable

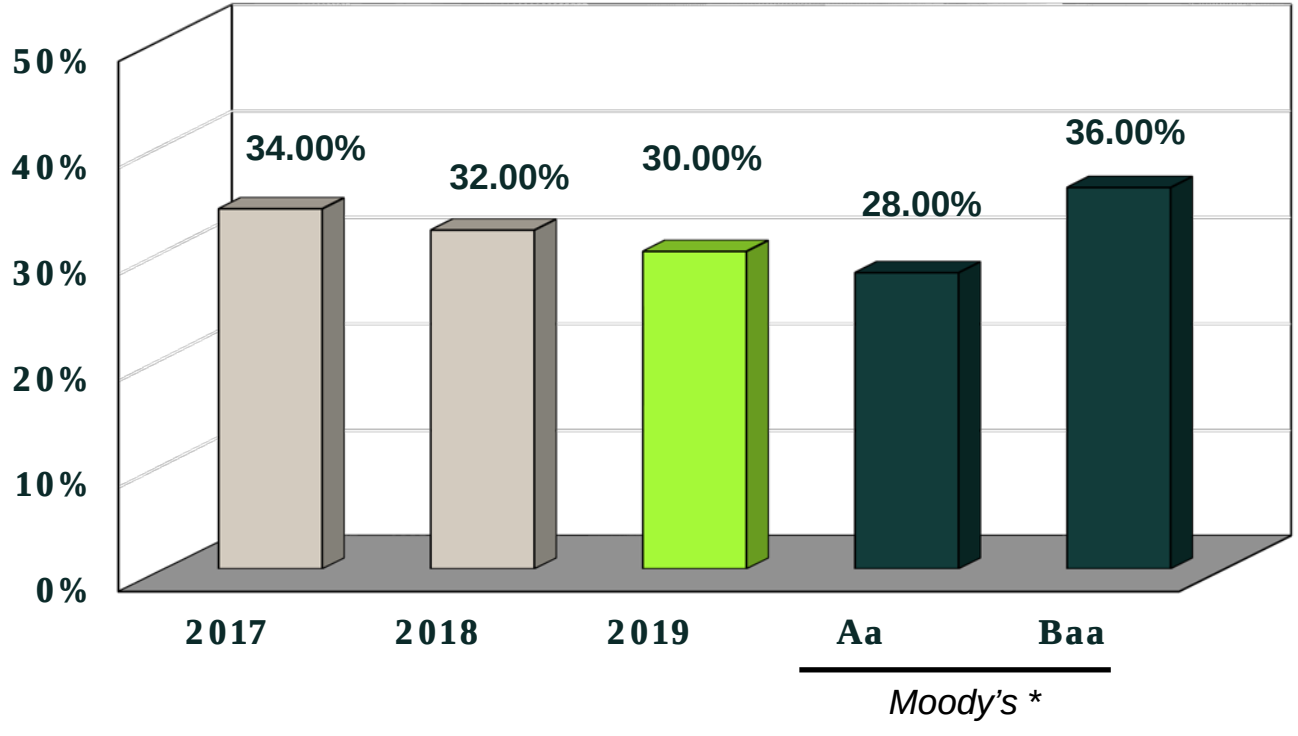


* Moody's Ratings: *2018 Median Ratios for Nonprofit Hospitals and Healthcare Systems*

Debt to Capitalization

- Leverage indicator
- Indicates extent assets are financed with debt as opposed to paid for with cash
- Lower number indicates assets are “bought and paid for”
- (Long-term and current portion of debt)/(long-term and current portion of debt plus net assets)

Debt to Capitalization



* Moody's Ratings: *2018 Median Ratios for Nonprofit Hospitals and Healthcare Systems*

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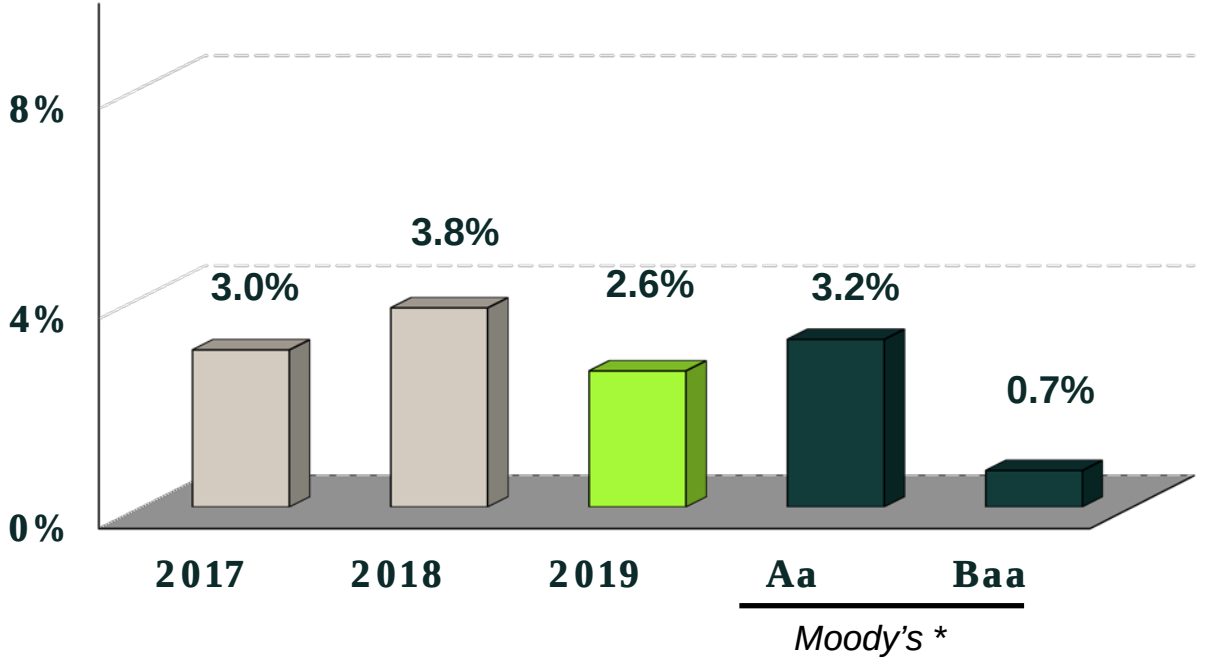
Operations

Operating margin
(Operating Income / Total Revenue)



* Moody's Ratings: *2018 Median Ratios for Nonprofit Hospitals and Healthcare Systems*

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(415) 677-8341

THANK YOU

Report of Independent Auditors
and Consolidated Financial Statements

Kaweah Delta Health Care District

June 30, 2019 and 2018

Table of Contents

Kaweah Delta Health Care District's (the "District") discussion and analysis is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position, and identify any material deviations from the financial plan (the approved budget). Unless otherwise noted, all discussion and analysis pertains to the District's financial condition, results of operations, and cash flows as of and for the year ended June 30, 2019. Please read it in conjunction with the consolidated financial statements in this report.

Financial Highlights

- The District's net position increased by $28.8 million, or 6.4%, primarily attributable to the year's positive net income (income before contributions). Total assets increased by $20.9 million, or 2.4%. Cash and investments decreased by $19.4 million, or 5.5%, due to the use of bond assets held in trust for related capital projects. Capital assets increased $10.2 million to $336.4 million with $40.5 million in net additions to buildings, equipment, and construction-in-progress, exceeding a $30.3 million net increase in accumulated depreciation.

- The District's total operating revenues increased to $751.6 million, a 5.7% increase from the prior year, while total operating expenses increased to $731.9 million, an increase of 7.0%. The current year increase in total operating revenues is primarily due to a $29.1 million increase in net patient services revenue and a $7.0 million increase in premium revenue. This increase in net patient services revenue is attributable to an increase in Medi-Cal disproportionate share funding and other supplemental payment programs. The increase in premium revenue is due to an increase in the number of covered lives as well as an increase in the per member payment amount.

- Capital contributions to Kaweah Delta Hospital Foundation (the "Foundation") were $861,000, a decrease of $702,000, or 44.9%, from last year's contributions of $1.6 million.

- During the fiscal year, the District made the following significant capital expenditures:

    - Construction costs related to the infill of the fifth and sixth floors and new second floor OB surgery suite in the Acequia Wing of the Medical Center

    - Construction costs related to the expansion of the emergency department

    - Implementation of a new information technology platform (Cerner)

The source of funding for these projects was derived from operations, capital contributions, bond project funds, and funds reserved for capital acquisition.

Required Consolidated Financial Statements

The consolidated financial statements of the District include: (a) a consolidated statement of net position, (b) a consolidated statement of revenues, expenses, and changes in net position, and (c) a consolidated statement of cash flows. The consolidated statement of net position includes information about the nature of the District's assets and liabilities and classifies them as current or noncurrent. It also provides the basis for evaluation of the capital structure of the District and for assessing the liquidity and financial flexibility of the District. The District's revenues and expenses are accounted for in the consolidated statement of revenues, expenses, and changes in net position. This statement measures the District's operations and can be used to determine whether the District has been able to recover all of its operating costs from patient services and other operating revenue sources. The primary purpose of the consolidated statement of cash flows is to provide information about the District's cash from operating, noncapital financing, capital and related financing, and investing activities. It provides answers to such questions as what were the District's sources of cash, what was cash used for, and what was the change in cash balances during the reporting period.

TABLE 1

Financial Analysis of the District

Condensed Consolidated Statements of Net Position

(in thousands)

A summary of the District's consolidated statements of net position is presented in Table 1 below:

	June 30, 2019	June 30, 2018	Dollar Change	Total % Change
Current and other assets	567,685	$ 557,047	$ 10,638	1.9%
Capital assets	336,359	326,106	10,253	3.1%
Total assets	904,044	883,153	20,891	2.4%
Deferred outflows	5,866	8,888	(3,022)	-34.0%
Total assets and deferred outflows	$ 909,910	$ 892,041	$ 17,869	2.0%
Current and other liabilities	163,738	$ 167,240	$ (3,502)	-2.1%
Long-term debt outstanding	258,727	268,787	(10,060)	-3.7%
Total liabilities	422,465	436,027	(13,562)	-3.1%
Deferred inflows	8,206	5,544	2,662	48.0%
Net investment in capital assets	105,427	110,175	(4,748)	-4.3%
Restricted	30,090	29,668	422	1.4%
Unrestricted	343,722	310,627	33,095	10.7%
Total net position	479,239	450,470	28,769	6.4%
Total liabilities and net position	$ 909,910	$ 892,041	$ 15,207	1.7%

As reflected in Table 1, net position increased $28.8 million to $479.2 million for the year ended June 30, 2019, primarily attributable to the District's $27.9 million income before contributions.

TABLE 2

Financial Analysis of the District (continued)

Condensed Consolidated Statements of Net Position

(in thousands)

A summary of the District's consolidated statements of net position is presented in Table 2 below:

	June 30, 2018	June 30, 2017	Dollar Change	Total % Change
Current and other assets	$ 557,047	$ 543,199	$ 13,848	2.5%
Capital assets	326,106	299,911	26,195	8.7%
Total assets	883,153	843,110	40,043	4.7%
Deferred outflows	8,888	12,719	(3,831)	-30.1%
Total assets and deferred outflows	$ 892,041	$ 855,829	$ 36,212	4.2%
Current and other liabilities	$ 167,240	$ 157,443	$ 9,797	6.2%
Long-term debt outstanding	268,787	276,831	(8,044)	-2.9%
Total liabilities	436,027	434,274	1,753	0.4%
Deferred inflows	5,544	-	5,228	501.2%
Net investment in capital assets	110,175	99,956	10,219	10.2%
Restricted	29,668	30,479	(811)	-2.7%
Unrestricted	310,627	291,120	19,507	6.7%
Total net position	450,470	421,555	28,915	6.9%
Total liabilities and net position	$ 892,041	$ 855,829	$ 30,668	3.6%

As reflected in Table 2, net position increased $28.9 million to $450.5 million for the year ended June 30, 2018, primarily attributable to the District's $27.4 million income before contributions.

TABLE 3

Financial Analysis of the District (continued)

Condensed Consolidated Statements of Revenues, Expenses, and Changes in Net Position

(in thousands)

The following table presents a summary of the District's revenues, expenses, and changes in net position:

	Years Ended			
	June 30, 2019	June 30, 2018	Dollar Change	Total % Change
Net patient services revenue	638,382	$ 609,324	$ 29,058	4.8%
Management services revenue	31,751	28,767	2,984	10.4%
Premium revenue	40,871	33,880	6,991	20.6%
Other operating revenue	40,569	39,012	1,557	4.0%
Total operating revenues	751,573	710,983	40,590	5.7%
Salaries and benefits	363,289	341,614	21,675	6.3%
Medical and other supplies	141,150	135,619	5,531	4.1%
Medical and other fees and services	145,592	129,715	15,877	12.2%
Maintenance, utilities, and rent	37,743	35,368	2,375	6.7%
Depreciation and amortization	30,851	25,681	5,170	20.1%
Other	13,285	15,762	(2,477)	-15.7%
Total operating expenses	731,910	683,759	48,151	7.0%
Operating income	19,663	27,224	(7,561)	-27.8%
Nonoperating revenues – net of nonoperating expenses	8,245	128	8,117	-6341.4%
Income before contributions	27,908	27,352	556	2.0%
Capital contributions	861	1,563	(702)	-44.9%
Change in net position	28,769	28,915	(146)	-0.5%
Net position – beginning of year	450,470	421,555	28,915	6.9%
Net position – end of year	$ 479,239	$ 450,470	$ 28,769	6.4%

TABLE 4

Financial Analysis of the District (continued)

Condensed Consolidated Statements of Revenues, Expenses, and Changes in Net Position

(in thousands)

The following table presents a summary of the District's revenues, expenses, and changes in net position:

	Years Ended			
	June 30, 2018	June 30, 2017	Dollar Change	Total % Change
Net patient services revenue	$ 609,324	$ 557,885	$ 51,439	9.2%
Management services revenue	28,767	27,142	1,625	6.0%
Premium revenue	33,880	27,908	5,972	21.4%
Other operating revenue	39,012	30,885	8,127	26.3%
Total operating revenues	710,983	643,820	67,163	10.4%
Salaries and benefits	341,614	319,340	22,274	7.0%
Medical and other supplies	135,619	123,079	12,540	10.2%
Medical and other fees and services	129,715	112,400	17,315	15.4%
Maintenance, utilities, and rent	35,368	33,132	2,236	6.7%
Depreciation and amortization	25,681	23,509	2,172	9.2%
Other	15,762	12,894	2,868	22.2%
Total operating expenses	683,759	624,354	59,405	9.5%
Operating income	27,224	19,466	7,758	39.9%
Nonoperating revenues – net of nonoperating expenses	128	(699)	827	-118.3%
Income before contributions	27,352	18,767	8,585	45.7%
Capital contributions	1,563	1,660	(97)	-5.8%
Change in net position	28,915	20,427	8,488	41.6%
Net position – beginning of year	421,555	401,128	20,427	5.1%
Net position – end of year	$ 450,470	$ 421,555	$ 28,915	6.9%

Sources of Revenue

Operating revenues – For fiscal year 2019, the District derived 98.0% of its total revenues from operations. Operating revenues include, among other items, patient care revenue from Medicare, Medi-Cal, and other federal, state, and local government programs, and commercial insurance payers and patients; management services revenue associated with the District's forty-five percent (45%) ownership in SRCC-Medical Oncology, LLC, a management services organization providing staff, facilities, and administrative services to a medical oncology physician group; premium revenue associated with a capitated Medicare Advantage contract; cafeteria sales; PRIME program revenue; membership sales and dues from a District-owned health and fitness center; and minority ownership interests in a free-standing ambulatory surgery center, an assisted living center, and a memory care facility.

Nonoperating revenues – For fiscal year 2019, the District derived 2.0% of its total revenues from investment income and property tax revenue including that associated with the general obligation bonds as well as an allocation of general property taxes assessed by the County of Tulare on properties residing within the District's geographical boundaries.

Operating and Financial Performance

The following summarizes the District's consolidated statements of revenues, expenses, and changes in net position between 2019 and 2018:

Acute admissions decreased by 66, or 0.2%, to 26,950 and acute patient days increased by 422, or 0.3%, to 132,806. Skilled nursing and long-term subacute patient days remained consistent with 21,536 in 2019 and 21,537 in 2018. Outpatient equivalent patient days, a measure of overall outpatient activity, were 501 or 0.3%, below 2018 levels. Significant increases in laboratory, diagnostic radiology, CT and MRI procedures, as well as cardiac catheterization procedures were offset by decreases in emergency department and rural health clinic visits.

Net patient services revenue increased $29.1 million, or 4.8%, in 2019. The increase in net patient services revenue can mainly be attributed an increase in Medi-Cal disproportionate share funding and other supplemental payment programs.

The District participates in various supplemental payment programs administered by the State of California as discussed in detail in the notes to the consolidated financial statements. In fiscal years 2019 and 2018, the District recognized net patient services revenue of $12.0 million and $12.3 million related to the QAF Managed Care Medi-Cal program; $9.7 million and $10.1 million related to the AB113 IGT FFS Medi-Cal Inpatient program; and $16.5 million and $4.6 million related to the Rate Range IGT Managed Medi-Cal program, respectively.

Management services revenue increased $3.0 million, or 10.4%, from 2018. The increase in revenue is primarily associated with the increase in revenue generated by the SRCC-Medical Oncology joint venture.

Premium revenue associated with a capitated Medicare Advantage contract increased by $7.0 million, or 20.6%, from 2018 due to an increase in the number of covered lives as well as an increase in the per member payment amount.

Other operating revenue consists primarily of PRIME program revenue, cafeteria sales, equity ownership in an ambulatory surgery center, assisted living center, and memory care facility, contributions, and health and fitness center membership sales and dues. Other operating revenue increased by $1.6 million, or 4.0%. This increase is primarily due to an increase in retail pharmacy revenue.

Salaries and benefits expense increased $21.7 million, or 6.3%. Salaries and wages increased $19.7 million, or 7.3%, and employee benefits expense increased $2.0 million, or 2.8%, from 2018. The increase in salaries and wages was attributable to salaries capitalized in 2018 but not in 2019, for the Cerner implementation project, an increase in hours paid, and wage related adjustments.

Medical and other supplies increased $5.5 million, or 4.1%, from 2018 due to an increase in pharmaceutical costs associated with SRCC-Medical Oncology volume and the retail pharmacy.

Medical and other fees and services increased $15.9 million, or 12.2%, due to an increase in physician fees related to growth in contracted areas such as KDMF, the neurosciences center and the cardiology clinic, an increase in contract labor, and increased health care services costs associated with a Medicare Advantage contract for which the District receives revenue on a capitation basis.

Maintenance, utilities, and rent increased by $2.4 million, or 6.7%, during 2019 primarily due to increases in maintenance costs related to information systems.

Depreciation and amortization expense increased $5.2 million, or 20.1%, primarily due to the go-live of the Cerner software in May 2018 as well as the completion of other construction projects.

Other expenses decreased $2.5 million, or 15.7%, resulting mainly from a decrease in professional liability expense.

Total operating expenses increased by $48.2 million, or 7.0%.

Nonoperating revenues of $15.4 million for fiscal year 2019 are comprised of $4.6 million of tax revenue received from the County of Tulare and $10.8 million in investment income on cash and investments. Tax revenue increased by $125,000, or 2.8%, in 2019. Investment income represents interest income and realized and unrealized gains and losses on District and Foundation investments. District investments by law may only be invested in high-grade, governmental and commercial fixed income securities and money market funds. Investment income for 2019 increased 8.5 million from 2018 due to unrealized gains on the District's investments.

Nonoperating expenses represent interest on the District's short-term and long-term debt consisting of revenue and general obligation bonds and capital leases, loss on disposal of capital assets, and bond issuance expense. Total interest expense of $7.2 million increased by $833,000, or 13.1%, from 2018 due to the completion of projects for which interest was capitalized in 2018. Bond issuance expense decreased by $298,000 in 2019.

For fiscal year 2019, capital contributions of $861,000 represent amounts received from Foundation donors to support specific capital purposes. The Foundation exists to support the needs of the District and to help build support for the District and our community.

The following summarizes the District's consolidated statements of revenues, expenses, and changes in net position between 2018 and 2017:

Acute admissions increased by 1,097, or 4.2%, to 27,016 and acute patient days increased by 7,241, or 5.8%, to 132,384. Skilled nursing and long-term subacute patient days increased to 21,537 in 2018 from 21,196 in 2017. Outpatient equivalent patient days, a measure of overall outpatient activity, were 2,764, or 1.9%, above 2017 levels. Significant increases in laboratory, diagnostic radiology, ultrasound and CAT procedures, as well as rural health clinic visits contributed to the overall increase in outpatient activity for 2018

Net patient services revenue increased $51.4 million, or 9.2%, in 2018. The increase in net patient services revenue can mainly be attributed to the overall increase in inpatient and outpatient volumes, an increase in Medi-Cal disproportionate share funding, as well as the District's continuous efforts to improve clinical documentation, the result of which better reflects the acuity of patients and appropriately-higher reimbursement rates.

The District participates in various supplemental payment programs administered by the State of California as discussed in detail in the notes to the consolidated financial statements. In fiscal years 2018 and 2017, the District recognized net patient services revenue of $12.3 million and $14.8 million related to the QAF Managed Care Medi-Cal program; $10.1 million and $7.6 million related to the AB113 IGT FFS Medi-Cal Inpatient program; and $4.6 million and $4.3 million related to the Rate Range IGT Managed Medi-Cal program, respectively.

Management services revenue increased $1.6 million, or 6.0%, from 2017. The increase in revenue is primarily associated with the increase in revenue generated by the SRCC-Medical Oncology joint venture.

Premium revenue associated with a capitated Medicare Advantage contract increased by $6.0 million, or 21.4%, from 2017 due to an increase in the number of covered lives as well as an increase in the per member payment amount.

Other operating revenue increased by $8.1 million, or 26.3%. This increase is primarily due the $20.4 million of PRIME program revenue recognized in fiscal year 2018 as compared to the $15.6 million recognized in the prior year, the first year of the District's participation in the program.

Salaries and benefits expense increased $22.3 million, or 7.0%. Salaries and wages increased $21.8 million, or 8.8%, and employee benefits expense increased $509,000, or 0.7%, from 2017. The increase in salaries and wages was mainly attributable to an increase in patient volumes, as discussed above, and wage related adjustments.

Medical and other supplies increased $12.5 million, or 10.2%, from 2017 due to an increase in the cost of general medical supplies associated with the increase in patient volumes, as well as an increase in pharmaceutical costs associated with SRCC-Medical Oncology volume and a new retail pharmacy.

Medical and other fees and services increased $17.3 million, or 15.4%, due to an increase in physician fees related to growth in patient volumes as well as the addition of new or expanded service lines such as the neurosciences center and the cardiology clinic, an increase in contract labor, increased collection fees due to the outsource of legacy accounts receivable as a result of the Cerner implementation project, and increased health care services costs associated with a Medicare Advantage contract for which the District receives revenue on a capitation basis.

Maintenance, utilities, and rent increased by $2.2 million, or 6.7%, during 2018 primarily due to increases in maintenance costs related to information systems..

Depreciation and amortization expense increased $2.2 million, or 9.2%, primarily due to the go-live of the Cerner software in May 2018 as well as the completion of other construction projects.

Other expenses increased $2.9 million, or 22.2%, resulting mainly from an increase in professional liability expense.

Total operating expenses increased by $59.4 million, or 9.5%.

Nonoperating revenues of $6.8 million for fiscal year 2018 are comprised of $4.5 million of tax revenue received from the County of Tulare and $2.3 million in investment income on cash and investments. Tax revenue increased by $241,000, or 5.7%, in 2018. Investment income represents interest income and realized and unrealized gains and losses on District and Foundation investments. District investments by law may only be invested in high-grade, governmental and commercial fixed income securities and money market funds. Investment income for 2018 increased $40,000, or 1.7%, from 2017.

Nonoperating expenses represent interest on the District's short-term and long-term debt consisting of revenue and general obligation bonds and capital leases, loss on disposal of capital assets, and bond issuance expense. Total interest expense of $6.4 million decreased by $631,000, or 9.0%, from 2017. Bond issuance expense increased by $90,000 in 2018.

Budget Results

The Board of Directors approves the annual operating budget of the District. The budget remains in effect the entire year, but is updated as needed for internal management use to reflect changes in activity and approved variances. A fiscal year 2019 budget comparison and analysis is presented below.

TABLE 5

Actual vs. Budget

(in thousands)

	Years Ended June 30,			
	2019 Actual	2019 Budget	Dollar Variance	Total % Variance
Net patient services revenue	$ 638,382	$ 648,144	$ (9,762)	-1.5%
Management services revenue	31,751	29,268	2,483	8.5%
Premium revenue	40,871	35,931	4,940	13.7%
Other operating revenue	40,569	29,072	11,497	39.5%
Total operating revenues	751,573	742,415	9,158	1.2%
Salaries and benefits	363,289	361,811	1,478	0.4%
Medical and other supplies	141,150	138,718	2,432	1.8%
Medical and other fees and services	145,592	126,101	19,491	15.5%
Maintenance, utilities, and rent	37,743	38,051	(308)	-0.8%
Depreciation and amortization	30,851	33,808	(2,957)	-8.7%
Other	13,285	17,528	(4,243)	-24.2%
Total operating expenses	731,910	716,017	15,893	2.2%
Operating income	19,663	26,398	(6,735)	-25.5%
Nonoperating revenues – net of nonoperating expenses	8,245	1,597	6,648	416.3%
Income before contributions	$ 27,908	$ 27,995	$ (87)	-0.3%

In comparing actual versus budgeted 2019 results, the following is noted:

The District completed its fiscal year 2019 $87,000, or 0.3%, below the budgeted income before contributions of $28.0 million. Operating income fell short of budget expectations but nonoperating income exceeded budget by $6.6 million due to unrealized gains on the District's investment portfolio.

The District's operating income fell short of budget expectations by $6.7 million, or 25.5%. Net patient services revenue fell short of budget by $9.8 million, or 1.5%, mainly due to lower-than-expected patient volumes. Management services revenue, premium revenue, and other operating revenue exceeded budget expectations by $2.5 million, or 8.5%, 4.9 million, or 13.8%, and $11.5 million, or 39.5%, respectively. The District realized an unfavorable variance in total operating expenses of $15.9 million, or 2.2%, in fiscal year 2019. This unfavorable expense variance was mainly due to medical and other fees and services, which were $19.5 million, or 15.5%, higher than expected. The unfavorable variance in this area related to contract labor, purchased services for information services and health information management, and physician fees.

Capital Assets

At June 30, 2019, the District had $336.4 million invested in a variety of capital assets, as reflected in the following schedule (in thousands), which represents a net increase (additions less retirements and depreciation) of $10.2 million from the end of the prior year.

	June 30, 2019	June 30, 2018	Dollar Change	Total % Change
Land	$ 16,137	$ 15,869	$ 268	1.7%
Buildings and improvements	356,887	343,422	13,465	3.9%
Equipment	275,513	265,819	9,694	3.6%
Construction in progress	42,299	25,196	17,103	67.9%
	690,836	650,306	40,530	6.2%
Less accumulated depreciation	357,681	328,323	29,358	8.9%
	333,155	321,983	11,172	3.5%
Property under capital leases – less accumulated amortization	3,204	4,123	(919)	-22.3%
Capital assets, net	$ 336,359	$ 326,106	$ 10,253	3.1%

Material additions during fiscal year 2019 included (in thousands):

Construction and equipment costs related to:		
Infill of Acequia Wing fifth and sixth floors	$	10,168
Emergency department expansion	$	7,016
Purchase of medical buildings	$	4,307
Implementation of a new IT platform (Cerner)	$	2,167
Patient monitoring system	$	1,440
Cogen rebuild and chillders	$	1,194
Network equipment, wiring and storage	$	1,119
Acequia Wing second floor OB surgery suites	$	1,032

Long-Term Debt

At June 30, 2019, the District had approximately $268.1 million in capital lease obligations and revenue and general obligation bonds outstanding as described in Notes 8 and 9 to the consolidated financial statements. The general obligation bonds represent the general obligation of the District. The District has the power and is obligated to cause annual ad valorem taxes to be levied upon all property within the District, subject to taxation by the District, and collected by the County of Tulare for payment, when due, of the principal and interest on the bonds. The bond indenture agreements contain various restrictive covenants that include, among other things, minimum debt service coverage, maintenance of minimum liquidity, restrictions on certain additional indebtedness, and requirements to maintain certain financial ratios.

2017A and 2017B Bonds – During April 2017, the District issued $13.7 million Series 2017A and $20.0 million Series 2017B of Kaweah Delta Health Care District Revenue Bonds. Both the 2017A and the 2017B revenue bonds bear interest at a rate of 3.24%. The net proceeds were used to prepay existing debt, including the remaining outstanding amounts of the 2006 and 2011B revenue bonds. The 2017A and 2017B revenue bonds maturing on or after June 1, 2029, are subject to redemption at the option of the District prior to their respective stated maturities at a price equal to the principal amount of the bonds, without premium. The current refunding of the 2006 and 2011B bonds resulted in decreased debt service payments of approximately $8.0 million over the next 17 years and an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $4.3 million.

2017C Bonds – During December 2017, the District issued $59.5 million Series 2017C of Kaweah Delta Health Care District Revenue Bonds. The 2017C revenue bonds bear interest at a rate of 2.71%. The net proceeds were used to refund $46.0 million of the 2012 revenue bonds and to prepay the remaining 2011 Siemens lease obligation. The 2017C revenue bonds maturing on or after June 1, 2028, are subject to redemption at the option of the District prior to their respective stated maturities at a price equal to the principal amount of the bonds, without premium. The advance refunding of the 2012 revenue bonds and lease obligations resulted in decreased debt service payments of approximately $8.6 million over the next 24 years and an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $5.9 million.

Economic Outlook

The District's Board of Directors and management considered many factors when setting the fiscal year 2020 budget. Of primary importance in setting the 2020 budget is the status of the California economy, the fiscal policy of the state and federal governments, the availability and affordability of labor, the general rise of health care related costs, and local and regional competition for health care services. Specific factors and assumptions incorporated in the District's fiscal year 2020 budget include:

- Inpatient utilization is projected to increase by 1.8% from 2019 levels reflecting an average daily patient census of 449. Outpatient activity expressed in equivalent inpatient days is projected to increase 5.7% from 2019.
- A 3.7% increase in gross patient services revenue due to increased patient care volume, although no retail price increase was budgeted.
- A Medicare general acute care rate increase of approximately 1.2%, an increase of 1.4% for outpatient services, an increase of 46.2% for skilled nursing, an increase of 2.5% for subacute services, an increase of 2.2% for home health services, an increase of 1.5% for rural health clinic services, an increase of 13.7% for acute rehabilitation, and a 1.7% increase for acute psychiatric services.
- No change in reimbursement anticipated for Medi-Cal fee-for-service acute medical/surgical, rehabilitation services, skilled nursing, subacute, psychiatric, home health, and outpatient fee-for-service reimbursement. Includes $16.1 million in disproportionate share payments, $11.0 million in anticipated fee-for-service intergovernmental transfer revenue and $11.7 million in provider fee intergovernmental transfer and grant revenue.
- Medi-Cal managed care reimbursement rate increases of approximately 1.6% based on scheduled rate increases included in multi-year contracts. Includes $13.0 million of Medi-Cal managed care rate range program intergovernmental transfer revenue.
- Annual scheduled rate increases for non-government managed care payers for contracts negotiated in prior years as well as expected new negotiated increases with managed care plans averaging 2.9%.
- The successful improvement of seven health care delivery system improvement initiatives under the PRIME program resulting in the recognition of $10.9 million in related revenue.
- Overall expense per adjusted patient day is projected to decrease by 1.2% from the prior year.

Report of Independent Auditors

Board of Directors
Kaweah Delta Health Care District

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Kaweah Delta Health Care District, which comprise the consolidated statements of net position as of June 30, 2019 and 2018, and the related consolidated statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Kaweah Delta Health Care District as of June 30, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 14 and the supplemental pension information on pages 50 and 51 be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Stockton, California
_____, 2019

Kaweah Delta Health Care District
Consolidated Statements of Net Position
Jun 30, 2019 and 2018 (in thousands)

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 4,220	$ 5,325
Current portion of Board designated and trusteed assets	12,577	12,643
Accounts receivable:		
Net patient accounts	146,605	138,502
Other	13,907	7,863
	160,512	146,365
Inventories	10,479	8,408
Medicare and Medi-Cal settlements	30,759	20,088
Prepaid expenses	11,510	10,967
Total current assets	230,057	203,796
NONCURRENT CASH AND INVESTMENTS – less current portion		
Board designated assets	278,883	272,414
Bond assets held in trust	33,569	57,845
Assets in self-insurance trust fund	4,209	4,607
	316,661	334,866
CAPITAL ASSETS		
Land	16,137	15,869
Buildings and improvements	356,887	343,422
Equipment	275,513	265,819
Construction in progress	42,299	25,196
	690,836	650,306
Less accumulated depreciation	357,681	328,323
	333,155	321,983
Property under capital leases – less accumulated amortization	3,204	4,123
	336,359	326,106
OTHER ASSETS		
Property not used in operations	3,724	3,796
Health-related investments	7,537	6,252
Other	9,706	8,337
	20,967	18,385
Total assets	904,044	883,153
DEFERRED OUTFLOWS		
Unamortized loss on defeasance of debt	3,586	3,988
Unamortized goodwill	345	399
Change in assumptions and actuarial losses	1,935	4,501
Total deferred outflows	5,866	8,888
	$ 909,910	$ 892,041

See accompanying notes.

Kaweah Delta Health Care District
Consolidated Statements of Net Position
June 30, 2019 and 2018 (in thousands)

	2019	2018
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 35,319	$ 44,529
Accrued payroll and related liabilities	59,163	46,064
Long-term debt – current portion	9,360	8,976
Total current liabilities	103,842	99,569
LONG-TERM DEBT – less current portion		
Bonds payable	258,553	266,631
Capital leases	174	2,156
	258,727	268,787
NET PENSION LIABILITY	31,249	40,898
OTHER LONG-TERM LIABILITIES	28,647	26,773
Total liabilities	422,465	436,027
DEFERRED INFLOWS		
Change in assumptions and actuarial losses	8,206	5,544
	8,206	5,544
NET POSITION		
Net investments in capital assets	105,427	110,175
Restricted:		
Expendable	18,226	18,887
Nonexpendable – minority interest	2,805	2,311
Nonexpendable – permanent endowments	9,059	8,470
Unrestricted	343,722	310,627
Total net position	479,239	450,470
	$ 909,910	$ 892,041

See accompanying notes.

Kaweah Delta Health Care District
Consolidated Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2019 and 2018 (in thousands)

	2019	2018
OPERATING REVENUES		
Net patient services revenue	$ 638,382	$ 609,324
Other revenues		
Management services revenue	31,751	28,767
Premium revenue	40,871	33,880
Other	40,569	39,012
Total other revenues	113,191	101,659
Total operating revenues	751,573	710,983
OPERATING EXPENSES		
Salaries and wages	289,671	269,990
Employee benefits	73,618	71,624
Total employment expenses	363,289	341,614
Medical and other supplies	141,150	135,619
Medical and other fees	104,811	89,529
Purchased services	40,781	40,186
Repairs and maintenance	25,901	24,023
Utilities	5,723	5,592
Rents and leases	6,119	5,753
Depreciation and amortization	30,851	25,681
Other	13,285	15,762
Total operating expenses	731,910	683,759
OPERATING INCOME	19,663	27,224
NONOPERATING (EXPENSES) REVENUES		
Tax revenue	4,605	4,479
Investment income	10,817	2,315
Bond issuance expense	-	(298)
Interest expense	(7,208)	(6,375)
Gain on disposal of capital assets	31	7
Total nonoperating (expenses) revenues	8,245	128
INCOME BEFORE CAPITAL CONTRIBUTIONS	27,908	27,352
CAPITAL CONTRIBUTIONS	861	1,563
Change in net position	28,769	28,915
NET POSITION – beginning of year	450,470	421,555
NET POSITION – end of year	$ 479,239	$ 450,470

See accompanying notes.

Kaweah Delta Health Care District
Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018 (in thousands)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from net patient services revenue	$ 618,685	$ 568,356
Cash received from management services and other operating revenues	104,963	108,731
Cash payments for salaries, wages, and related benefits	(349,987)	(333,784)
Cash payments for other operating expenses	(342,497)	(311,327)
Net cash from operating activities	31,164	31,976
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Tax revenue	1,361	1,281
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Bond issuance costs	-	(298)
Interest payments on bonds payable and capital leases	(9,872)	(10,611)
Principal payments on bonds payable and capital leases	(8,992)	(66,322)
Proceeds from revenue bonds	-	59,511
Contributions received for capital expenditures	861	1,563
Tax revenue related to general obligation bonds	3,244	3,198
Purchase of capital assets	(48,342)	(42,317)
Proceeds from disposal of capital assets	27	1
Net cash used for capital and related financing activities	(63,074)	(55,275)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income on investments	6,560	6,673
Purchase of investments	(98,806)	(93,937)
Net Health-related investment contributions	(772)	(1,536)
Purchase of property not used in operations	1	(423)
Proceeds from sales and maturities of investments	134,216	115,173
Net cash from investing activities	41,199	25,950
NET CHANGE IN CASH AND CASH EQUIVALENTS	10,650	3,932
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	134,319	130,387
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 144,969	$ 134,319

See accompanying notes.

Kaweah Delta Health Care District
Consolidated Statements of Cash Flows
Years Ended June 30, 2019 and 2018 (in thousands)

	2019	2018
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and cash equivalents in current assets	$ 4,220	$ 5,325
Cash and cash equivalents in noncurrent cash and investments:		
Board designated cash and investments	102,836	92,583
Bond assets held in trust	37,905	36,336
Assets in self-insurance trust fund	8	75
	$ 144,969	$ 134,319
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 19,663	$ 27,224
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	30,851	25,681
Provision for bad debts	36,725	28,016
Changes in:		
Increase in accounts receivable	(50,872)	(61,345)
Increase in inventories, prepaid expenses, and other assets	(15,254)	(489)
Increase in accounts payable and accrued expenses, accrued payroll and related liabilities, and other long-term liabilities	10,051	12,887
Net cash from operating activities	$ 31,164	$ 31,976

See accompanying notes.

NOTE 1 – BASIS OF PRESENTATION AND ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying consolidated financial statements follows:

Reporting entity – Kaweah Delta Health Care District (the "District") is a political subdivision of the state of California, organized and existing under the State of California Local Health Care District Law as set forth in the Health and Safety Code of the state of California. The District is governed by a separately-elected Board of Directors (the "Board").

The accounting policies of the District conform to those recommended by the Health Care Committee of the American Institute of Certified Public Accountants. The District's consolidated financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board ("GASB"), and the Financial Accounting Standards Board ("FASB"), when applicable. The District is not generally subject to state and federal income taxes. The District provides health care services to individuals who reside primarily in the local geographic area.

Principles of consolidation – The consolidated financial statements of the District include the accounts of the District, Kaweah Delta Hospital Foundation (the "Foundation"), Kaweah Delta Medical Foundation ("KDMF"), Sequoia Regional Cancer Center, LLC ("SRCC"), Sequoia Regional Cancer Center – Medical Oncology, LLC ("SRCC-MO"), and TKC Development, LLC ("TKC"). KDMF, SRCC, SRCC-MO, TKC, and the Foundation are component units that have been blended for presentation purposes. The District has a 75% interest in TKC, which leases real estate and equipment from the District and then subleases the real estate and equipment to SRCC and SRCC-MO. The District has a 75% interest in SRCC and a 45% interest in SRCC-MO, management services organizations providing staff, facilities, and administration services to the radiation oncology department of the District and a medical oncology physician group, respectively. The District provides key management, administrative, and support services to SRCC and SRCC-MO, including all of their employees, leased buildings and equipment, accounting, human resources, information technology, housekeeping, risk management, and maintenance services.

The Foundation was established in March 1980 as an exempt organization under Internal Revenue Code Section 501(c)(3) to raise funds to support the operation of the District. The Foundation's bylaws provide that all funds raised be distributed to or be held for the benefit of the District. The Foundation's general funds, which represent the Foundation's unrestricted resources, will be distributed to the District in amounts and in periods determined by the Foundation's Board of Trustees.

Effective November 1, 2015, the District and its subsidiary, Kaweah Delta Health Care, Inc., a California nonprofit 501(c)(3) public benefit corporation, doing business as KDMF, entered into an affiliation with Visalia Medical Clinic ("VMC"), a California professional medical corporation. VMC is the largest multi-specialty medical group in Visalia and has been in existence for over 75 years. KDMF provides primary and specialty care health services to patients. The District is the sole corporate member of KDMF, with the nonprofit entity operating as a California medical foundation pursuant to Section 1206(l) of the California Health and Safety Code. VMC transferred its personal property, payor agreements, and nonphysician staff, among other assets, to KDMF. All physicians and mid-level providers will continue to be employed by VMC. VMC has entered into a professional services agreement with KDMF and provides medical services to patients of KDMF.

All intercompany transactions have been eliminated in the District's consolidated financial statements.

Use of estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting standards – Pursuant to Government Accounting Standard Board ("GASB") Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 Financial Accounting Standards Board ("FASB") and American Institute of Certified Public Accountants ("AICPA") Pronouncements*, the District's proprietary fund accounting and financial reporting practices are based on all applicable GASB pronouncements as well as codified pronouncements issued on or before November 30, 1989.

Net patient services revenue and patient accounts receivable – Net patient services revenue is reported at the estimated net realizable amount from patients, governmental programs, health maintenance and preferred provider organizations, and insurance contracts under applicable laws, regulations, and program instructions. Net realizable amounts are generally less than the District's established rates. Final determination of certain amounts payable is subject to review by appropriate third-party representatives. Subsequent adjustments, if any, arising from such reviews are recorded in the year final settlement becomes known. Significant concentrations of net patient accounts receivable at June 30, 2019 and 2018, include Medicare, 29.86% and 30.42%, respectively, and Medi-Cal, 33.75 % and 26.44%, respectively. The District provides for estimated losses on amounts receivable directly from patients based on historical bad debt experience. Past due status is based on the date the account is determined to be payable directly from the patient. When the account is deemed uncollectible in accordance with District policy, it is written off to bad debt expense. Recoveries from previously written-off accounts are recorded when received. At June 30, 2019 and 2018, the District provided allowances for losses on amounts receivable directly from patients totaling $58.1 million and $38.3 million, respectively. Amounts written off to bad debt expense included in net patient services revenue totaled approximately $36.7 million and $28.0 million for 2019 and 2018, respectively.

The District renders service to patients under contractual arrangements with the Medicare and Medi-Cal programs. Medicare payments are primarily prospective for inpatients while Medicare payments for outpatients are based on a combination of a fee-for-service schedule and prospective reimbursement. Medi-Cal inpatient payments are subject to the state's prospective payment system. Medi-Cal outpatient services are reimbursed on a fee-for-service schedule. The programs' administrative procedures preclude final determination of amounts due for services to program patients until after the cost reports are audited or otherwise reviewed by and settled with the respective administrative agencies. Medicare and Medi-Cal cost reports for 2018 and 2019 are subject to audit and possible adjustment. Net Medicare and Medi-Cal program patient services revenue amounted to approximately $382.2 million and $400.5 million in 2019 and 2018, respectively. The District recognized in the consolidated statements of revenues, expenses, and changes in net position increases of approximately $729,000 and $2.0 million in 2019 and 2018, respectively, in net patient services revenue pertaining to the settlement of previous years' cost reports.

Proprietary fund accounting – The District utilizes the proprietary fund method of accounting whereby all revenue and expenses are recognized on the accrual basis. Substantially all revenue and expenses are subject to accrual.

Cash and cash equivalents – Cash and cash equivalents include cash in bank checking, savings, and time deposit accounts, money market funds, and investments in highly liquid debt instruments with a maturity of three months or less when purchased.

Charity care – The District provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its charity care policy. The District accepts all patients regardless of their ability to pay. Partial payments to which the District is entitled from public assistance programs on behalf of patients that meet the District's charity care criteria are reported as net patient services revenue. Charity care, which is excluded from recognition as receivables or revenue in the consolidated financial statements, provided in 2019 and 2018, measured on the basis of uncompensated cost, was $4.2 million and $3.6 million, respectively.

Inventories – Inventories are reported at cost (determined by the first-in, first-out method), which is not in excess of market value.

Prepaid expenses – Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Investments – Investments are reported at fair value, based on quoted market prices when applicable and realized and unrealized gains and losses are included in nonoperating revenues as investment income. The fair market value of money market funds, guaranteed investment contracts, and investments in the Local Agency Investment Funds ("LAIF"), an external investment pool for government agencies administered by the state of California, approximates cost due to the liquid nature of these investments.

Noncurrent cash and investments – Noncurrent cash and investments include unrestricted cash and investments designated by the Board for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes, cash and investments held by trustees under bond indentures, and cash and investments held in the District's self-insurance trust fund.

Intangible asset – The District has contributed $2.0 million of the 2004 general obligation bond proceeds to the city of Visalia (the "City") for the construction of a parking garage in exchange for 84 parking spaces for District use (see Note 9). The District's use of the parking spaces is indefinite and the District is amortizing the asset over the estimated 25-year useful life of the parking garage. Amortization began in 2007 when the parking garage was completed and placed into service by the City.

Capital assets – Property, plant, and equipment are reported on the basis of cost or, in the case of donated items, on the basis of fair market value at the date of donation. Routine maintenance and repairs are charged to expense as incurred. Expenditures that increase values, change capacities, or extend useful lives are capitalized. The District capitalizes interest cost net of any interest earned on temporary investments of the proceeds for construction projects funded by tax-exempt borrowings. Interest expense is also capitalized for projects financed with operating funds.

Depreciation expense and amortization of property under capital leases are combined in the consolidated statements of revenues, expenses, and changes in net position and are computed by the straight-line method for financial reporting purposes over the estimated useful lives of the assets or the life of the lease, whichever is less, which range from 5 to 40 years for buildings and improvements and 3 to 25 years for equipment and leasehold improvements.

At times the District may dispose of capital assets prior to the end of the assets' projected useful life. In cases when an associated gain or loss is recognized due to the disposal, the related gain or loss is shown as a nonoperating revenue or expenditure in the consolidated statement of revenue, expenses, and changes in net position.

Consolidated statements of revenues, expenses, and changes in net position – All revenues and expenses directly related to the delivery of health care services are included in operating revenues and expenses in the consolidated statements of revenues, expenses, and changes in net position. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or investment income.

Medical malpractice and general liability self-insurance – The District maintains a self-insurance policy against malpractice and comprehensive general liability loss with supplemental coverage for losses in excess of $4.0 million per incident and $6.0 million in aggregate with a coverage limit of $20.0 million per incident and in aggregate. The current portion of the related liability is reported in accounts payable and accrued expenses on the consolidated balance sheet, while the long-term portion is included in other long-term liabilities. The District has established an irrevocable trust for the purpose of appropriating assets to cover such losses. Under the trust agreement, the trust assets can only be used for payment of malpractice losses, general liability losses, related expenses, and the cost of administering the trust. The assets of the trust and related liabilities are reported on the consolidated balance sheet. Income from the trust assets, estimated losses from claims, and administrative costs are reported in the consolidated statements of revenues, expenses, and changes in net position.

Losses from asserted and unasserted claims identified under the District's incident reporting system are accrued based on estimates that incorporate the District's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. The District's accrued malpractice losses also include an estimate of possible losses attributable to incidents that may have occurred, but have not been identified under the incident reporting system. The District has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Estimated future payments relating to malpractice losses have been discounted at a 3.0% rate.

Workers' compensation self-insurance – The District maintains a self-insurance policy against workers' compensation losses with supplemental coverage for losses in excess of $1.5 million. The Board has designated funds for the payment of workers' compensation claims. The current portion of the related liability is reported in accrued payroll and related liabilities on the consolidated balance sheet, while the long-term portion is included in other long-term liabilities. Losses from asserted and unasserted claims identified under the District's incident reporting system are accrued based on estimates that incorporate the District's past experience, as well as other considerations including the nature of each claim or incident and relevant trend factors. The District's accrued workers' compensation losses also include an estimate of possible losses attributable to incidents that may have occurred, but have not been identified under the incident reporting system. The District has employed independent actuaries to estimate the ultimate costs, if any, of the settlement of such claims. Estimated future payments relating to workers' compensation losses have been discounted at a 2.6% rate.

Medical benefits self-insurance – The District maintains a policy of self-insuring medical costs up to $1 million per employee. The related liability is reported in accrued payroll and related liabilities on the consolidated balance sheet. Losses from asserted and unasserted claims identified under the District's reporting system are accrued based on estimates that incorporate the District's past experience and relevant trend factors. The District's accrued medical insurance liability also includes an estimate of possible losses attributable to incidents that may have occurred, but have not been reported.

Compensated absences – The District's benefits-eligible employees earn vacation, short-term illness, and holiday leave, referred to as Paid Time Off ("PTO"), at varying rates based upon qualifying service hours. Employees may accumulate PTO up to a specified maximum. Accrued PTO is paid to the employee upon termination of employment or upon conversion to nonbenefits-eligible status. The estimated amount of PTO payable to employees is reported as a current liability in both 2019 and 2018. Extended Illness Bank ("EIB") time is also earned at a specific rate per qualified service hour. Employees who were vested in the District's defined benefit retirement plan as of June 30, 2011 (the effective date it was "frozen") were offered a one-time opportunity to have their accrued EIB time applied to length of service up to a maximum of one-year service credit. However, no payment is made for accrued EIB time when employment is terminated.

Premium revenue and health care services cost recognition – The District contracts with a Medicare Advantage company (Humana) to provide health care services for certain members for which it receives revenue on a capitated basis. Under this agreement, the District receives monthly capitation payments based upon the number of participants covered under the agreements, regardless of services actually performed by the District or others under the agreements. Revenue is recognized during the period in which the District is obligated to provide services to the participants. The agreement for which the District is compensated on a capitated basis requires that the District provide or arrange for certain covered health care services to all members covered under the contract, which results in the District compensating other providers on a fee-for-services basis for the services. The cost of these services is accrued in the period the services are provided to the members based, in part, on estimates by management. The accrual of expense for such services provided includes an estimate of services provided but not reported to the District as of the fiscal year end.

Reclassifications – Certain reclassifications have been made to prior year balances to conform to the current year presentation.

Net position – Net position is divided into three components: net investment in capital assets, restricted, and unrestricted.

These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net position consists of restricted expendable net position the use of which is restricted through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation and includes assets in self-insurance trust funds, revenue bond reserve fund assets, and net position restricted to use by donors. Restricted nonexpendable net position equals the principal portion of permanent endowments as well as minority interest.

Unrestricted – This component of net position consists of net position that does not meet the definition of "restricted" or "invested in capital assets, net of related debt."

New accounting pronouncements – In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities* ("GASB 84"). GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The adoption of GASB 84 is effective for the District beginning July 1, 2019. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

In June 2017, the GASB issued GASB Statement No. 87, *Leases* ("GASB 87"), which is effective for financial statements for periods beginning after December 15, 2019. GASB 87 increases the usefulness of financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. GASB 87 also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The adoption of GASB No. 87 is effective for the District beginning July 1, 2020. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

In April 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* ("GASB 88"). Among other things, GASB 88 clarifies which liabilities governments should include in their note disclosures related to debt. GASB 88 requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. GASB 88 further defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This statement further requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The adoption of GASB 88 is effective for the District beginning July 1, 2019. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* ("GASB 89"). GASB 89 establishes accounting requirements for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business type activity or enterprise fund. The adoption of GASB 89 is effective for the District beginning July 1, 2020. The District is currently assessing the impact of this standard on the District's consolidated financial statements.

NOTE 2 – NONCURRENT CASH AND INVESTMENTS

Noncurrent cash and investments required for obligations classified as current liabilities are reported as current assets. The composition of noncurrent cash and investments is as follows (in thousands):

	2019	2018
Board designated assets:		
Cash and cash equivalents	$ 102,836	$ 92,583
U.S. Treasury obligations	69,924	57,434
Federal agency obligations	12,062	13,938
Municipal obligations	5,653	7,280
Corporate obligations	55,411	61,944
Equity securities	9,294	9,593
Mutual funds	1,441	1,615
Asset and mortgage-backed securities	25,169	20,777
Supranational Agency	2,558	12,484
Alternative investments	900	1,301
Interest receivable	1,160	968
Current portion	(7,525)	(7,503)
	$ 278,883	$ 272,414

	2019	2018
Bond assets held in trust:		
Cash and cash equivalents	$ 37,905	$ 36,336
Federal agency obligations	-	13,985
Corporate obligations	-	11,701
Interest receivable	121	244
Current portion	(4,457)	(4,421)
	$ 33,569	$ 57,845

	2019	2018
Assets in self-insurance trust fund:		
Cash and cash equivalents	$ 8	$ 75
U.S. Treasury obligations	2,241	1,311
Federal agency obligations	665	849
Municipal obligations	355	436
Corporate obligations	1,105	1,381
Asset and mortgage-backed securities	402	832
Supranational Agency	-	419
Interest receivable	28	22
Current portion	(595)	(718)
	$ 4,209	$ 4,607

NOTE 3 – FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value within the fair value hierarchy are:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of net position reported at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall (in thousands):

	June 30, 2019				
Description	Level 1	Level 2	Level 3	Investments held at net asset value	Balance
Cash and cash equivalents	$ 132,462	$ -	$ -	$ -	$ 132,462
U.S. Treasury obligations	72,165	-	-	-	72,165
Federal agency obligations	-	12,727	-	-	12,727
Municipal obligations	-	6,008	-	-	6,008
Corporate obligations	-	56,516	-	-	56,516
Asset and mortgage-backed securities	-	25,571	-	-	25,571
Supranational Agency	-	2,558	-	-	2,558
Other Foundation assets	10,735	-	-	900	11,635
	$ 215,362	$ 103,380	$ -	$ 900	$ 319,642

	June 30, 2018				
Description	Level 1	Level 2	Level 3	Investments held at net asset value	Balance
Cash and cash equivalents	$ 101,577	$ -	$ -	$ 20,692	$ 122,269
U.S. Treasury obligations	58,744	-	-	-	58,744
Federal agency obligations	-	28,773	-	-	28,773
Municipal obligations	-	7,716	-	-	7,716
Corporate obligations	-	75,025	-	-	75,025
Asset and mortgage-backed securities	-	21,608	-	-	21,608
Supranational Agency	-	12,903	-	-	12,903
Other Foundation assets	11,208	-	-	1,301	12,509
	$ 171,529	$ 146,025	$ -	$ 21,993	$ 339,547

NOTE 4 – BANK DEPOSITS

At June 30, 2019 and 2018, the District had bank balances totaling $12.5 million and $12.0 million, respectively, which approximate book balances. Of these balances, $6.4 million and $5.0 million were insured by the Federal Deposit Insurance Corporation at June 30, 2019 and 2018, respectively, and the remainder was collateralized. The California Government Code (the “Code”) requires financial institutions to secure the District’s deposits, in excess of insured amounts, by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the District’s deposits.

NOTE 5 – INVESTMENTS

GASB Statement No. 40 requires the District to disclose its deposit and investment policies related to investments with credit risk or deposits with custodial credit risk, the credit ratings and maturities of its investments (other than U.S. government obligations or obligations guaranteed by the U.S. government), and additional disclosures related to uninsured deposits. A summary of scheduled maturities by investment type at June 30, 2019, follows (in thousands):

		Investment Maturities (in years)		
	Fair Value	Less than 1	1 - 5	More than 5
U.S. Treasury obligations	$ 72,165	$ 25	$ 71,950	$ 190
Federal agency obligations	12,727	30	$ 12,632	65
Corporate obligations	56,516	3,011	53,392	113
Municipal obligations	6,008	-	6,008	-
Asset and mortgage-backed securities	25,571	22	25,549	-
Supranational Agency	2,558	-	2,558	-
Local Agency Investment Funds	67,359	67,359	-	-
CalTRUST	62,898	62,898	-	-
CAMP	2,205	2,205	-	-
Money market funds	-	-	-	-
	308,007	$ 135,550	$ 172,090	$ 367
Equity securities	9,294			
Alternative investments	900			
Mutual funds	1,441			
	$ 319,642			

A summary of scheduled maturities by investment type at June 30, 2018, follows (in thousands):

		Investment Maturities (in years)		
	Fair Value	Less than 1	1 - 5	More than 5
U.S. Treasury obligations	$ 58,744	$ 17	$ 58,552	$ 175
Federal agency obligations	28,772	13,985	$ 14,718	69
Corporate obligations	75,025	15,618	59,288	119
Municipal obligations	7,716	2,575	5,141	-
Asset and mortgage-backed securities	21,608	105	21,503	-
Supranational Agency	12,903	-	12,903	-
Local Agency Investment Funds	63,970	63,970	-	-
CalTRUST	20,692	20,692	-	-
CAMP	35,970	35,970	-	-
Money market funds	1,638	1,638	-	-
	327,038	$ 154,570	$ 172,105	$ 363
Other Foundation assets				
Equity securities	9,593			
Alternative investments	1,301			
Mutual funds	1,615			
	$ 339,547			

Investment activities of the District are governed by sections of the Code, which specify the authorized investments that may be made by the District. The District's investment policy (the "Policy") requires that all investing activities of the District comply with the Code and also sets forth certain additional restrictions that exceed those imposed by the Code. The Foundation is governed by the Internal Revenue Code; therefore, its investment activities are not subject to the same requirements as the District.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's investment policy provides that no investment shall be made in any security having a term remaining to maturity exceeding five years at the time of investment. The Foundation's investment policy allows for longer-term investments.

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Policy requires that, to be eligible for investment, corporate notes shall be rated "A," or its equivalent, or better by a nationally-recognized rating service at the time of purchase. The Policy also limits investment in collateralized mortgage obligations to obligations rated "AA," or its equivalent, or better. All of the District's investments in corporate obligations and collateralized mortgage obligations met these requirements as of June 30, 2019. The Policy allows for investments in LAIF up to the maximum amount allowed by the state of California. The investment in LAIF is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty. The state of California Treasurer's office has regulatory oversight of LAIF. The Policy includes no limitations or restrictions related to investments in United States Treasury or federal agency obligations. The Policy also allows for investment in shares of beneficial interest issued by a joint power authority ("JPA") organized pursuant to the Code that invests in the securities and obligations authorized under the Code. The Code requires that the JPA issuing the shares shall have retained an investment adviser with appropriate size and experience as outlined in the Code. The District is a participant in two JPA programs, including the Investment Trust of California, commonly known as CalTRUST, and the California Asset Management Program, commonly known as CAMP, for the purpose of pooling local agency assets for investing. Participation in the JPA programs is open to any public agency in California. Both JPA programs are governed by a Board of Trustees, all of whom are experienced investment officers or employees of the public agency members. The Trustees are responsible for setting the overall policies and procedures for and for overall administration of the JPA. CalTRUST is measured at NAV, which is calculated daily. The CAMP pool is managed to maintain a dollar-weighted portfolio maturity of 60 days or less and seeks to maintain a constant NAV of one dollar per share.

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The market value of LAIF investments represented 21.0% and 18.8% of the District's total investment market value at June 30, 2019 and 2018, respectively. The market value of CAMP investments represented 19.6% and 10.6% at June 30, 2019 and 2018, respectively.

NOTE 6 – CAPITAL ASSETS

A summary of changes in capital assets during 2019 is as follows (in thousands):

	Beginning Balance 2018	Additions	Deletions	Transfers	Ending Balance 2019
Land	$ 15,869	$ 268	$ -	$ -	$ 16,137
Buildings and improvements	343,422	6,369	-	7,095	356,886
Equipment	265,820	2,158	(399)	7,935	275,514
Construction in progress	25,196	32,133	-	(15,030)	42,299
Property under capital leases	17,699	-	-	-	17,699
	668,006	40,928	(399)	-	708,535
Accumulated depreciation and amortization	341,900	30,638	(362)	-	372,176
	$ 326,106	$ 10,290	$ (37)	$ -	$ 336,359

A summary of changes in capital assets during 2018 is as follows (in thousands):

	Beginning Balance 2017	Additions	Deletions	Transfers	Ending Balance 2018
Land	$ 15,758	$ 111	$ -	$ -	$ 15,869
Buildings and improvements	322,413	1,306	-	19,703	343,422
Equipment	193,438	12,945	(40)	59,477	265,820
Construction in progress	47,257	37,326	-	(59,387)	25,196
Property under capital leases	37,492	-	-	(19,793)	17,699
	616,358	51,688	(40)	-	668,006
Accumulated depreciation and amortization	316,447	25,493	(40)	-	341,900
	$ 299,911	$ 26,195	$ -	$ -	$ 326,106

NOTE 7 – HEALTH-RELATED INVESTMENTS

The following table summarizes the District's health-related investments recorded on the equity method at June 30:

	2019	2018
Cypress Company, LLC	$ 777	$ 847
Sequoia Surgery Center, LLC	851	946
Northwest Visalia Senior Housing, LLC	3,997	2,500
Sequoia Integrated Health Plan, LLC	1,043	1,124
202 West Willow, LLC	869	836
	$ 7,537	$ 6,253

Investment in Cypress Company, LLC ("CyCo") – In August 2010, Cypress Surgery Center formed CyCo, a real estate holding company organized as a California limited liability company, and transferred all of its real property and associated real estate debt, along with certain other assets and liabilities, to CyCo. The District holds a 40% investment in CyCo.

Investment in Sequoia Surgery Center, LLC (formerly Cypress Surgery Center) – At June 30, 2017, the District held a 31% investment in a free-standing ambulatory surgery center located within the District. In August 2010, Cypress Surgery Center completed a "merger" with the Center for Ambulatory Medicine and Surgery ("CAMS"), a local ambulatory surgery center, and changed its legal name to Sequoia Surgery Center, LLC, as well as its organizational structure from a California limited partnership to a California limited liability company. To effect the merger, Cypress Surgery Center acquired 100% of the assets and outstanding ownership interests of CAMS in exchange for approximately 52% ownership in Cypress Surgery Center (now Sequoia Surgery Center, LLC). As a result of this acquisition, the District's ownership interest in Sequoia Surgery Center, LLC, was diluted from 64.9% to approximately 31%. Sequoia Surgery Center leases its ambulatory surgery center facility from CyCo.

Investment in Northwest Visalia Senior Housing, LLC – In January 2017, the District made its initial capital contribution to establish its investment in a joint venture company. Northwest Visalia Senior Housing, LLC, was formed in furtherance of the members' elder care mission and to put into practice innovative approaches to care of the elderly, simultaneously addressing the housing and health care needs of the elderly. This will be accomplished in part by constructing, developing, owning, maintaining, and operating a full service assisted living retirement facility in Visalia, California. Northwest Visalia Senior Housing, LLC, is owned 33.33% by the District, 33.33% by Shannon Senior Care, LLC, 20% by BTV Senior Housing, LLC, and 13.34% by Millennium advisors, Inc. The District has recorded its interest in the joint venture based upon its initial capital contributions.

Investment in Sequoia Integrated Health, LLC – In August 2016, the District made its initial capital contribution to establish its investment in a joint venture company formed in furtherance of the members' common purpose to better serve and coordinate health care services for the communities of Tulare and Kings Counties, and to own and operate an integrated delivery network in California and activities incident thereto. Sequoia Integrated Health, LLC is owned 50% by the District, 25% by Key Medical Group, Inc., and 25% by Foundation for Medical Care of Tulare and Kings Counties, Inc. The District has recorded its interest in the joint venture based upon its initial capital contributions.

Investment in Quail Park Retirement Village, LLC – The District holds an investment in a joint venture company that operates an assisted-living facility in Visalia, California. The joint venture company, Quail Park Retirement Village, LLC, is owned 44% by the District and 56% by Living Care Visalia, LLC, and its affiliated investors. Under the terms of the joint venture agreement, the District has an option to purchase an additional 5% of Living Care Visalia, LLC's equity interest at fair market value determined at the time of sale. Distributions have exceeded initial capital contributions resulting in a deficit equity position for Quail Park Retirement Village, LLC. The District has recorded its interest in the joint venture company at $0 in accordance with Generally Accepted Accounting Principles as the District is not liable for obligations of the joint venture company.

Investment in Laurel Court at Quail Park, LLC – In June 2011, the District made its initial capital contribution to establish its investment in a joint venture company formed to construct, develop, own, maintain, and operate a full service memory care retirement facility in Visalia, California. The joint venture company, Laurel Court at Quail Park, LLC, is owned 44% by the District and 56% by Living Care Visalia, LLC. Distributions have exceeded initial capital contributions resulting in a deficit equity position for Laurel Court at Quail Park, LLC. The District has recorded its interest in the joint venture company at $0 in accordance with Generally Accepted Accounting Principles as the District is not liable for obligations of the joint venture company.

Investment in 202 West Willow, LLC – The District received a donation of 3,000 shares in a California limited liability company that owns and rents a 32,293 square foot medical building. The District recorded the investment based upon its allocated capital account balance at the time of the contribution. 202 West Willow, LLC, is owned 30% by the District, 37% by The Malli Family Trust, 15% by Johnson Family Revocable Trust, 10% by Kneeland Family Revocable Trust, 5% by Spade Family Revocable Trust, and 3% by May Family Revocable Trust.

Income or loss from equity method investments is included in other revenues in the corresponding consolidated statement of revenues, expenses, and changes in net position.

NOTE 8 – CAPITAL LEASES

In April 2011, the District entered into a $12.3 million tax-exempt master lease agreement for the purpose of refinancing the $10.3 million principal balance outstanding of an existing tax-exempt lease and to provide for $2.0 million of additional funds to be deposited into escrow and used to purchase various equipment within a subsequent 24-month period. The lease provided for interest only monthly payments through June 1, 2017, principal and interest payments beginning July 1, 2017, and a final principal payment of $11.6 million on April 1, 2021. The lease was secured by a security interest in the equipment purchased with the proceeds of the original lease. The refunding of the capital lease resulted in increased debt service payments by approximately $3.5 million over the next ten years and an economic loss (difference between the present value of the debt service payments on the old and new debt) of approximately $23,000.

In December 2017, the District used a portion of the proceeds of the 2017C revenue bonds to prepay the remaining lease obligation.

In September 2011, the District entered into an $18.1 million tax-exempt master lease agreement for the purpose of refunding $18.0 million of Series 2005 revenue bonds outstanding. The lease provides for equal monthly payments of principal and interest beginning on October 22, 2011, and ending on March 22, 2020. The lease is secured by a security interest in the equipment funded by the 2005 revenue bonds as well as other equipment purchased by the District. The refunding of the Series 2005 bonds resulted in decreased debt service payments of approximately $2.2 million over the next 8.5 years and an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $1.8 million.

Future minimum payments, by year and in the aggregate, for all capital leases consist of the following at June 30, 2019 (in thousands):

Years ending June 30,		
2020	$	1,994
2021		131
2022		48
Future minimum lease payments		2,173
Less amount representing interest		32
Present value of minimum lease payments		2,141
Less current portion		1,967
	$	174

Capital assets include the following amounts that have been initially or are currently capitalized under the leases at June 30 (in thousands):

	2019	2018
Buildings and improvements	$ 403	$ 403
Equipment	17,296	17,296
	17,699	17,699
Less accumulated depreciation	14,495	13,576
	$ 3,204	$ 4,123

A summary of changes in capital lease obligations during 2019 and 2018 is as follows (in thousands):

	Beginning Balance 2018	Additions	Payments	Ending Balance 2019
Capitalized lease obligations	$ 4,923	$ -	$ 2,782	$ 2,141

	Beginning Balance 2017	Additions	Payments	Ending Balance 2018
Capitalized lease obligations	$ 19,782	$ -	$ 14,859	$ 4,923

NOTE 9 – BONDS PAYABLE

During July 2012, the District issued $75.8 million of Kaweah Delta Health Care District Revenue Bonds, Series 2012. The 2012 revenue bonds bear interest at rates of 2.0% to 5.0%. Approximately $9.8 million of the net proceeds of the bonds were used by the District to expand its ambulatory surgery services, to complete capital improvements related to the graduate medical education program, and for other infrastructure improvements. Approximately $68.0 million of the net proceeds was used to prepay existing debt, including the 1999A, 2003B, and 2004 revenue bonds.

The 2012 revenue bonds maturing on or after June 1, 2017, are subject to redemption at the option of the District prior to their respective stated maturities at amounts ranging from 100% to 102% of face value. The 2012 revenue bonds require the District to make minimum sinking fund payments beginning in June 2036. In December 2017, $46 million of the outstanding 2012 bonds were refunded as discussed below.

During January 2014, the District issued $48.9 million of Kaweah Delta Health Care District General Obligation Refunding Bonds, Series 2014, at rates of 3.6% to 4.1%, solely to advance refund $47.3 million of the outstanding 2004 General Obligation bonds, bearing interest rates of 5.0% to 5.5%. Mandatory sinking fund redemption payments on the bonds began on August 1, 2015. The final maturity of the bonds is August 1, 2034. The advance refunding of the 2004 bonds resulted in decreased debt service payments of approximately $6.3 million over the next 21 years and an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $4.3 million.

The general obligation bonds represent the general obligation of the District. The District has the power and is obligated to cause annual ad valorem taxes to be levied upon all property within the District, subject to taxation by the District, and collected by the County for payment, when due, of the principal and interest on the bonds.

During October 2015, the District issued $19.4 million of Kaweah Delta Health Care District Revenue Bonds, Series 2015A. The 2015A revenue bonds bear interest at a rate of 2.975%. The net proceeds were used to prepay existing debt, including a portion of the 2006 and 2011B revenue bonds as well as the outstanding amount of the 2003A and 2011A revenue bonds. The 2015A revenue bonds maturing on or after June 1, 2025, are subject to redemption at the option of the District prior to their respective stated maturities at a price equal to the principal amount of the bonds, without premium. The current refunding of the 2003A and 2006 bonds and the advanced refunding of the 2011A and 2011B bonds resulted in decreased debt service payments of approximately $3.9 million over the next 18 years and an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $3.0 million.

During December 2015, the District issued $98.4 million of Kaweah Delta Health Care District Revenue Bonds, Series 2015B. The 2015B revenue bonds bear interest rates of 3.25% to 5.0%. The net proceeds were for the acquisition, construction, installation, and equipping of the second, fifth, and sixth floors of the Kaweah Delta Medical Center's Acequia Wing, expansion and improvement of the emergency department, expansion of outpatient endoscopy services, acquisition and implementation of a new information technology platform (Cerner), acquisition and construction of a new urgent care center, improvements to the Exeter Health Clinic campus, and other projects. The 2015B revenue bonds maturing on or after June 1, 2025, are subject to redemption at the option of the District prior to their respective stated maturities at a price equal to the principal amount of the bonds, without premium.

2017A and 2017B Bonds – During April 2017, the District issued $13.7 million Series 2017A and $20 million Series 2017B of Kaweah Delta Health Care District Revenue Bonds. Both the 2017A and the 2017B revenue bonds bear interest at a rate of 3.24%. The net proceeds were used to prepay existing debt, including the remaining outstanding amounts of the 2006 and 2011B revenue bonds. The 2017A and 2017B revenue bonds maturing on or after June 1, 2029, are subject to redemption at the option of the District prior to their respective stated maturities at a price equal to the principal amount of the bonds, without premium. The current refunding of the 2006 and 2011B bonds resulted in decreased debt service payments of approximately $8.0 million over the next 17 years and an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $4.3 million.

2017C Bonds – During December 2017, the District issued $59.5 million Series 2017C of Kaweah Delta Health Care District Revenue Bonds. The 2017C revenue bonds bear interest at a rate of 2.71%. The net proceeds were used to refund $46.0 million of the 2012 revenue bonds and to prepay the remaining 2011 Siemens lease obligation. The 2017C revenue bonds maturing on or after June 1, 2028, are subject to redemption at the option of the District prior to their respective stated maturities at a price equal to the principal amount of the bonds, without premium. The advance refunding of the 2012 revenue bonds and lease obligations resulted in decreased debt service payments of approximately $8.6 million over the next 24 years and an economic gain (difference between the present value of the debt service payments on the old and new debt) of approximately $5.9 million

Principal and interest payments due on the revenue and general obligation bonds over the next five years, and in five-year increments thereafter, calculated at the interest rate in effect at June 30, 2019, are as follows (in thousands):

Years ending June 30,	Principal	Interest
2020	$ 7,393	$ 9,523
2021	9,638	9,220
2022	10,162	8,844
2023	10,664	8,454
2024	11,047	8,139
2025 – 2029	61,675	35,449
2030 – 2034	51,365	25,130
2035 – 2039	40,539	17,564
2040 – 2044	47,960	8,488
2045 – 2046	11,655	466
	262,098	$ 131,277
Unamortized premium	3,848	
	265,946	
Less current portion	7,393	
	$ 258,553	

The bond indenture agreements contain various restrictive covenants that include, among other things, minimum debt service coverage, maintenance of minimum liquidity, restrictions on certain additional indebtedness, and requirements to maintain certain financial ratios.

The District paid approximately $9.9 million and $10.6 million in interest in 2019 and 2018, respectively, on all debt, including revenue and general obligation bonds, capital leases, and notes payable. The District capitalized interest expense of approximately $2.3 million and $4.1 million in 2019 and 2018, respectively.

A summary of changes in bonds payable for the years ended June 30 is as follows (in thousands):

	Beginning Balance	Additions	Payments	Ending Balance
2019	$ 268,307	$ -	$ 6,209	$ 262,098
2018	$ 260,260	$ 59,511	$ 51,464	$ 268,307

NOTE 10 – SELF-INSURED CLAIMS

As discussed in Note 1, the District is self-insured for medical malpractice and general comprehensive liability, medical benefits, and workers' compensation, and discounts the medical malpractice and general comprehensive and workers' compensation liabilities using a 2.6% and 3.0% discount rate, respectively. The following is a summary of the changes in the self-insured plan liabilities for the years ended June 30 (in thousands):

	Beginning Balance	Additions	Payments	Ending Balance
2019	$ 29,528	$ 33,465	$ 31,590	$ 31,403
2018	$ 29,289	$ 32,395	$ 32,156	$ 29,528

NOTE 11 – EMPLOYEES' RETIREMENT PLANS

The Kaweah Delta Health Care District's Employees' Retirement Plan (the "Retirement Plan") is a single-employer defined benefit pension plan established to provide retirement benefits for District employees based on length of service and the average of the highest consecutive three years of earnings. The Retirement Plan is administered by a retirement plan committee appointed by the Board of the District. The Retirement Plan issues a separate financial report that includes financial statements and required supplemental information.

Employees were eligible to participate on the first day of a pay period following six months of service if hired prior to January 1, 2003, and elected not to participate in the salary deferral plan's matching contribution component. Employees hired on or after January 1, 2003, were not eligible to participate in the Retirement Plan. Employees' retirement benefits vested 100% after five years of completed service.

Effective June 30, 2011, the Retirement Plan was amended to suspend all accruals and otherwise freeze benefits under the plan.

The Retirement Plan complies with the Internal Revenue Code and ERISA as they apply to governmental plans. As a government plan, the Retirement Plan is exempt from the annual minimum funding requirements of ERISA. The Retirement Plan's funding policy is to contribute an annual amount necessary to amortize any unfunded net pension liability over a 15-year period. The District contributed $11.4 million to the plan in both 2019 and 2018.

The District uses a measurement date of June 30 for each year presented. The actuarial valuation for fiscal years 2019 and 2018 is based on participant data as of June 30, 2018 and June 30, 2017, respectively. Update procedures were used to roll forward the total pension liability to the measurement date, including the mortality assumption change described below.

Components of pension cost and deferred outflows and deferred inflows of resources under the requirements of GASB No. 68 are as follows for the years ended June 30 (in thousands):

	2019	2018
Pension cost		
Service cost	$ -	$ -
Administrative expense	225	193
Interest	20,386	19,997
Expected return on assets, net of investment expenses	(17,659)	(16,217)
Recognition of deferred outflows	3,704	5,876
Recognition of deferred inflows	319	787
Total pension cost	$ 6,975	$ 10,636
Deferred outflows of resources		
Established July 1		
Difference between expected and actual experience	$ 4,299	$ 4,366
Change in assumptions	1,340	6,011
Deferred outflows of resources at the beginning of the year	5,639	10,377
Amount recognized in current year pension cost		
Established July 1		
Difference between expected and actual experience	2,887	2,371
Change in assumptions	817	3,505
Amount recognized in current year	3,704	5,876
Contributions between the measurement date and fiscal year end recognized as deferred outflow of resources	-	-
Deferred outflows of resources at end of the year	$ 1,935	$ 4,501

	2019	2018
Deferred inlows of resources		
Established July 1		
Net difference in expected and actual earnings	$ (7,887)	$ (4,757)
Deferred outflows of resources at the beginning of the year	(7,887)	(4,757)
Amount recognized in current year pension cost		
Established July 1		
Net difference in expected and actual earnings	(319)	(787)
Amount recognized in current year	(319)	(787)
Deferred inflows of resources at end of the year	$ (8,206)	$ (5,544)

Amounts reported as deferred outflows (inflows) of resources to be recognized in pension cost for future years (in thousands):

2020	$ 823
2021	(4,215)
2022	(2,410)
2023	(468)
	$ (6,270)

Participant data for the plan is as follows for June 30:

	2019	2018
Active employees	747	784
Terminated vested	1,001	1,009
Retirees receiving benefits	763	730
Total participants	2,511	2,523

The following table summarizes changes in net pension liability for the years ended June 30 (in thousands):

	2019	2018
Total pension liability		
Service cost	$ -	$ -
Interest	20,386	19,997
Differences between expected and actual experience	2,304	842
Changes in assumptions	(1,163)	5,446
Benefit payments	(13,275)	(12,707)
Net change in total pension liability	8,252	13,578
Total pension liability, beginning of the year	270,819	257,241
Total pension liability, end of the year	279,071	270,819
Plan fiduciary net position		
Employer contributions	11,400	11,400
Net investment income	20,001	25,925
Benefit payments	(13,275)	(12,707)
Administrative expenses	(225)	(189)
Net change in plan fiduciary net position	17,901	24,429
Plan fiduciary net position, beginning of the year	229,921	205,492
Plan fiduciary net position, end of the year	247,822	229,921
Net pension liability, end of the year	$ 31,249	$ 40,898
Plan fiduciary net position as percentage of total pension liability	88.80%	84.90%
Covered employee payroll	N/A	N/A
Net pension liability as percent of covered payroll	N/A	N/A

The following table summarizes the actuarial assumptions used to determine net pension liability and plan fiduciary net position as of June 30, 2019:

Valuation date	June 30, 2018
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Asset valuation method	Fair Value
Actuarial assumptions (including 2% inflation)	
Discount Rate	7.75%
Mortality	RP-2014 table, projected using MP-2018
Projected Salary Increases	N/A

The mortality assumption was updated in 2018 from the most recent tables published by the Society of Actuaries.

Sensitivity of Net Pension Liability at June 30, 2018 to changes in the Discount Rate (in thousands)	
1% Decrease (6.75%)	$63,109
Current Discount Rate (7.75%)	$31,245
1% Increase (8.75%)	$4,621

The District also administers a salary deferral plan (the "Salary Plan") available to substantially all full-time employees meeting certain service requirements. The Salary Plan qualifies under the Internal Revenue Code Section 401(k) and was established to provide supplemental retirement income for employees of the District. Under the Salary Plan, the District makes matching contributions to participants in accordance with an established schedule based upon each participant's years of service with the District. The District made no matching contributions in 2019 and approximately $7.1 million matching contributions to participants in 2018. The District recognized pension expense of $9.1 million and $8.4 million related to the Salary Plan in 2019 and 2018, respectively. The liability related to the Salary Plan was $13.9 million and $4.8 million at June 30, 2019 and 2018, respectively.

Employees are immediately vested in their own contributions and earnings on those contributions. Employees become vested in the District contributions and earnings on District contributions after completion of five years of service. Nonvested contributions are forfeited upon termination of employment and such forfeitures are used to offset future District contributions. For the years ended June 30, 2019 and 2018, forfeitures reduced the District's pension expense by $113,000 and $203,000, respectively.

The District offers its employees a deferred compensation plan (the "457 Plan") created in accordance with Internal Revenue Code Section 457. The 457 Plan, available to all District employees with at least one year of service, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or certain emergency situations.

NOTE 12 – COMMITMENTS

At June 30, 2019, the District has projects in progress to construct, improve, and equip various routine, ancillary, and support services. Major projects in progress include an expansion of the emergency department and the improvement of the fifth and sixth floors of the Acequia Wing. Total costs expended as of June 30, 2019, related to these projects and others are approximately $42.1 million. The total estimated cost of these projects at completion is approximately $87.1 million, of which approximately $51.7 million has been expended or contractually obligated. The estimated final date of completion for the projects is July 2020. Funding for the projects is expected to include a combination of revenue bond funds, operating cash flows, community donations, and funded reserves.

The District has entered into various physician income guarantees whereby, pursuant to the terms in the agreement, the District has extended income guarantees to certain doctors in exchange for the doctors maintaining a medical practice in the District's service area. Payments under the guarantees are expected to be forgiven over a two- to three-year period, should the physician remain in practice in the community. If a doctor terminates his medical practice in the community prior to the completion of the term, the remaining balance under the guarantee is immediately due and payable. The District records expenses under these guarantees as payments are made to physicians. Accounts receivable are recorded when defaults under the agreements occur and are evaluated for collectability.

NOTE 13 – CONTINGENCIES

Malpractice, workers' compensation, and comprehensive general liability claims have been asserted against the District by various claimants. The claims are in various stages of processing and some may ultimately be brought to trial. There are also known incidents that have occurred through June 30, 2019, that may result in the assertion of additional claims. District management has accrued their best estimate of these contingent losses.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Over the last several years, government activity has increased with respect to investigations and allegations concerning possible violations of regulations by health care providers, which could result in the imposition of significant fines and penalties as well as significant repayment of previously billed and collected revenue for patient services. Management believes that the District is in substantial compliance with current laws and regulations and that any potential liability arising from compliance issues have been properly reflected in the District's consolidated financial statements or are not considered to be material to the District's financial position and results of operations as of and for the year ended June 30, 2019.

As disclosed in Note 1, the Medicare and Medi-Cal government reimbursement programs account for a substantial amount of the District's net patient services revenue. Expenditure reduction efforts and budget concerns within the United States and California legislature continue to create uncertainty over the volume of future health care funding. It is at least reasonably possible that future reimbursements for patient services under these programs could be negatively impacted.

NOTE 14 – INTERGOVERNMENTAL AND DIRECT GRANT SUPPLEMENTAL PAYMENT PROGRAMS

The District participates in various supplemental payment programs administered by the State of California including intergovernmental transfer and direct grant funding mechanisms. A summary of these programs is as follows.

The District receives payments under the Quality Assurance Fee ("QAF") Managed Care Medi-Cal payment program. The California Hospital Fee Program (the "Program") was signed into law by the Governor of California and became effective on April 1, 2009. The Program is ongoing but requires an extension or revision of the methodology approved by CMS periodically. The Program required a "hospital fee" or "QAF" to be paid by certain hospitals to a state fund established to accumulate the assessed QAF and receive matching federal funds. QAF and corresponding matching federal funds are then paid to participating hospitals in two supplemental payment methodologies: a fee-for-service methodology and a managed care plan methodology.

In the 2009-10 Program, the District, as a nondesignated public hospital ("NDPH") in California, was not subject to the QA Fee assessment according to the legislation, but rather received net supplemental payments. The Program evolved in 2010 through 2014 with District hospitals participating in a variety of ways. Legislation for the Program that ran from January 1, 2014, through December 31, 2016 (SB239), allowed for direct grant funding for rural District hospitals and additional funding available in the form of Intergovernmental Transfer ("IGT") payments offered for a match of funding. Passage of Proposition 52 in November 2016 made SB239 permanent and allowed for the creation of the HQAF V program that provides for direct grants for District hospitals as well as IGT-generated funding. The HQAF V program runs from January 1, 2017, through June 30, 2019. In fiscal years 2019 and 2018, the District recognized QAF program related net patient services revenue of $12.0 million and $12.3 million, respectively.

The District also receives AB113 IGT FFS Medi-Cal Inpatient payments. Legislation in March 2011 ("SB 90") extended the QAF Program for the period from January 1, 2011, through June 30, 2011; however, the extension under SB 90 included only private hospitals and thus excluded the District related to the FFS portion of the QAF Program. As an alternative, the NDPH IGT Program was established under AB 113 in 2011 to allow NDPH facilities to access additional federal funds. Under this legislation, the District recognized net patient services revenue of $9.7 million and $10.1 million related to this program for the years ended June 30, 2019 and 2018, respectively.

Additionally, the District receives "Rate Range" IGT managed Medi-Cal payments. Federal rules allow that NDPH facilities may access managed care rate range room as determined by negotiations with Medi-Cal managed care plans. As defined by law, rate range room is the difference between the amount that the State pays the managed care plans, referred to as a "lower bound" rate, and the maximum allowed, or the "upper bound" rate. This difference, or rate range, is then available through supplemental IGT payments to public entities that participate in the program in each county. The District recognized net patient services revenue of $22.7 million and $4.6 million related to this program in fiscal years 2019 and 2018, respectively.

The Public Hospital Redesign and Incentives in Medi-Cal ("PRIME") program was approved as a part of the Medi-Cal 2020 Section 1115 demonstration waiver. The program participants include both designated public hospitals and district and municipal public hospitals. PRIME supported activities encourage participants to improve the manner in which care is delivered in order to maximize health care value and also to position participants to successfully transition managed care payments to alternative payment methodologies. The District's participation in the program in 2016, its initial year of participation, and 2017 included creating the five-year implementation plan, completing related process measures, and developing PRIME project infrastructure. Participation in 2018 included submission of baseline data and participation in 2018 and 2019 included the measurement and achievement of quality improvement metrics. The State of California's share of the Medi-Cal funding for the PRIME program is furnished by IGT's from the participants. The District recognized other operating revenue of $17.7 million and $20.4 million related to the PRIME program in fiscal years 2019 and 2018, respectively.

Supplemental Pension Information

The following table summarizes the number of total plan participants at June 30:

	2019	2018
Active employees	747	784
Terminated vested	1,001	1,009
Retirees receiving benefits	763	730
Total participants	2,511	2,523

The following table summarizes changes in net pension liability from July 1, 2018 to June 30, 2019 (in thousands):

	2019	2018
Total pension liability		
Service cost	$ -	$ -
Interest	20,386	19,997
Differences between expected and actual experience	2,304	842
Changes in assumptions	(1,163)	5,446
Benefit payments	(13,275)	(12,707)
Net change in total pension liability	8,252	13,578
Total pension liability, beginning of the year	270,819	257,241
Total pension liability, end of the year	279,071	270,819
Plan fiduciary net position		
Employer contributions	11,400	11,400
Net investment income	20,001	25,925
Benefit payments	(13,275)	(12,707)
Administrative expenses	(225)	(189)
Net change in plan fiduciary net position	17,901	24,429
Plan fiduciary net position, beginning of the year	229,921	205,492
Plan fiduciary net position, end of the year	247,822	229,921
Net pension liability, end of the year	$ 31,249	$ 40,898
Plan fiduciary net position as percentage of total pension liability	88.80%	84.90%
Covered employee payroll	N/A	N/A
Net pension liability as percent of covered payroll	N/A	N/A

The District's actuarially determined contribution and actual contributions, since 2009, are presented in the following table (in thousands):

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Excess (Deficiency)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2010	$ 12,910	$ 12,911	$ 1	$ 66,642	19.4%
2011	11,324	11,326	2	NA	N/A
2012	2,233	2,235	2	N/A	N/A
2013	4,093	4,095	2	N/A	N/A
2014	3,972	4,058	86	N/A	N/A
2015	2,673	3,720	1,047	N/A	N/A
2016	3,224	5,000	1,776	N/A	N/A
2017	6,879	9,000	2,121	N/A	N/A
2018	5,818	11,400	5,582	N/A	N/A
2019	4,533	11,400	6,867	N/A	N/A
	$ 57,659	$ 75,145	$ 17,486		

Quality Improvement for Institutions

AMERICAN COLLEGE of CARDIOLOGY

Kaweah Delta Medical Center
PCI Data Quality Analysis

2018 Q2 → 2019 Q1

Green = In the Top 10% of the Nation
Yellow = Better or Equal to the National Average
Red = Worse than National Average
Gray = Non-Risk Adjusted Value (for Reference only)

***Comparison reporting period Varies per Metric**

Acronyms Guideline

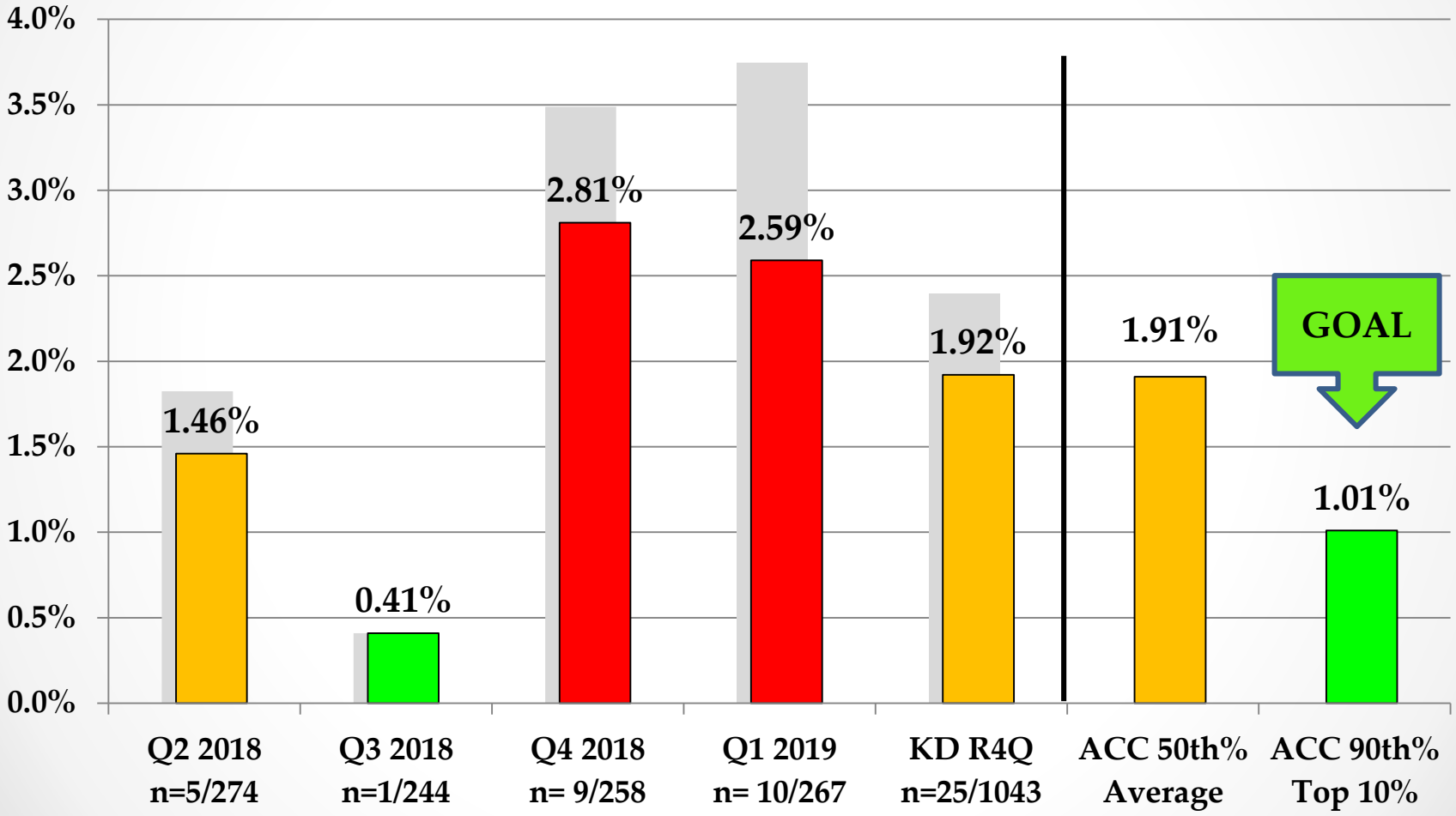
- ACC – American College of Cardiology
- R4Q – Rolling 4 Quarters (combined)
- O/E – Observed / Expected rate of occurrence
- ACC 50th = National Average
- ACC 90th = Top 10% of Nation
- PCI – Percutaneous Coronary Intervention (Stent or Balloon)
- STEMI – ST Elevated Myocardial Infarction (Acute Heart Attack)
- NSTEMI – Non ST Elevated Myocardial Infarction (non-Acute Heart Attack)
- Angina - Chest Pain
- USA – Unstable Angina
- D2B – Door to Balloon time
- BMI – Body Mass Index
- NIDDM – Non-Insulin Dependent Diabetes Mellitus
- IDDM - Insulin Dependent Diabetes Mellitus

Acronyms Guideline

- GFR – Glomerular Filtration Rate (Kidney function blood test)
- NYHA – New York Heart Association (congestive heart failure)
- Prox LAD – proximal Left Anterior Descending coronary artery
- LM – Left Main coronary artery
- >=2VD – Two-vessels diseased of the coronary arteries
- ECG – EKG or Electrocardiogram
- CABG – Coronary Artery Bypass Graft Surgery
- CVA – Cerebrovascular Accident or Stroke
- LOS – Length of Stay
- LVEDP – Left Ventricular End-Diastolic Pressure
- CKD – Chronic Kidney Disease
- RBC – Red Blood Cells
- P2Y12 – Antiplatelet drug or Blood thinner
- ASA - Aspirin

PCI In-Hospital Mortality Rate[1]

Risk Adjusted[InColor] (All patients)

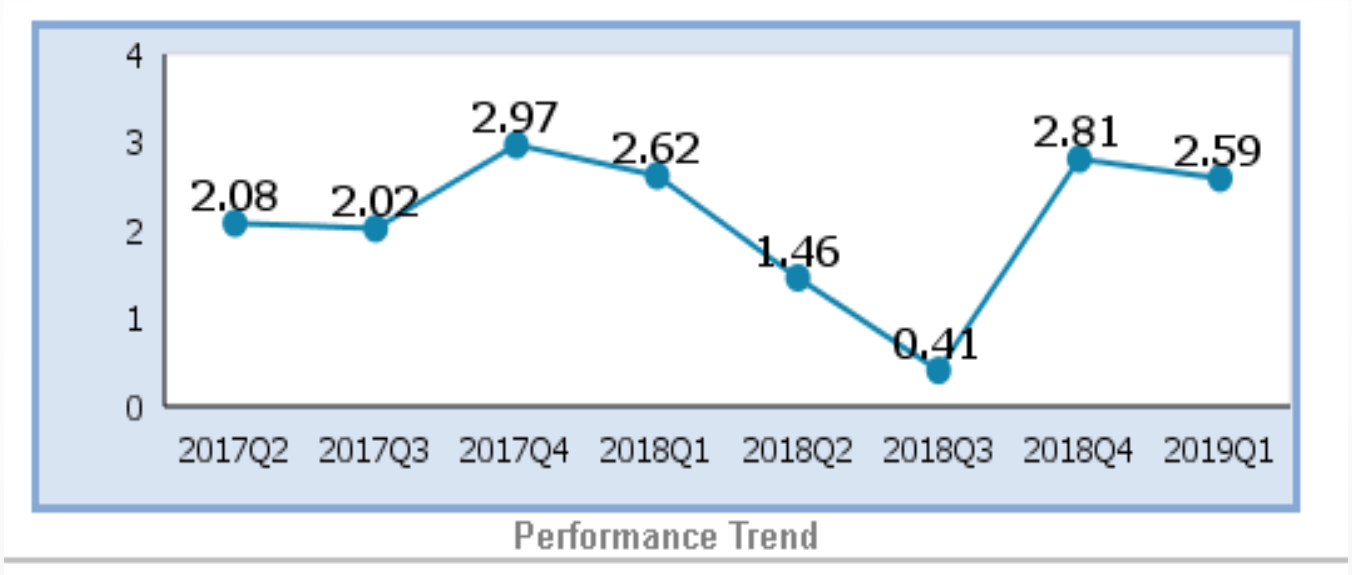


[1] PCI in-hospital mortality rate for all patients, risk adjusted. Exclusions include patients with a discharge location of "other acute care hospital." (ref: 2035)

***Comparison reporting period is 04/01/18 through 03/31/19**

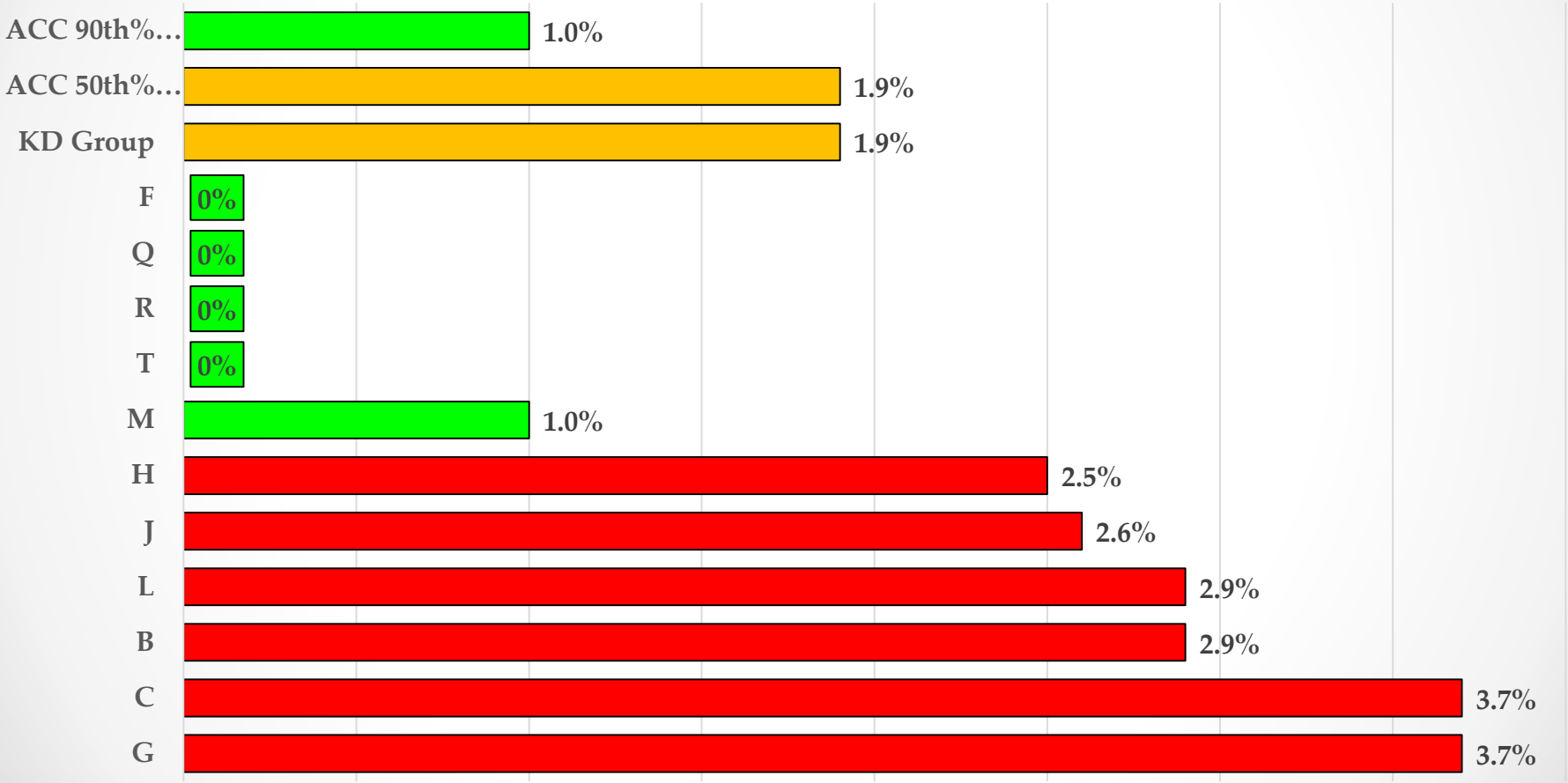
PCI In-Hospital Mortality Rate[1]
Risk Adjusted[InColor] (All patients)

- TWO-YEAR TRENDING



PCI Mortality[1] Rate by Physician

All Patients - Rolling 4 Quarters (Q2 2018 – Q1 2019*)

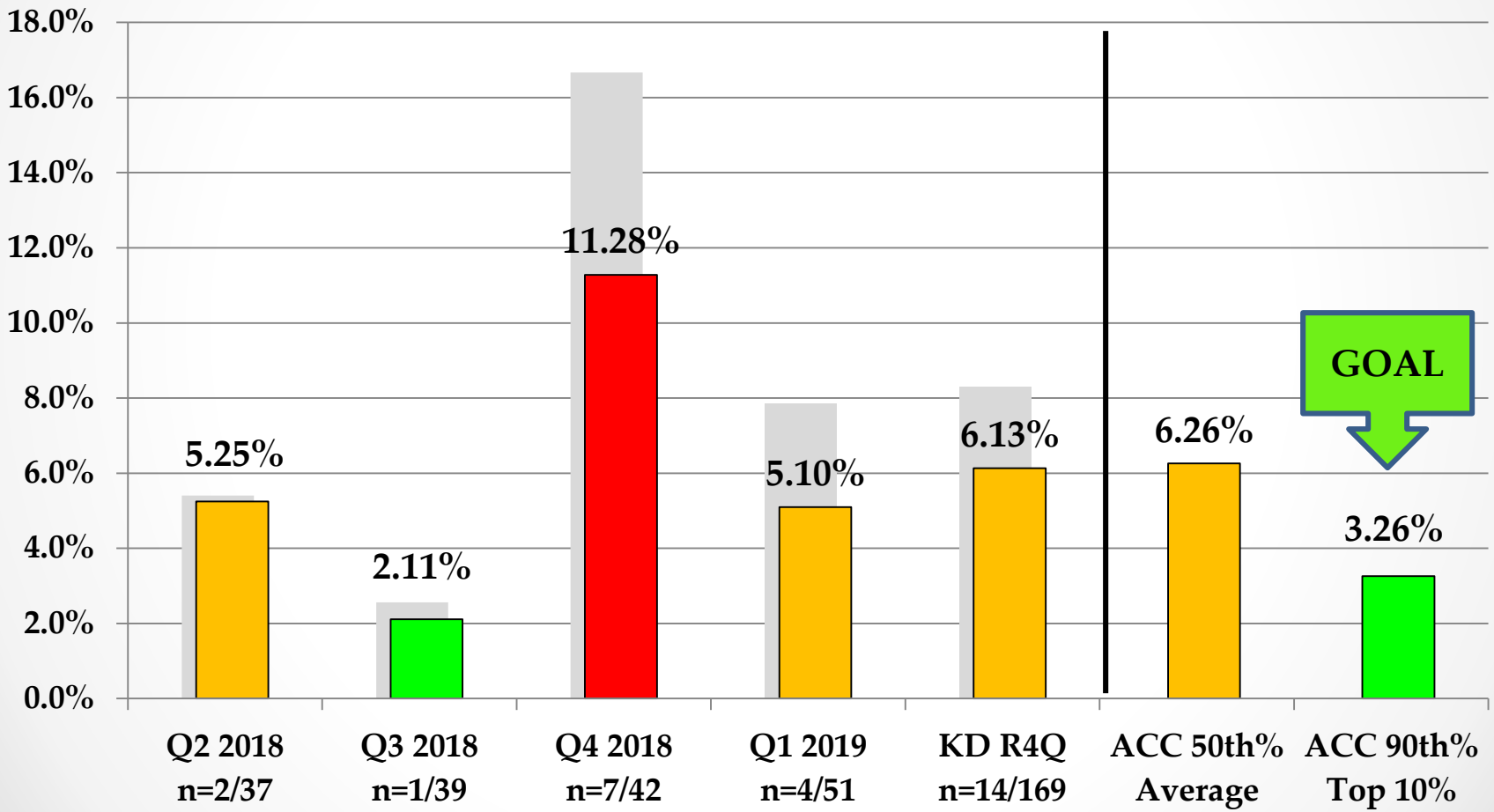


[1] PCI in-hospital mortality rate for all patients for that MD. Exclusions include patients with a discharge location of "other acute care hospital." (ref: NCDR/ACC Physician Dashboard)

***Comparison reporting period is 04/01/17 through 03/31/18 - Raw DATA all Quarters**

PCI In-Hospital Mortality Rate[1]

Risk Adjusted[InColor] (STEMI patients)

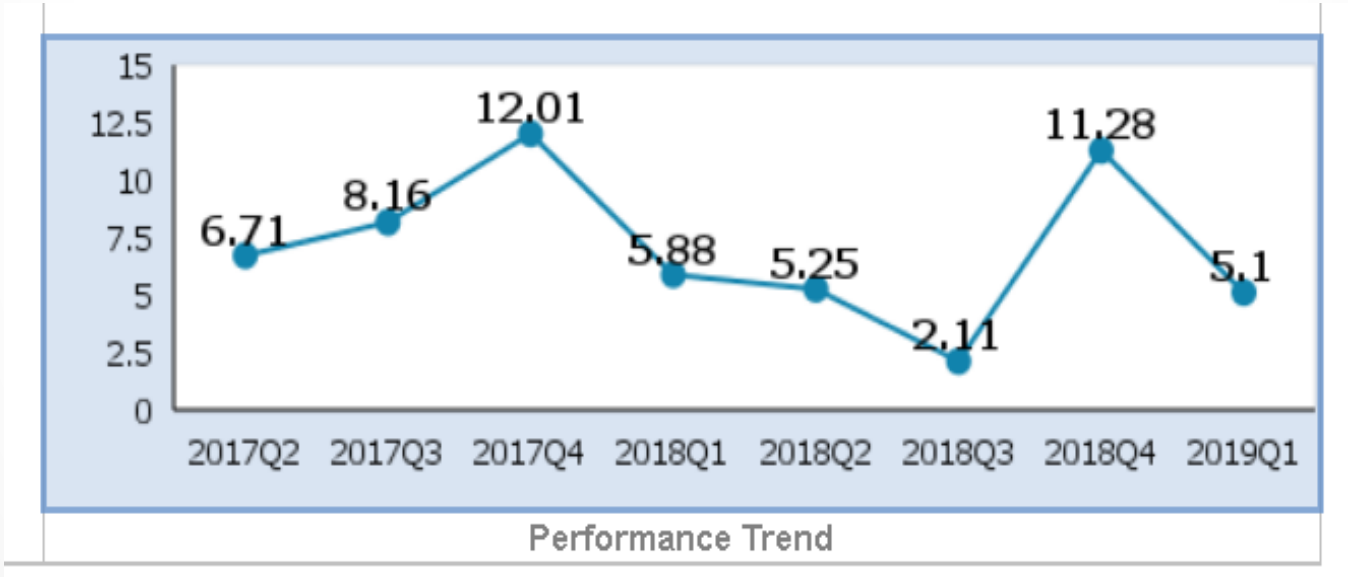


[1] PCI in-hospital mortality rate for STEMI Pt.'s. (ref: 2044)

***Comparison reporting period is 04/01/18 through 03/31/19**

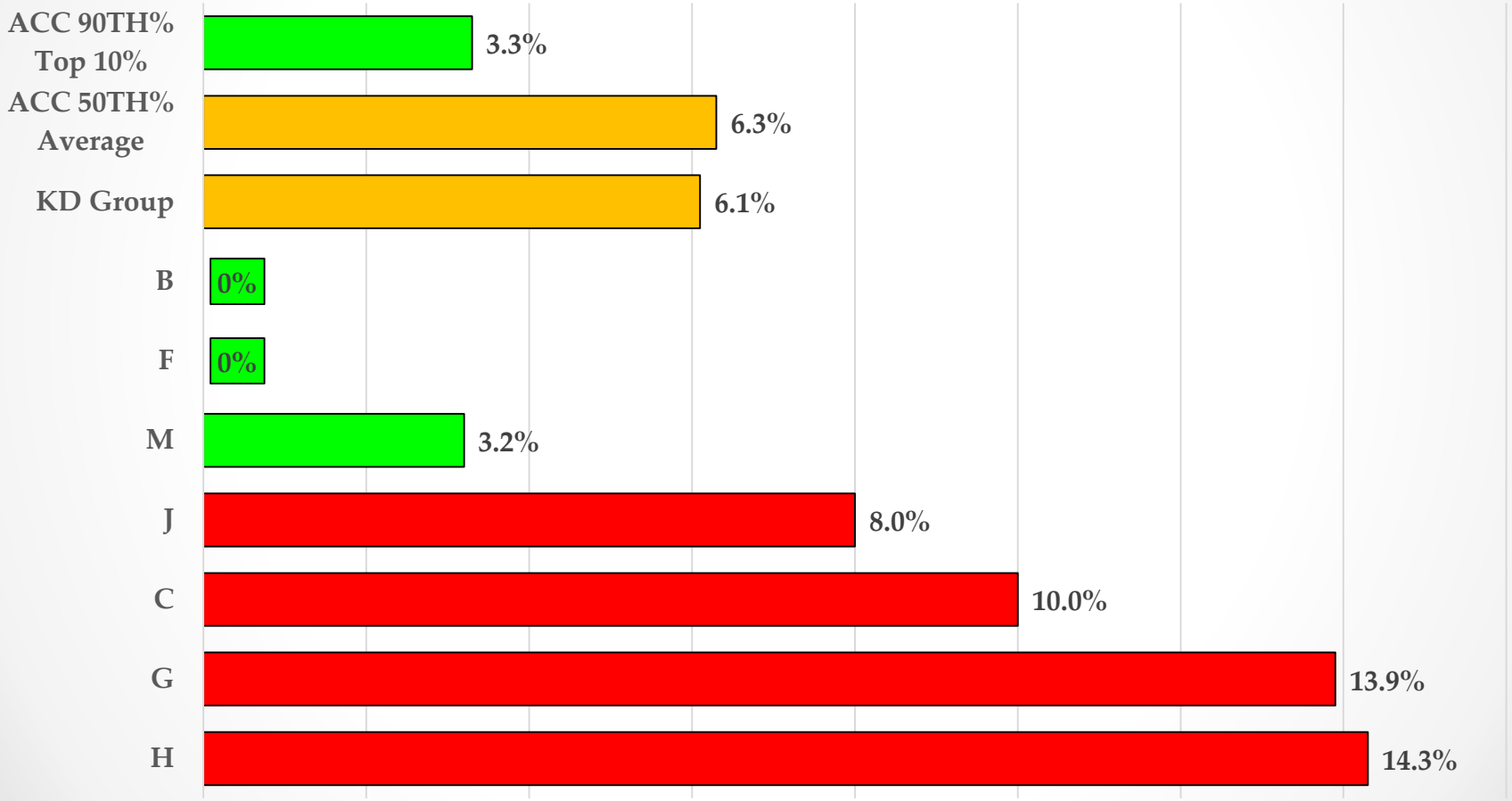
PCI In-Hospital Mortality Rate[1]
Risk Adjusted[InColor] (STEMI patients)

- TWO-YEAR TRENDING



PCI Mortality[1] Rate by Physician

STEMI Patients - Rolling 4 Quarters (Q2 2018 – Q1 2019*)

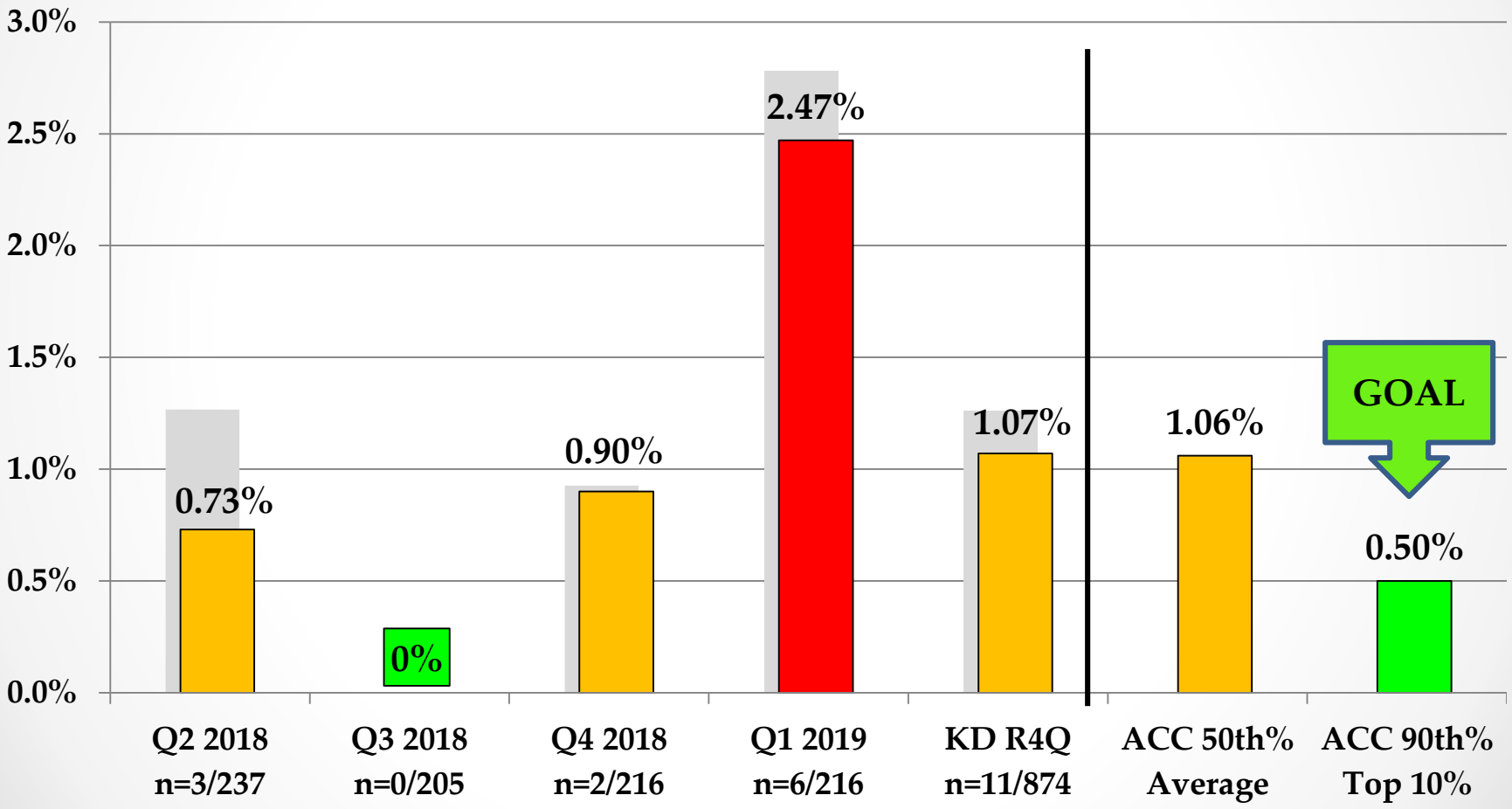


[1] PCI in-hospital mortality rate for STEMI patients for that MD. Exclusions include patients with a discharge location of "other acute care hospital." (ref: NCDR/ACC Physician Dashboard)

***Comparison reporting period is 04/01/17 through 03/31/18 - Raw DATA all Quarters**

PCI In-Hospital Mortality Rate[1]

Risk Adjusted[InColor] (NSTEMI, unstable angina, electives)

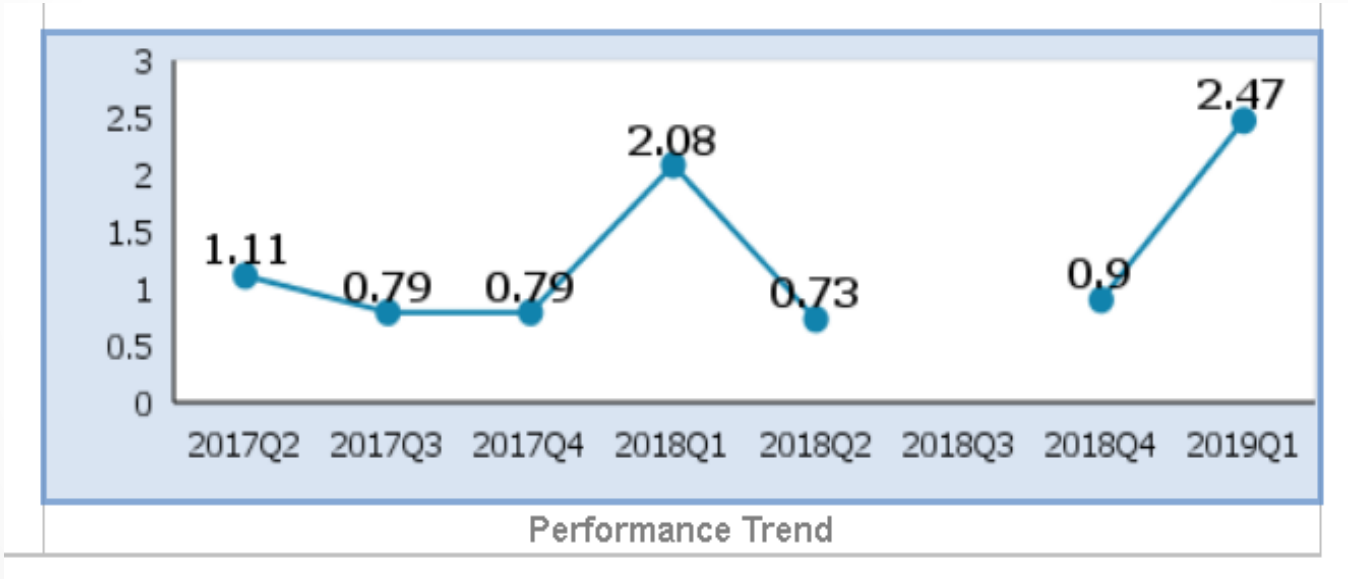


[1] PCI in-hospital mortality rate for all patients Excluding STEMI. Exclusions include patients with a discharge location of "other acute care hospital." (ref: 2053)

***Comparison reporting period is 04/01/18 through 03/31/19**

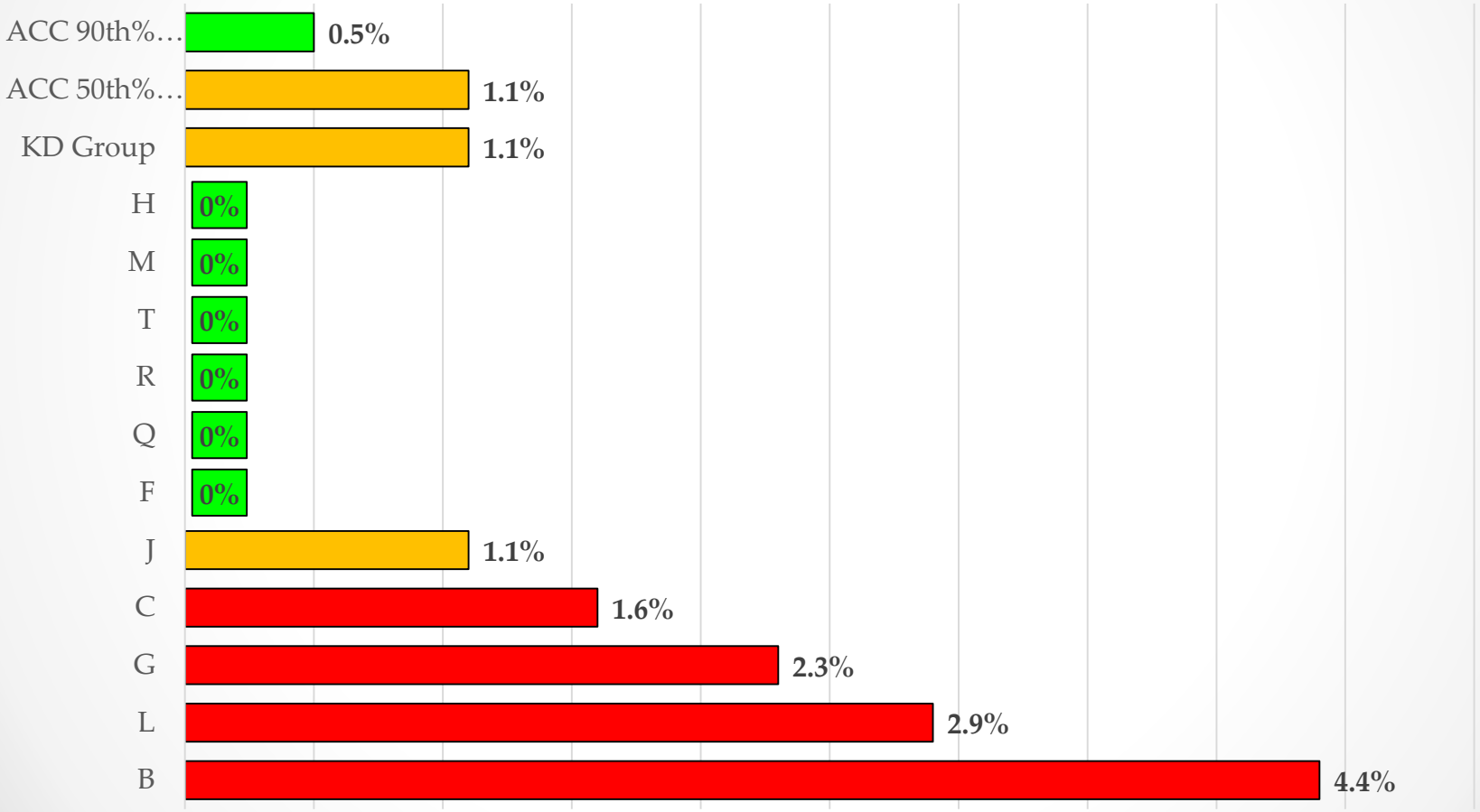
PCI In-Hospital Mortality Rate[1]
Risk Adjusted[InColor] (NSTEMI, unstable angina, electives)

- TWO-YEAR TRENDING



PCI Mortality[1] Rate by Physician

N-STEMI, USA, Elective Patients - Rolling 4 Quarters (Q2 2018 – Q1 2019*)



[1] PCI in-hospital mortality rate for N-STEMI, USA, Elective patients for that MD. Exclusions include patients with a discharge location of "other acute care hospital." (ref: NCDR/ACC Physician Dashboard)

***Comparison reporting period is 04/01/17 through 03/31/18 - Raw DATA all Quarters**

STEMI Triage Guidelines
Thoughtful Pause

- Should go to CVICU First, not the Cath Lab
  - Cardiac Arrest with CPR ≥ 20 minutes and un/minimally responsive
  - Cardiogenic Shock, age ≥ 80
  - STEMI ≥ 24 hours without Chest Pain
  - Excess risk of bleeding (e.g. active internal bleed, ICH<3 mos, Hct<22, PLT<30K)
  - Altered Mental Status
  - Apparent sepsis or other conditions (other than pure cardiogenic shock) that would markedly increase the risk of dying within 30 days
  - Pre-existing DNR / No Code Status

❖ Consider lytic agents for symptoms < 3 hours, anticipated DTB time > 120 minutes and low risk of bleeding

❖ These are intended as guidelines, not to supersede clinical judgement

Adopted from The Cleveland Clinic Heart Institute: Triage Guidelines for STEMI patients.

Predicted Mortality Risk Factors

- STEMI
- Age >70
- BMI
- Cerebral Vasc. Disease
- Peripheral Vasc. Disease
- Chronic Lung Disease
- Previous PCI
- NIDDM
- IDDM
- GFR
- Renal Failure / Dialysis
- Ejection Fraction
- Cardiogenic Shock
- NYHA Class I/II/III
- NYHA Class IV
- Cardiac Arrest
- Thrombosis w/in 1 month
- PCI of Prox LAD
- PCI of LM
- >=2VD
- Total Chronic Occlusion

*Risk Factors taken from the American College of Cardiology inclusion list for their Risk Model for Predicted Mortality: version 4.4

Quality Initiative:

Treatment Algorithm for Invasive Cardiac Procedures

- Targeted Temperature Management
  - Immediate hypothermia measures to be implemented on cardiac arrest patients
- 12-Lead ECG must be done within 10 minutes of arrival to hospital
- A.C.T. initiated – (Do not delay cooling measures)
  - Assessment for unfavorable resuscitation features
  - Consultation between ED, Critical Care and Cardiology physicians
  - Transport to CathLab urgently when consensus reached

Rab, Tanveer, and Karl B. Kern. "Cardiac Arrest A Treatment Algorithm for Emergent Invasive Cardiac Procedures in the Resuscitated Comatose Patient." *Journal of the American College of Cardiology* 66.1 (2015): 62-73.

Quality Initiative:
Vitally Important Steps

- Physician collaboration & coordination between departments is required
- Cardiologist must participate in all thoughtful pause discussions
- ED physician and Cardiologist will consult with an Intensivist as needed for difficult cases
- Intensivist will respond to the ED for thoughtful pauses as requested
- Thoughtful pause must be documented in patient's EMR by a physician
- ED staff will transport patients to the Cath Lab for Cardiac Alerts after hours with the Cath Lab RN
- Families must be given aggressive treatment options with their corresponding prognosis or futility
- Honest communication between all parties required to maintain transparency and trust

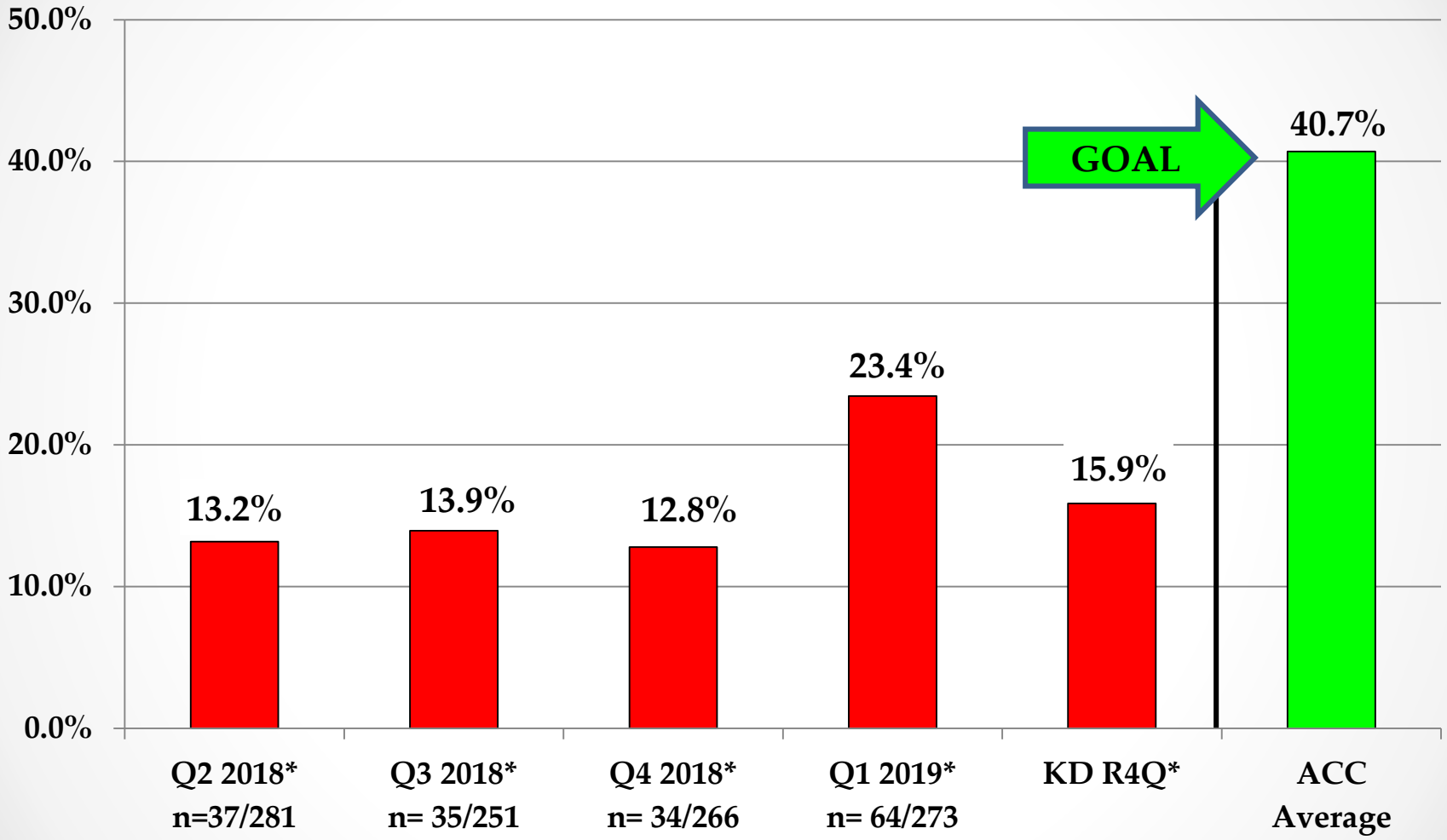
Rab, Tanveer, and Karl B. Kern. "Cardiac Arrest A Treatment Algorithm for Emergent Invasive Cardiac Procedures in the Resuscitated Comatose Patient." *Journal of the American College of Cardiology* 66.1 (2015): 62-73.

Ethical Issues pertinent to care

- Ethical issues are unavoidable in the care of critically ill patients but we must maximize the ethical decision-making regarding angiography and PCI in these patient populations
  - Clinical judgments of the multidisciplinary physicians must be observed whenever possible
  - Diagnostic tools and data must be readily available for discussion in real time so that decisions can be made
  - Additional research into emerging data on this topic and diagnostic tools to keep our patients receiving state of the art care
  - Transparent discussions at the practice and policy making levels about what characterizes appropriate or futile care
  - Assessing patient wishes, respecting DNR and advanced directives even in times of family crisis and proxy decision makers
  - ***Lastly and importantly, a frank and honest discussion with families as to what is futile care***

Rab, Tanveer, and Karl B. Kern. "Cardiac Arrest A Treatment Algorithm for Emergent Invasive Cardiac Procedures in the Resuscitated Comatose Patient." *Journal of the American College of Cardiology* 66.1 (2015): 62-73.

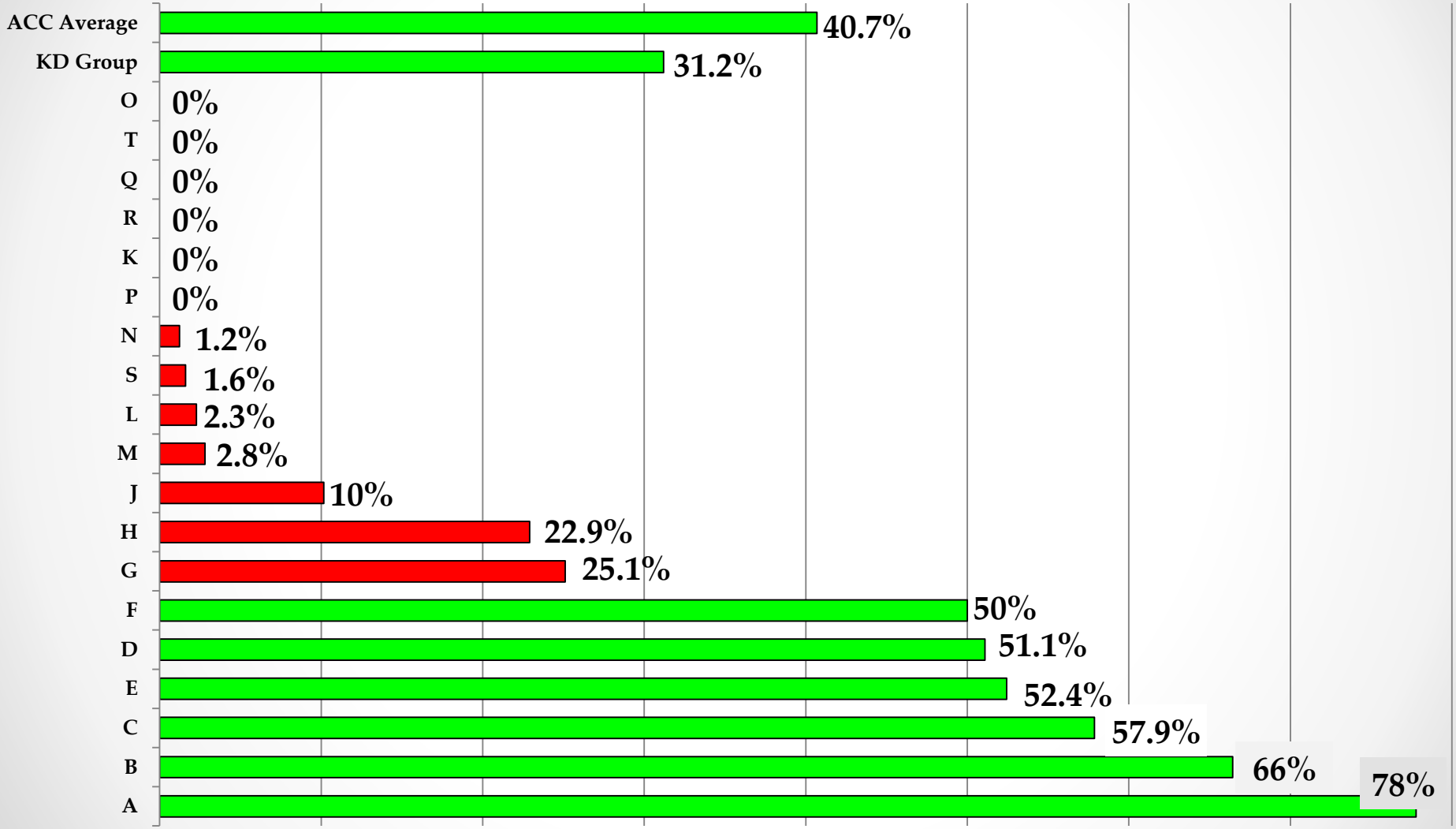
PCI Radial Artery Access



*R4Q O/E = 2.6
(ref:1658)
*Comparison reporting period is 04/01/17 through 03/31/18 - 31/431 all Quarters

All Caths Radial Artery Use[1] by Physician

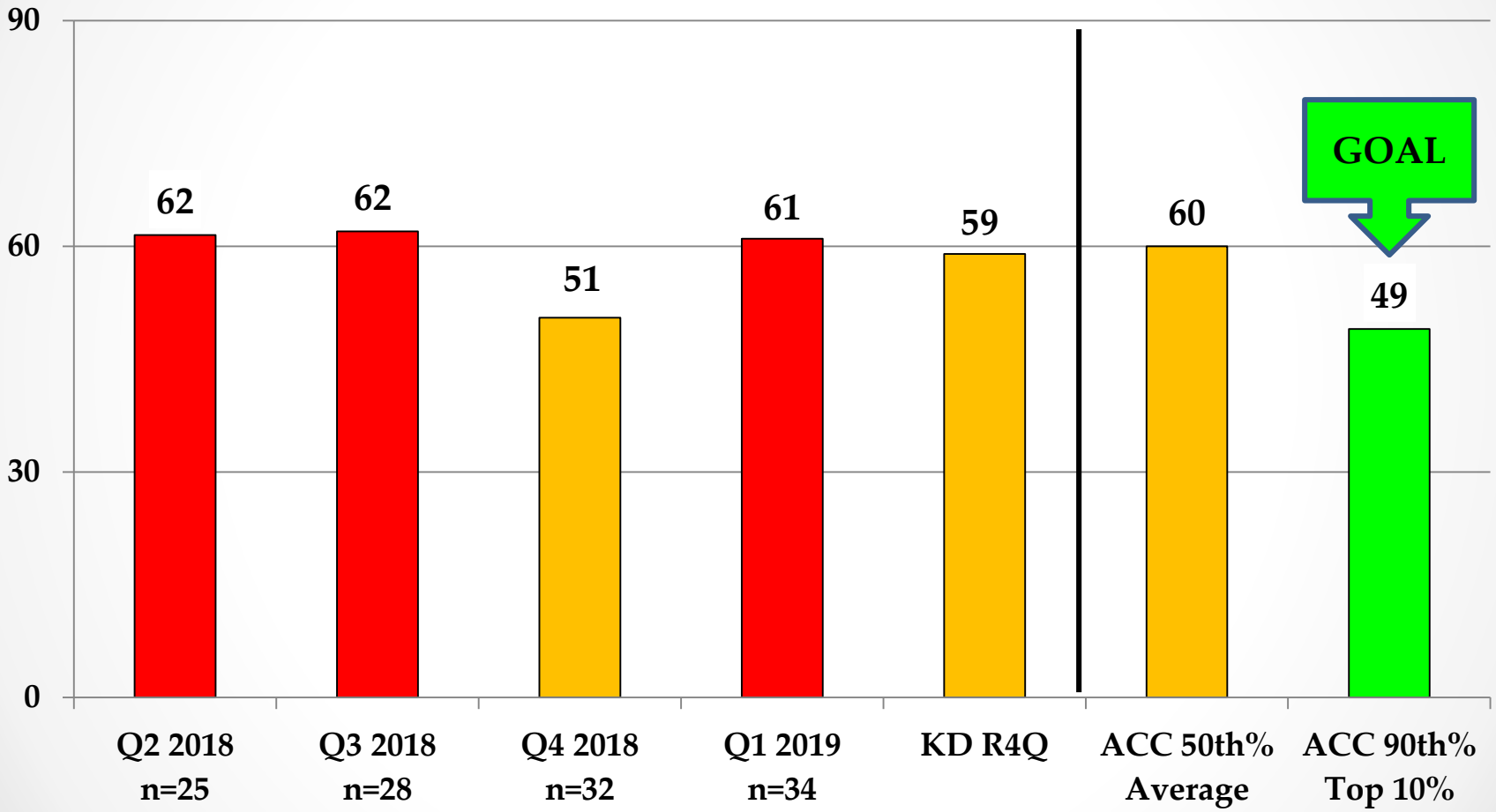
Rolling 4 Quarters (Q2 2018 – Q1 2019*)



[1] PCI & Diagnostic Cardiac Catheterization Procedures - Arterial Access Site equaling "Radial" for all patients for that MD. No Exclusions; Pt.'s with an aborted Radial attempt included in denominator (ref: SENSIS Statistical Manager)

***Comparison reporting period is 04/01/17 through 03/31/18 - Raw DATA all Quarters**

Immediate PCI for STEMI
(in minutes)[1]

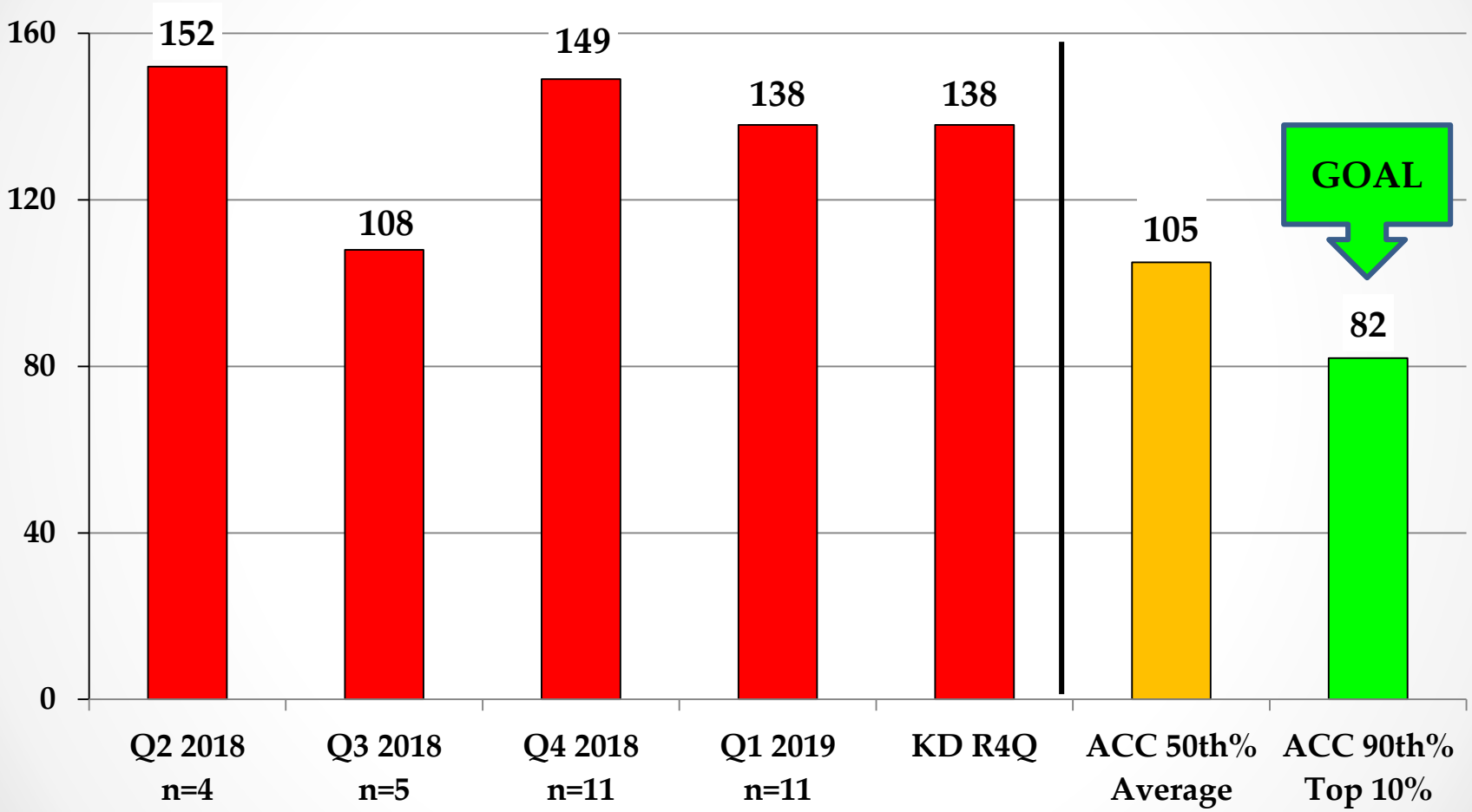


R4Q O/E = 1.0

[1] Median time frame from hospital arrival to immediate PCI for STEMI pts in minutes. Exclusions: Patients transferred in from another acute care facility; Reasons for delay does not equal [illegible] (ref:1502)

***Comparison reporting period is 04/01/18 through 03/31/19**

Immediate PCI for STEMI Transfers
(in minutes)[1]



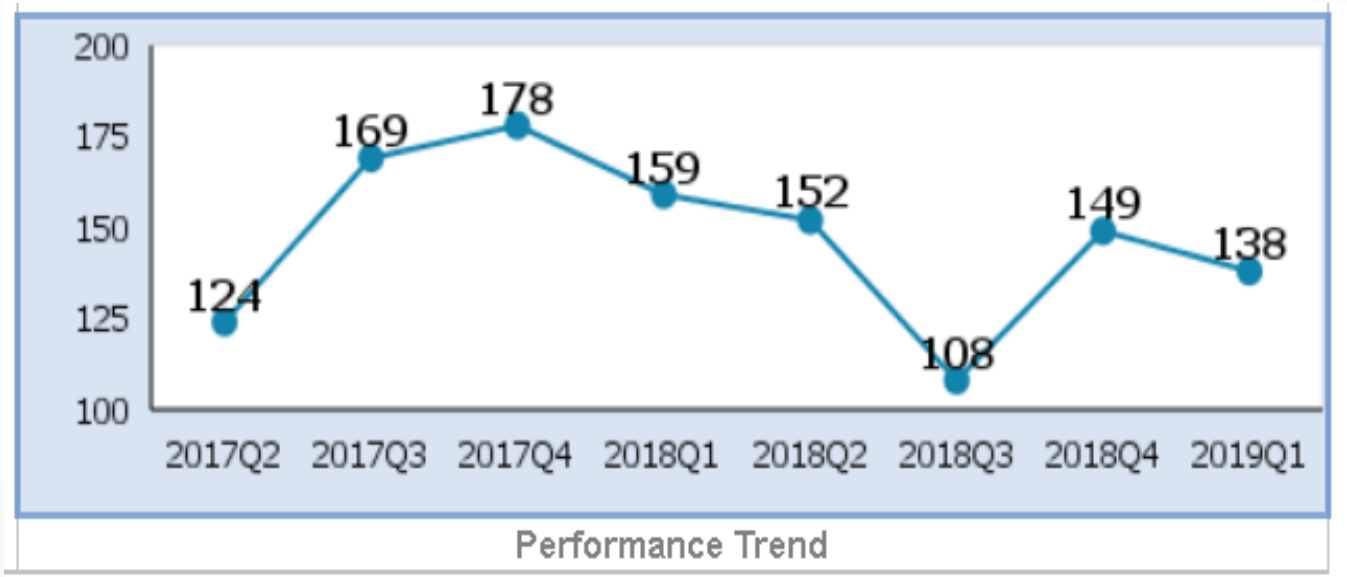
R4Q O/E =1.3

[1] Median time from ED arrival at STEMI transferring facility to immediate PCI at STEMI receiving facility among transferred patients (excluding reason for delays); Reasons for delay does not equal none. (ref:1505)

***Comparison reporting period is 04/01/18 through 03/31/19**

Immediate PCI for STEMI Transfers (in minutes)[1]

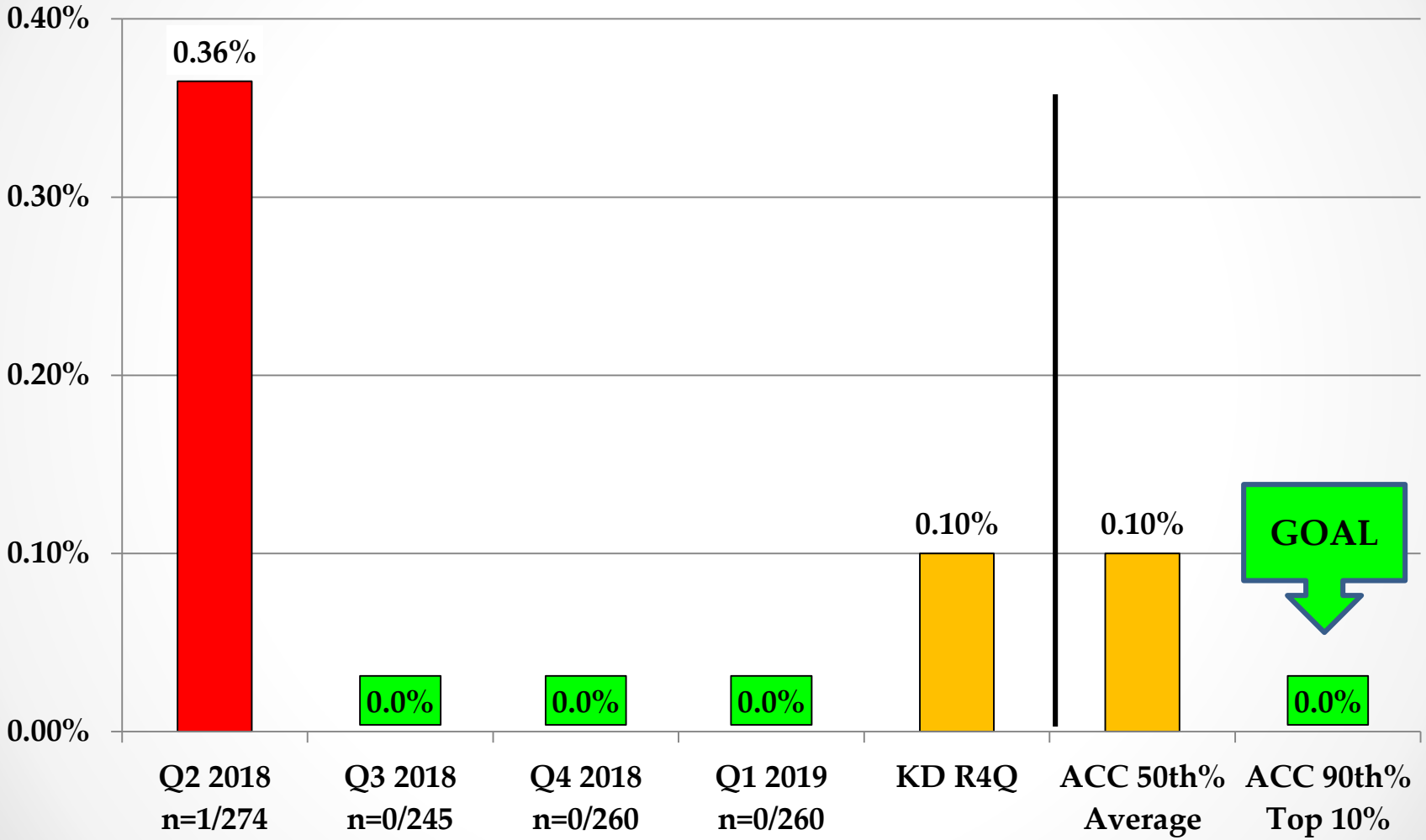
- TWO-YEAR TRENDING



Quality Initiative:
Best Practice in Door to Balloon

- ED staff and CathLab RN to bring patients to Cath Lab in Cardiac Alerts after 9:00pm
- Cardiac Alerts to be called at the time of leaving transferring hospitals
- ED EKG to be placed in EMR or Tracemaster
- Cath Lab on call crew response time of 20 minutes
- Fallouts are reviewed promptly and in every case
- Cardiac Alerts called within 10 minutes of ED arrival unless Thoughtful Pause is documented in the EMR

Stroke Post PCI[1]



R4Q O/E = 1.0

[1] Patients without CABG during this admission. (ref: 1811)

***Comparison reporting period is 04/01/18 through 03/31/19**

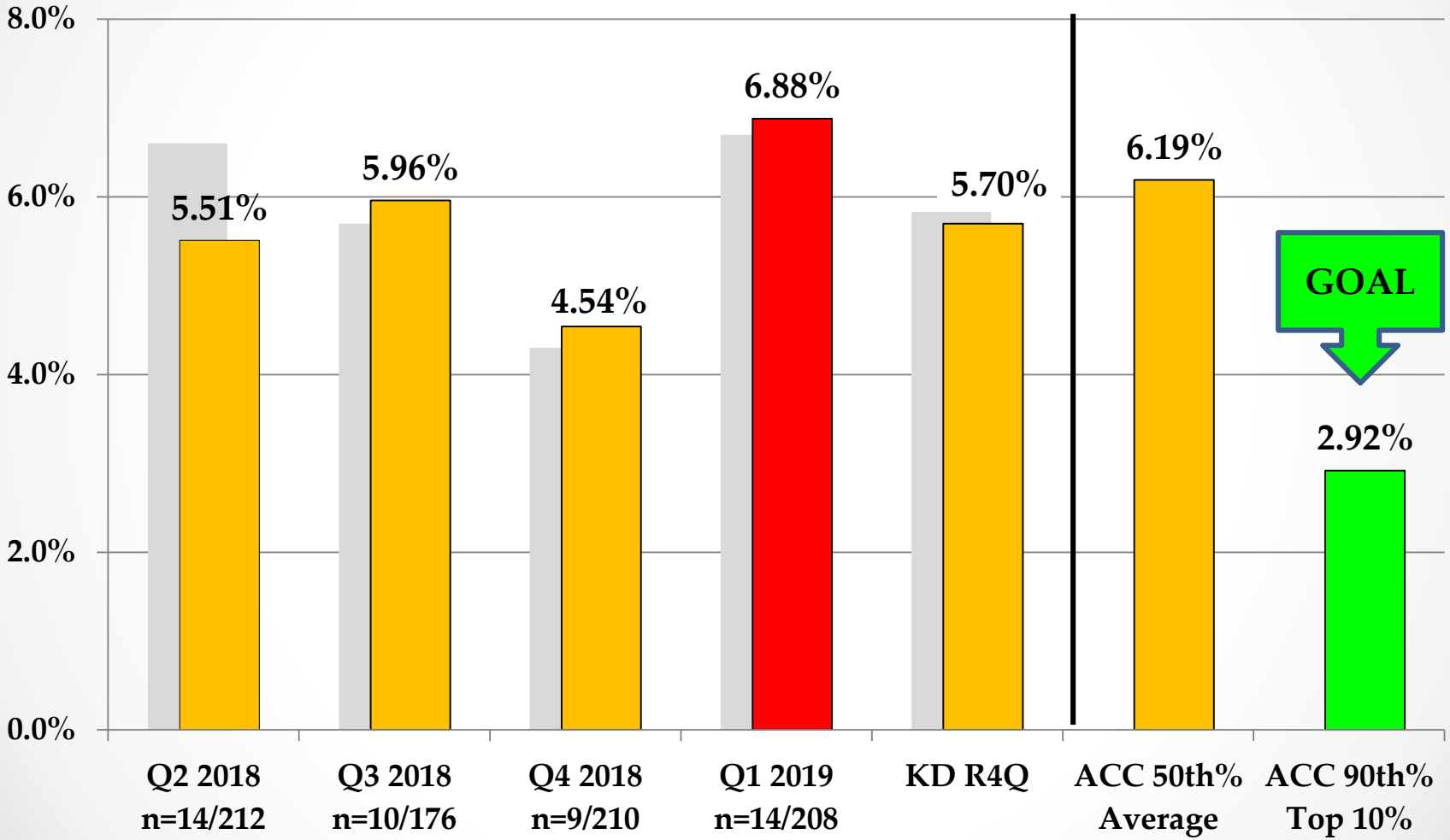
Quality Initiative:

Stroke Recognition and Treatment

- Assess Stroke Risk factors in PCI for each patient
  - Age, gender, history of CVA, End Stage Renal Disease, Diabetes, Hypertension, Peripheral Vascular Disease, Smoking, Congestive Heart Failure, Atrial Fibrillation, CABG surgery or emergent PCI
- Rapid recognition of stroke symptoms in Cath Lab
- Use of the clear protocol for recognition and interventions will facilitate efficient care in the unlikely event of a stroke in Cath Lab

Acute Kidney Injury[1] Post PCI

Risk Adjusted InColor



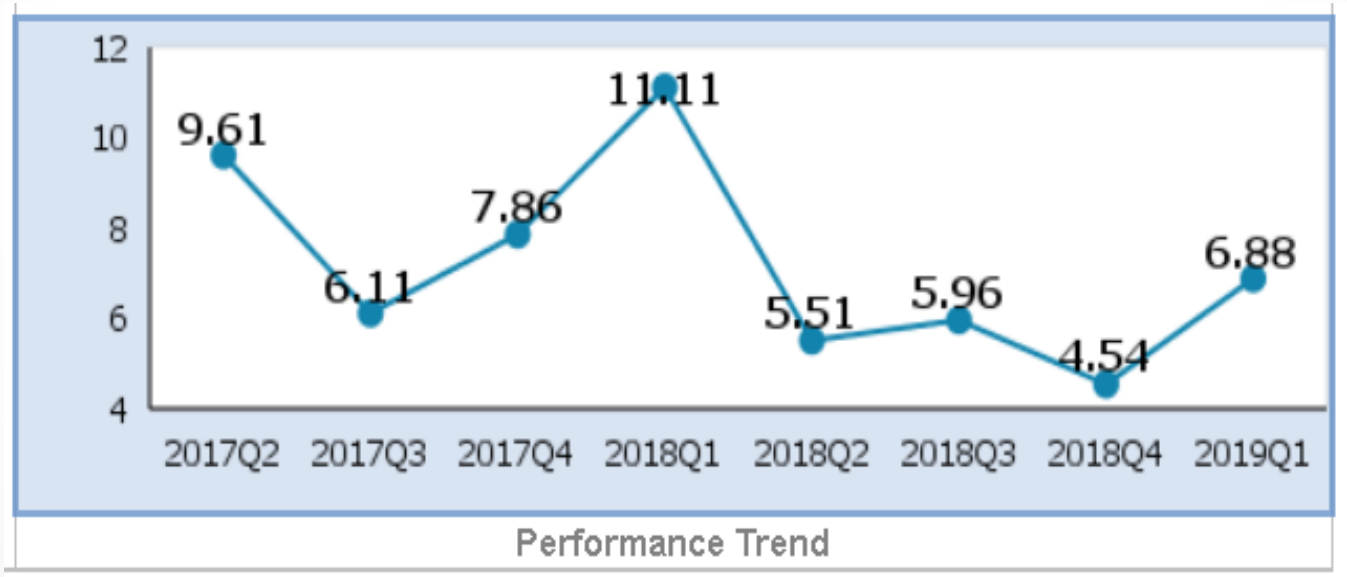
[1] Proportion of patients who had a rise of serum creatinine of > 50% over the pre-procedure baseline (excluding patients on dialysis pre-procedure). Inclusions: >= 90% of patients with a pre and post creatinine coded; LOS >= 1 day. (ref: 1959)

***Comparison reporting period is 04/01/18 through 03/31/19**

Acute Kidney Injury[1] Post PCI

Risk Adjusted[InColor]

- TWO-YEAR TRENDING



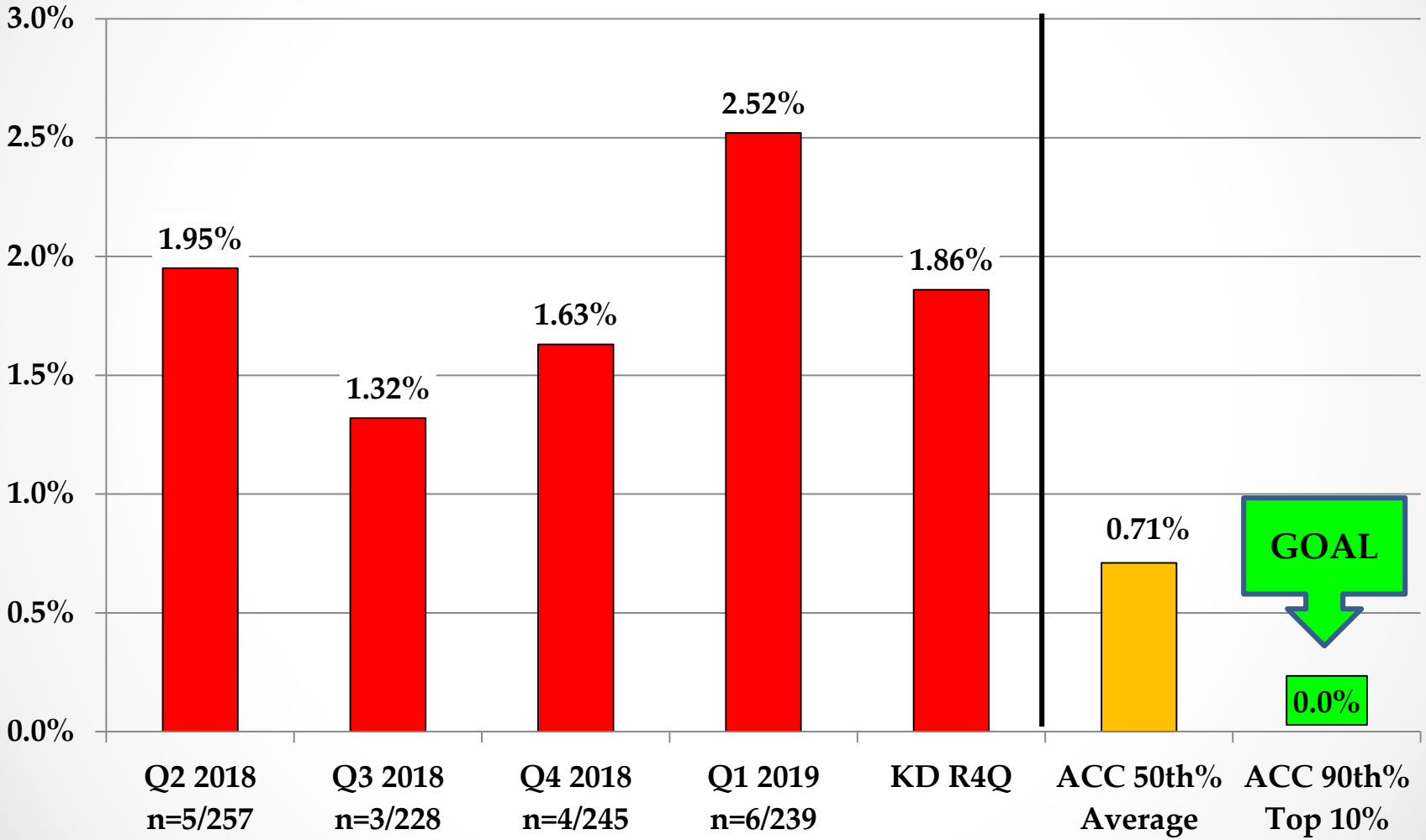
Quality Initiative:

Contrast Induced Nephropathy

- Renal impairment = estimated glomerular filtration rate ≤ 60mL/min
- Hydration Needs
  - Pre procedure: Normal Saline 3mL/kg/hr for 3-12 hours prior
    - 80 kg (180 lbs) = 240mL / Hr
  - Intra procedure:
    - LVEDP <18 → NS 500 mL/hr for 4 hours
    - LVEDP >19 → NS 250 mL/hr for 4 hours
  - Post procedure: Normal Saline 3mL/kg/hr for 6-24 hours
- For outpatients with CKD, oral hydration should be considered and encouraged the day before arrival. Intravenous hydration should be started on admission, and continued post cath, according to physician recommendations.
- Post procedure labs must be ordered
- Metabolic panel ordered one day post procedure
- Track and Report contrast utilization for Diagnostic and Interventional procedures

*Merschen, Richard. "An Overview of Chronic Kidney Disease and Useful Strategies for Clinical Management." *Cath Lab Digest* Mar. 2012 http://www.cathlabdigest.com/articles/Overview-Chronic-Kidney-Disease-Useful-Strategies-Clinical-Management

Transfusion of RBCs[1]



R4Q O/E = 2.6

[1] Proportion of patients who received a transfusion of whole blood or RBCs after, but within 72 hours of PCI procedure. Exclusions: Patients having CABG or other major surgery during the same admission; Pt.'s with a pre-procedure hemoglobin <8g/dL or no value. (ref: 1852) ***Comparison reporting period is 04/01/18 through 03/31/19**

Transfusion of RBCs[1]

- TWO-YEAR TRENDING

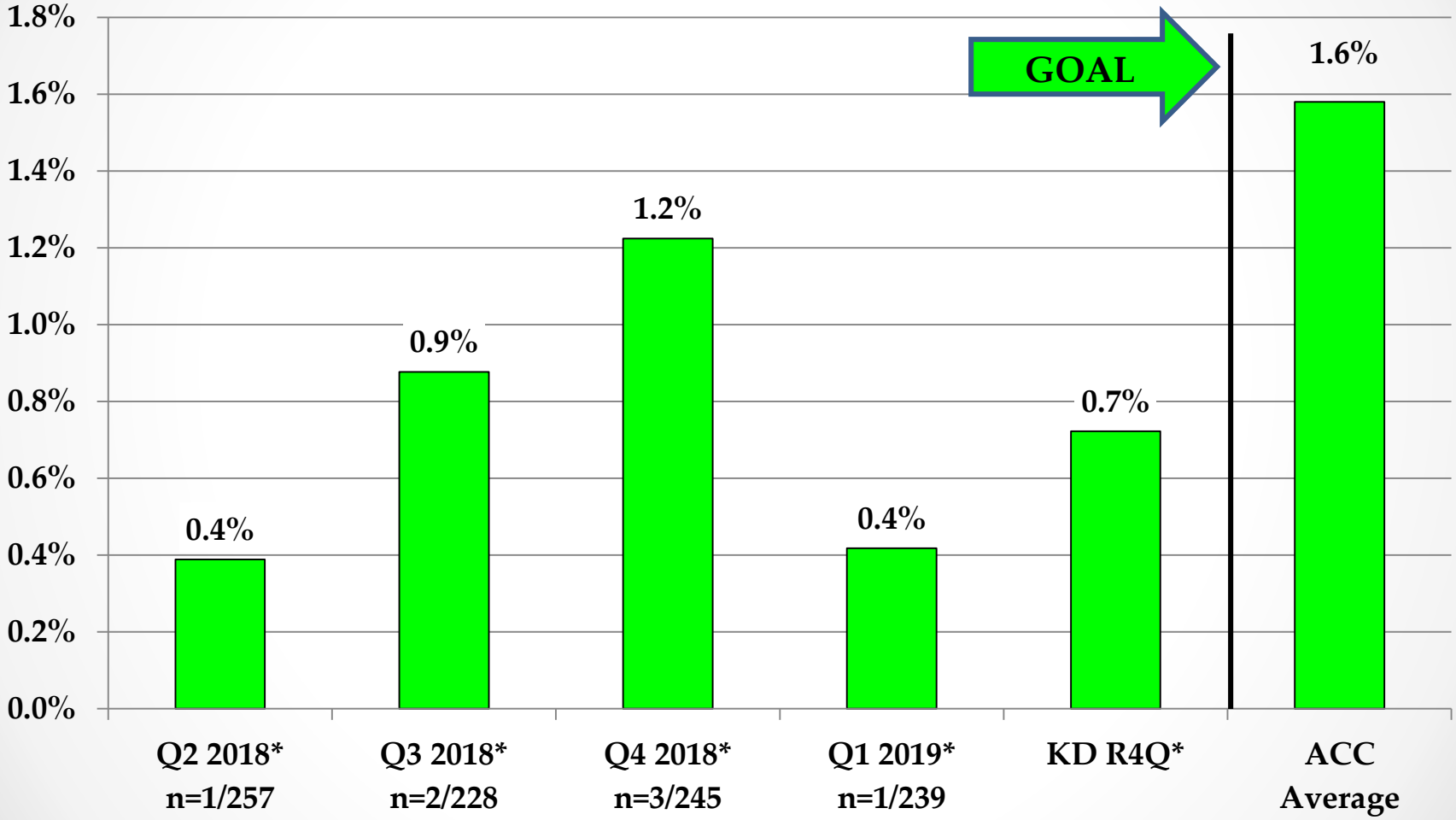
APPROPRIATE USE OF RED BLOOD CELLS

A. Pre-transfusion hematocrit of less than 24% or hemoglobin less than 8 grams/dl.

B. Transfusion may be administered when hemoglobin levels are 8-10 grams/dl in the following circumstances:
    1. Acute Blood Loss/Active Bleed
    2. Presence of Symptomatic Anemia
    3. HGB <9 w/ Chemotherapy
    4. HGB <10 w/ Radiation Treatment

Vascular Access Site Injury

Bleeding Event w/in 72 Hours[1]



***R4Q O/E = 0.5**

[1] Requiring treatment/ major bleeding; Pt.'s w/out CABG during admission defined as: Bleeding at access site, hematoma at access site, or retroperitoneal bleed that occur within 72 hours of procedure. To qualify, event must be associated with Hgb drop >=3 g/dL; transfusion, or a procedural intervention/surgery to reverse/stop or correct the bleeding. Excludes GI, GU, Other bleeds. (ref: 1848)

***Comparison reporting period is 04/01/17 through 03/31/18 - Raw DATA all Quarters**

Quality Initiative:

Bleeding Protocol

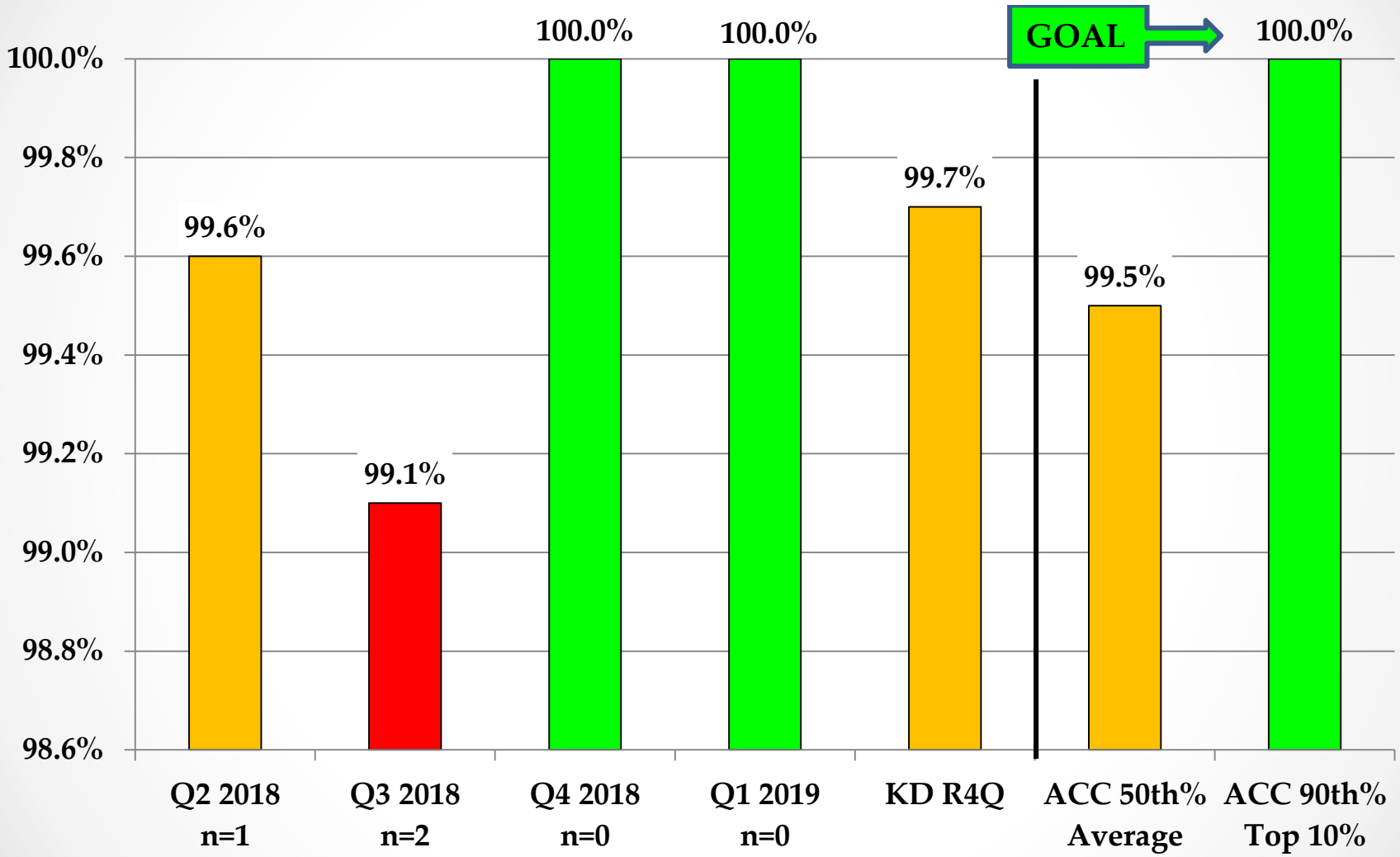
- Bleeding Avoidance Strategies (Risk Stratification)
  - Cath lab patients are now risk stratified
    - Low Risk Total Score of $\leq$ 7 points,
    - Medium Risk Total Score between 8-17 points
    - High Risk Total Score of $\geq$ 18 points

- Once score is known if patient is (High Risk)
  - Evaluate for short acting anticoagulant (Angiomax)
  - Evaluate quality of stick for sealant device deployment
    - High stick or Low stick, No sealant device
  - Admit patient to appropriate level of care (ICCU)

- Implemented best practice hemostasis management strategies standardized for Post Procedure Bleeding and Sheath Removal
  - Hemostasis management education program for early recognition of post procedure bleeds
    - Includes recognition of signs and symptoms of bleeding
    - Standardized communication
      - Communication between the procedure team and physician with emphasis on the quality of the groin stick and whether the use of sealant is used.
      - Bedside reporting between procedure team through the admitting nurse with emphasis on the vascular access site assessment
  - Manual sheath removal
    - Hold manual pressure minimum of 20 minutes
    - Frequent vital signs and distal pulse monitoring
    - Diligent vascular access site assessment
    - Assess Patient for pain
  - Vascular sealant device
    - Hold manual pressure minimum of 5 minutes
    - Frequent vital signs and distal pulse monitoring
    - Diligent vascular access site assessment
    - Assess patient for pain

- Implementation of mandatory hemostasis management education
  - Mandatory self study educational presentation using pre and post test evaluation testing. (Must be completed and passed)
    - Added to Nursing Unit Annual Competency
    - Added to core curriculum nursing education (Cardiac and CV ICU units)
      - 4 Tower, 2 North, 3 West, CVICU and ICU, CV ICCU.
  - Mock simulation of a post procedure bleeding patient is being done twice a year. Once in the skills lab and the other on the nurses home unit
- Utilize hemostat, with fluoroscopy to visualize location of femoral head, picture to be saved.
- Increase utilization of Radial Access to ACC average
- Utilize Ultrasound for vascular access

P2Y12 Inhibitor Prescribed at DC[1]

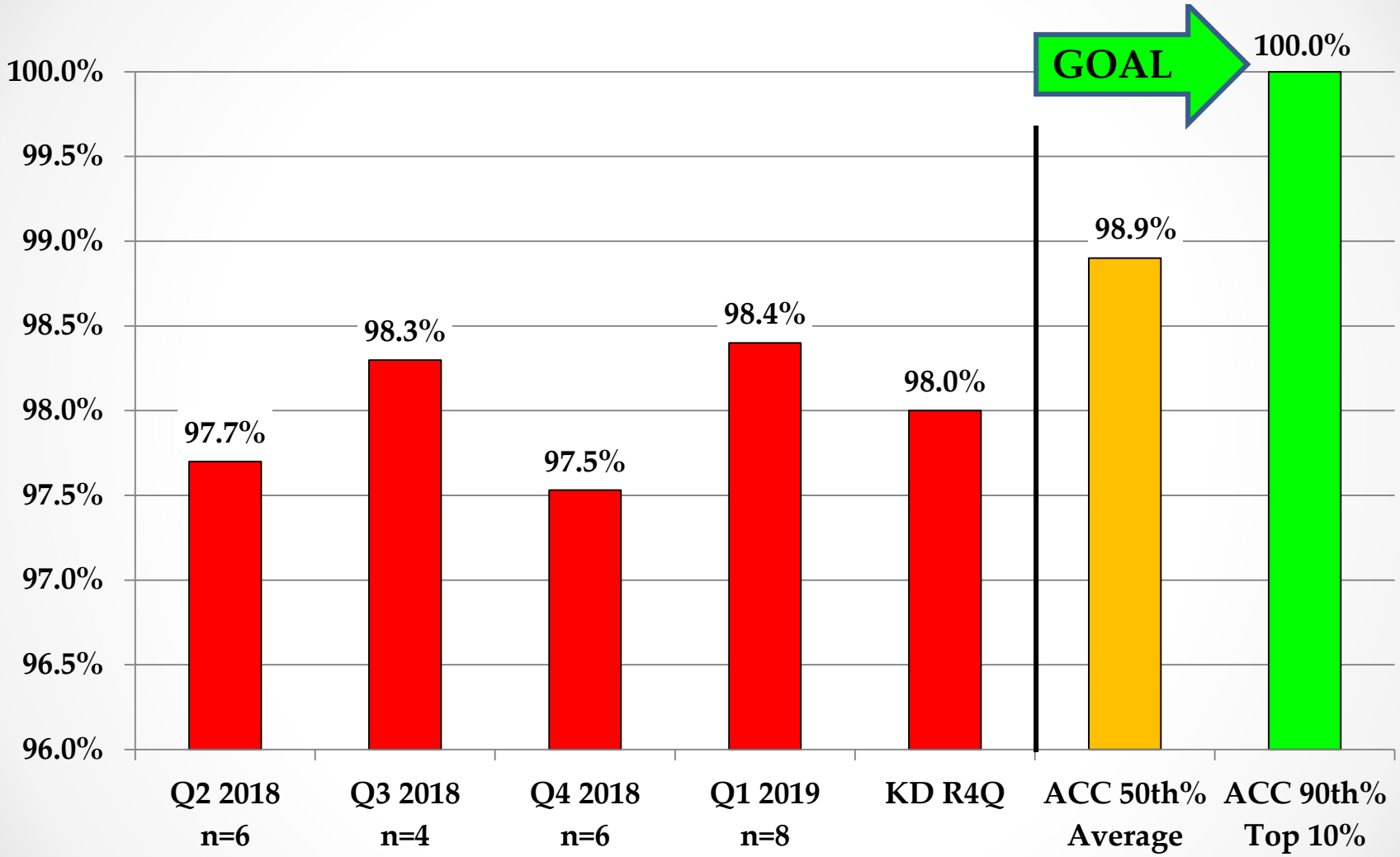


R4Q O/E = 1.0

[1] Proportion of pts (without a documented contraindication) with a stent implanted that had a thienopyridine/P2Y12 inhibitor prescribed at discharge; excludes patients that were discharged to "Other acute care hospital", "Hospice", or "Left against medical advice (AMA)". (ref: 2005)

***Comparison reporting period is 04/01/18 through 03/31/19**

ASA Prescribed at DC[1]

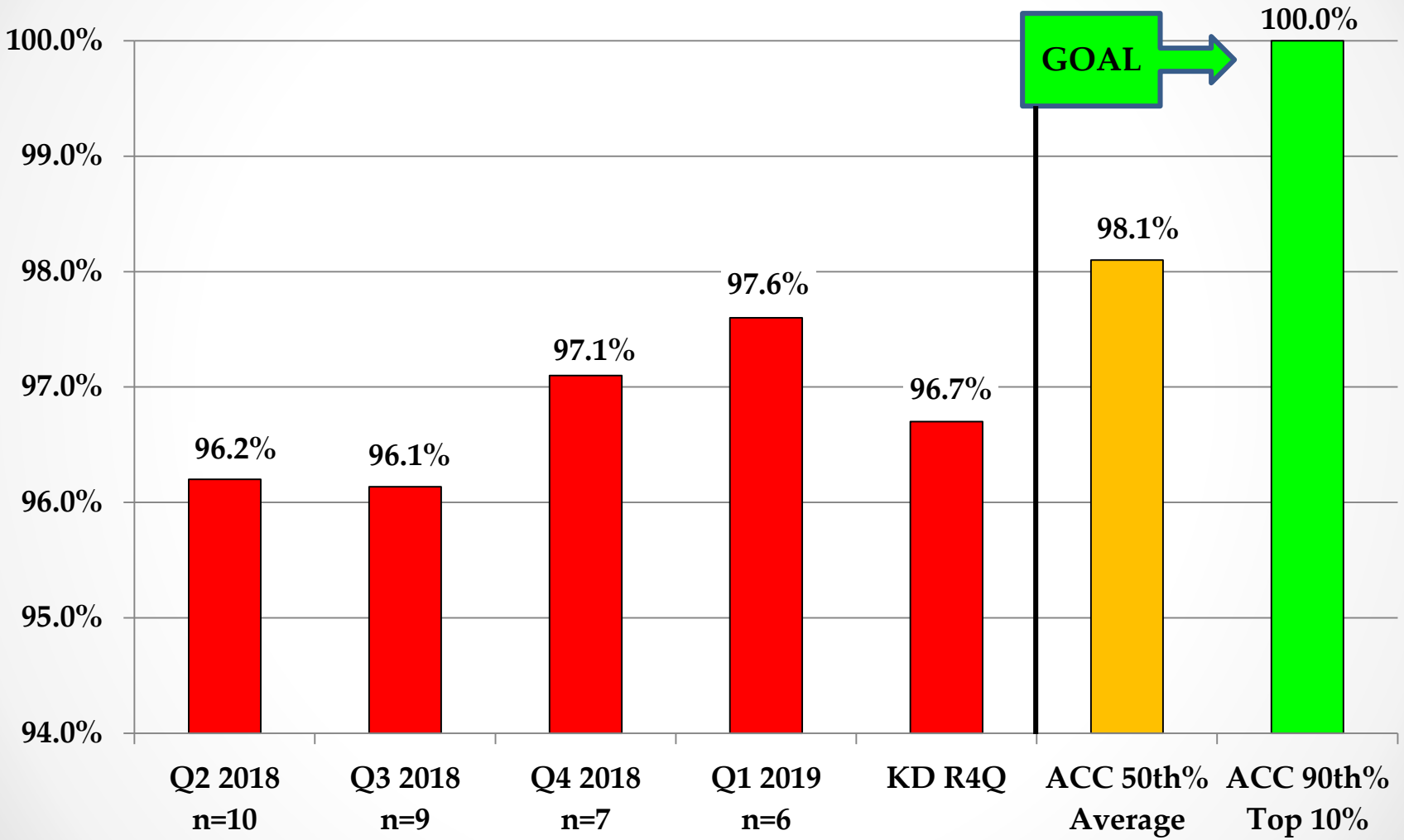


R4Q O/E = 1.0

[1] Proportion of pts (without a documented contraindication) with a stent attempted or implanted that were prescribed aspirin at discharge; excludes patients that were discharged to "Other acute care hospital", "Hospice", or "Left against medical advice (AMA)" (ref: 1996)

***Comparison reporting period is 04/01/18 through 03/31/19**

Statins Prescribed at DC[1]



R4Q O/E = 1.0

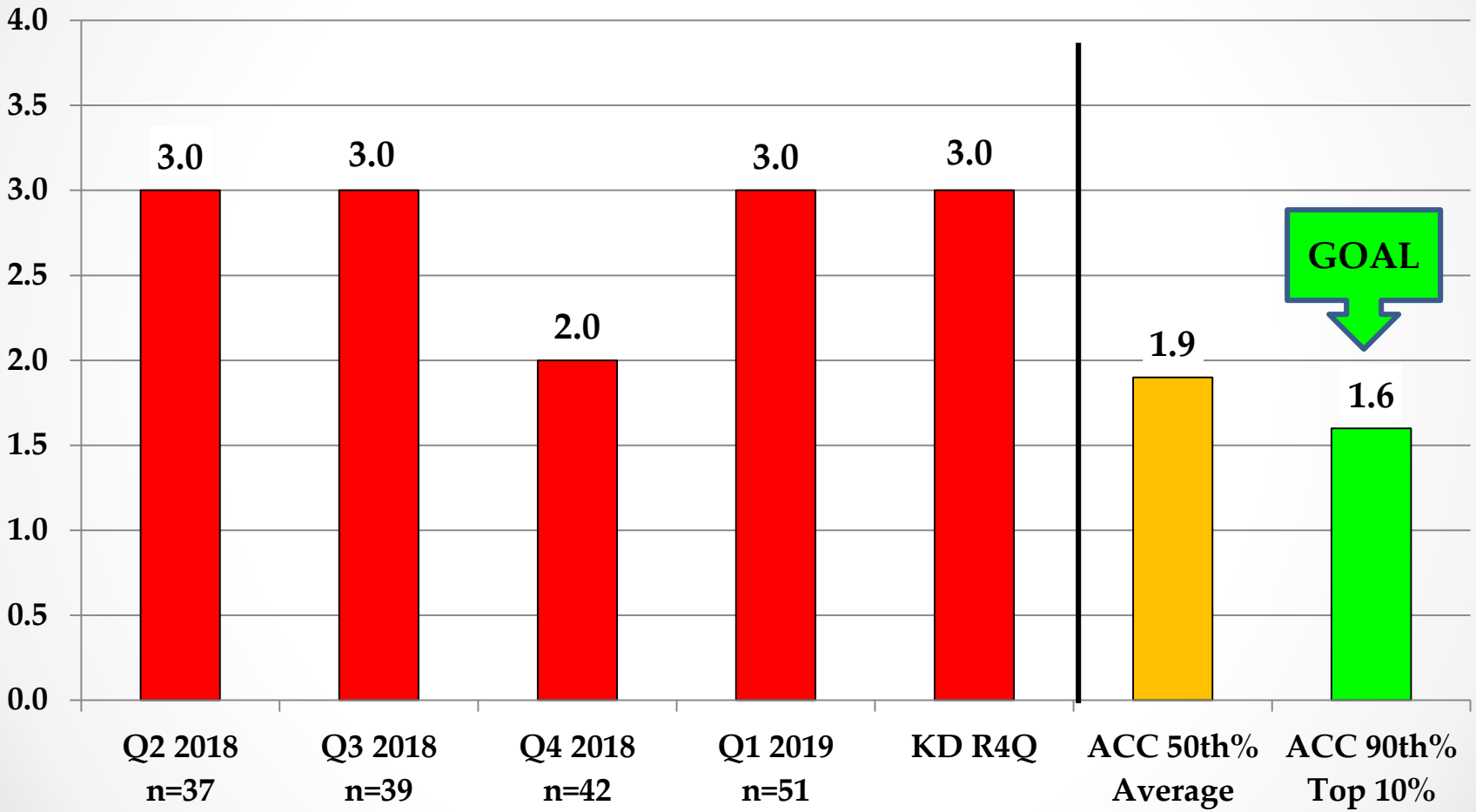
[1] Proportion of pts (without a documented contraindication) with stent attempted or implanted that were prescribed statin at discharge; excludes patients that were dc'ed to "Other acute care hospital", "Hospice", or "Left against medical advice (AMA)" (ref: 2001)

***Comparison reporting period is 04/01/18 through 03/31/19**

Quality Initiative:
Discharge Medications

- Develop and implement PCI specific discharge order set
- Re-educate Hospitalists and Nurse Practitioners on importance of specific discharge medications in this patient population and utilization of new Order Set.
- Track utilization of order set
- Contact Lead Hospitalist or Nurse Practitioner with all fallouts and track
- Improving Clinical documentation in the Discharge Summary of any contraindications
- Improving Clinical documentation in the Discharge Summary clarifying any pending diagnosis (i.e. possible NSTEMI, possible MI)

Post-PCI Length of Stay[1] – STEMI

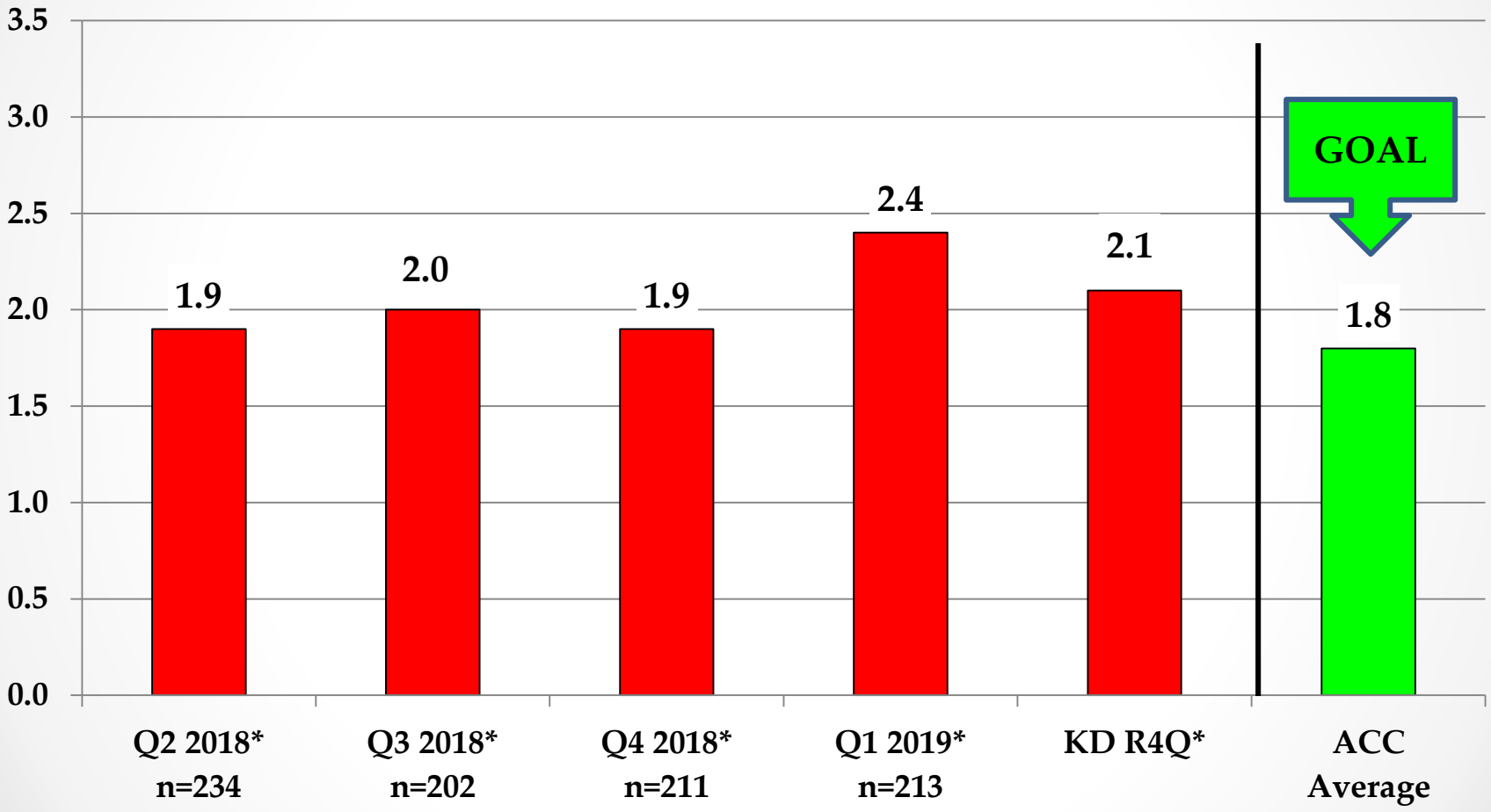


R4Q O/E = 1.6

[1] Median Post-procedure length of stay in STEMI patients. Exclusions: Patients having CABG or other major surgery during the same admission. (ref:2134)

***Comparison reporting period is 04/01/18 through 03/31/19**

Post-PCI Length of Stay[1] – w/out STEMI



***R4Q O/E = 1.2**

[1] Mean Post-procedure length of stay in patients without STEMI. Exclusions: Patients having CABG or other major surgery during the same admission. (ref:2173)

***Comparison reporting period is 04/01/17 through 03/31/18 - Raw DATA all Quarters**

KAWEAH DELTA HEALTH CARE DISTRICT (the "District")
FINANCE DIVISION MEMORANDUM

TO: Finance Committee, Board of Directors, Chief Executive Officer and Executive Team

FROM: Malinda Tupper, Chief Financial Officer
Jennifer Stockton, Director of Finance

DATE: October 25, 2019

SUBJECT: 2019 Revenue Bonds Preliminary Resolution and Declaration of Official Intent

On October 28, 2019, the District's Board of Directors (the "**Board**") will be asked to approve Resolution No. 2051 authorizing certain officers of the District to take steps necessary to move forward with the issuance of revenue bonds (the "**2019 Revenue Bonds**") in an amount necessary to provide for the financing of projects (including the purchase of and improvements to buildings and the purchase of equipment) totaling approximately $10,000,000 to $15,000,000 (the "**Improvements**"). Adoption of this preliminary resolution does not give management the authority to issue the 2019 Revenue Bonds as final authority for issuance of this debt is expected to be sought at the Board's meeting on December 19th and will be contingent upon the facts, circumstances and conditions that exist at that time.

Management believes that favorable tax-exempt interest rates currently available offer the District an opportunity to provide a low cost of capital to fund the Improvements with this financing. While interest rates for underwritten bonds are not determined until bonds are actually sold, the current interest rate environment suggests an All-in True Interest Cost (All-in TIC) of approximately 1.91% for a public offering with a 10-year maturity for the proposed financing. Although current market information indicates that a public offering will produce a lower All-in TIC of capital, initially we plan to pursue both a public offering and a private placement approach until we have better information to make a decision on whether to utilize a public offering or a private placement structure for this financing. In the interim we will work with the District's Financial Advisor to secure proposals from bank purchasers or an acceptable underwriting syndicate to purchase the 2019 Revenue Bonds.

The following summarizes the purpose and general content of the preliminary resolution to be reviewed by the Board on October 28, 2019.

Resolution No. 2051. This resolution allows management of the District to proceed forward with the proposed financing and is preliminary to the final resolution planned to be considered for approval by the Board at its meeting on December 19, 2019, subject to the facts, circumstances and conditions that exist at that time. This resolution describes the use of proceeds of the 2019 Revenue Bonds, limits the principal amount and final maturity of the 2019 Revenue Bonds, and authorizes individuals to proceed forward with the planning and structure of this financing before bringing an ordinance to the Board at its November 25th meeting and a final resolution at its December 19th meeting. This resolution authorizes the President of the Board, the District's Chief Executive Officer, Chief Financial Officer, and/or Director of Finance to take all necessary action needed to carry out the intended purposes of this resolution but not to commit the District to sell bonds.

This resolution also serves as a reimbursement resolution and authorizes the same District representatives to take any additional actions necessary to comply with the requirements of all reimbursement regulations so that proceeds of the 2019 Revenue Bonds used to reimburse expenditures which are the subject of this resolution and declaration of official intent evidencing the District's use of proceeds of the 2019 Revenue Bonds to reimburse expenditures of the above referenced Improvements.

For any questions regarding the documents, please contact Malinda Tupper at 624-4065 or Jennifer Stockton at 624-5536.

KAWEAH DELTA HEALTH CARE DISTRICT

RESOLUTION NO. 2051

A RESOLUTION OF THE BOARD OF DIRECTORS OF KAWEAH DELTA HEALTH CARE DISTRICT AUTHORIZING CONSIDERATION FOR THE ISSUANCE OF REVENUE BONDS PURSUANT TO THE CALIFORNIA HEALTH AND SAFETY CODE AND THE CALIFORNIA GOVERNMENT CODE AND A DECLARATION OF OFFICIAL INTENT TO REIMBURSE EXPENDITURES FROM THE PROCEEDS OF TAX-EXEMPT BONDS.

WHEREAS, the Board of Directors (the "**Board**") of Kaweah Delta Health Care District (the "**District**"), pursuant to the Local Health Care District Law of the State of California, as set forth in the California Health and Safety Code, and the California Government Code, is authorized to issue revenue bonds to provide funds for financing the acquisition, construction, installation and equipping of the District's facilities, including the construction and improvement of various medical related buildings and such other facility infrastructure improvements and projects and/or the purchase of equipment, for the District's facilities that are approved by the Board, including the reimbursement of moneys advanced by the District for such purpose and all expenditures incidental thereto or connected therewith in an amount of approximately $10,000,000 to $15,000,000 (collectively, the "**Improvements**") and to provide funds for the payment of costs of issuance thereof,

WHEREAS, to permit the District to reimburse itself for expenditures incurred with respect to the Improvements made prior to the issuance and sale of tax-exempt obligations, the District must declare its official intent with respect to the use of proceeds of the obligations in accordance with applicable requirements of the Internal Revenue Code of 1986, as amended (the "**Code**"); and

WHEREAS**,** Income Tax Regulations § 1.150-2 (the *"***Reimbursement Regulations***"*) set forth rules for determining when proceeds of bonds or other obligations are deemed spent for purposes of applying Sections 103 and 141 through 150 of the Code, including the arbitrage yield restrictions and rebate requirements pursuant to Section 148 of the Code, if the proceeds are used to reimburse expenditures made prior to the date of issue of tax-exempt obligations; and

WHEREAS, the Reimbursement Regulations require that a declaration of official intent to reimburse the expenditures (*"***Declaration of Official Intent***"*) be made not later than sixty days after payment of the expenditure, and that an allocation in writing evidencing use of the proceeds of a reimbursement bond to reimburse an original expenditure be made within eighteen months after the later of the date the original expenditure is made or the date the project is placed

in service or abandoned, but in no event later than three years after the original expenditure is paid,

NOW, THEREFORE, BE IT RESOLVED by the Board as follows:

Section 1. The District is a local health care district and a political subdivision organized and existing pursuant to the Local Health Care District Law of the State of California as set forth in Sections 32000 *et. seq.* of the California Health and Safety Code. The District currently owns and operates health care facilities within and outside the boundaries of the District in Tulare County, California.

Section 2. The Board has received information indicating that it may be in the best interests of the District to issue its Kaweah Delta Health Care District (Tulare County, California) Revenue Bonds, Series 2019 (the "**Series 2019 Bonds**") to provide funds for financing the acquisition, construction, installation and equipping of the Improvements. The Series 2019 Bonds would be issued pursuant to an ordinance and a final resolution of the Board authorizing the issuance and sale of its Kaweah Delta Health Care District (Tulare County, California) Revenue Bonds, Series 2019, the execution and delivery of an Eleventh Supplemental Indenture, a Tax Certificate, and certain related documents (collectively, the "**Authorization**"), and would be secured by and payable from a revenue fund pledge of the District, and would have such terms, conditions and provisions, as set forth in the Authorization.

Section 3. If authorized and issued, the Series 2019 Bonds and all obligations of the District with respect thereto would be and remain special obligations of the District payable from a revenue fund pledge of the District.

Section 4. No recourse could be had for the payment of the principal of or interest on the Series 2019 Bonds or for any claim based thereon against any member, officer or employee of the District or any person executing the Series 2019 Bonds.

Section 5. If authorized and issued, i) the principal amount of the Series 2019 Bonds would not exceed the amount necessary to provide for the costs of the Improvements and the costs of issuing the Series 2019 Bonds, and ii) the final maturity of the Series 2019 Bonds would not exceed June 1, 2035.

Section 6. This is a Preliminary Resolution and a Declaration of Official Intent within the meaning of the Reimbursement Regulations.

Section 7. The Board intends, and reasonably expects, that expenditures in the maximum amount of $15,000,000 made by the District with respect to planning, design, acquisition, construction, installation and equipping of the Improvements will be reimbursed with proceeds of the Series 2019 Bonds or other obligations to be issued by the District on behalf of the District.

Section 8. The President of the Board, the Chief Executive Officer, the Chief Financial Officer and the Director of Finance for the District, and such other District personnel as may be directed by any of the foregoing are each hereby authorized, empowered and

directed, for and on behalf of the District, to take any and all actions necessary or appropriate in order to further the intent of this resolution and to take any additional actions necessary to comply with the requirements of the Reimbursement Regulations so that proceeds of the Series 2019 Bonds or other obligations used to reimburse expenditures which are the subject of this Preliminary Resolution and Declaration of Official Intent will be deemed spent, including making an allocation in writing evidencing the District's use of proceeds of the Series 2019 Bonds or other obligations to reimburse original expenditures not later than eighteen months after the later of the date the expenditure is made or the date the Improvements are placed in service or abandoned, but in no event later than three years after the original expenditure is paid.

Section 9. This Preliminary Resolution and Declaration of Official Intent will take effect immediately.

THE FOREGOING RESOLUTION WAS PASSED AND ADOPTED by the Board of Directors of Kaweah Delta Health Care District on October 28, 2019, by the following vote:

AYES: Directors: _____

NOES: Directors: _____

ABSENT: _____

_____
Lynn Havard Mirviss, RN, Ed.D.
President, Board of Directors
Kaweah Delta Health Care District

Attest:

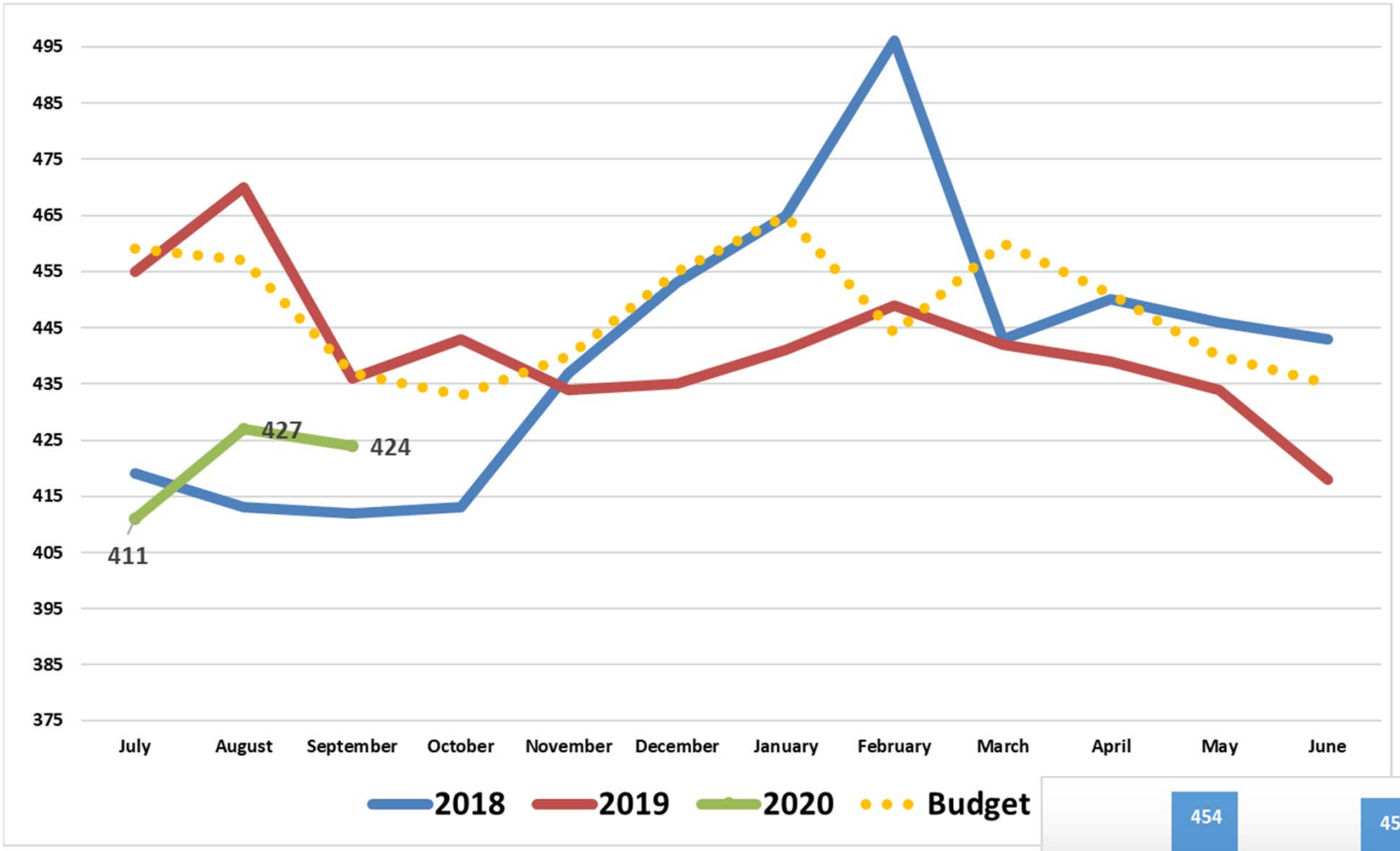
_____
Nevin House
Secretary-Treasurer, Board of Directors
Kaweah Delta Health Care District

CFO Financial Report

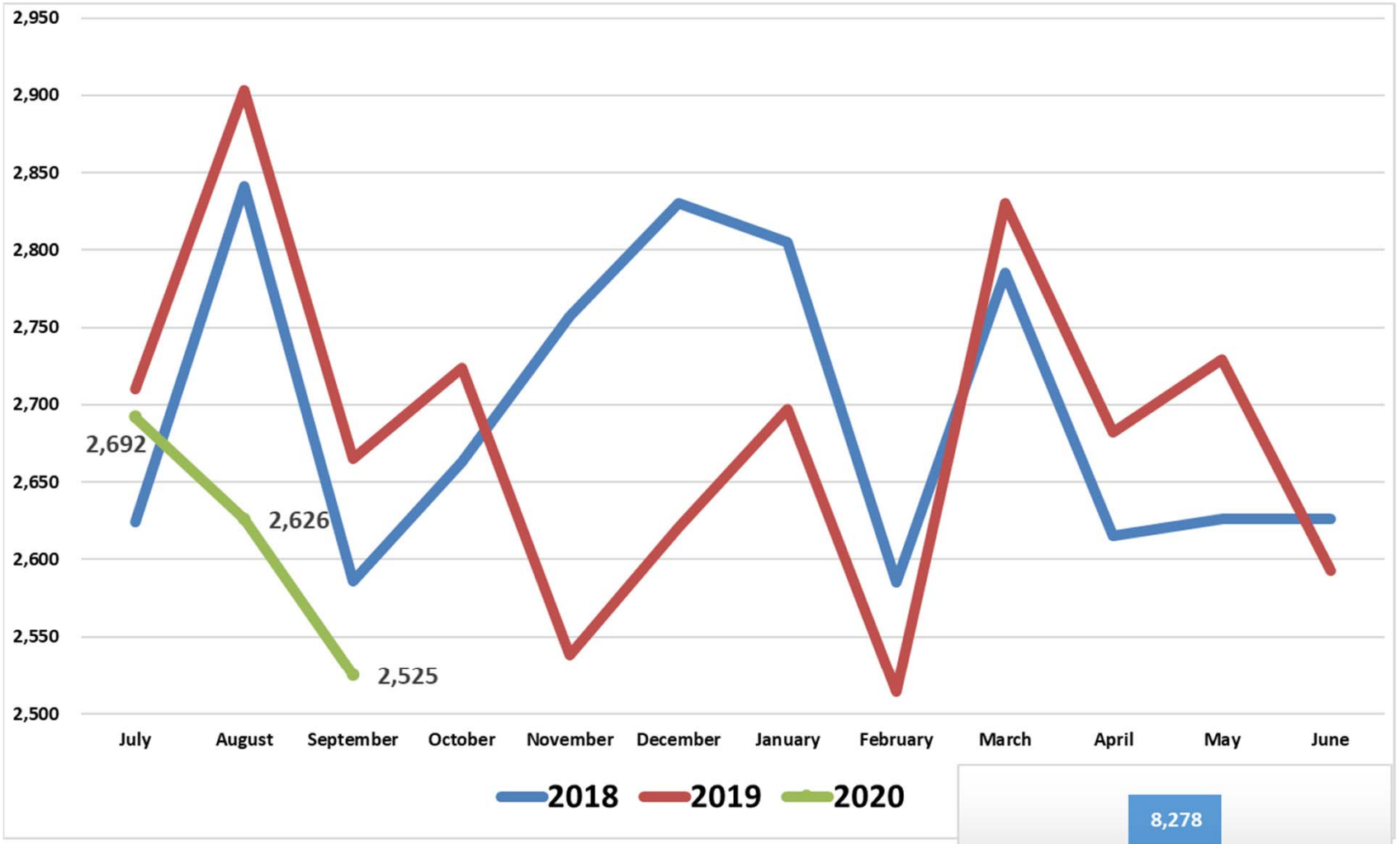
October 28, 2019

Kaweah Delta
HEALTH CARE DISTRICT

Average Daily Census



Admissions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2,850
2,800
2,750
2,700
2,650
2,600
2,550
2,500
2,692
2,626
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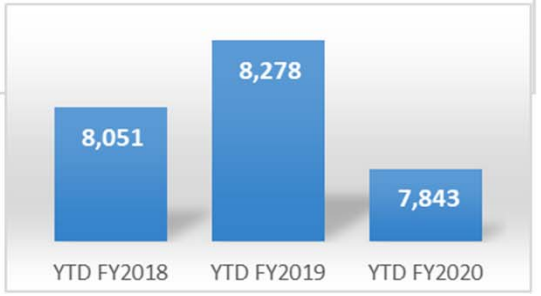
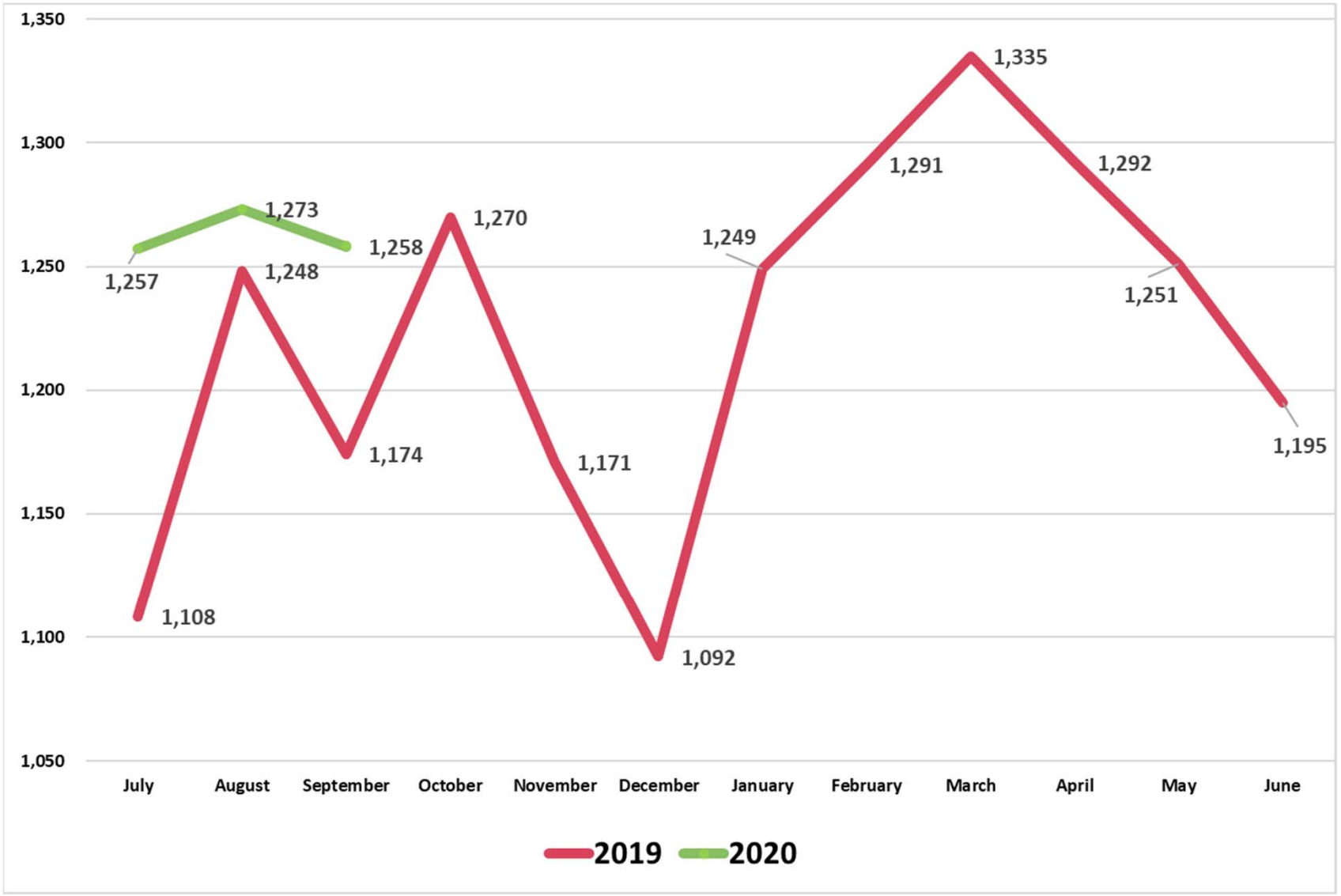
December
January
February
March
April
May
June
2018
2019
2020


8,051
8,278
7,843
YTD FY2018
YTD FY2019
YTD FY2020

Outpatient Registrations per Day



Statistical Results – Fiscal Year Comparison (September)

	Actual Results			Budget	Budget Variance	
	Sep 2018	Sep 2019	% Change	Sep 2019	Change	% Change
Average Daily Census	**435**	**424**	**(2.6%)**	**437**	**(14)**	**(3.1%)**
KDHCD Patient Days:						
Medical Center	8,327	8,006	(3.9%)	8,234	(228)	(2.8%)
Acute I/P Psych	1,427	1,403	(1.7%)	1,430	(27)	(1.9%)
Sub-Acute	919	879	(4.4%)	930	(51)	(5.5%)
Rehab	585	525	(10.3%)	637	(112)	(17.6%)
TCS-Ortho	362	447	23.5%	396	51	12.9%
TCS	407	529	30.0%	505	24	4.8%
NICU	390	400	2.6%	417	(17)	(4.1%)
Nursery	635	523	(17.6%)	568	(45)	(7.9%)
Total KDHCD Patient Days	**13,052**	**12,712**	**(2.6%)**	**13,117**	**(405)**	**(3.1%)**
Total Outpatient Volume	**35,220**	**37,740**	**7.2%**	**37,368**	**372**	**1.0%**

Statistical Results – Fiscal Year Comparison (Jul-Sep)

	Actual Results			Budget	Budget Variance	
	FYTD 2019	FYTD 2020	% Change	FYTD 2020	Change	% Change
Average Daily Census	**453**	**421**	**(7.2%)**	**451**	**(31)**	**(6.8%)**
KDHCD Patient Days:						
Medical Center	26,703	24,449	(8.4%)	26,479	(2,030)	(7.7%)
Acute I/P Psych	4,375	4,307	(1.6%)	4,386	(79)	(1.8%)
Sub-Acute	2,847	2,734	(4.0%)	2,840	(106)	(3.7%)
Rehab	1,847	1,521	(17.7%)	1,851	(330)	(17.8%)
TCS-Ortho	1,069	1,308	22.4%	1,201	107	8.9%
TCS	1,429	1,311	(8.3%)	1,555	(244)	(15.7%)
NICU	1,616	1,384	(14.4%)	1,367	17	1.2%
Nursery	1,831	1,682	(8.1%)	1,840	(158)	(8.6%)
Total KDHCD Patient Days	**41,717**	**38,696**	**(7.2%)**	**41,519**	**(2,823)**	**(6.8%)**
Total Outpatient Volume	**108,256**	**116,170**	**7.3%**	**114,860**	**1,310**	**1.1%**

Other Statistical Results – Fiscal Year Comparison (September)

	Actual Results				Budget	Budget Variance	
	Sep 2018	Sep 2019	Change	% Change	Sep 2019	Change	% Change
Adjusted Patient Days	**24,371**	**25,104**	**733**	**3.0%**	**25,545**	**(441)**	**(1.8%)**
Outpatient Visits	**35,220**	**37,740**	**2,520**	**7.2%**	**37,368**	**372**	**1.0%**
Urgent Care - Demaree	1,274	1,858	584	**45.8%**	1,563	295	**15.9%**
Endoscopy Procedures (I/P & O/P)	503	689	186	**37.0%**	503	186	**27.0%**
GME Clinic visits	834	1,023	189	**22.7%**	1,200	(177)	**(17.3%)**
Cath Lab Minutes (IP & OP)	324	370	46	**14.2%**	394	(24)	**(6.5%)**
Surgery Minutes (I/P & O/P)	874	964	90	**10.3%**	1,068	(104)	**(10.8%)**
Home Health Visits	2,460	2,675	215	**8.7%**	2,691	(16)	**(0.6%)**
Hospice Days	3,120	3,311	191	**6.1%**	3,198	113	**3.4%**
Radiology/CT/US/MRI Proc (I/P & O/P)	14,153	14,957	804	**5.7%**	15,341	(384)	**(2.6%)**
O/P Rehab Units	17,975	18,716	741	**4.1%**	19,797	(1,081)	**(5.8%)**
Physical & Other Therapy Units	17,082	17,666	584	**3.4%**	18,041	(375)	**(2.1%)**
Radiation Oncology Treatments (I/P & O/P)	1,661	1,656	(5)	**(0.3%)**	2,035	(379)	**(22.9%)**
ED Visit	7,206	7,100	(106)	**(1.5%)**	7,375	(275)	**(3.9%)**
Dialysis Treatments	1,899	1,864	(35)	**(1.8%)**	1,791	73	**3.9%**
KDMF RVU	30,775	30,187	(588)	**(1.9%)**	34,099	(3,912)	**(13.0%)**
Home Infusion Days	11,712	10,400	(1,312)	**(11.2%)**	10,382	18	**0.2%**
OB Deliveries	433	378	(55)	**(12.7%)**	424	(46)	**(12.2%)**
Urgent Care - Court	4,215	3,484	(731)	**(17.3%)**	3,928	(444)	**(12.7%)**

Other Statistical Results – Fiscal Year Comparison (Jul-Sep)

	Actual Results				Budget	Budget Variance	
	FY 2019	FY 2020	Change	% Change	FY 2020	Change	% Change
Adjusted Patient Days	**78,673**	**77,085**	**(1,587)**	**(2.0%)**	**79,915**	**(2,830)**	**(3.5%)**
Outpatient Visits	**108,256**	**116,170**	**7,914**	**7.3%**	**114,860**	**1,310**	**1.1%**
Urgent Care - Demaree	1,962	5,199	3,237	**165.0%**	4,539	660	**14.5%**
Endoscopy Procedures (I/P & O/P)	1,452	1,746	294	**20.2%**	1,452	294	**20.2%**
KDMF RVU	82,482	94,361	11,879	**14.4%**	94,605	(244)	**(0.3%)**
Radiation Oncology Treatments (I/P & O/P)	5,681	6,326	645	**11.4%**	6,105	221	**3.6%**
Home Health Visits	7,923	8,682	759	**9.6%**	7,591	1,091	**14.4%**
Surgery Minutes (I/P & O/P)	2,895	3,114	219	**7.6%**	3,506	(392)	**(11.2%)**
GME Clinic visits	2,975	3,127	152	**5.1%**	3,680	(553)	**(15.0%)**
Hospice Days	9,744	10,231	487	**5.0%**	9,987	244	**2.4%**
Radiology/CT/US/MRI Proc (I/P & O/P)	44,381	46,124	1,743	**3.9%**	46,025	99	**0.2%**
Cath Lab Minutes (IP & OP)	1,082	1,123	41	**3.8%**	1,177	(54)	**(4.6%)**
Dialysis Treatments	5,740	5,845	105	**1.8%**	5,414	431	**8.0%**
Physical & Other Therapy Units	53,618	54,076	458	**0.9%**	55,652	(1,576)	**(2.8%)**
O/P Rehab Units	58,607	59,107	500	**0.9%**	62,256	(3,149)	**(5.1%)**
ED Visit	22,314	22,493	179	**0.8%**	22,286	207	**0.9%**
Home Infusion Days	34,199	32,264	(1,935)	**(5.7%)**	33,222	(958)	**(2.9%)**
OB Deliveries	1,302	1,219	(83)	**(6.4%)**	1,272	(53)	**(4.2%)**
Urgent Care - Court	12,768	10,100	(2,668)	**(20.9%)**	11,521	(1,421)	**(12.3%)**

September Financial Comparison (000's)

	Actual Results			Budget	Budget Variance		
	Sep 2018	Sep 2019	% Change	Sep 2019	Change	% Change	Explanation
Operating Revenue							
Net Patient Service Revenue	**$46,634**	**$48,185**	**3.3%**	**$50,455**	**($2,270)**	**(4.5%)**	
Supplemental Gov't Programs	3,470	4,185	20.6%	4,319	(134)	(3.1%)	
Prime Program	997	1,747	75.2%	905	841	93.0%	*See Highlights Slide*
Premium Revenue	3,296	3,732	13.2%	3,498	234	6.7%	
Management Services Revenue	2,301	2,643	14.8%	2,598	45	1.7%	
Other Revenue	1,595	1,688	5.8%	1,717	(29)	(1.7%)	
Other Operating Revenue	11,659	13,994	**20.0%**	13,037	957	7.3%	
Total Operating Revenue	**58,293**	**62,179**	**6.7%**	**63,492**	**(1,313)**	**(2.1%)**	
Operating Expenses							
Salaries & Wages	23,129	24,793	7.2%	24,812	(19)	(0.1%)	
Contract Labor	1,170	988	(15.6%)	294	694	236.0%	
Employee Benefits	5,535	5,801	4.8%	5,971	(170)	(2.8%)	
Total Employment Expenses	**29,835**	**31,582**	**5.9%**	**31,077**	**505**	**1.6%**	
Medical & Other Supplies	8,862	8,571	(3.3%)	9,082	(511)	(5.6%)	
Physician Fees	6,524	7,486	14.7%	8,052	(566)	(7.0%)	*See Highlights Slide*
Purchased Services	2,861	4,042	41.3%	2,791	1,251	44.8%	*See Highlights Slide*
Repairs & Maintenance	2,153	1,981	(8.0%)	2,231	(250)	(11.2%)	
Utilities	565	588	4.2%	492	97	19.7%	
Rents & Leases	595	536	(9.9%)	531	5	0.9%	
Depreciation & Amortization	2,548	2,488	(2.4%)	2,445	43	1.7%	
Interest Expense	440	441	0.1%	524	(83)	(15.8%)	
Other Expense	1,679	1,593	5.3%	1,713	(121)	(7.0%)	
Management Services Expense	2,520	2,514	(0.2%)	2,557	(43)	(1.7%)	
Total Operating Expenses	**58,582**	**61,822**	**5.5%**	**61,495**	**327**	**0.5%**	
Operating Margin	**($289)**	**$357**	**223.7%**	**$1,997**	**($1,640)**	**(82.1%)**	
Nonoperating Revenue (Loss)	912	4,428	385.4%	652	3,776	579.6%	*See Highlights Slide*
Excess Margin	**$624**	**$4,785**	**667.4%**	**$2,649**	**$2,136**	**80.6%**	

Operating Margin %	**(0.5%)**	**0.6%**		**3.1%**
Excess Margin %	**1.1%**	**7.2%**		**4.1%**

YTD Financial Comparison (000's)

	Actual Results FYTD Jul-Sep			Budget FYTD	Budget Variance FYTD	
	FYTD2019	FYTD2020	% Change	FYTD2020	Change	% Change
Operating Revenue						
Net Patient Service Revenue	**$147,882**	**$150,227**	**1.6%**	**$151,703**	**($1,476)**	**(1.0%)**
Supplemental Gov't Programs	10,411	12,824	23.2%	12,958	(134)	(1.0%)
Prime Program	2,991	3,557	18.9%	2,715	841	31.0%
Premium Revenue	9,143	11,658	27.5%	10,494	1,164	11.1%
Management Services Revenue	7,324	8,145	11.2%	7,914	231	2.9%
Other Revenue	4,650	5,551	19.4%	5,281	270	5.1%
Other Operating Revenue	34,520	41,734	**20.9%**	39,362	2,372	6.0%
Total Operating Revenue	**182,401**	**191,961**	**5.2%**	**191,065**	**896**	**0.5%**
Operating Expenses						
Salaries & Wages	70,935	75,255	6.1%	76,286	(1,031)	(1.4%)
Contract Labor	3,565	3,099	(13.1%)	931	2,168	232.8%
Employee Benefits	17,084	19,483	14.0%	18,321	1,163	6.3%
Total Employment Expenses	**91,584**	**97,837**	**6.8%**	**95,538**	**2,299**	**2.4%**
Medical & Other Supplies	29,071	27,241	(6.3%)	27,764	(524)	(1.9%)
Physician Fees	20,492	22,037	7.5%	23,795	(1,758)	(7.4%)
Purchased Services	8,474	11,543	36.2%	8,574	2,970	34.6%
Repairs & Maintenance	6,393	6,066	(5.1%)	6,715	(649)	(9.7%)
Utilities	1,693	1,676	(1.0%)	1,508	168	11.2%
Rents & Leases	1,649	1,589	(3.6%)	1,593	(4)	(0.3%)
Depreciation & Amortization	7,443	7,522	1.1%	7,336	186	2.5%
Interest Expense	1,324	1,330	0.4%	1,571	(241)	(15.3%)
Other Expense	4,934	4,719	(4.4%)	5,254	(535)	(10.2%)
Management Services Expense	7,130	7,916	11.0%	7,788	128	1.6%
Total Operating Expenses	**180,189**	**189,476**	**5.2%**	**187,435**	**2,041**	**1.1%**
Operating Margin	**$2,213**	**$2,485**	**12.3%**	**$3,630**	**($1,145)**	**(31.5%)**
Nonoperating Revenue (Loss)	1,797	5,834	224.7%	1,991	3,843	193.0%
Excess Margin	**$4,010**	**$8,319**	**107.5%**	**$5,621**	**$2,698**	**48.0%**

Operating Margin %	**1.2%**	**1.3%**		**1.9%**
Excess Margin %	**2.2%**	**4.2%**		**2.9%**

Kaweah Delta Medical Foundation
Fiscal Year Financial Comparison (000's)

	Actual Results FYTD September			Budget FYTD	Budget Variance FYTD	
	FYTD 2019	FYTD 2020	% Change	FYTD 2019	Change	% Change
Operating Revenue						
Net Patient Service Revenue	**$9,688**	**$10,738**	**10.8%**	**$11,309**	**($570)**	**(5.0%)**
Other Operating Revenue	100	47	(52.4%)	159	(111)	(70.1%)
Total Operating Revenue	**9,787**	**10,786**	**10.2%**	**11,467**	**(682)**	**(5.9%)**
Operating Expenses						
Salaries & Wages	2,739	2,889	5.5%	3,049	(161)	(5.3%)
Contract Labor	25	36	45.2%	0	36	0.0%
Employee Benefits	641	755	17.7%	726	29	3.9%
Total Employment Expenses	**3,404**	**3,679**	**8.1%**	**3,775**	**(96)**	**(2.6%)**
Medical & Other Supplies	1,522	1,541	1.3%	1,489	52	3.5%
Physician Fees	5,145	5,851	13.7%	6,487	(636)	(9.8%)
Purchased Services	251	328	30.9%	162	166	102.1%
Repairs & Maintenance	423	486	14.8%	656	(170)	(25.9%)
Utilities	132	132	0.3%	106	27	25.2%
Rents & Leases	691	665	(3.7%)	717	(52)	(7.2%)
Depreciation & Amortization	294	316	7.8%	264	52	19.9%
Interest Expense	7	4	(48.5%)	6	(2)	(40.4%)
Other Expense	464	332	(28.4%)	460	(127)	(27.7%)
Total Operating Expenses	**12,332**	**13,335**	**8.1%**	**14,122**	**(788)**	**(5.6%)**
Excess Margin	**($2,544)**	**($2,549)**	**(0.2%)**	**($2,655)**	**$106**	**4.0%**
Excess Margin %	**(26.0%)**	**(23.6%)**		**(23.2%)**		

Highlights – Budget Variances

September

1. Other Income, Prime: Increase due to Prime True Up FY19 $841K

2. Operating Expenses, Purchased Services: Increase over budget due to
    a. Humana Third Party Payments $1M
    b. Outside coders - Cerner backlog $83K
    c. Internal consultants - Cerner $117K

3. Operating Expenses, Physician Fees: Decrease due to
    a. KDMF lower RVUs $270K
    b. Volume decreases, higher professional collections and contract changes

4. KDMF Operating Revenue: Increase due to
    a. Impact of billing system corrections for July and August $340K

5. Non-Operating Income:
    a. Quarterly Market Value Adjustment on Investments $424K
    b. Increase due to Gain on Sale of Land (Lovers Lane) $3.6M

6. Cash and Days Cash on Hand: In September, $8.2M was received from a Supplemental Prime Payment. The related IGT was sent to the state in August. In addition, $5.5M was received due to sale of land resulting in an increase in cash and days cash on hand.

Financials without Nonrecurring Items (000's)

	Actual Results	Budget
	FYTD 2020 (Q1)	FYTD 2020 (Q1)
Operating Margin	**$2,485**	**$3,630**
Excess Margin	**$8,319**	**$5,621**

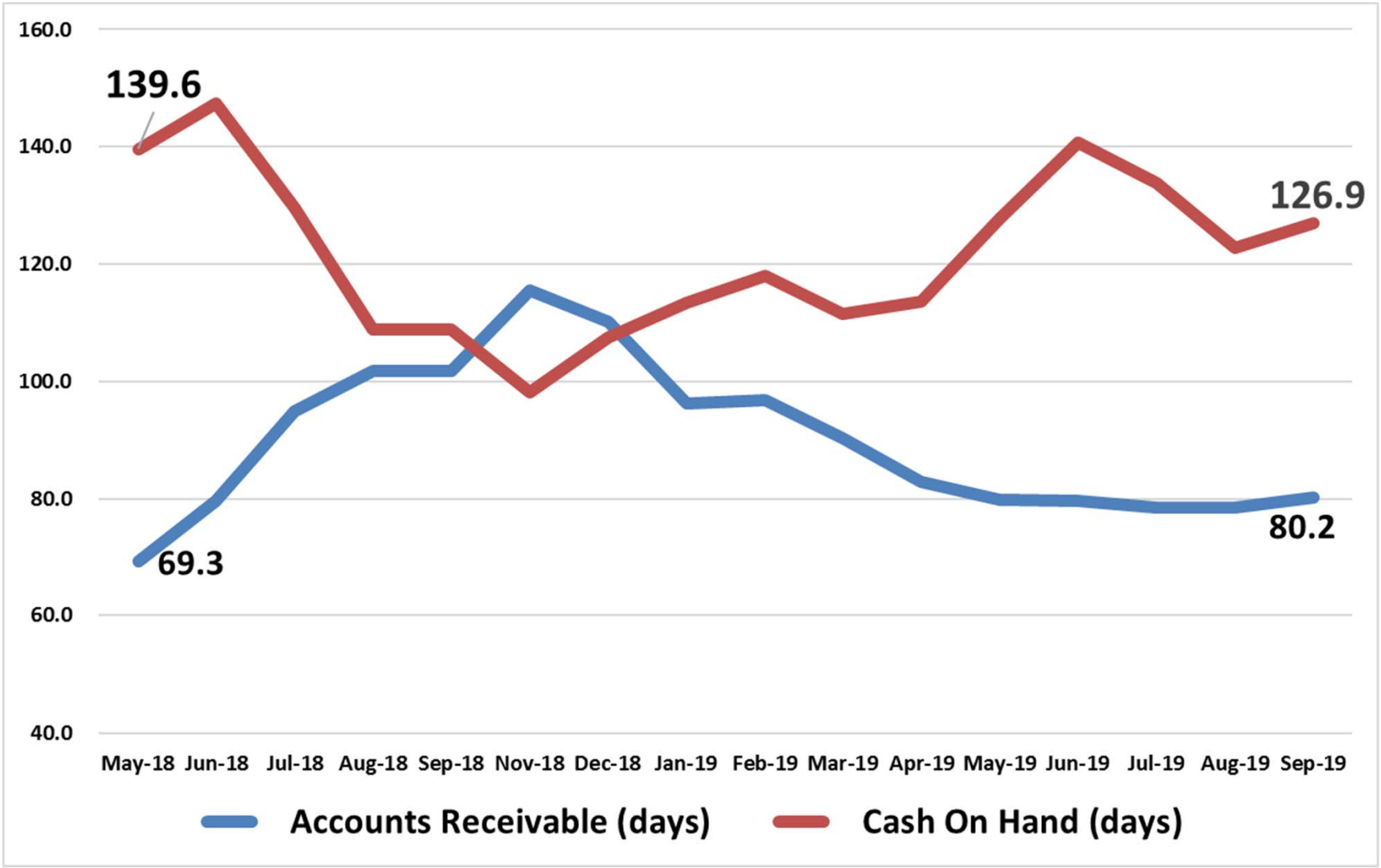
Operating Margin %	**1.3%**	**1.9%**
Excess Margin %	**4.2%**	**2.9%**

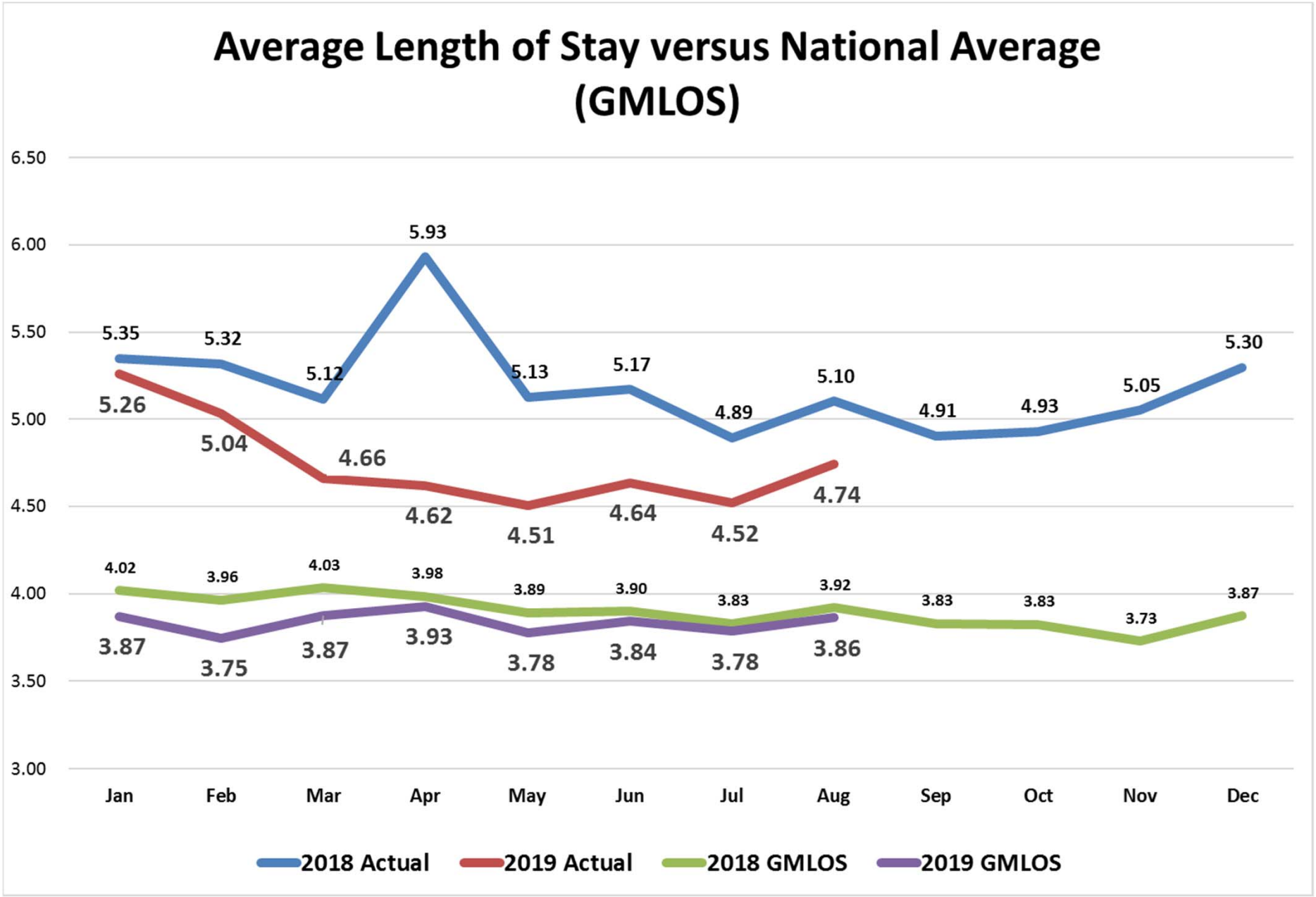
Nonrecurring Items:		
Gain on Sale of Land	**($3,574)**	**Non-op**
Prime true up	**($841)**	
Humana True up	**($366)**	
Dose Quantity Rebill Collections	**($400)**	
Total Nonrecurring	**($5,181)**	

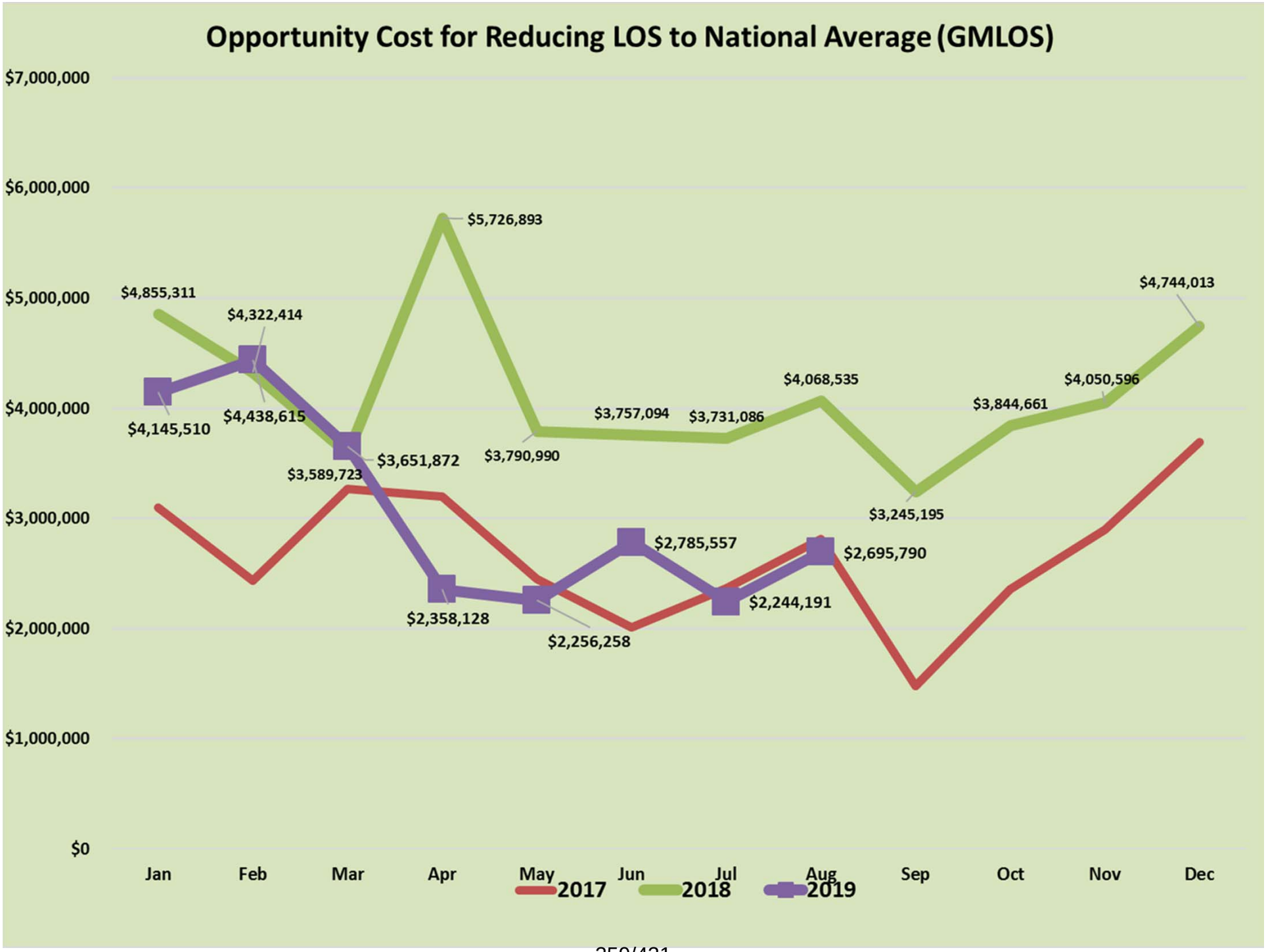
Operating Margin without Nonrecurring Items	**$878**	**$3,630**
Excess Margin without Nonrecurring Items	**$3,138**	**$5,621**

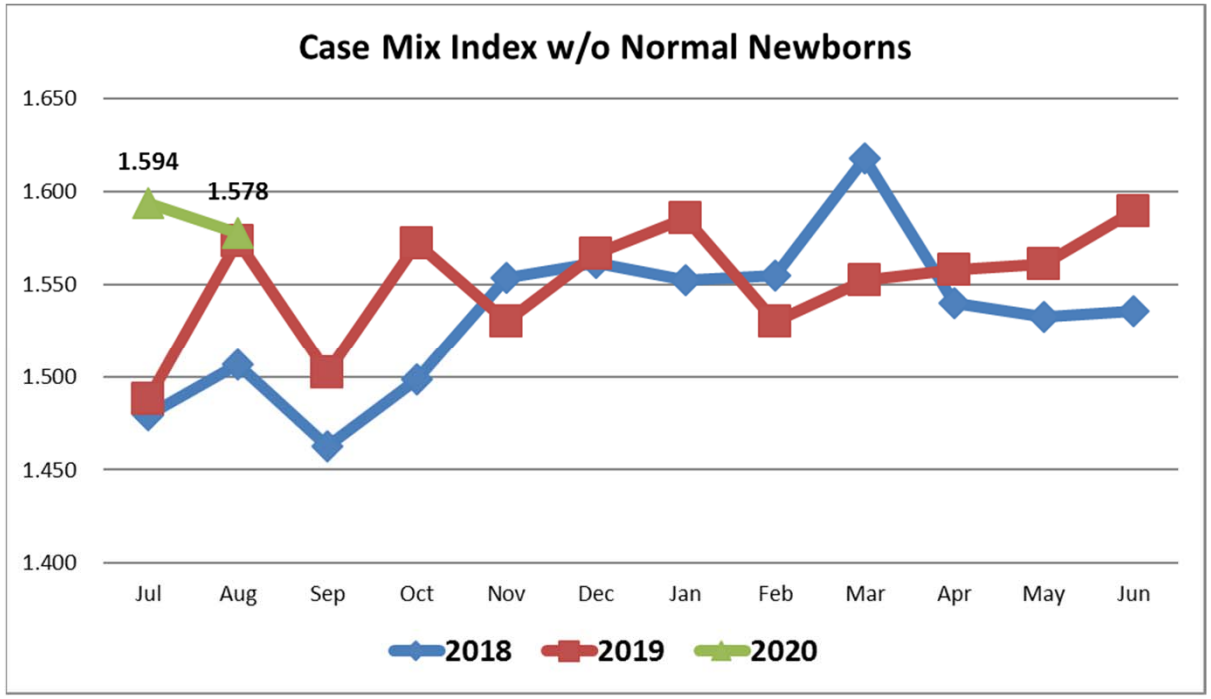
Operating Margin %	**0.5%**	**1.9%**
Excess Margin %	**1.7%**	**2.9%**

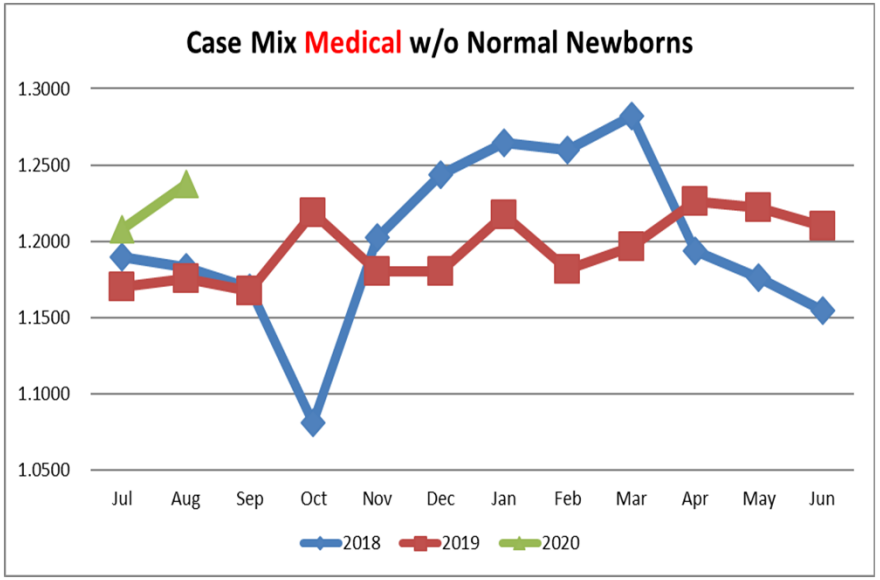
Trended Liquidity Ratios

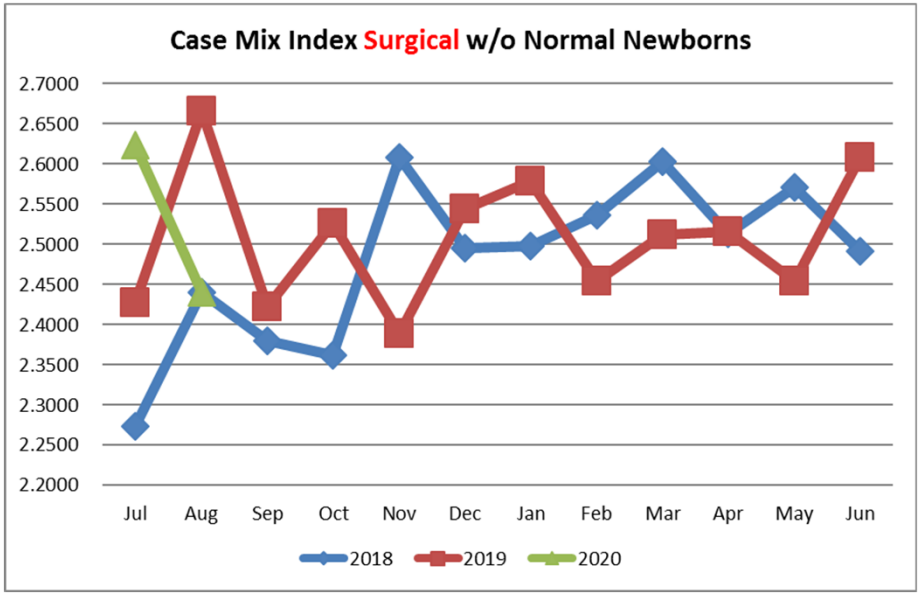



Average Length of Stay versus National Average (GMLOS)
6.50
6.00
5.50
5.00
4.50
4.00
3.50
3.00
5.35
5.32
5.12
5.93
5.13
5.17
4.89
5.10
4.91
4.93
5.05
5.30
5.26
5.04
4.66
4.62
4.51
4.64
4.52
4.74
4.02
3.96
4.03
3.98
3.89
3.90
3.83
3.92
3.83
3.83
3.73
3.87
3.87
3.75
3.87
3.93
3.78
3.84
3.78
3.86
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
2018 Actual
2019 Actual
2018 GMLOS
2019 GMLOS


Opportunity Cost for Reducing LOS to National Average (GMLOS)
$7,000,000
$6,000,000
$5,000,000
$4,000,000
$3,000,000
$2,000,000
$1,000,000
$0
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
$4,855,311
$4,322,414
$4,145,510
$4,438,615
$3,589,723
$3,651,872
$2,358,128
$5,726,893
$3,790,990
$2,256,258
$3,757,094
$3,731,086
$2,785,557
$2,244,191
$4,068,535
$2,695,790
$3,245,195
$3,844,661
$4,050,596
$4,744,013
2017
2018
2019


Case Mix Index w/o Normal Newborns
1.650
1.600
1.550
1.500
1.450
1.400
1.594
1.578
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
2018
2019
2020


Case Mix Medical w/o Normal Newborns
1.3000
1.2500
1.2000
1.1500
1.1000
1.0500
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
2018
2019
2020


Case Mix Index Surgical w/o Normal Newborns
2.7000
2.6500
2.6000
2.5500
2.5000
2.4500
2.4000
2.3500
2.3000
2.2500
2.2000
Jul
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
2018
2019
2020

KAWEAH DELTA HEALTH CARE DISTRICT

CONSOLIDATED INCOME STATEMENT (000's)

FISCAL YEAR 2019 & 2020

	Operating Revenue			Operating Expenses									
Fiscal Year	Net Patient Revenue	Other Operating Revenue	Operating Revenue Total	Personnel Expense	Physician Fees	Supplies Expense	Other Operating Expense	Operating Expenses Total	Operating Income	Non-Operating Income	Net Income	Operating Margin %	Excess Margin
2019													
Jul-18	49,124	11,390	60,514	30,147	6,300	9,585	12,701	58,733	1,781	434	2,215	2.9%	3.6%
Aug-18	52,124	11,471	63,594	31,602	7,668	10,624	12,980	62,874	721	451	1,171	1.1%	1.8%
Sep-18	46,634	11,659	58,293	29,835	6,524	8,862	13,361	58,582	(289)	912	624	(0.5%)	1.1%
Oct-18	48,769	11,646	60,414	32,849	7,145	9,867	13,066	62,927	(2,513)	343	(2,169)	(4.2%)	(3.6%)
Nov-18	43,870	18,365	62,235	31,066	7,310	10,195	13,900	62,470	(235)	449	214	(0.4%)	0.3%
Dec-18	43,717	14,732	58,449	31,115	7,023	10,329	12,736	61,202	(2,753)	613	(2,140)	(4.7%)	(3.6%)
Jan-19	44,312	18,178	62,489	34,290	6,624	8,909	13,104	62,927	(438)	460	22	(0.7%)	0.0%
Feb-19	45,261	15,334	60,595	30,249	6,989	9,473	13,280	59,991	604	565	1,169	1.0%	1.9%
Mar-19	48,012	18,073	66,085	32,229	6,775	9,219	13,608	61,832	4,253	3,328	7,580	6.4%	10.9%
Apr-19	45,828	17,318	63,146	31,272	7,105	9,209	15,748	63,334	(188)	604	416	(0.3%)	0.7%
May-19	47,078	18,515	65,594	32,104	8,403	9,728	13,265	63,501	2,093	585	2,678	3.2%	4.0%
Jun-19	47,183	24,376	71,558	29,357	7,655	6,865	15,114	58,992	12,566	3,562	16,128	17.6%	21.5%
2019 FY Total	**$ 561,911**	**$ 191,056**	**$ 752,967**	**$ 376,115**	**$ 85,521**	**$ 112,866**	**$ 162,863**	**$ 737,365**	**$ 15,602**	**$ 12,306**	**$ 27,907**	**2.1%**	**3.6%**
2020													
Jul-19	51,799	13,802	65,601	32,948	7,266	8,683	13,597	62,494	3,107	744	3,852	4.7%	5.8%
Aug-19	50,243	13,938	64,181	33,307	7,284	9,986	14,583	65,160	(979)	662	(318)	(1.5%)	(0.5%)
Sep-19	48,185	13,994	62,179	31,582	7,486	8,571	14,182	61,822	357	4,428	4,785	0.6%	7.2%
2020 FY Total	**$ 150,227**	**$ 41,734**	**$ 191,961**	**$ 97,837**	**$ 22,037**	**$ 27,241**	**$ 42,362**	**$ 189,476**	**$ 2,485**	**$ 5,834**	**$ 8,319**	**1.3%**	**4.2%**
FYTD Budget	**151,703**	**39,362**	**191,065**	**95,538**	**23,795**	**27,764**	**40,338**	**187,435**	**3,630**	**1,991**	**5,621**	**1.9%**	**2.9%**
Variance	**$ (1,476)**	**$ 2,372**	**$ 896**	**$ 2,299**	**$ (1,758)**	**$ (524)**	**$ 2,023**	**$ 2,041**	**(1,145)**	**3,843**	**2,698**		
Current Month Analysis													
Sep-19	**$ 48,185**	**$ 13,994**	**$ 62,179**	**$ 31,582**	**$ 7,486**	**$ 8,571**	**$ 14,182**	**$ 61,822**	**$ 357**	**$ 4,428**	**$ 4,785**	**0.6%**	**7.2%**
Budget	**50,455**	**13,037**	**63,492**	**31,077**	**8,052**	**9,082**	**13,284**	**61,495**	**1,997**	**652**	**2,649**	**3.1%**	**4.1%**
Variance	**$ (2,270)**	**$ 957**	**$ (1,313)**	**$ 505**	**$ (566)**	**$ (511)**	**$ 898**	**$ 327**	**$ (1,640)**	**$ 3,776**	**2,136**		

KAWEAH DELTA HEALTH CARE DISTRICT

ISCAL YEAR 2019 & 2020

scal Year	Patient Days	ADC	Adjusted Patient Days	I/P Revenue %	DFR & Bad Debt %	Net Patient Revenue/ Ajusted Patient Day	Personnel Expense/ Ajusted Patient Day	Physician Fees/ Ajusted Patient Day	Supply Expense/ Ajusted Patient Day	Total Operating Expense/ Ajusted Patient Day	Personnel Expense/ Net Patient Revenue	Physician Fees/ Net Patient Revenue	Supply Expense/ Net Patient Revenue	Total Operating Expense/ Net Patient Revenue
)19														
Jul-18	14,096	455	26,287	53.6%	72.4%	1,869	1,147	240	365	2,234	61.4%	12.8%	19.5%	119.6%
Aug-18	14,569	470	28,016	52.0%	76.0%	1,861	1,128	274	379	2,244	60.6%	14.7%	20.4%	120.6%
Sep-18	13,052	435	24,371	53.6%	73.5%	1,914	1,224	268	364	2,404	64.0%	14.0%	19.0%	125.6%
Oct-18	13,744	443	25,579	53.7%	73.5%	1,907	1,284	279	386	2,460	67.4%	14.7%	20.2%	129.0%
Nov-18	13,013	434	23,625	55.1%	74.9%	1,857	1,315	309	432	2,644	70.8%	16.7%	23.2%	142.4%
Dec-18	13,497	435	25,399	53.1%	76.2%	1,721	1,225	277	407	2,410	71.2%	16.1%	23.6%	140.0%
Jan-19	13,671	441	26,407	51.8%	76.9%	1,678	1,299	251	337	2,383	77.4%	14.9%	20.1%	142.0%
Feb-19	12,584	449	23,811	52.8%	75.9%	1,901	1,270	294	398	2,519	66.8%	15.4%	20.9%	132.5%
Mar-19	13,707	442	26,032	52.7%	76.9%	1,844	1,238	260	354	2,375	67.1%	14.1%	19.2%	128.8%
Apr-19	13,162	439	25,125	52.4%	76.9%	1,824	1,245	283	367	2,521	68.2%	15.5%	20.1%	138.2%
May-19	13,440	434	26,367	51.0%	75.3%	1,785	1,218	319	369	2,408	68.2%	17.8%	20.7%	134.9%
Jun-19	12,547	418	24,234	51.8%	75.6%	1,947	1,211	316	283	2,434	62.2%	16.2%	14.6%	125.0%
)19 FY Total	**161,082**	**441**	**305,353**	**52.8%**	**75.4%**	**1,840**	**1,232**	**280**	**370**	**2,415**	**66.9%**	**15.2%**	**20.1%**	**131.2%**
)20														
Jul-19	12,744	411	25,329	50.3%	73.8%	2,045	1,301	287	343	2,467	63.6%	14.0%	16.8%	120.6%
Aug-19	13,240	427	26,654	49.7%	74.8%	1,885	1,250	273	375	2,446	66.3%	14.5%	19.9%	129.7%
Sep-19	12,712	424	25,104	50.6%	74.1%	1,919	1,258	298	341	2,470	65.5%	15.5%	17.8%	128.7%
)20 FY Total	**38,696**	**421**	**77,085**	**50.2%**	**74.2%**	**1,949**	**1,269**	**286**	**353**	**2,461**	**65.1%**	**14.7%**	**18.1%**	**126.3%**
/TD Budget	**41,519**	**451**	**79,915**	**52.0%**	**74.4%**	**1,898**	**1,195**	**298**	**347**	**2,432**	**63.0%**	**15.7%**	**18.3%**	**123.6%**
ariance	**(2,823)**	**(31)**	**(2,829)**	**(1.8%)**	**(0.2%)**	**51**	**74**	**(12)**	**6**	**29**	**2.1%**	**(1.0%)**	**(0.2%)**	**2.7%**
urrent Month Analysis														
ep-19	**12,712**	**424**	**25,104**	**50.6%**	**74.1%**	**1,919**	**1,258**	**298**	**341**	**2,470**	**65.5%**	**15.5%**	**17.8%**	**128.7%**
udget	**13,117**	**437**	**25,545**	**51.3%**	**74.4%**	**1,975**	**1,217**	**315**	**356**	**2,450**	**61.6%**	**16.0%**	**18.0%**	**121.9%**
ariance	(405)	(14)	(441)	(0.7%)	(0.2%)	(56)	42	(17)	(14)	20	4.0%	(0.4%)	(0.2%)	6.8%

KAWEAH DELTA HEALTH CARE DISTRICT

RATIO ANALYSIS REPORT

SEPTEMBER 30, 2019

	Current Month Value	Prior Month Value	June 30, 2019 Unaudited Value	2017 Moody's Median Benchmark		
				Aa	A	Baa
LIQUIDITY RATIOS						
Current Ratio (x)	2.8	2.9	2.2	1.7	**1.9**	2.1
Accounts Receivable (days)	80.2	78.5	79.7	48.4	**48.4**	46.5
Cash On Hand (days) – *see highlights slide*	126.9	122.7	140.8	264.6	**226.5**	156.5
Cushion Ratio (x)	17.2	16.6	18.5	36.6	**23.9**	13.8
Average Payment Period (days)	43.2	39.7	51.0	75.0	**59.6**	59.6
CAPITAL STRUCTURE RATIOS						
Cash-to-Debt	111.4%	107.5%	120.5%	217.6%	**169.6%**	111.7%
Debt-To-Capitalization	31.3%	31.5%	31.5%	26.0%	**32.9%**	39.3%
Debt-to-Cash Flow (x)	3.4	4.1	3.6	2.2	**3.0**	4.5
Debt Service Coverage	4.3	3.5	4.0	7.1	**5.4**	3.0
Maximum Annual Debt Service Coverage (x)	4.3	3.5	4.0	6.4	**4.7**	2.8
Age Of Plant (years)	12.7	12.7	12.1	10.1	**11.6**	12.1
PROFITABILITY RATIOS						
Operating Margin	1.2%	1.6%	2.0%	3.5%	**2.3%**	(.4%)
Excess Margin	4.2%	2.7%	3.6%	6.6%	**5.2%**	1.9%
Operating Cash Flow Margin	5.8%	6.2%	6.8%	9.2%	**8.6%**	6.0%
Return on Assets	3.7%	2.4%	3.0%	5.3%	**4.0%**	1.7%

KAWEAH DELTA HEALTH CARE DISTRICT
CONSOLIDATED STATEMENTS OF NET POSITION

	Sep-19	Aug-19	Change	% Change	Jun-19 (Unaudited)
ASSETS AND DEFERRED OUTFLOWS					
CURRENT ASSETS					
Cash and cash equivalents	$ 9,536	$ 3,490	$ 6,046	173.22%	$ 4,220
CP of Board designated and trusteed assets	14,403	13,267	1,136	8.56%	12,577
Accounts receivable:					
Net patient accounts	142,210	142,750	(540)	-0.38%	146,605
Other receivables	14,973	19,773	(4,800)	-24.27%	13,907
	157,183	162,523	(5,340)	-3.29%	160,512
Inventories	10,854	10,624	230	2.16%	10,479
Medicare and Medi-Cal settlements	44,521	39,567	4,954	12.52%	30,759
Prepaid expenses	12,428	11,271	1,157	10.26%	11,510
Total current assets	248,925	240,743	8,183	3.40%	230,057
NON-CURRENT CASH AND INVESTMENTS -					
less current portion					
Board designated cash and assets	252,600	250,053	2,547	1.02%	278,883
Revenue bond assets held in trust	33,570	32,077	1,493	4.65%	33,569
Assets in self-insurance trust fund	4,233	4,228	5	0.13%	4,209
Total non-current cash and investments	290,403	286,358	4,045	1.41%	316,662
CAPITAL ASSETS					
Land	16,137	16,137	-	0.00%	16,137
Buildings and improvements	358,410	356,975	1,435	0.40%	356,887
Equipment	275,184	275,050	134	0.05%	275,513
Construction in progress	49,727	47,740	1,987	4.16%	42,299
	699,458	695,903	3,556	0.51%	690,836
Less accumulated depreciation	364,363	361,994	2,369	0.65%	357,681
	335,095	333,909	1,187	0.36%	333,155
Property under capital leases -					
less accumulated amortization	2,977	3,053	(76)	-2.48%	3,204
Total capital assets	338,072	336,961	1,111	0.33%	336,359
OTHER ASSETS					
Property not used in operations	1,887	3,712	(1,825)	-49.16%	3,724
Health-related investments	7,487	7,494	(7)	-0.09%	7,537
Other	9,980	9,988	(7)	-0.07%	9,706
Total other assets	19,354	21,193	(1,839)	-8.68%	20,967
Total assets	896,755	885,255	11,500	1.30%	904,045
DEFERRED OUTFLOWS	(2,454)	(2,416)	(38)	1.57%	(2,340)
Total assets and deferred outflows	**$ 894,300**	**$ 882,838**	**$ 11,462**	**1.30%**	**$ 901,704**

KAWEAH DELTA HEALTH CARE DISTRICT
CONSOLIDATED STATEMENTS OF NET POSITION

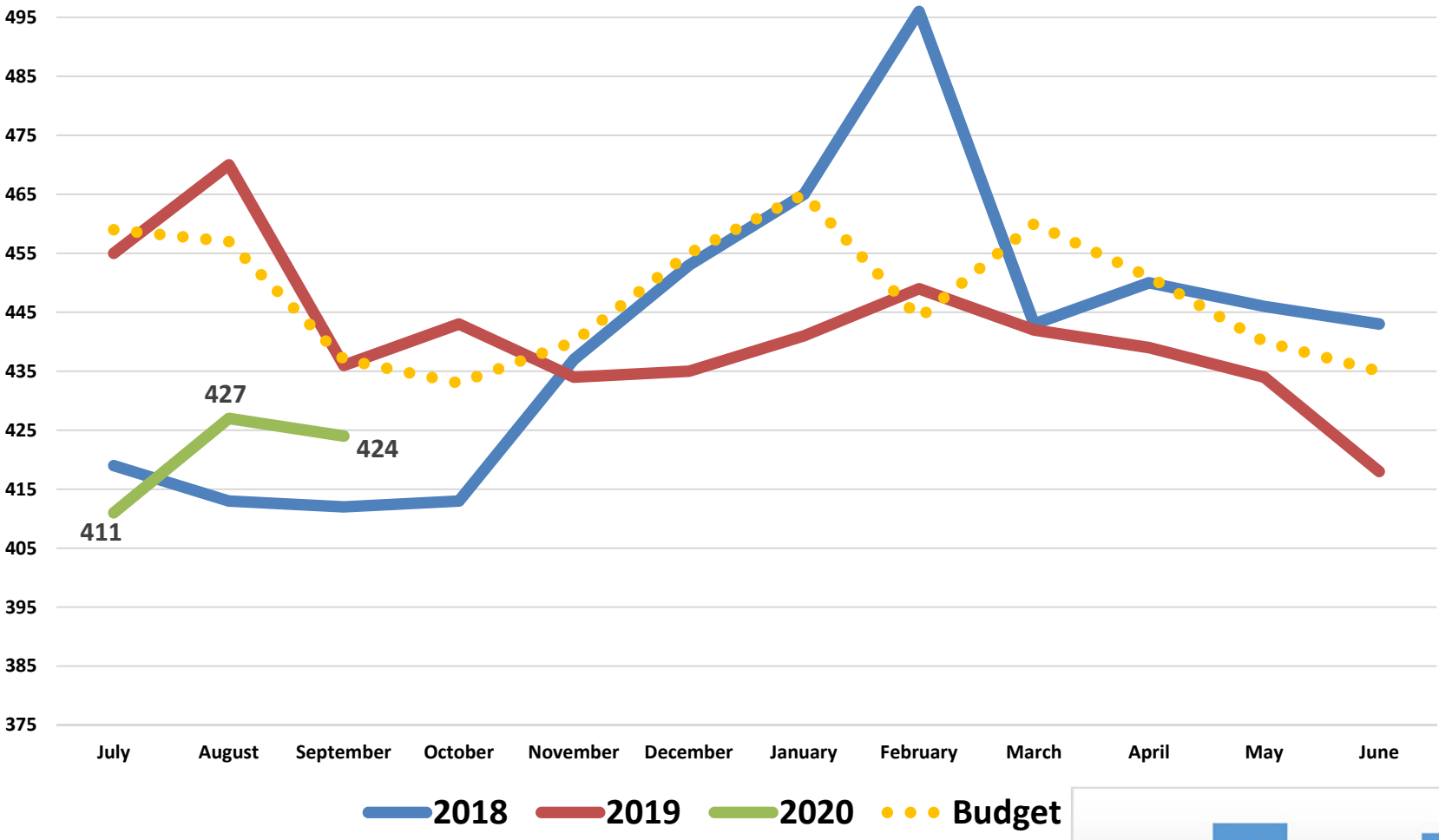
	Sep-19	Aug-19	Change	% Change	Jun-19 (Unaudited)
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses	$ 33,979	$ 26,430	$ 7,549	28.56%	$ 35,319
Accrued payroll and related liabilities	46,762	47,436	(674)	-1.42%	59,163
Long-term debt, current portion	8,908	9,099	(191)	-2.10%	9,360
Total current liabilities	89,648	82,964	6,684	8.06%	103,842
LONG-TERM DEBT, less current portion					
Bonds payable	256,731	256,788	(57)	-0.02%	258,553
Capital leases	110	132	(22)	-16.34%	174
Total long-term debt	256,841	256,920	(79)	-0.03%	258,727
NET PENSION LIABILITY	29,945	30,380	(435)	-1.43%	31,249
OTHER LONG-TERM LIABILITIES	30,005	29,696	309	1.04%	28,647
Total liabilities	406,440	399,960	6,480	1.62%	422,465
NET ASSETS					
Invested in capital assets, net of related debt	109,378	106,539	2,840	2.67%	105,427
Restricted	32,743	31,245	1,498	4.79%	30,090
Unrestricted	345,738	345,094	644	0.19%	343,722
Total net position	487,860	482,878	4,982	1.03%	479,239
Total liabilities and net position	**$ 894,300**	**$ 882,838**	**$ 11,462**	**1.30%**	**$ 901,704**

Statistical Report

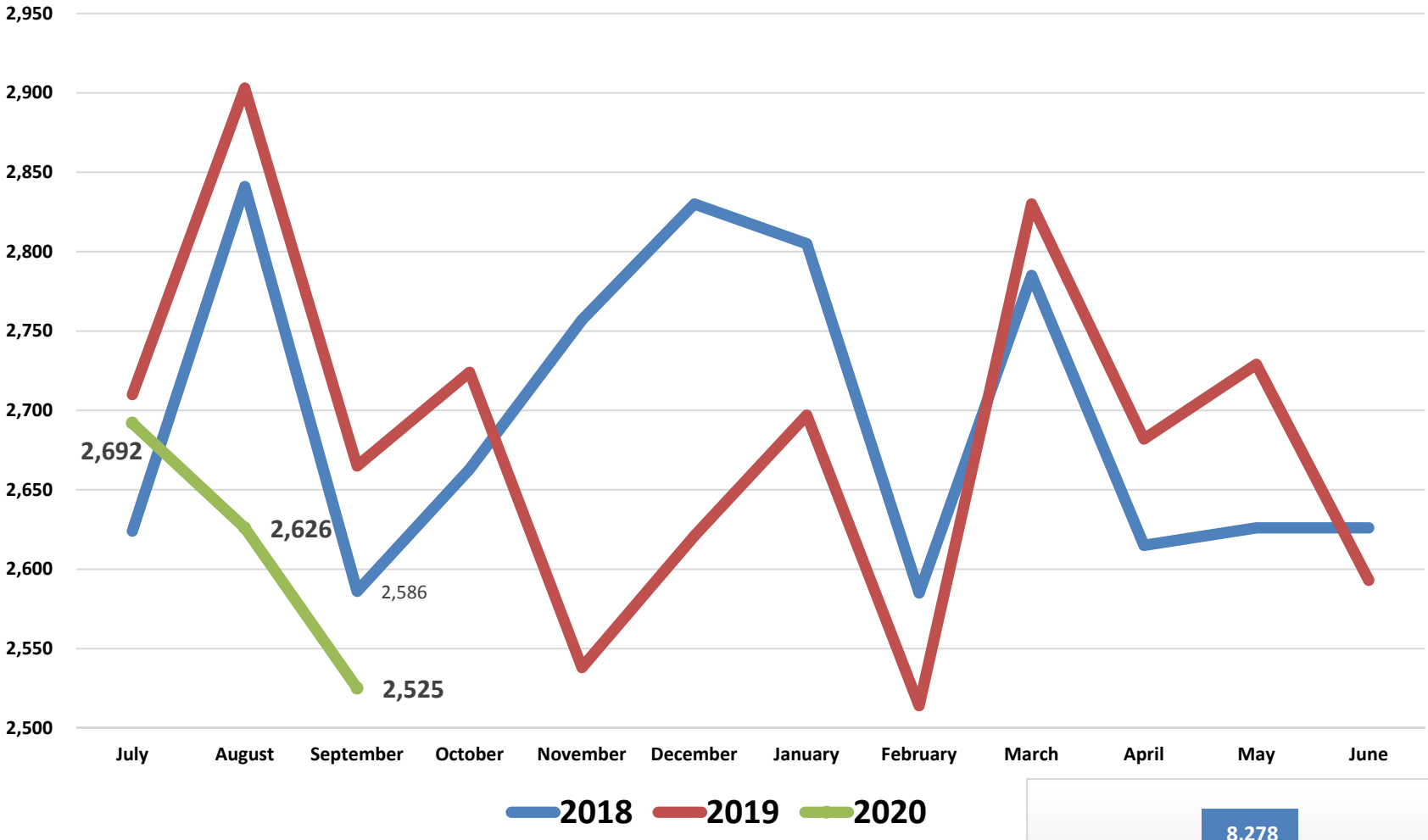
October 28, 2019

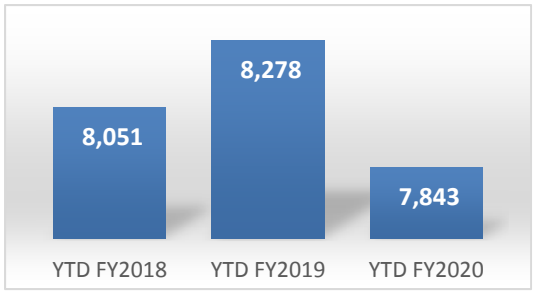
Kaweah Delta
HEALTH CARE DISTRICT

Average Daily Census

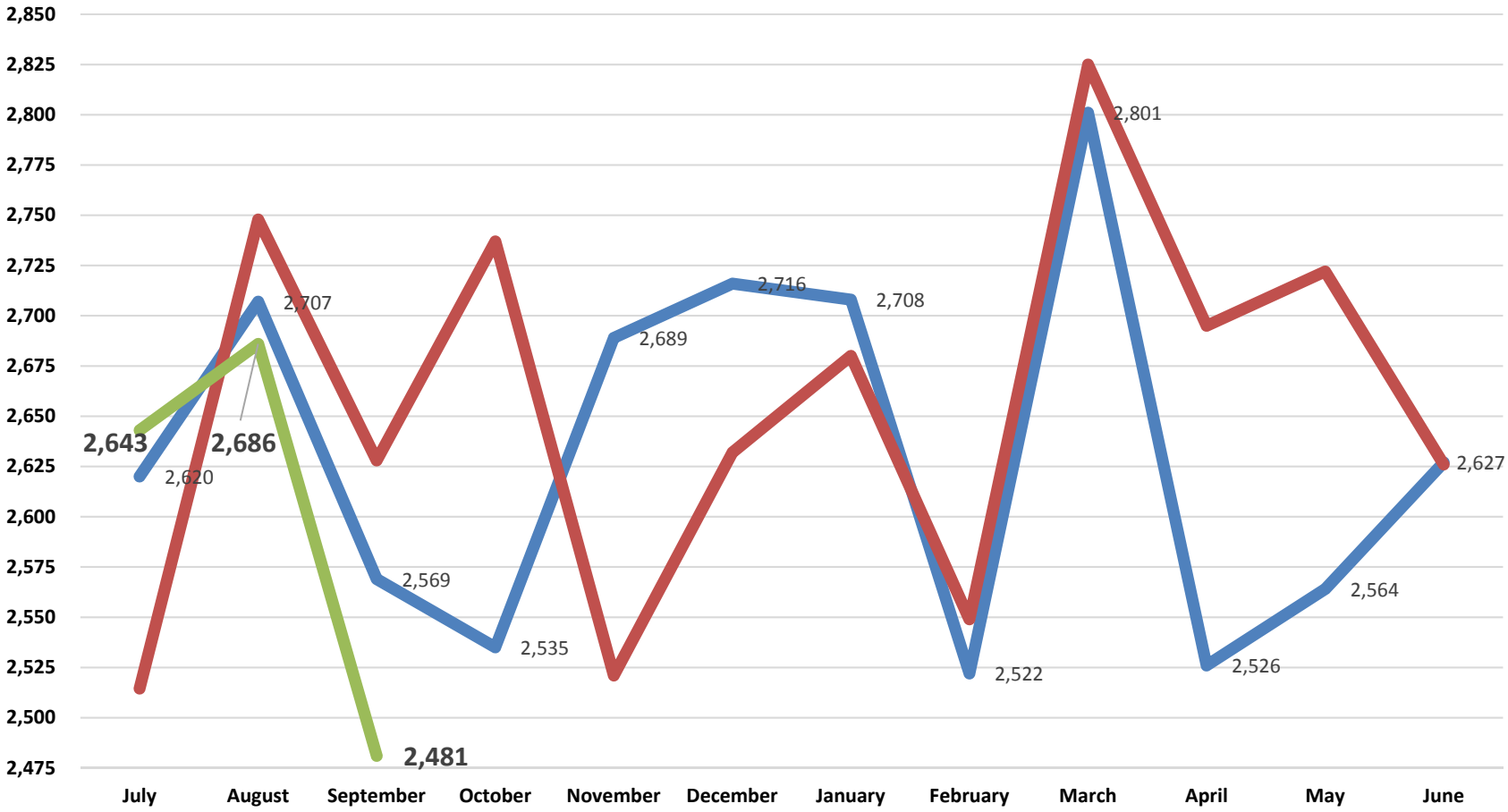


Admissions


2,950
2,900
2,850
2,800
2,750
2,700
2,650
2,600
2,550
2,500
2,692
2,626
2,586
2,525
July
August
September
October
November
December
January
February
March
April
May
June
2018
2019
2020


8,051
8,278
7,843
YTD FY2018
YTD FY2019
YTD FY2020

Discharges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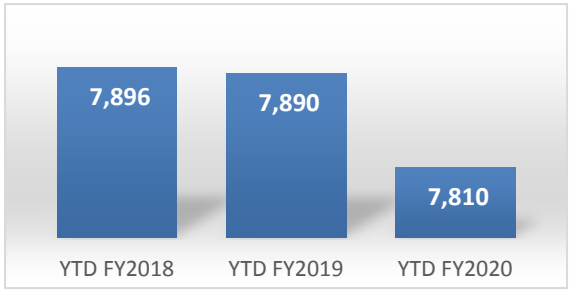
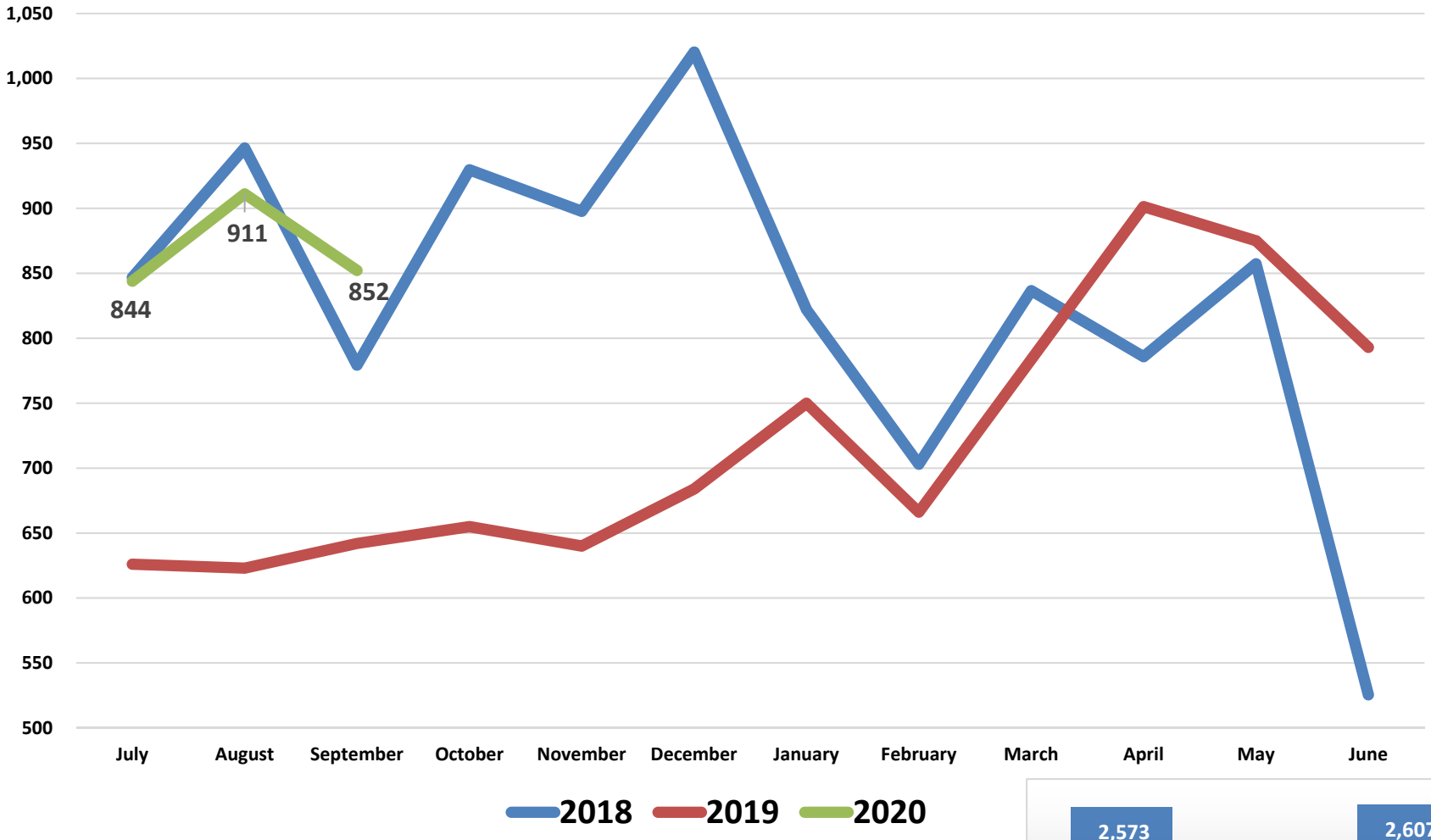
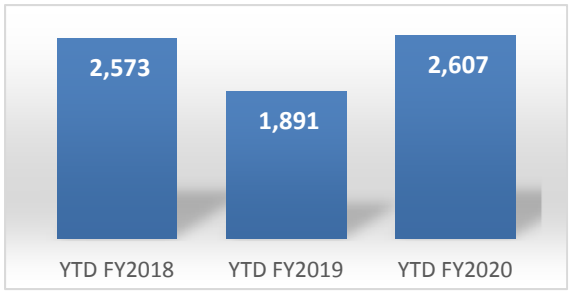
2,825
2,800
2,775
2,750
2,725
2,700
2,675
2,650
2,625
2,600
2,575
2,550
2,525
2,500
2,475
July
August
September
October
November
December
January
February
March
April
May
June
2,643
2,686
2,620
2,707
2,569
2,535
2,689
2,716
2,708
2,522
2,801
2,526
2,564
2,627
2,481
2018
2019
2020

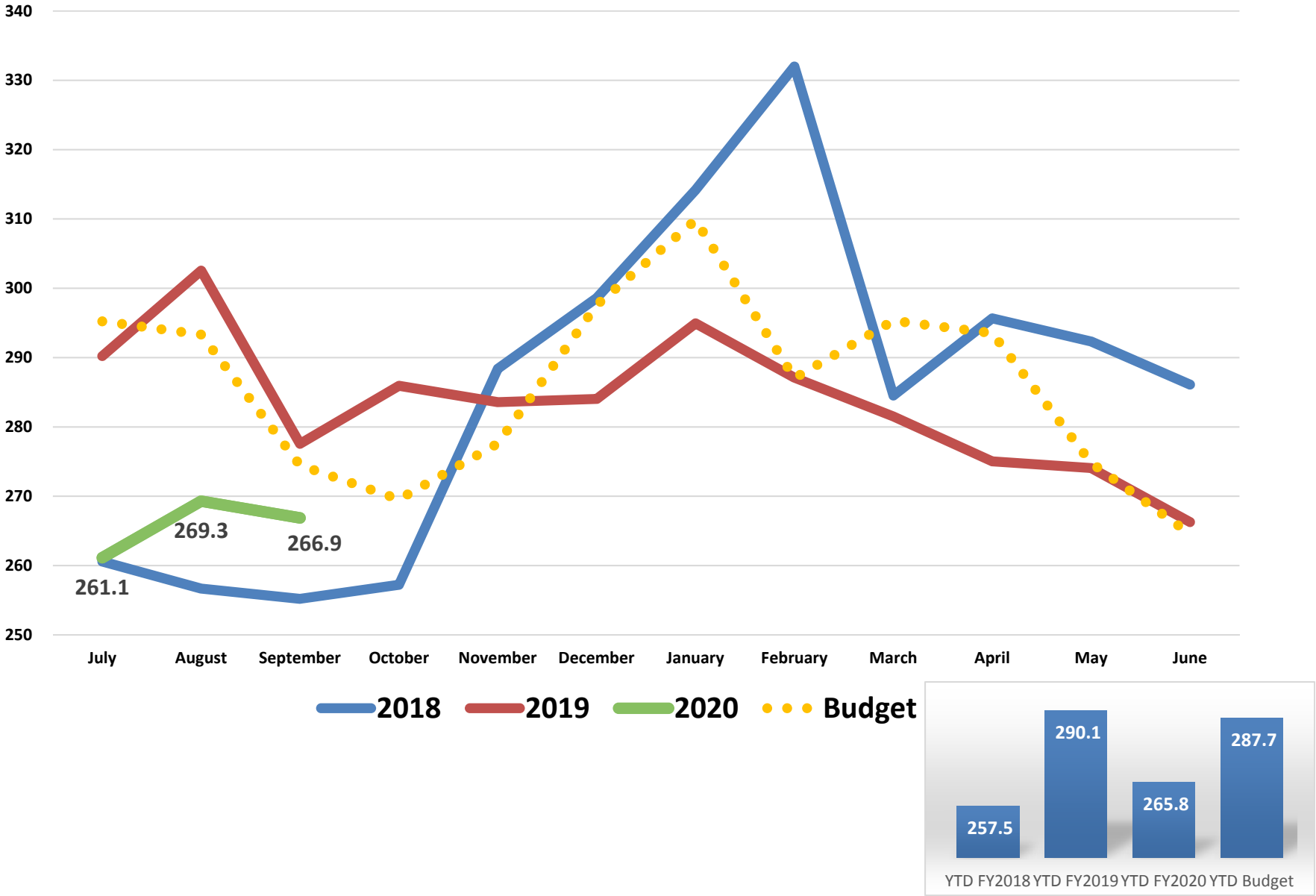

7,896
7,890
7,810
YTD FY2018
YTD FY2019
YTD FY2020

Observation Days

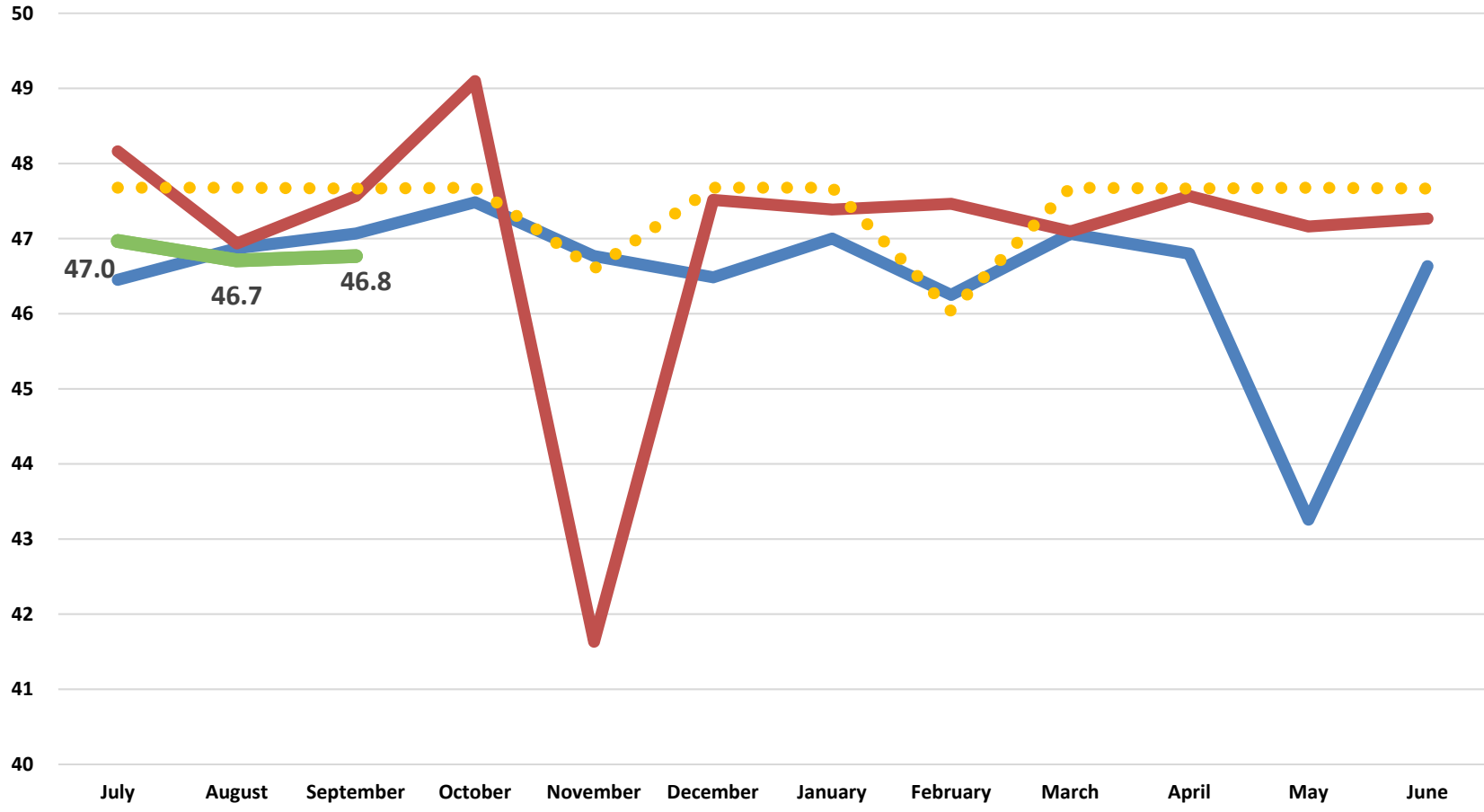


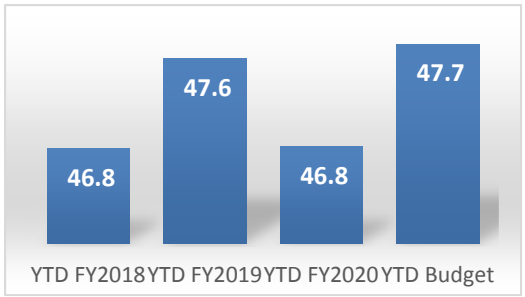


Medical Center – Avg. Patients Per Day

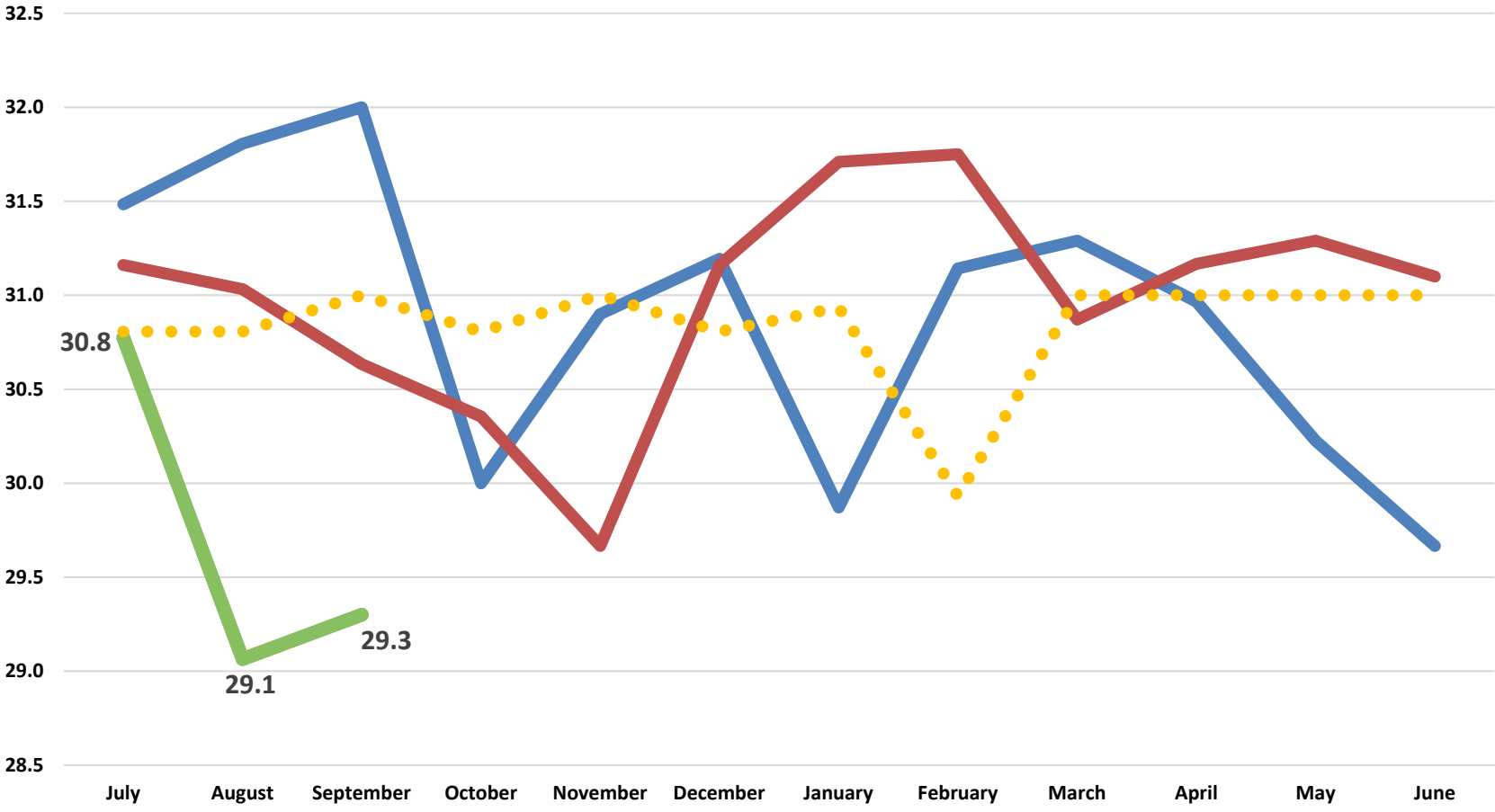


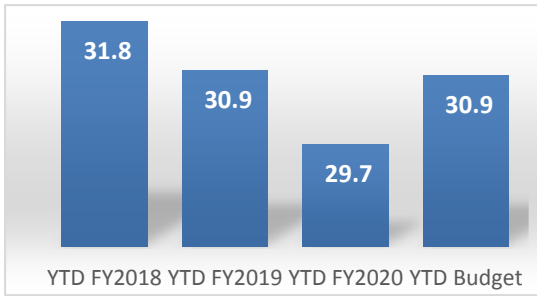
Acute I/P Psych - Avg. Patients Per Day



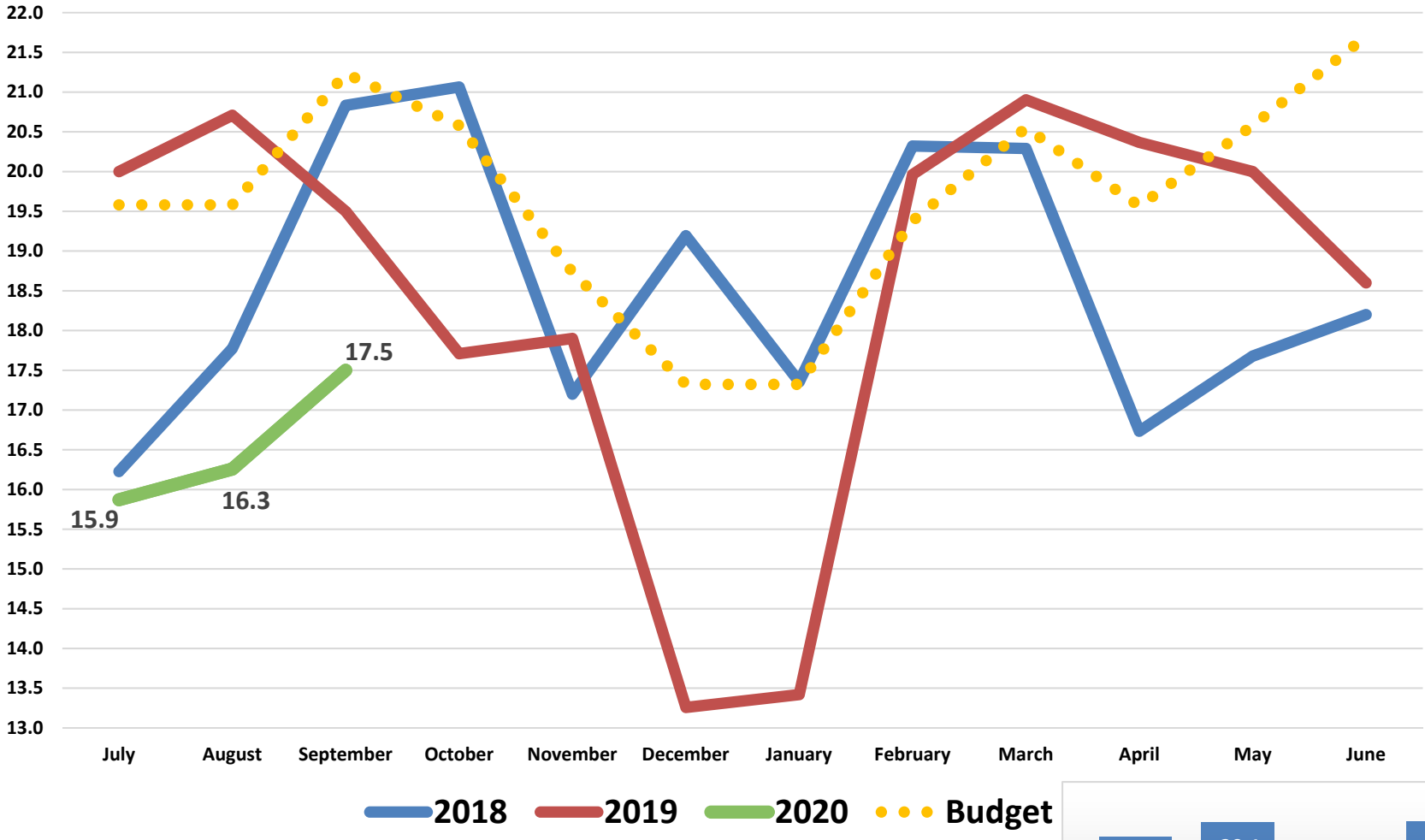


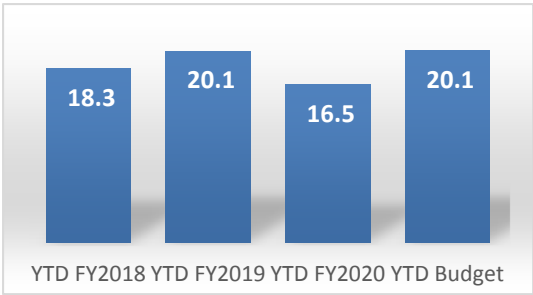
Sub-Acute - Avg. Patients Per Day



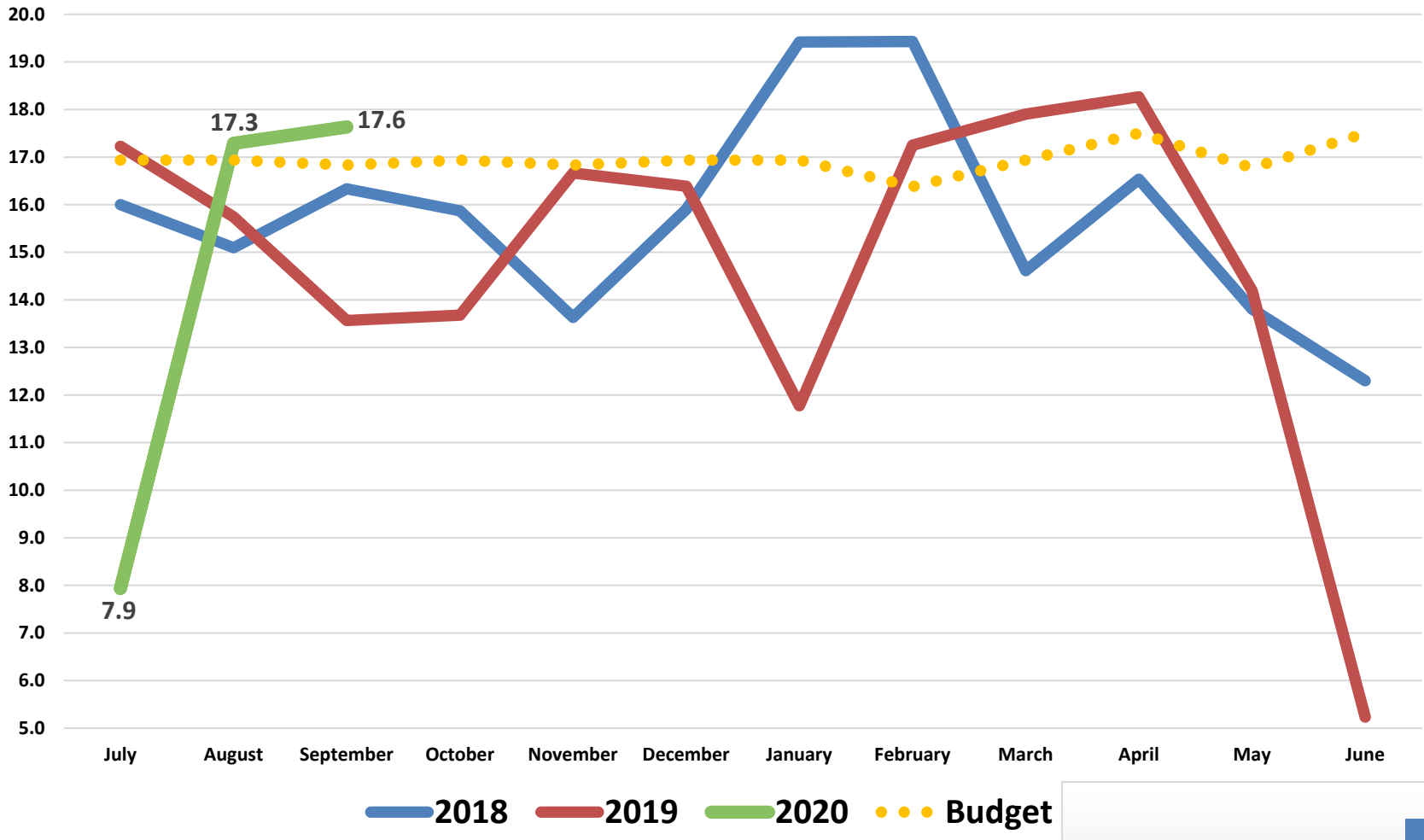


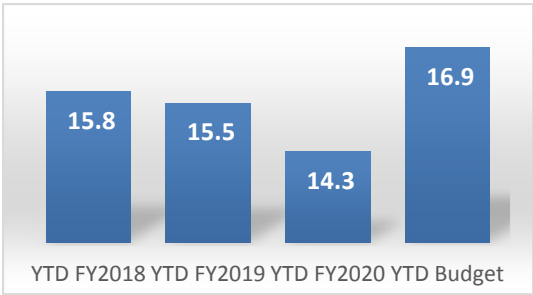
Rehabilitation Hospital - Avg. Patients Per Day



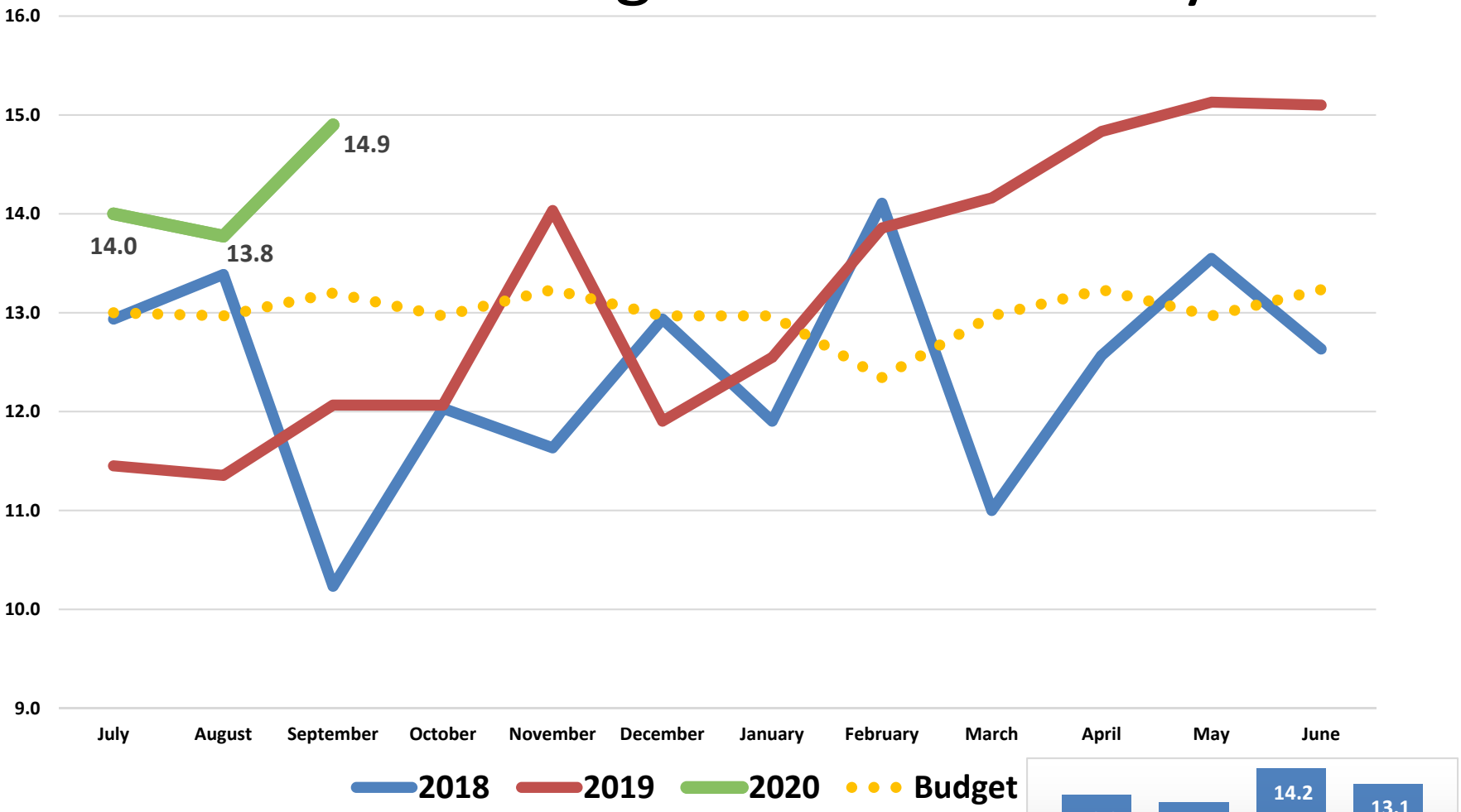


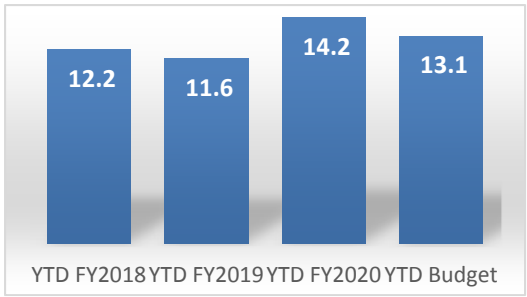
Transitional Care Services (TCS) - Avg. Patients Per Day



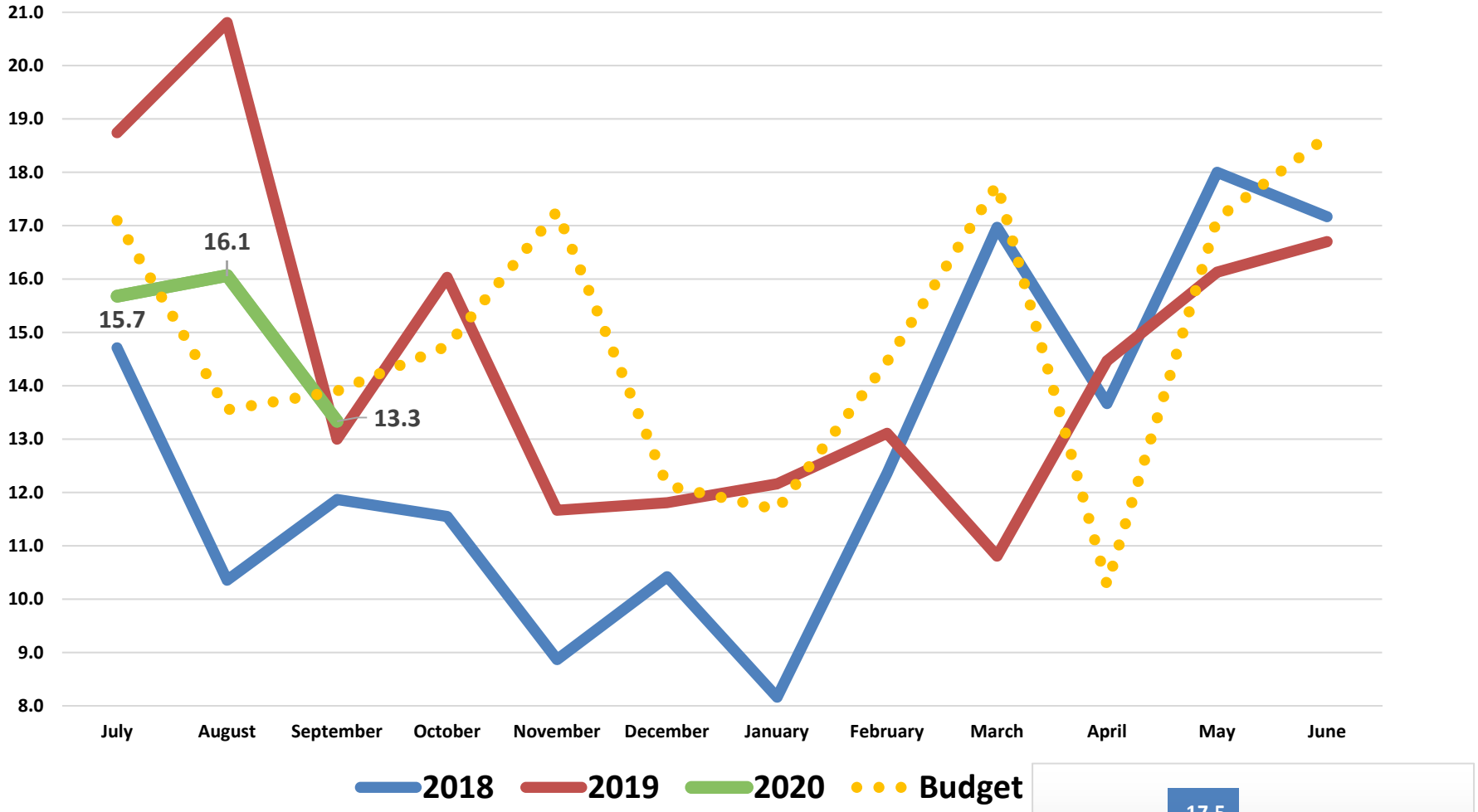


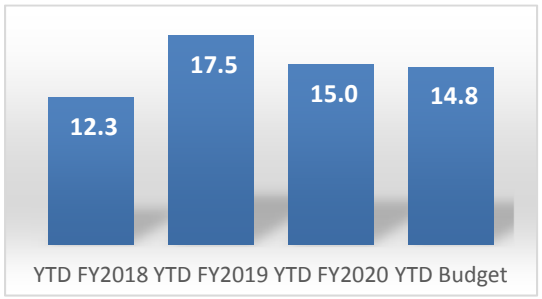
TCS Ortho - Avg. Patients Per Day



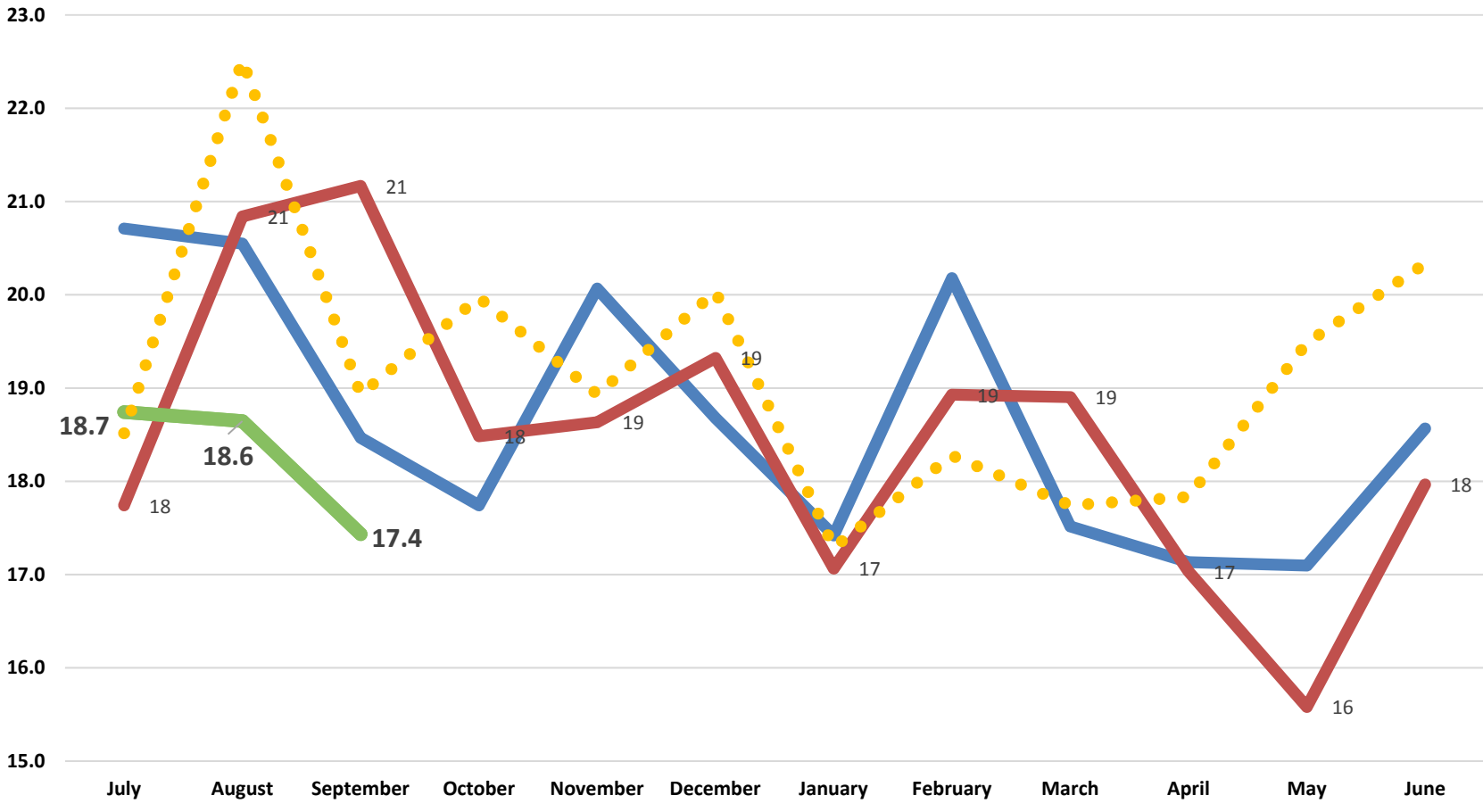


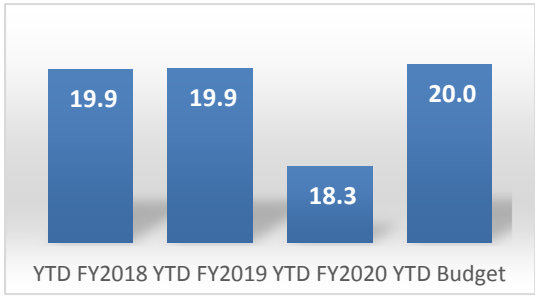
NICU - Avg. Patients Per Day



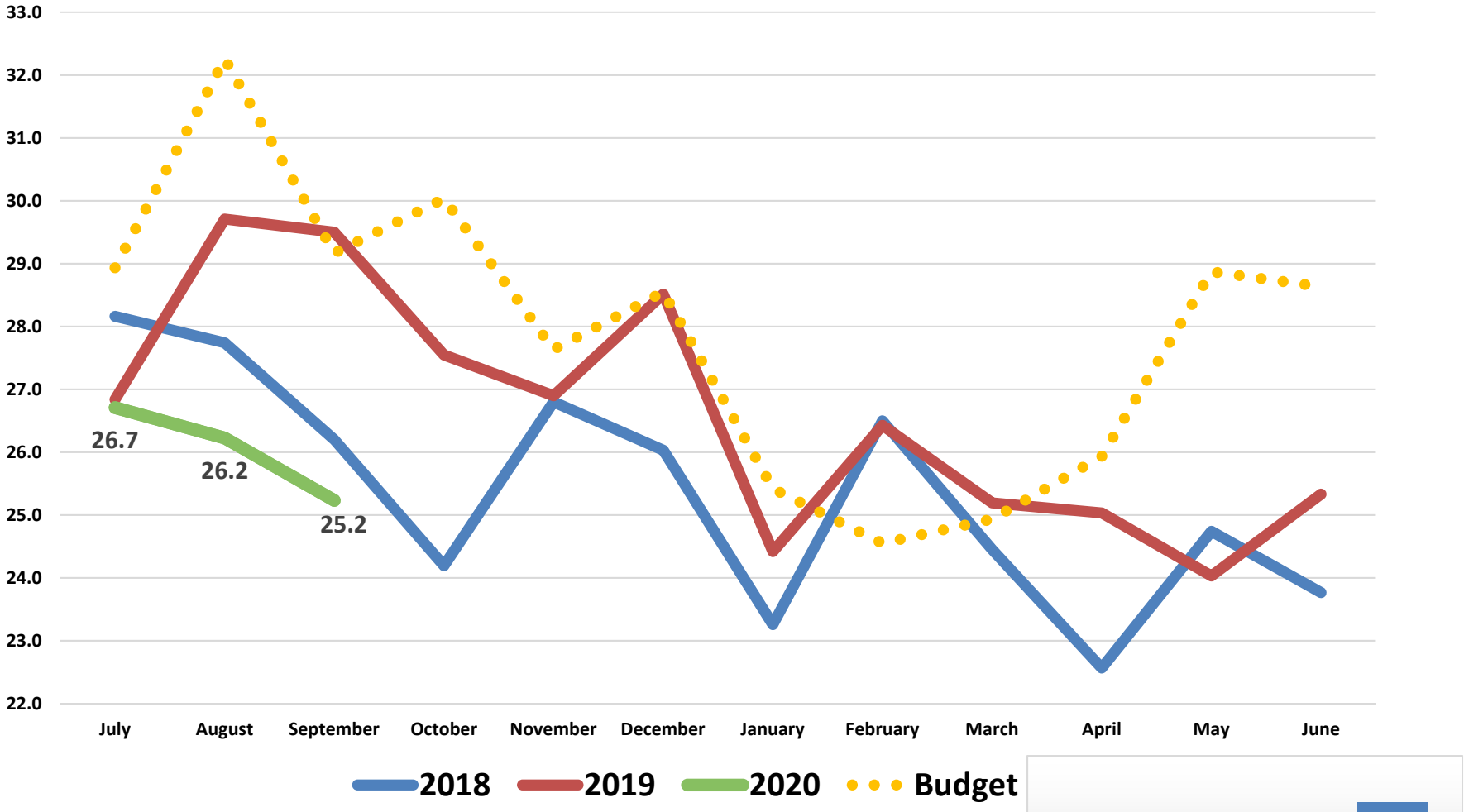


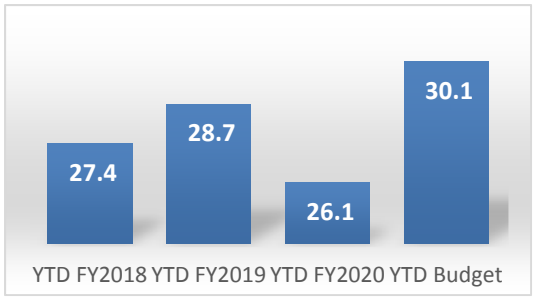
Nursery - Avg. Patients Per Day



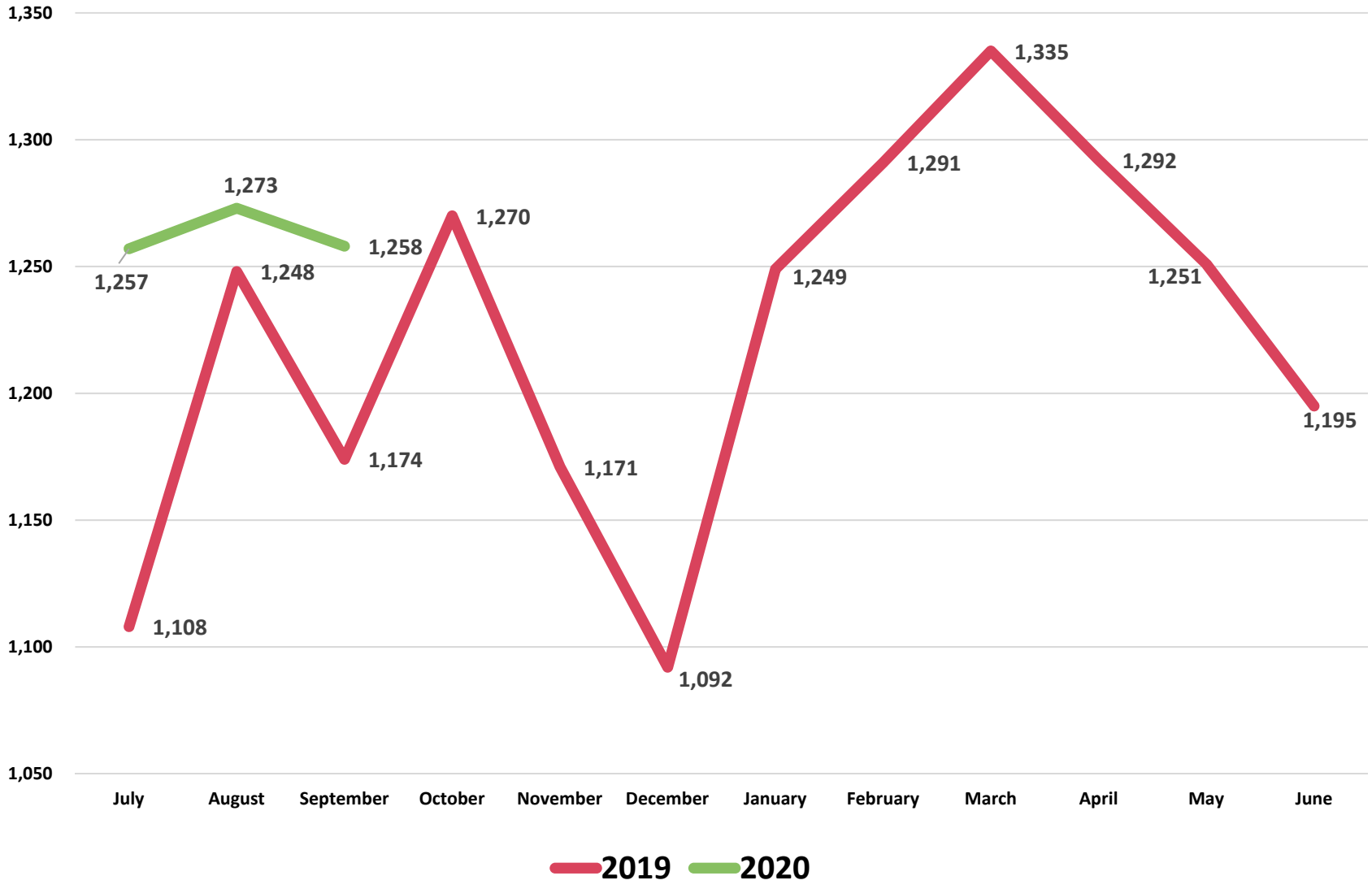


Obstetrics - Avg. Patients Per Day

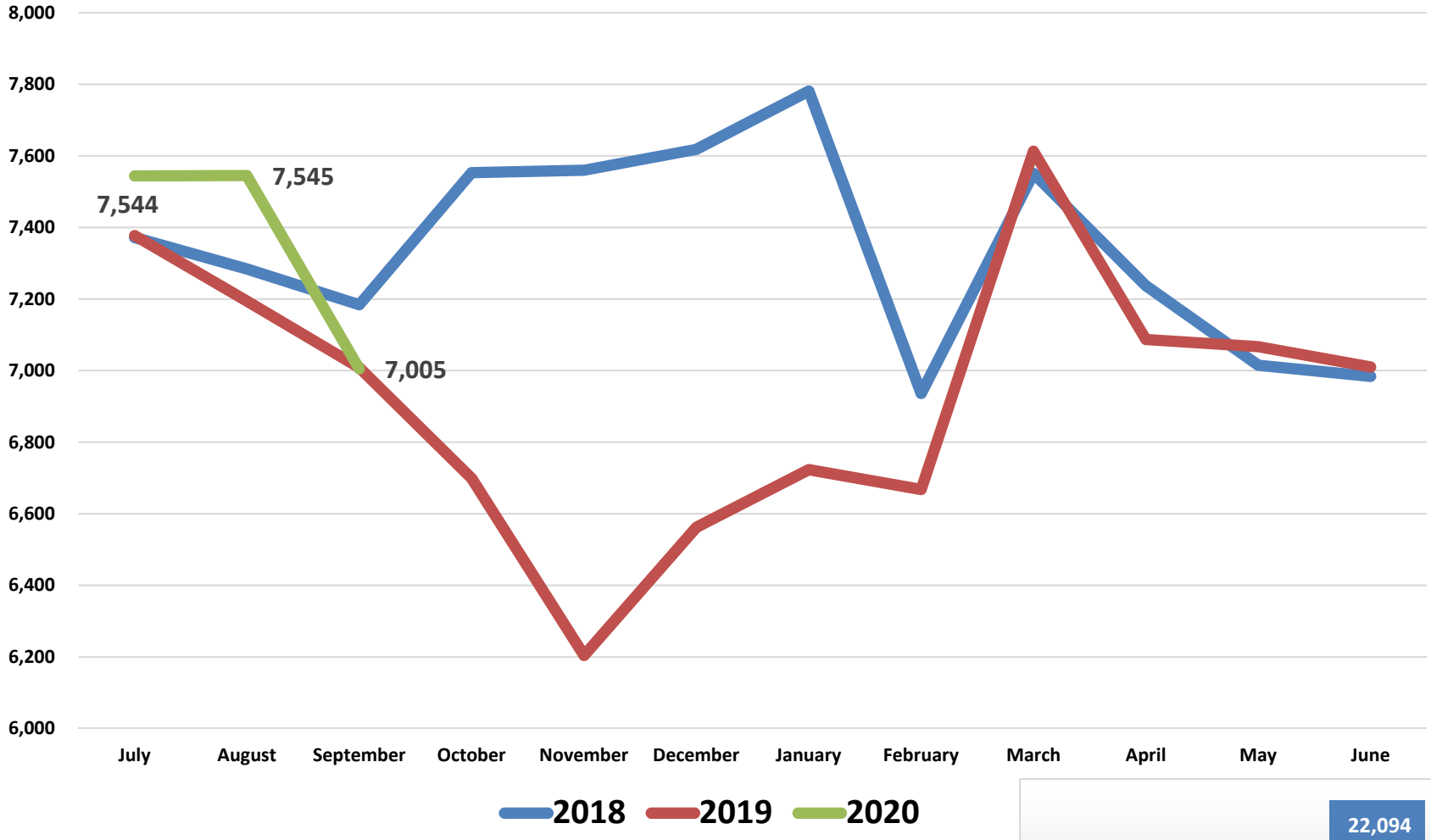


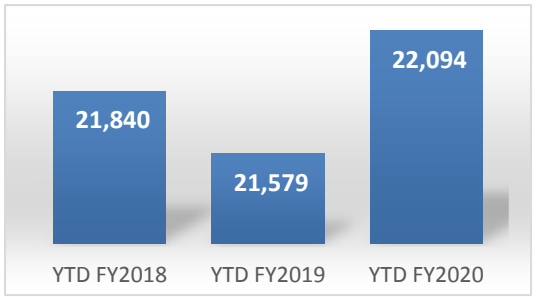


Outpatient Registrations per Day

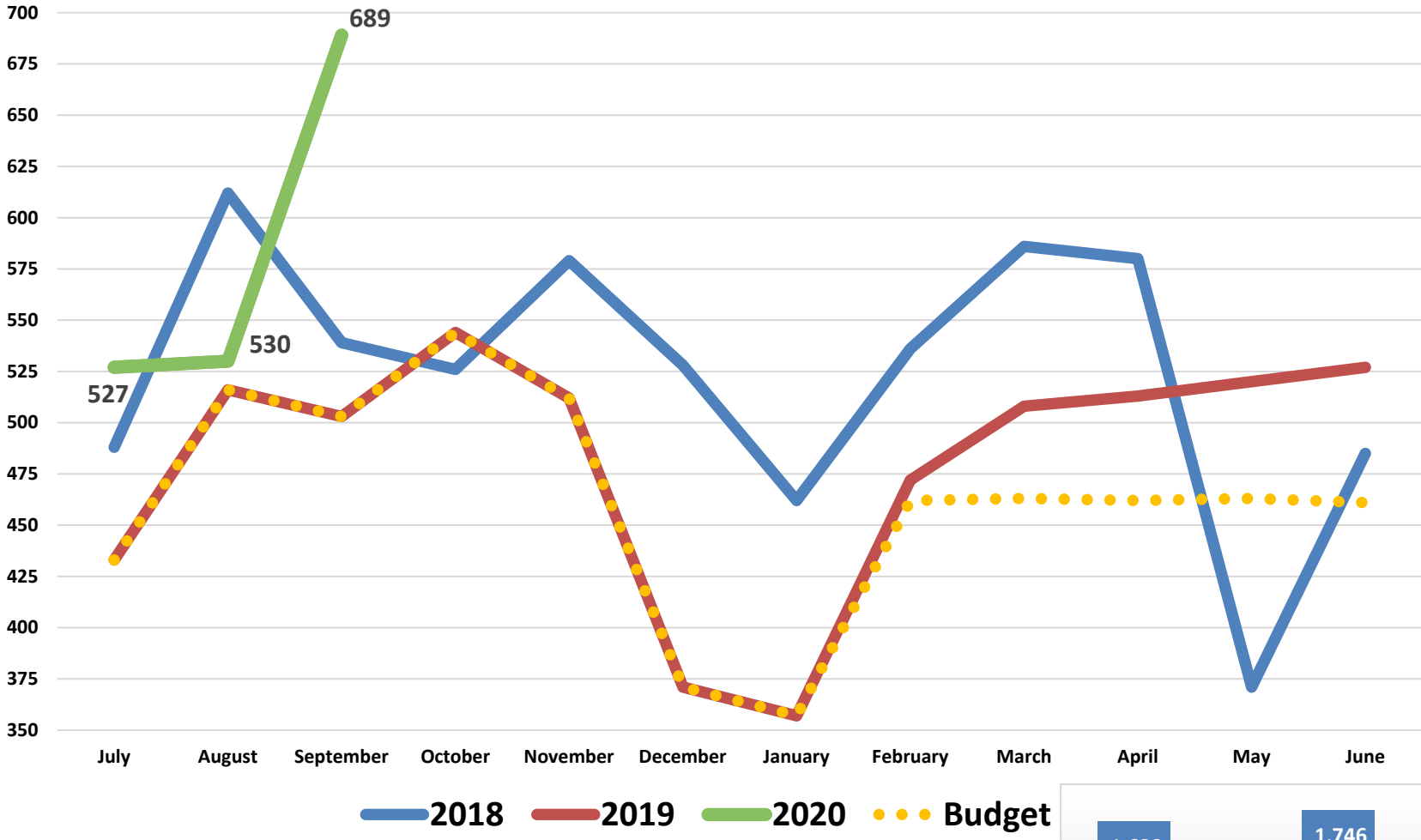


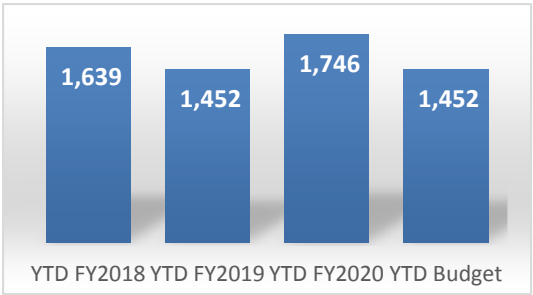
Emergency Department – Total Treated



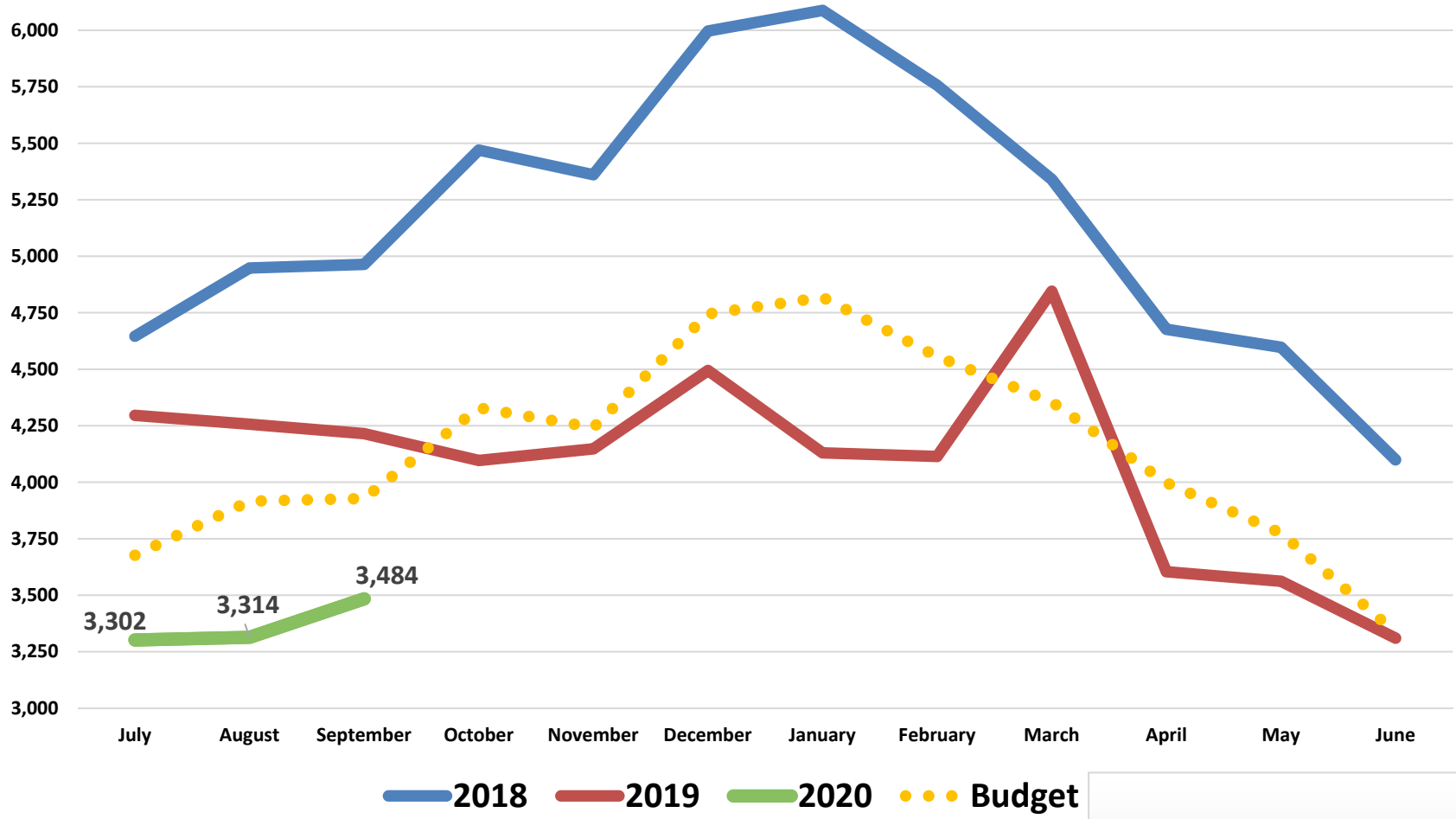


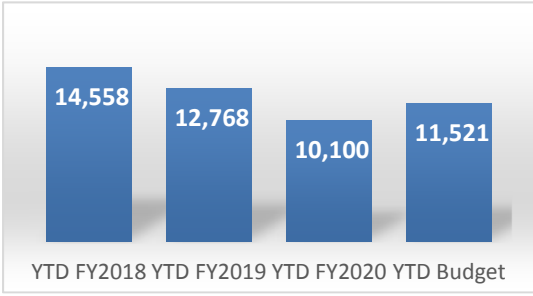
Endoscopy Procedures



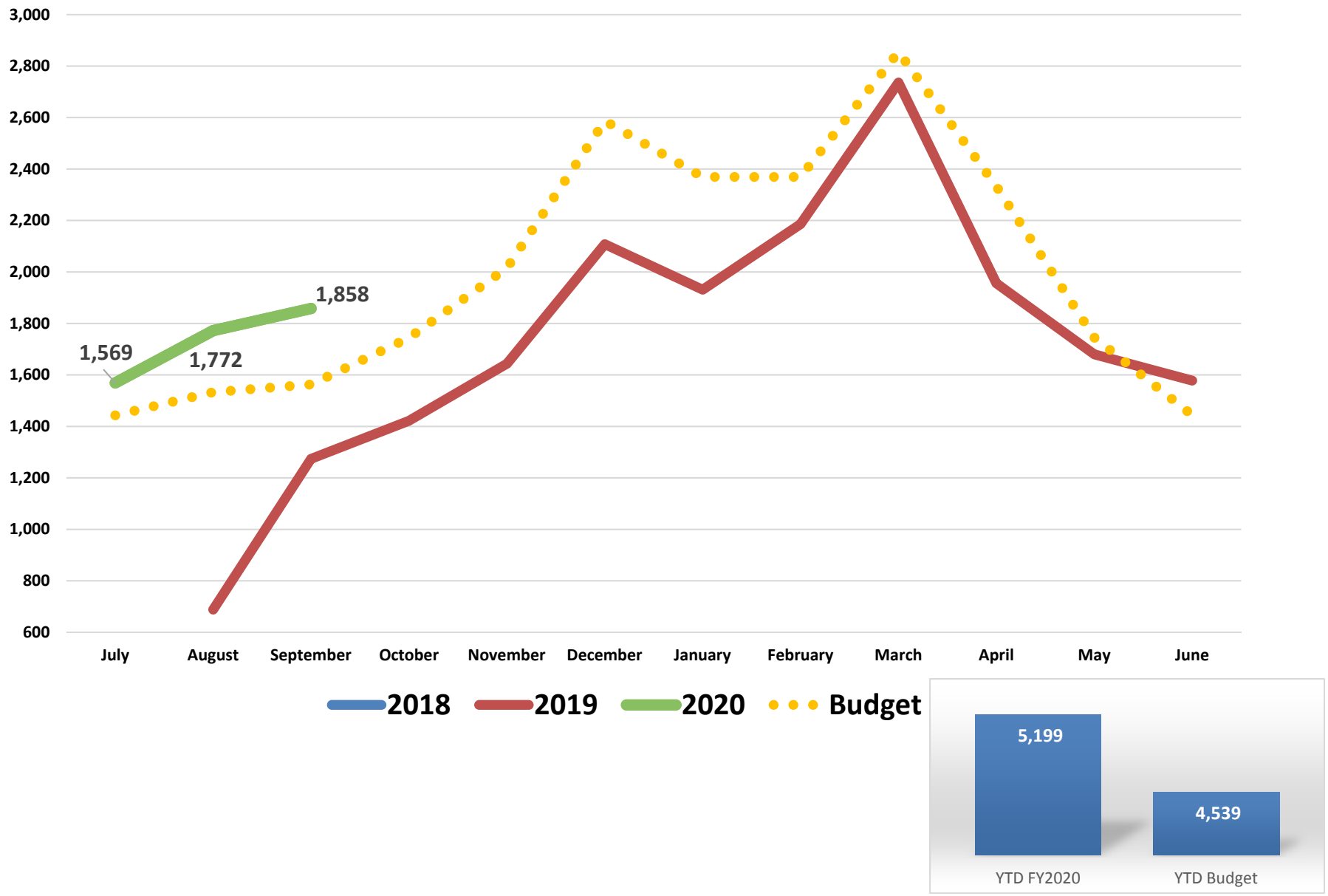


Urgent Care – Court Visits

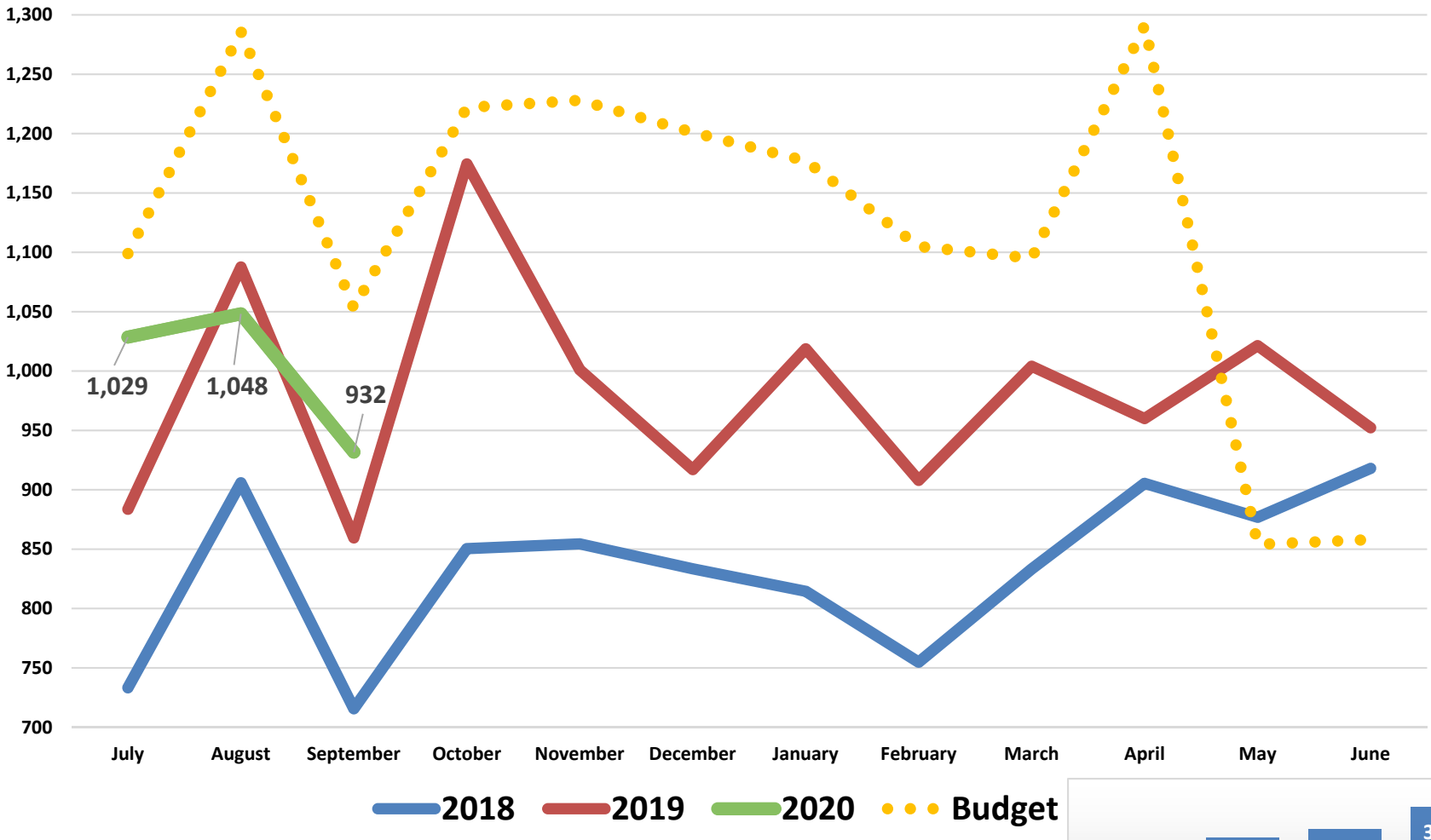


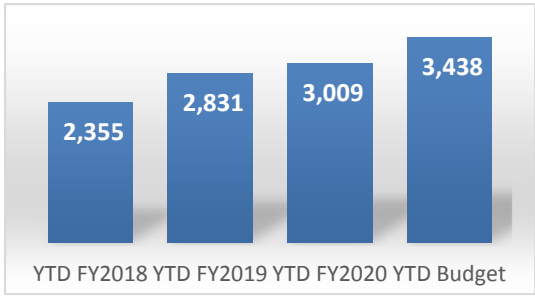


Urgent Care – Demaree Visits

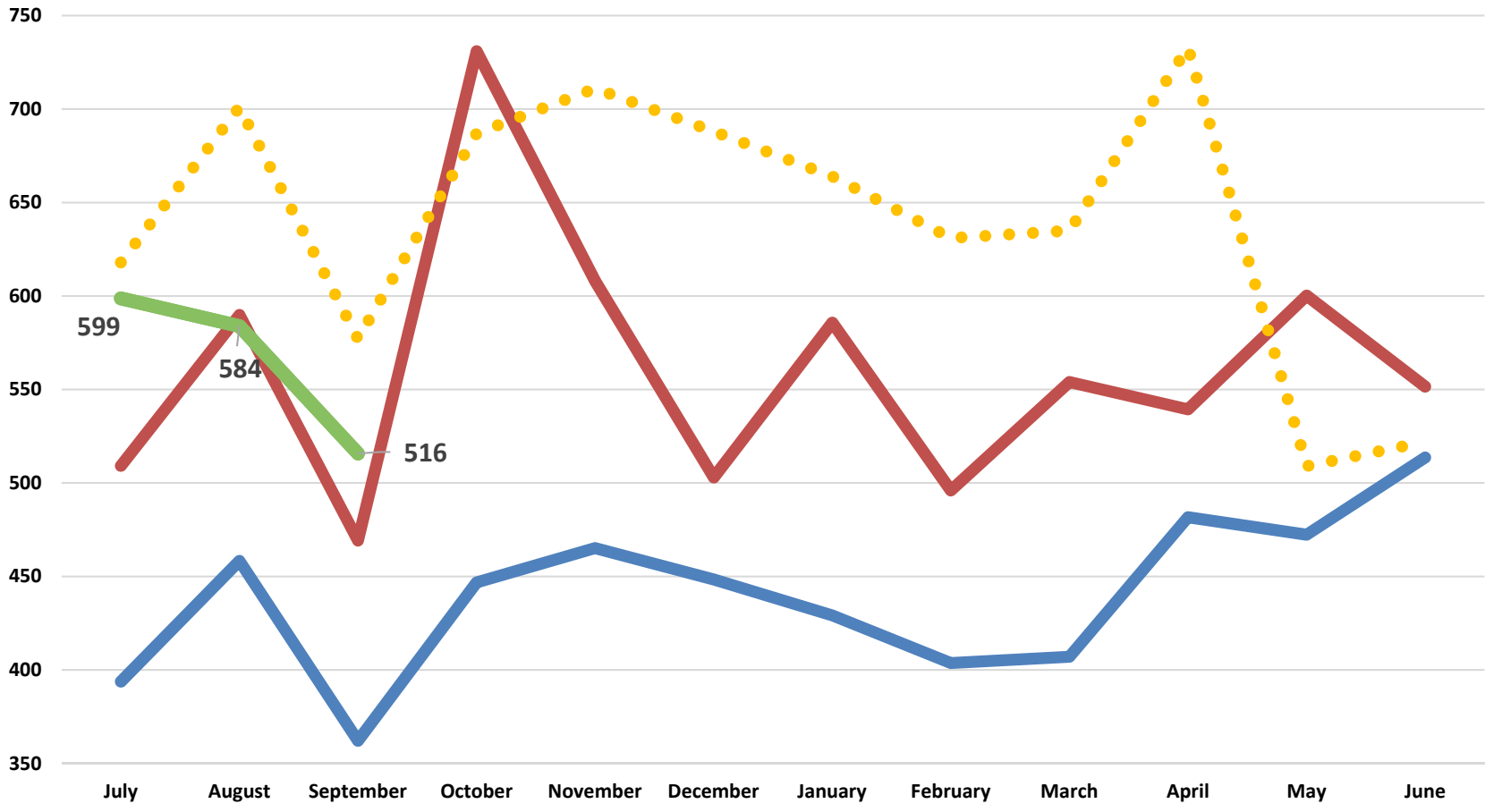


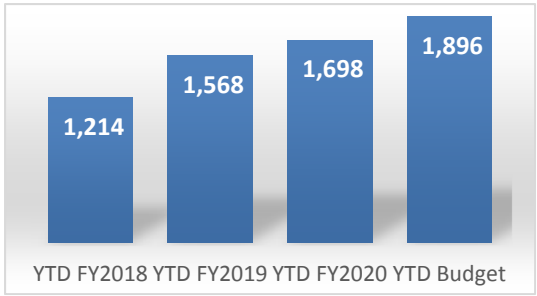
Surgery (IP & OP) – 100 Min Units



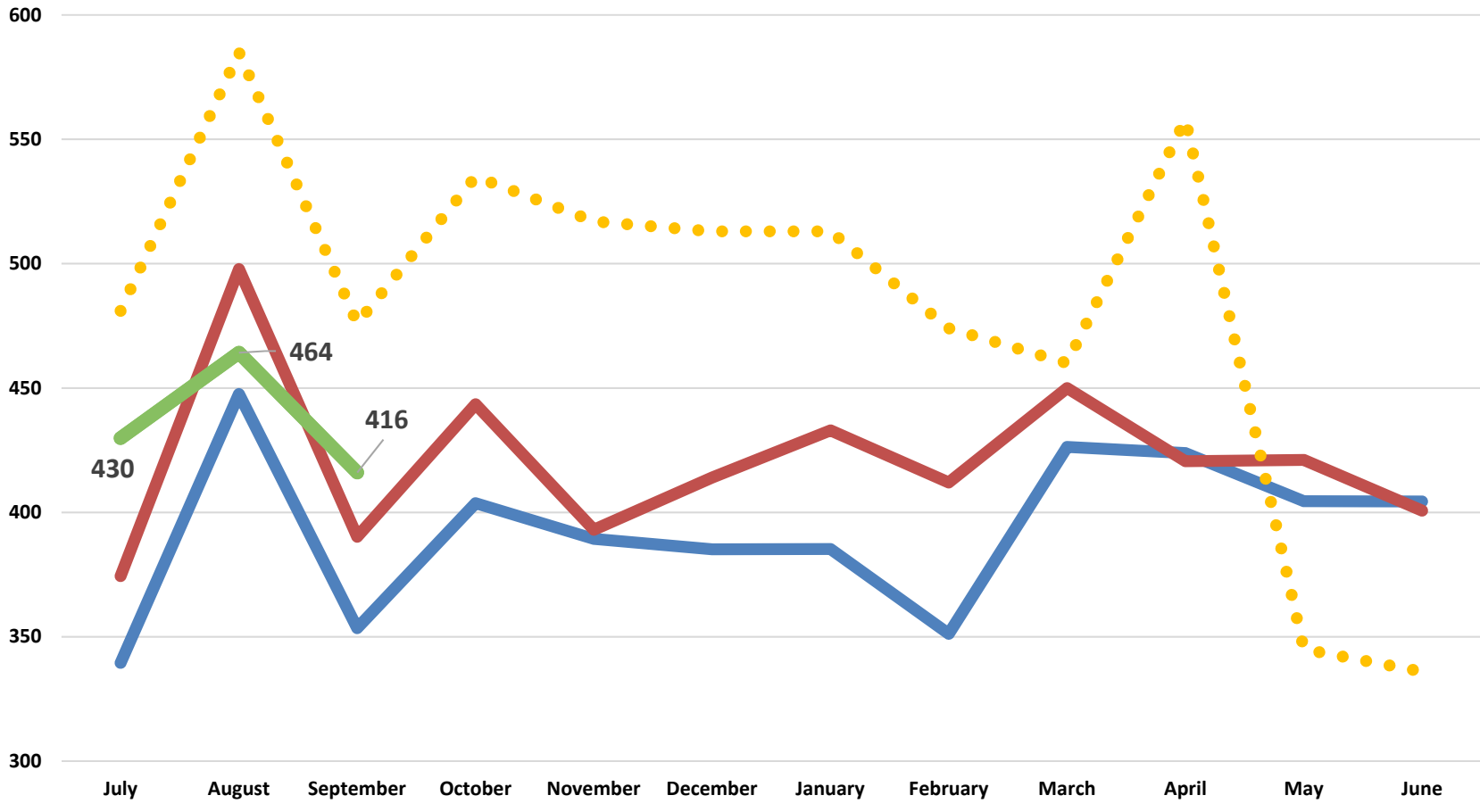


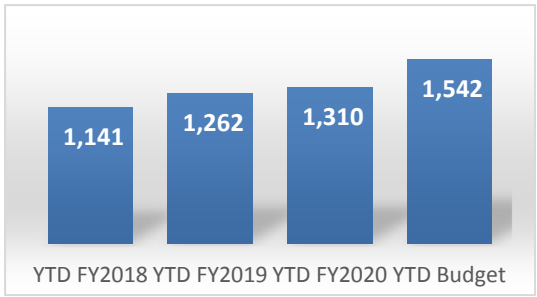
Surgery (IP Only) – 100 Min Units



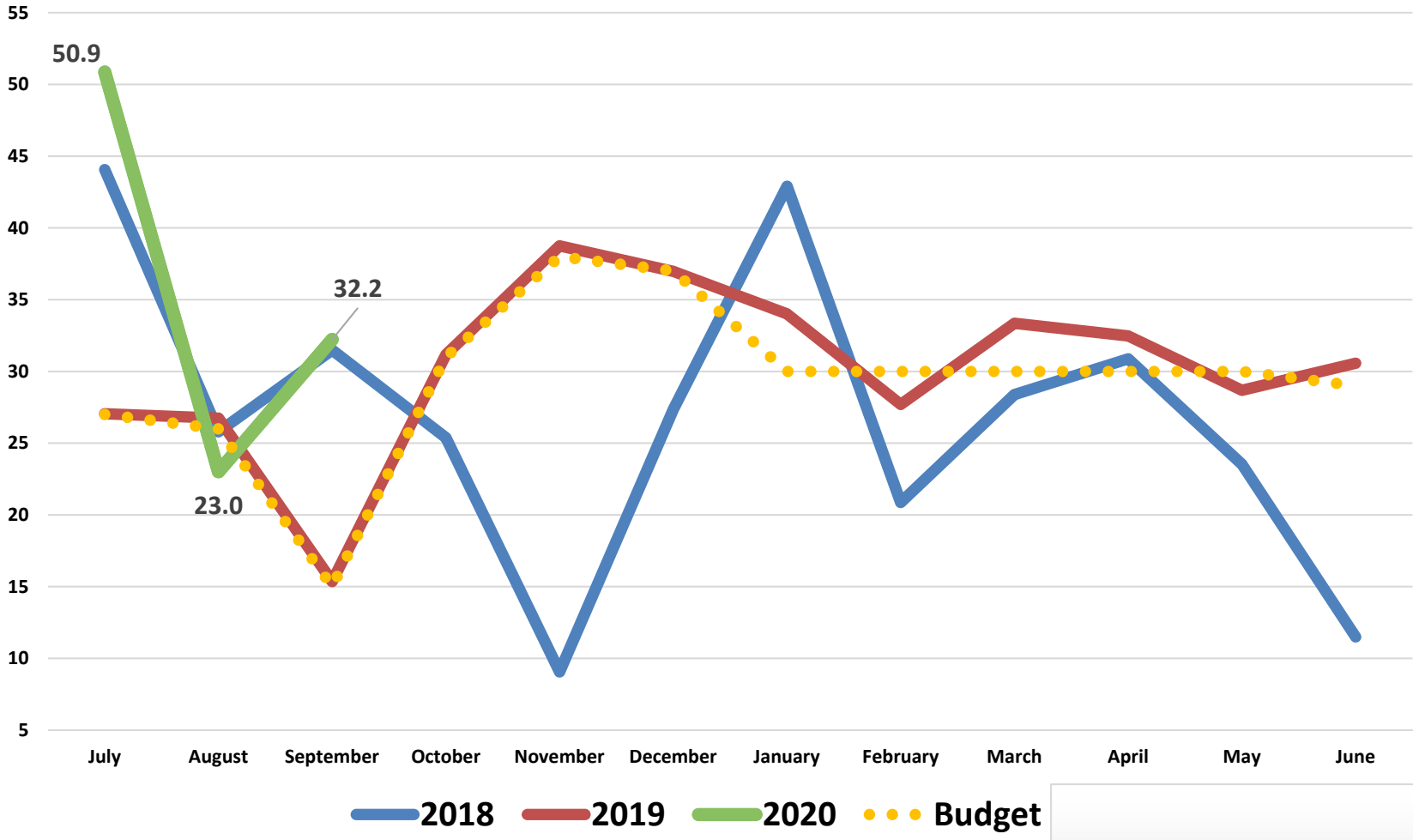


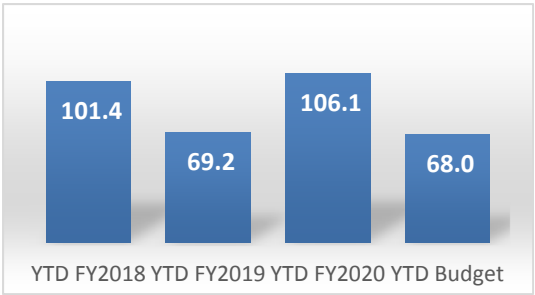
Surgery (OP Only) – 100 Min Units



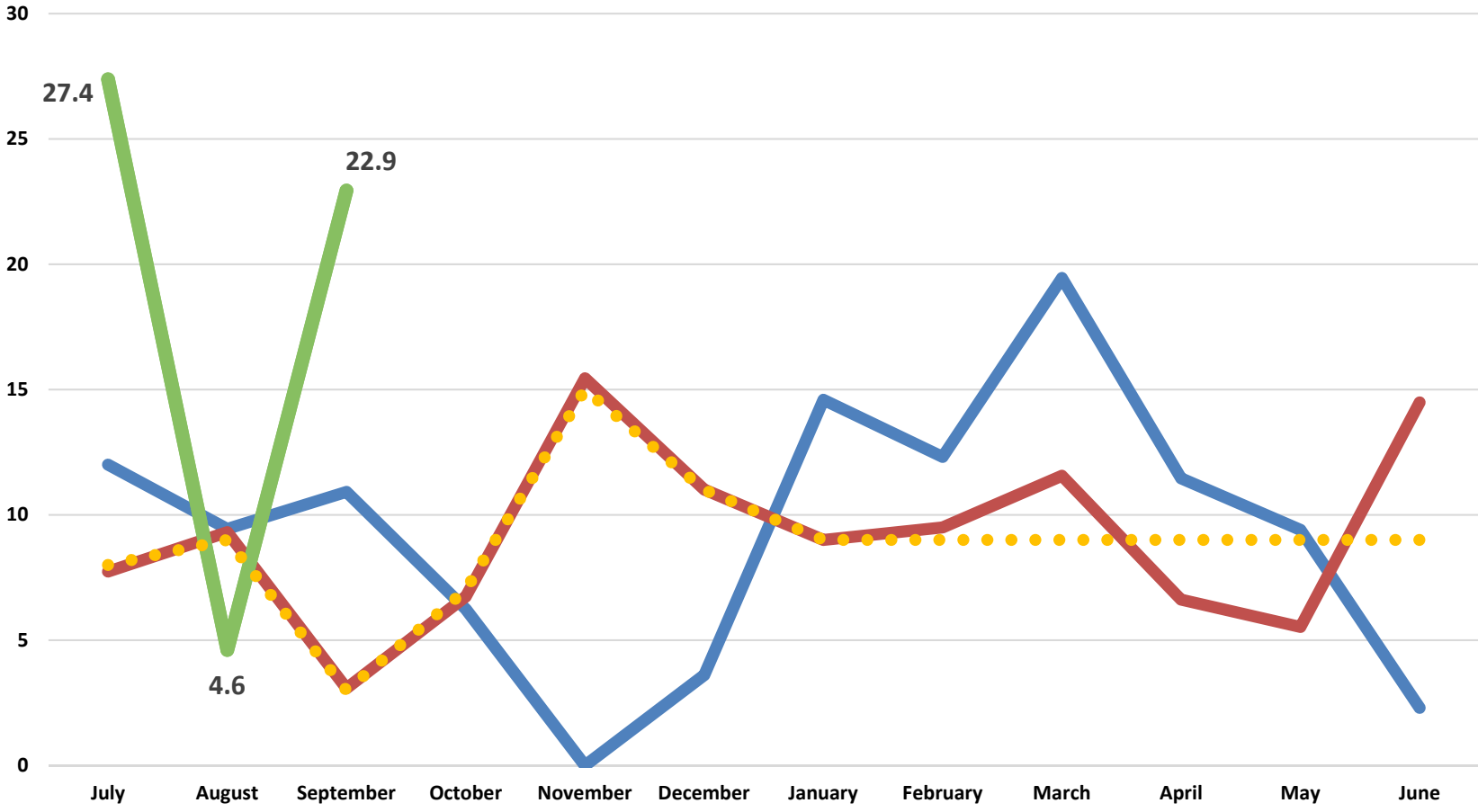


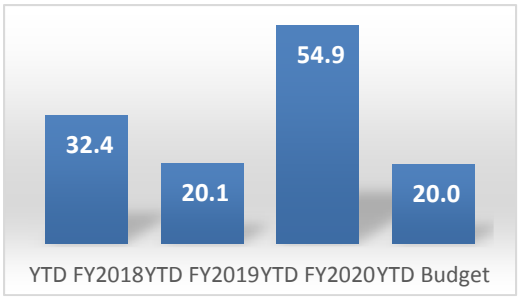
Robotic Surgery (IP & OP) – 100 Min Units



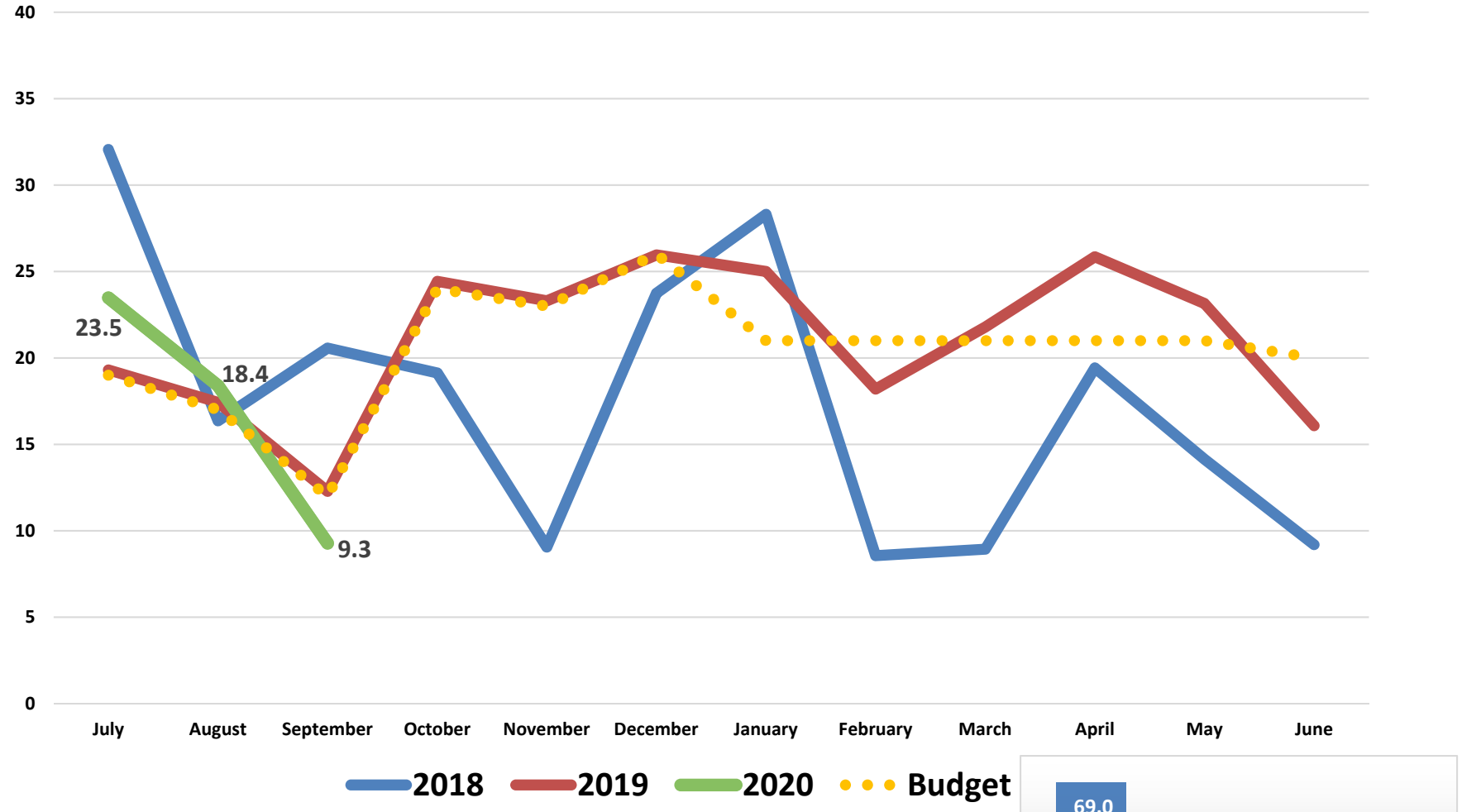


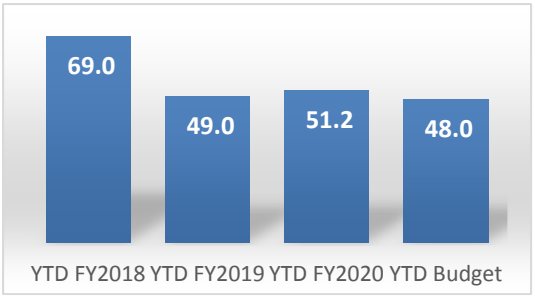
Robotic Surgery (IP Only) – 100 Min Units



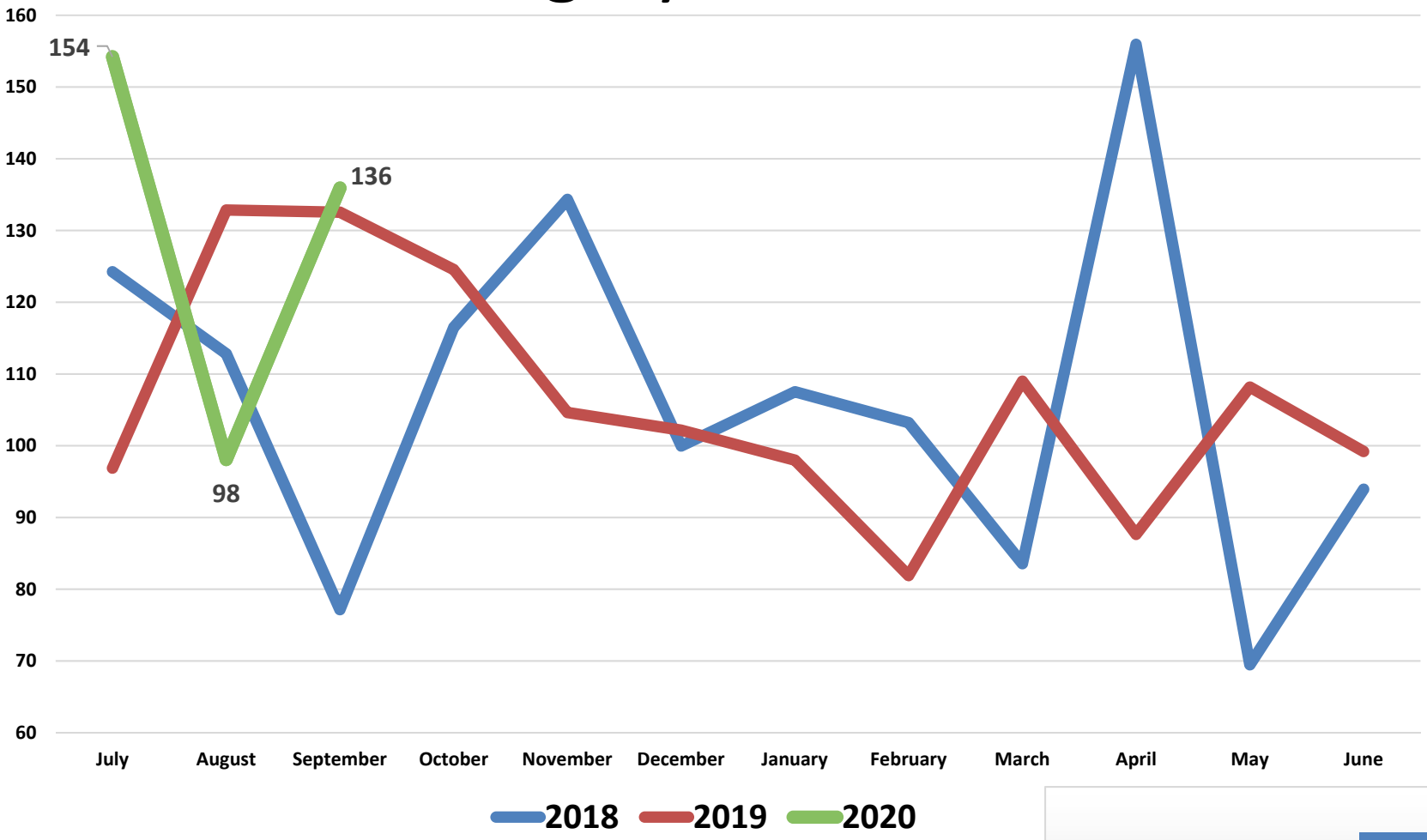


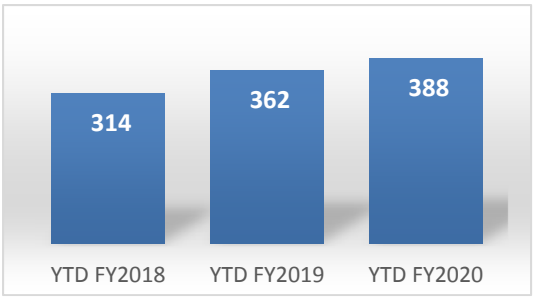
Robotic Surgery (OP Only) – 100 Min Units





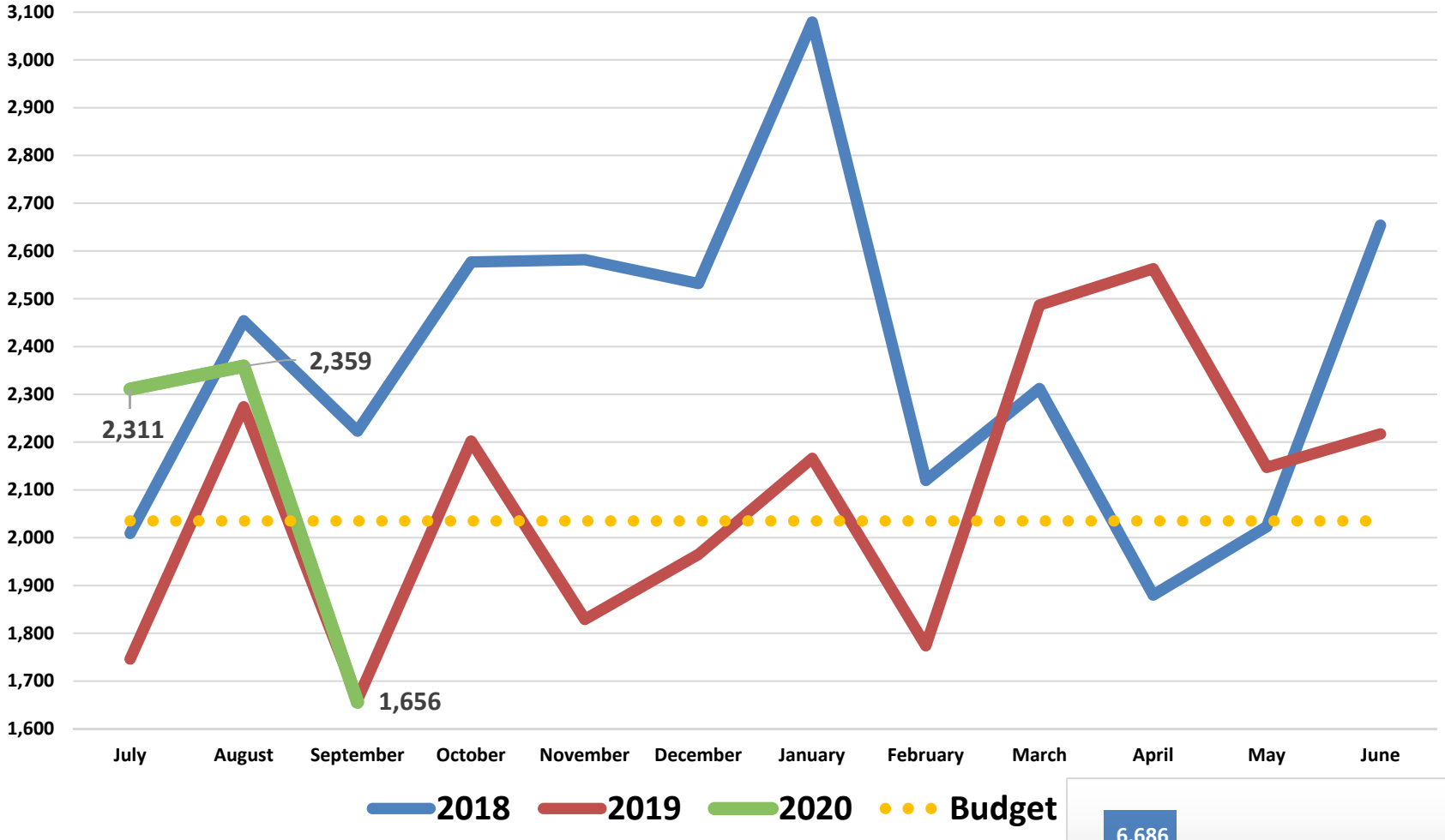
Cardiac Surgery – 100 Min Units

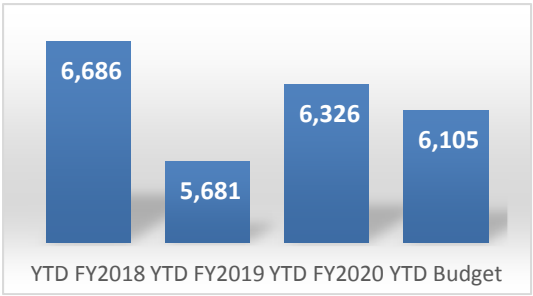




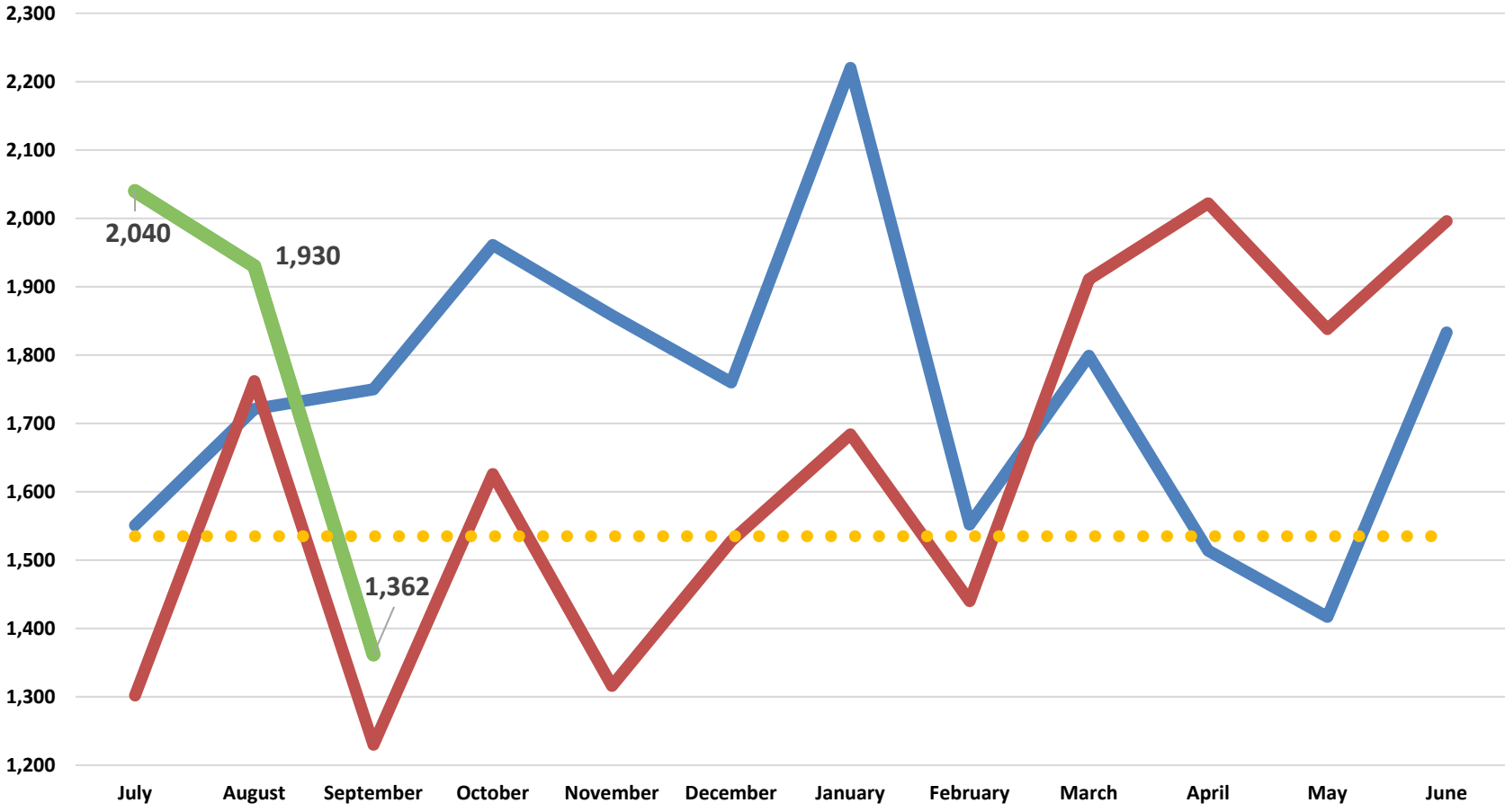
Radiation Oncology Treatments

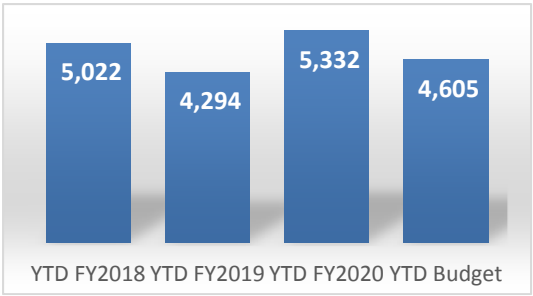
Hanford and Visalia



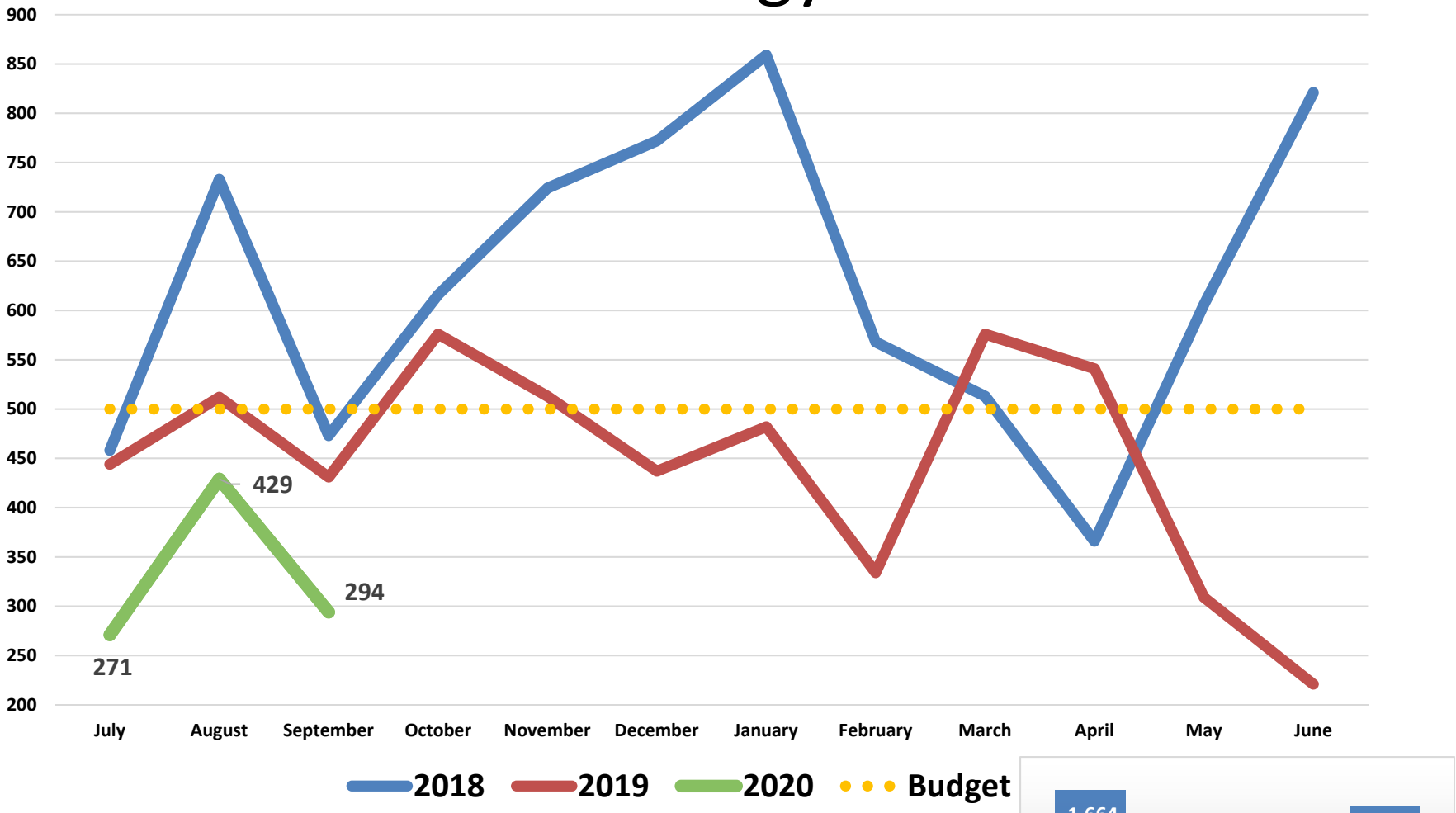


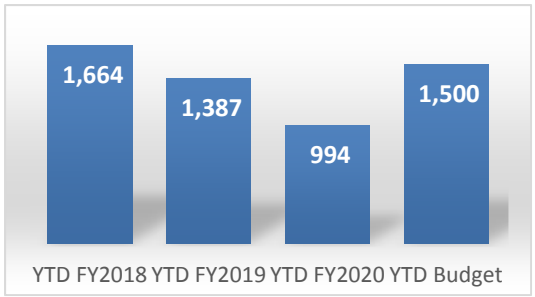
Radiation Oncology - Visalia



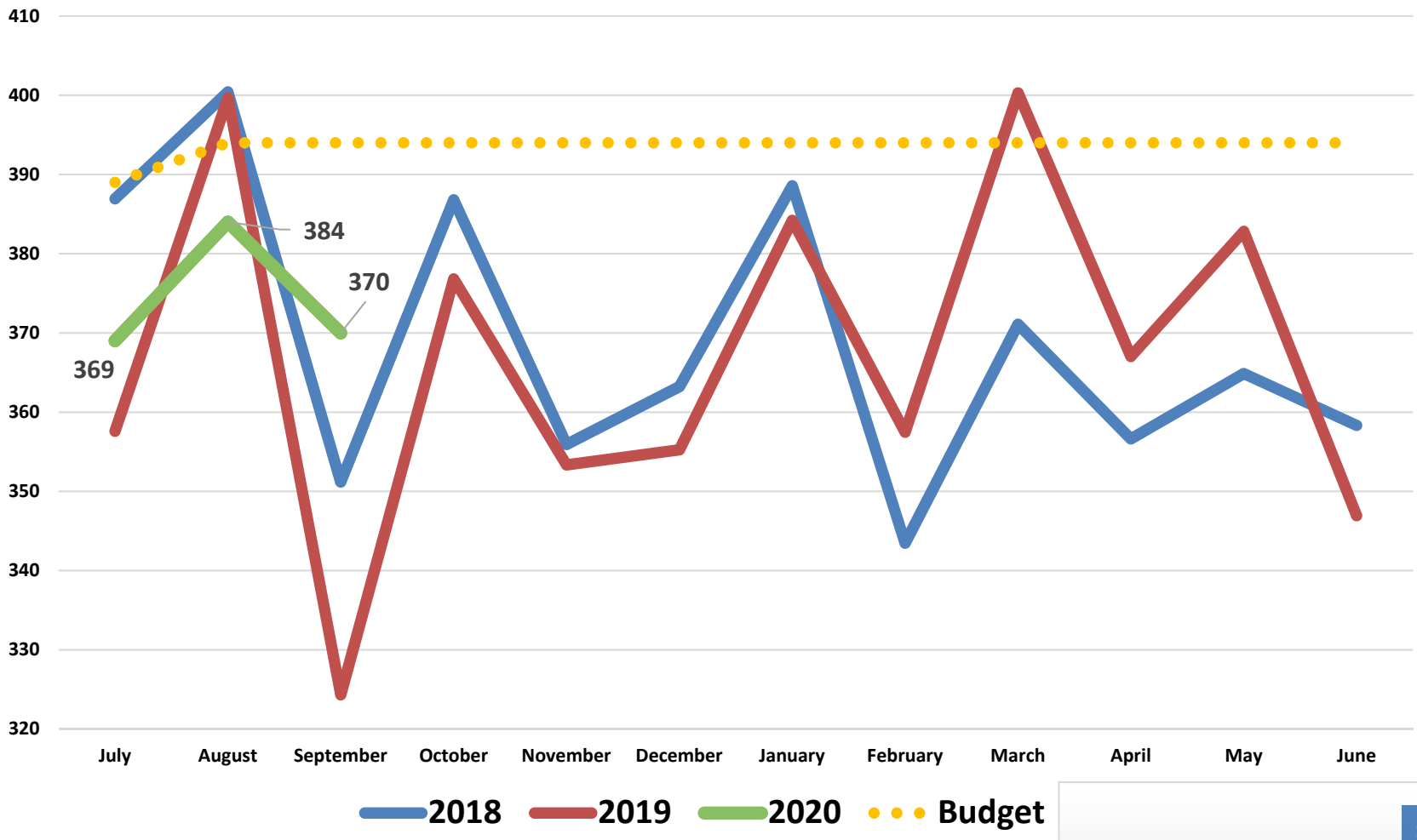


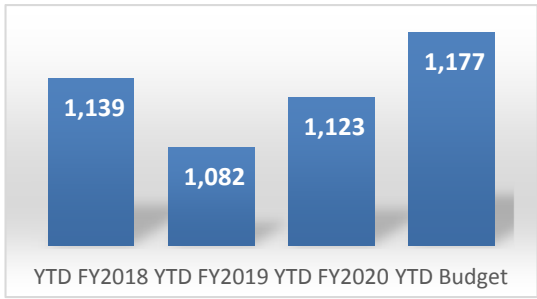
Radiation Oncology - Hanford



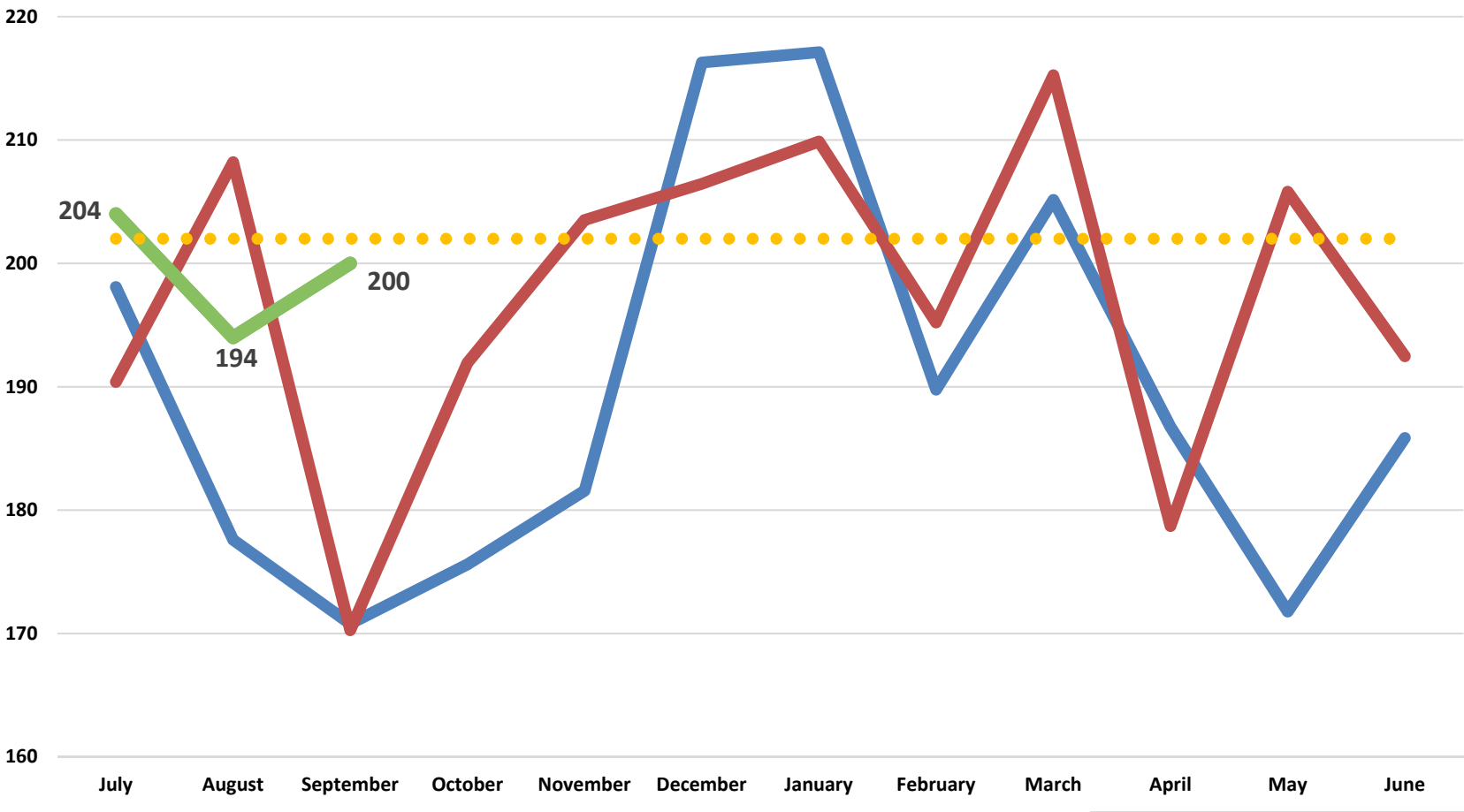


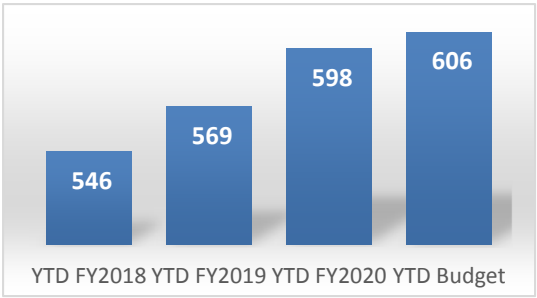
Cath Lab (IP & OP) – 100 Min Units



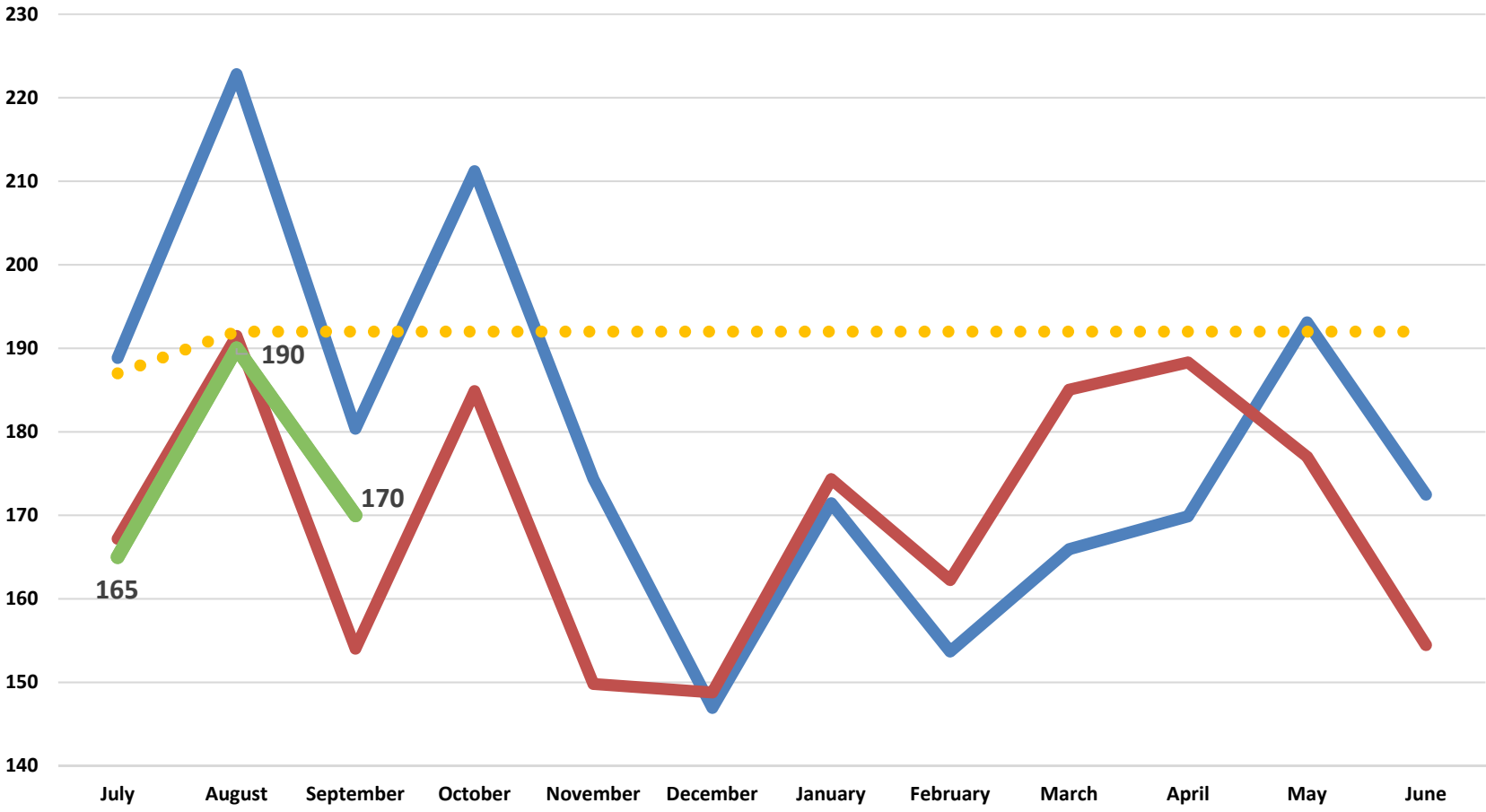


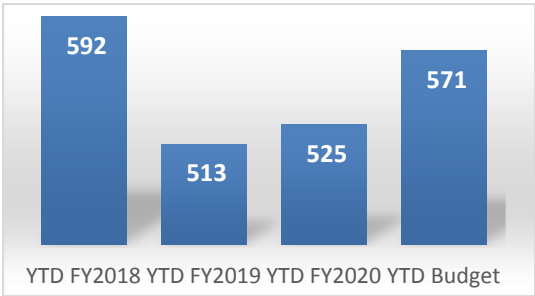
Cath Lab (IP Only) – 100 Min Units



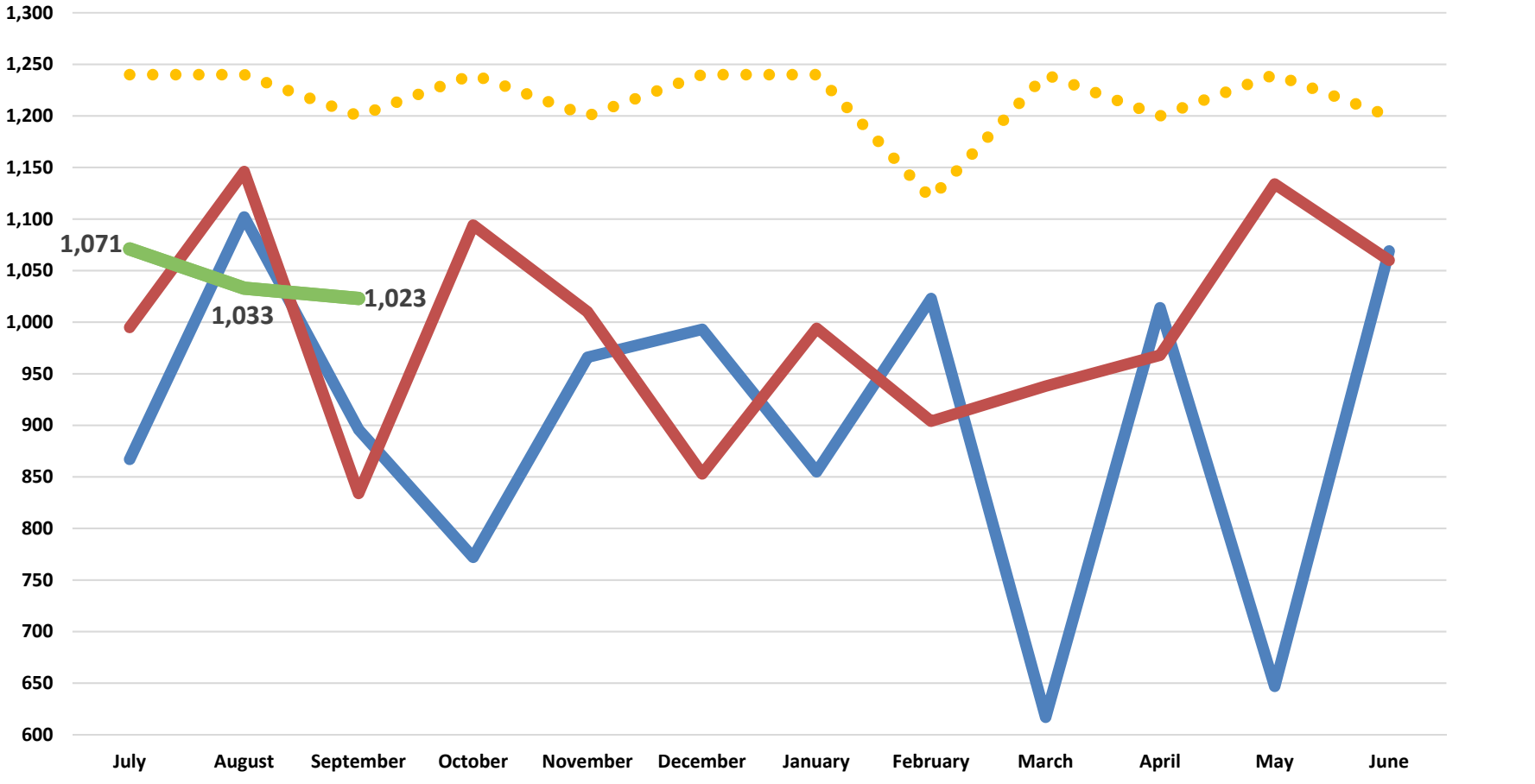


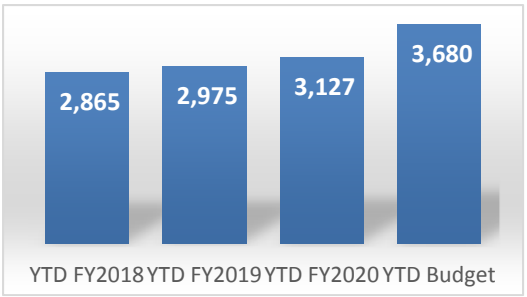
Cath Lab (OP Only) – 100 Min Units



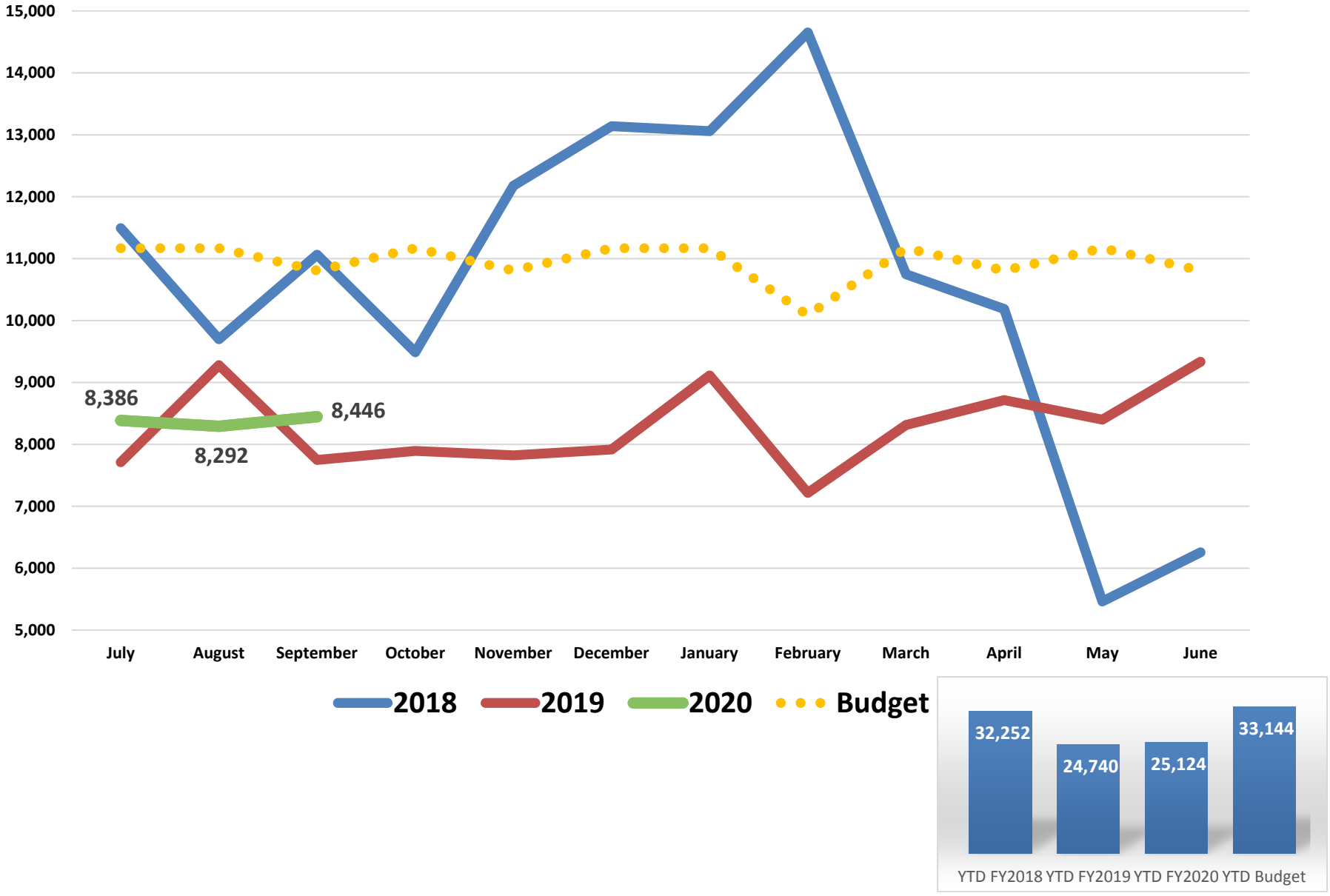


GME Family Medicine Clinic Visits

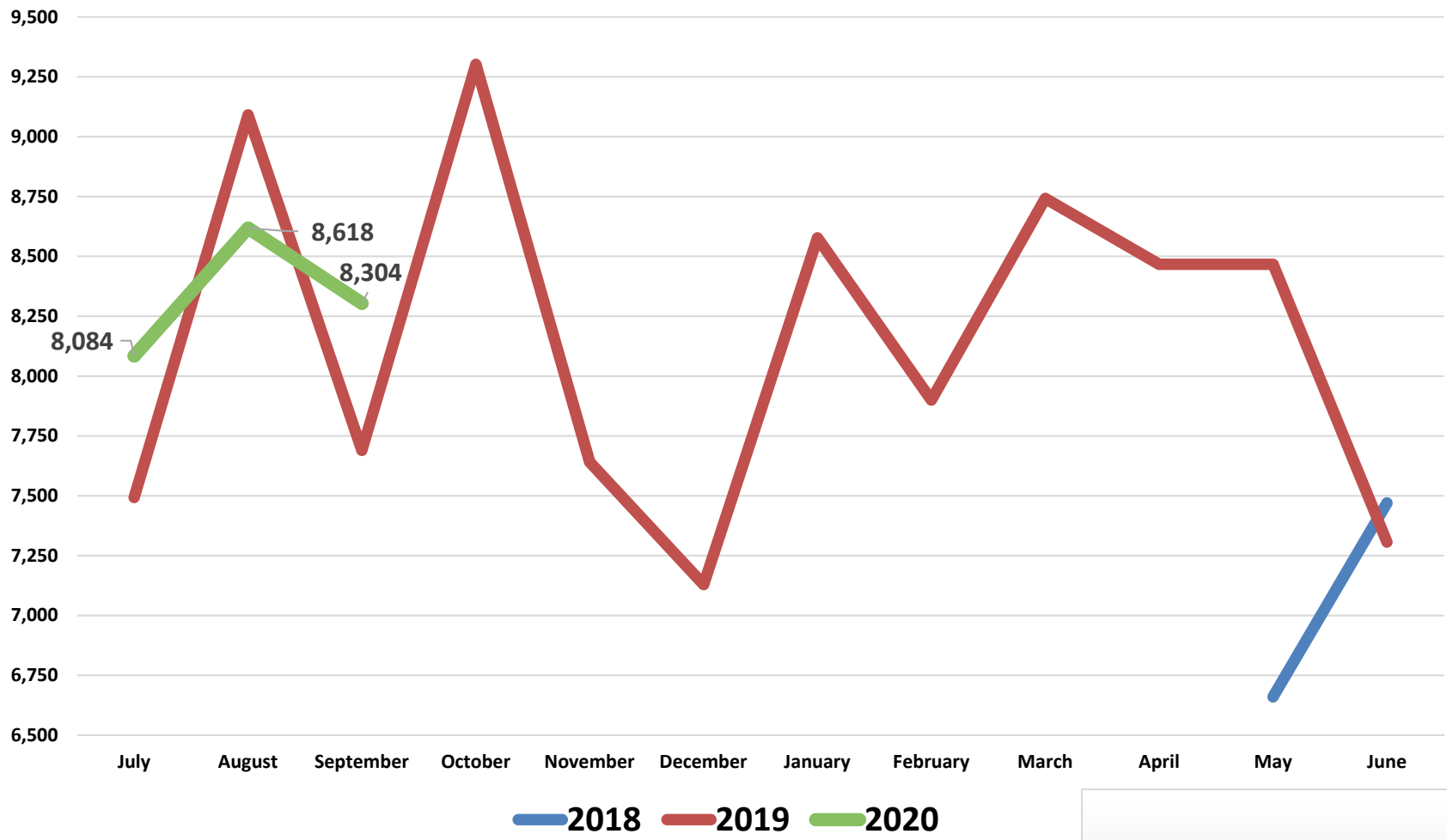


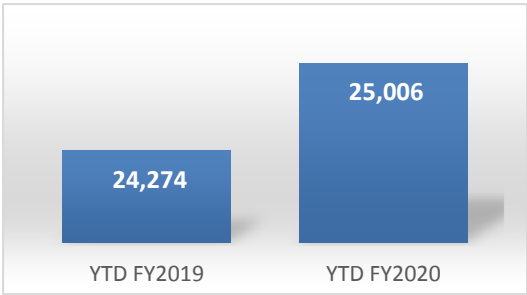


Rural Health Clinic Procedures

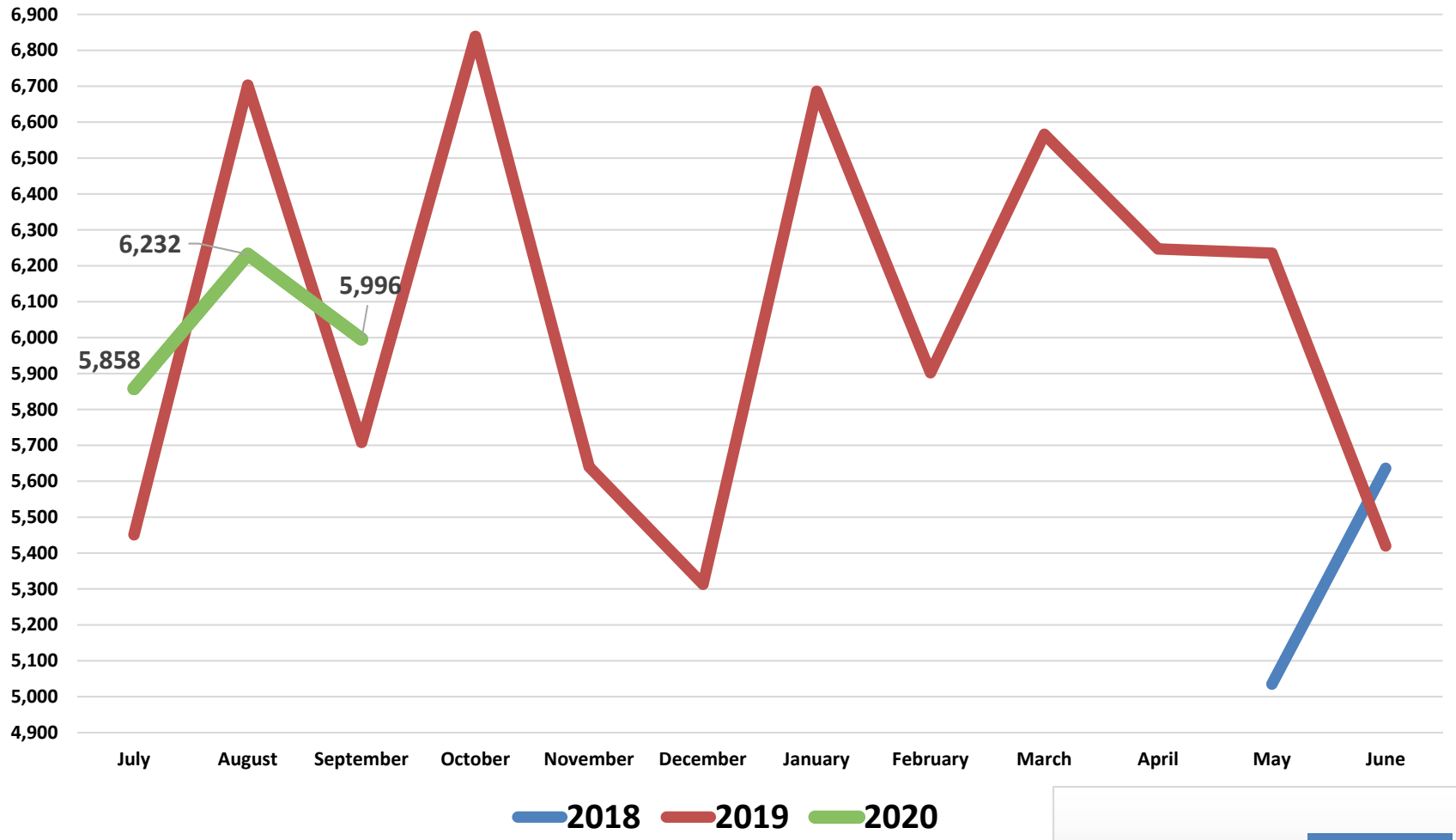


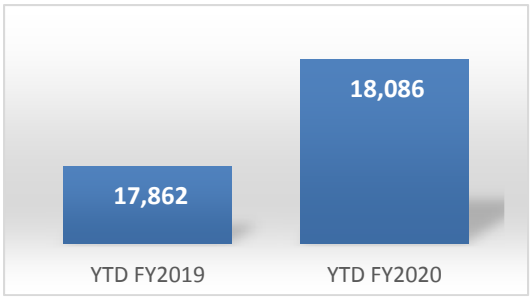
Rural Health Clinic Registrations



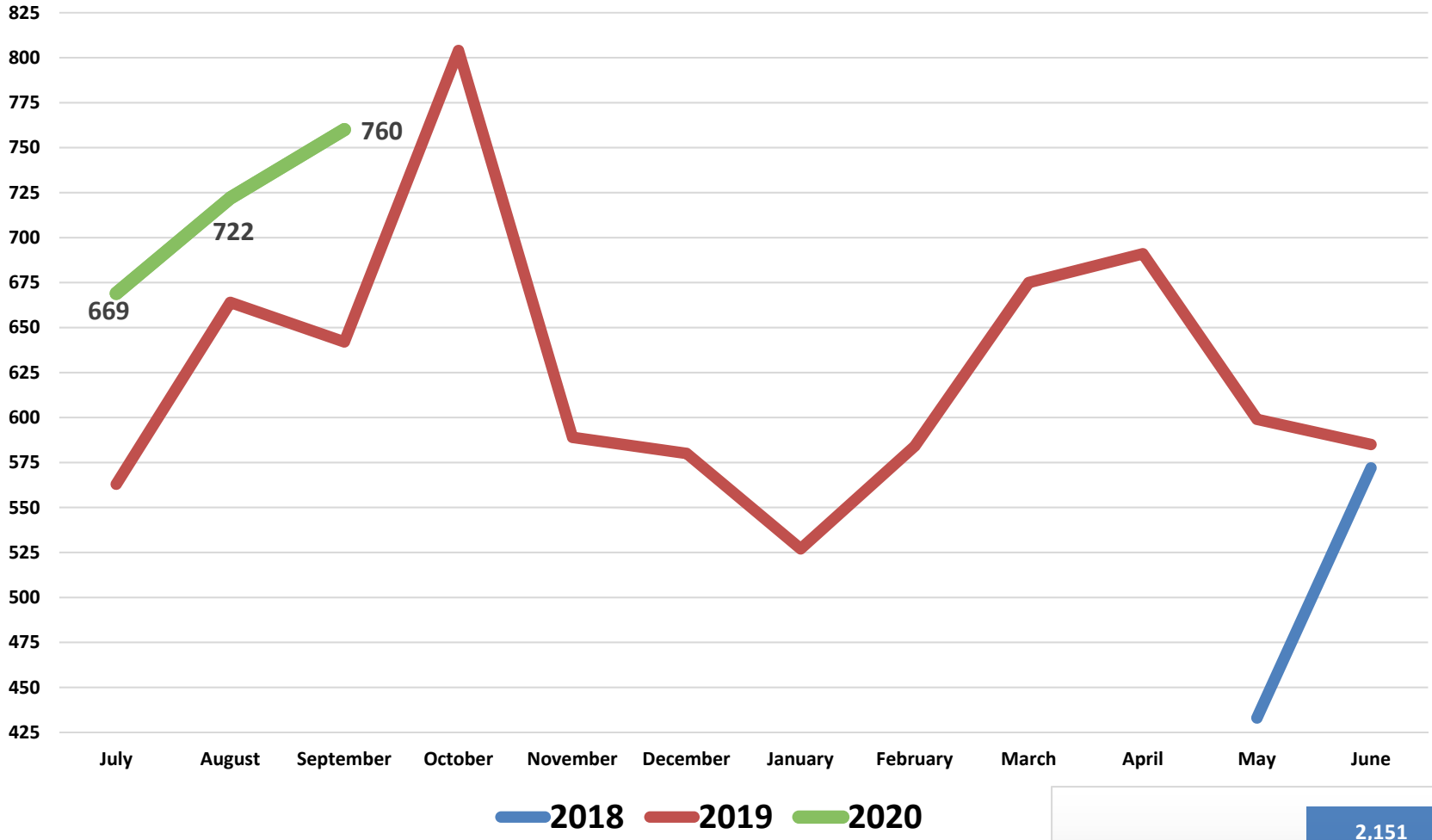


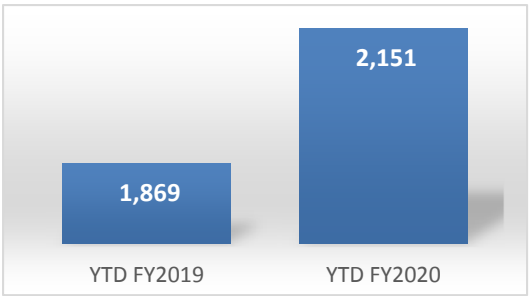
Exeter RHC - Registrations



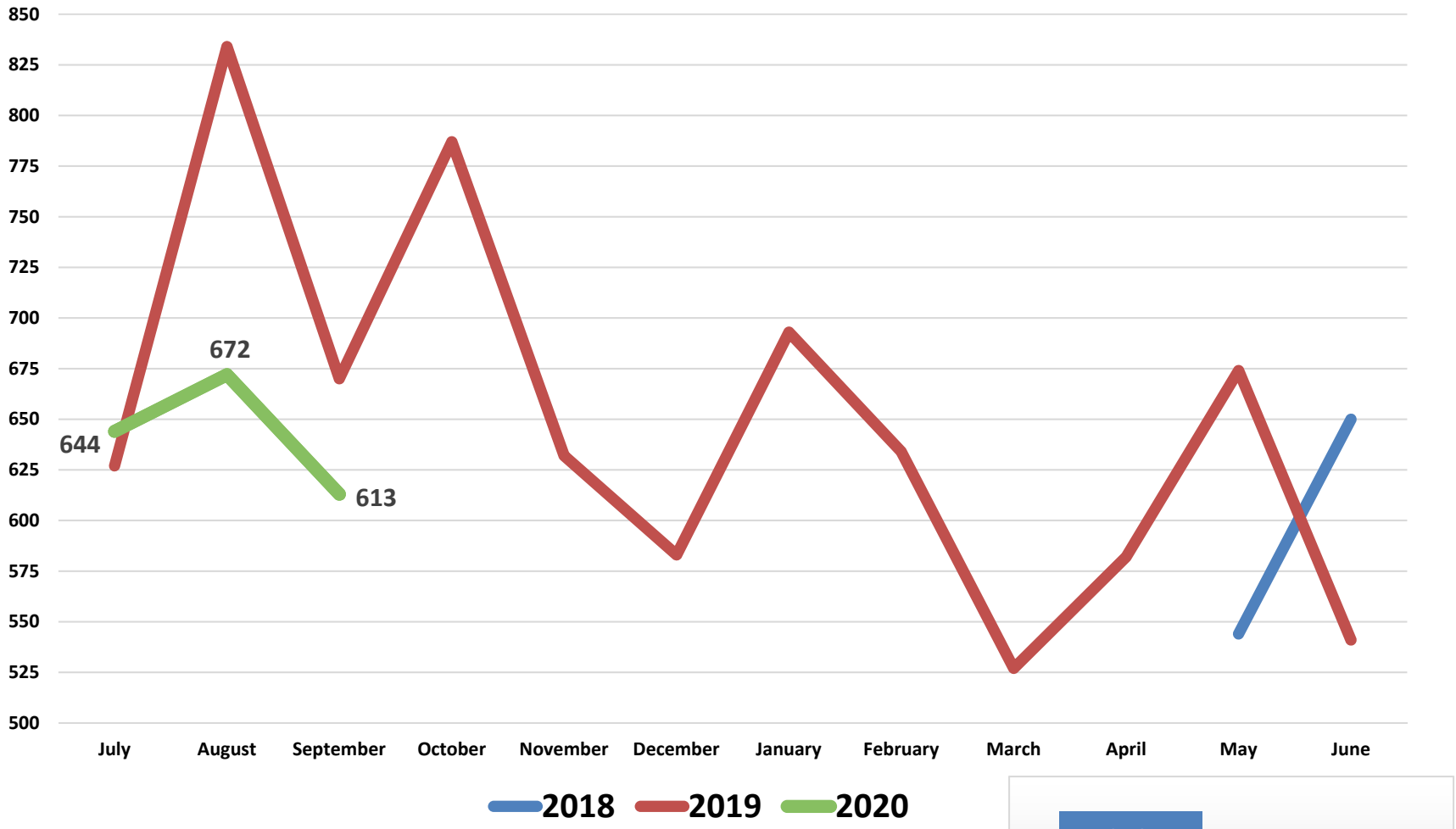


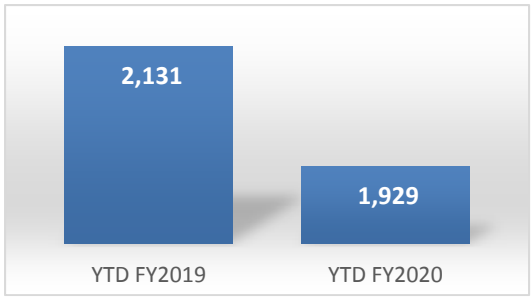
Lindsay RHC - Registrations



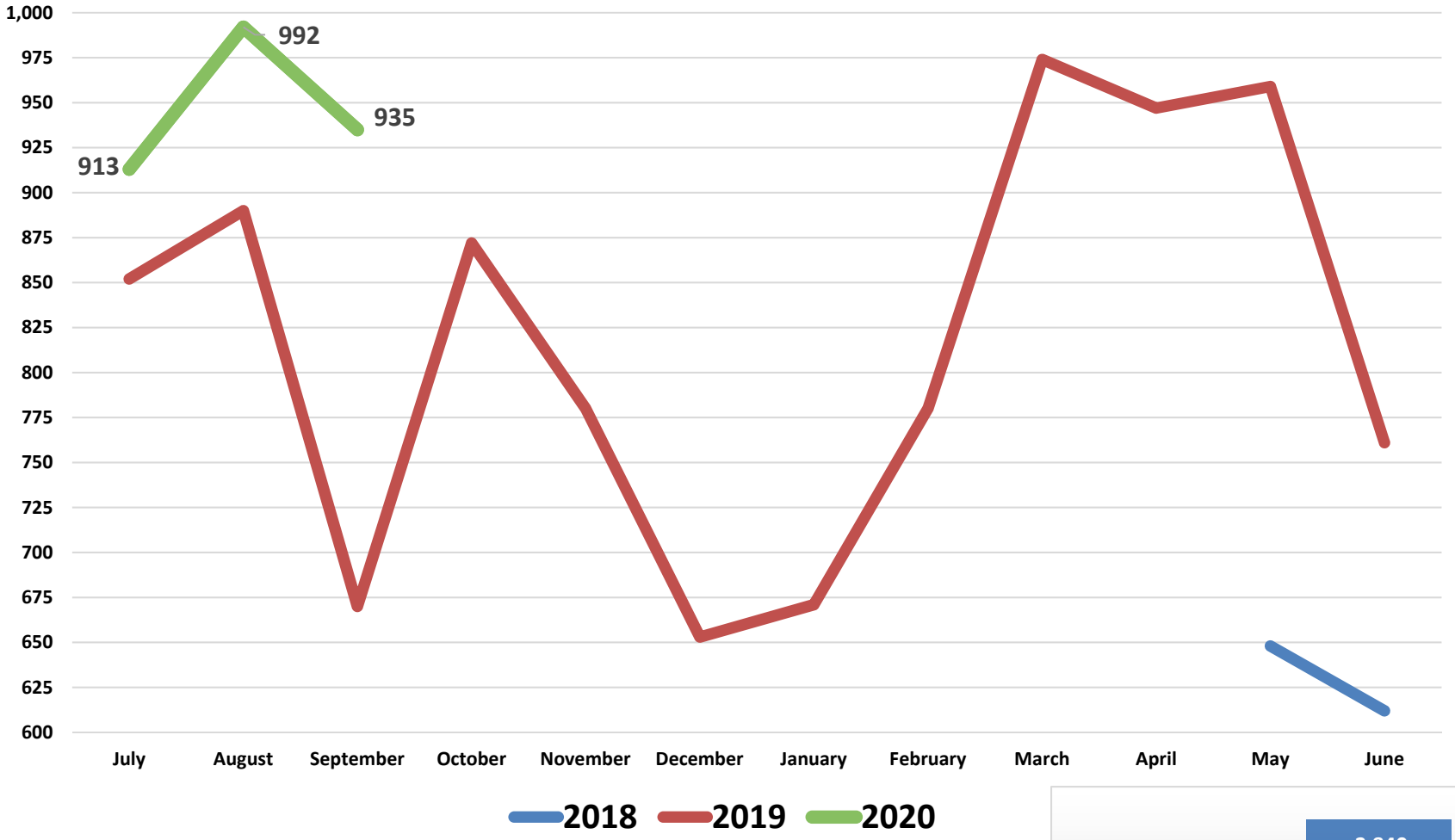


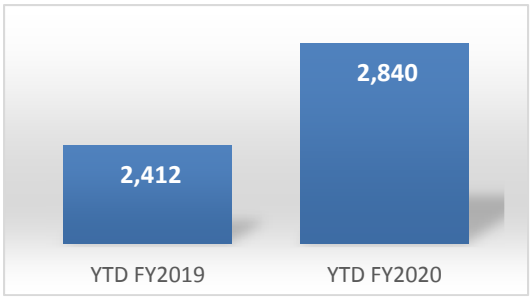
Woodlake RHC - Registrations



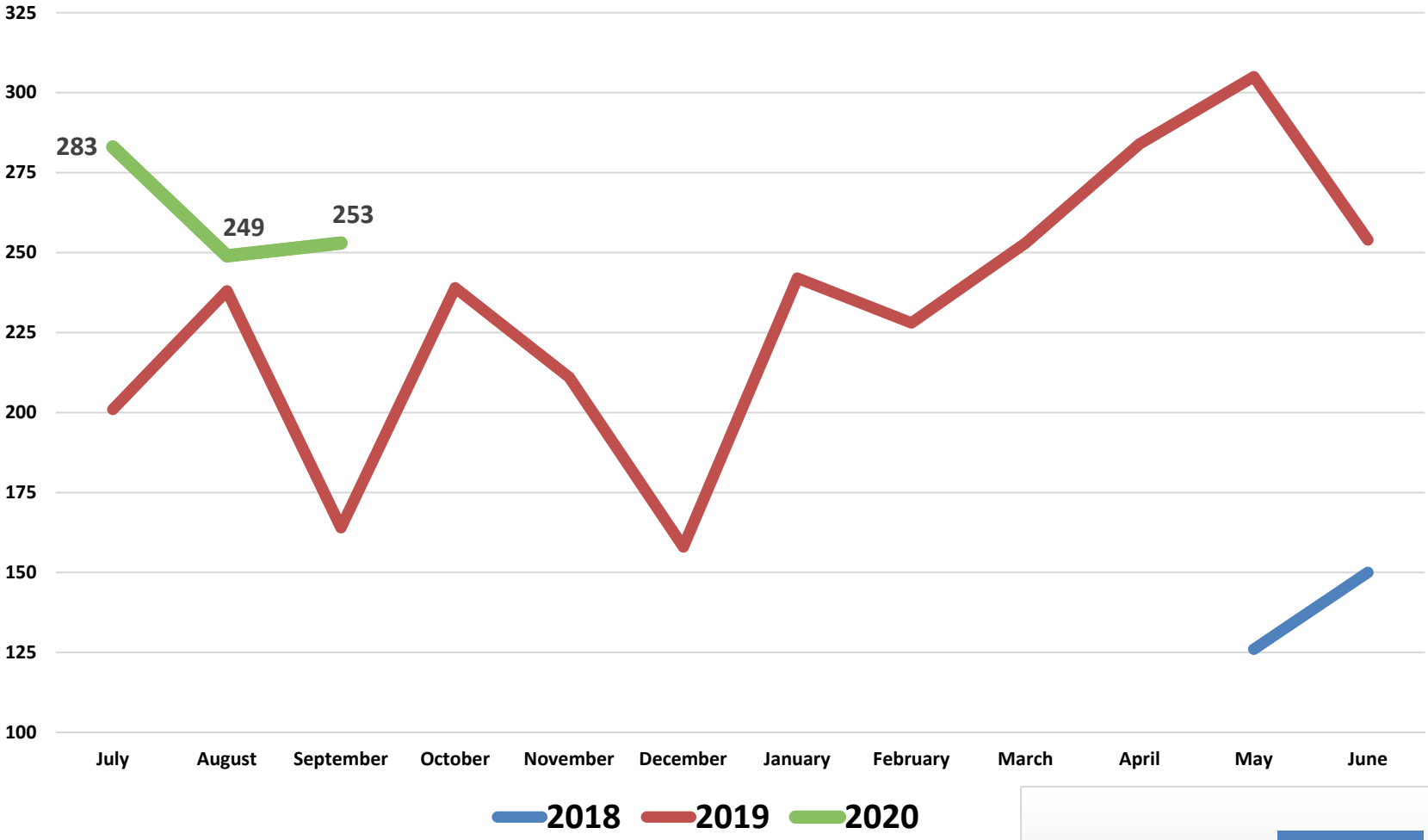


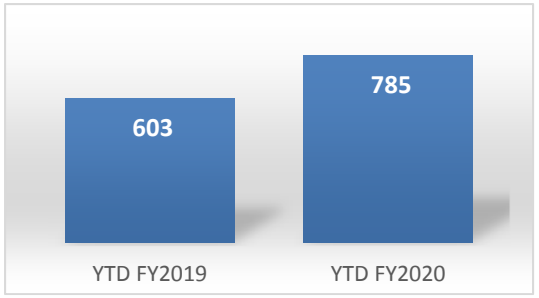
Dinuba RHC - Registrations



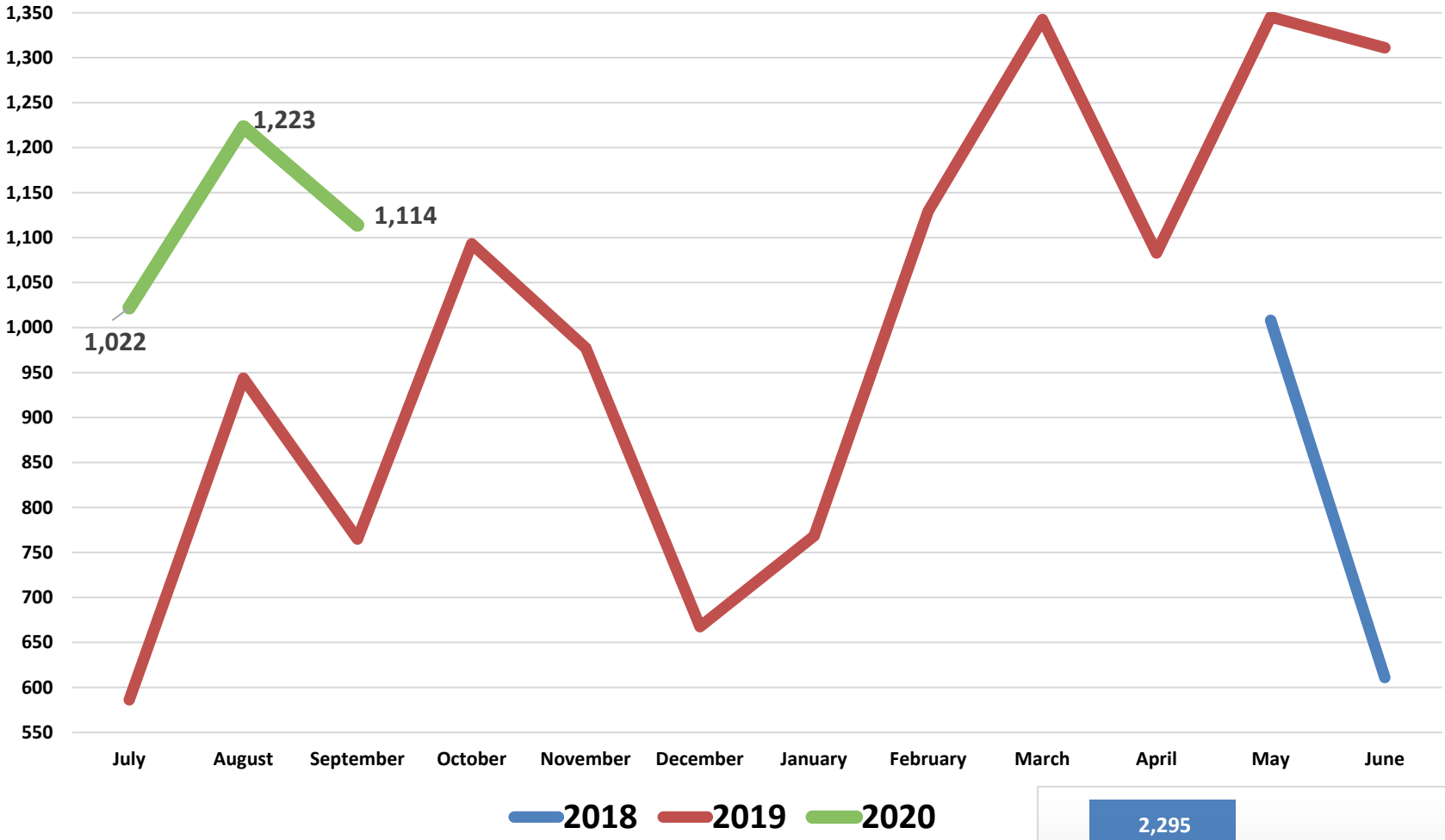


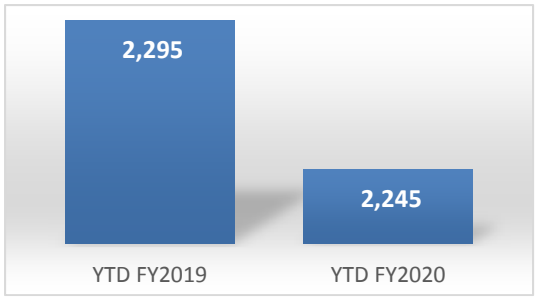
Neurosurgery Clinic - Registrations



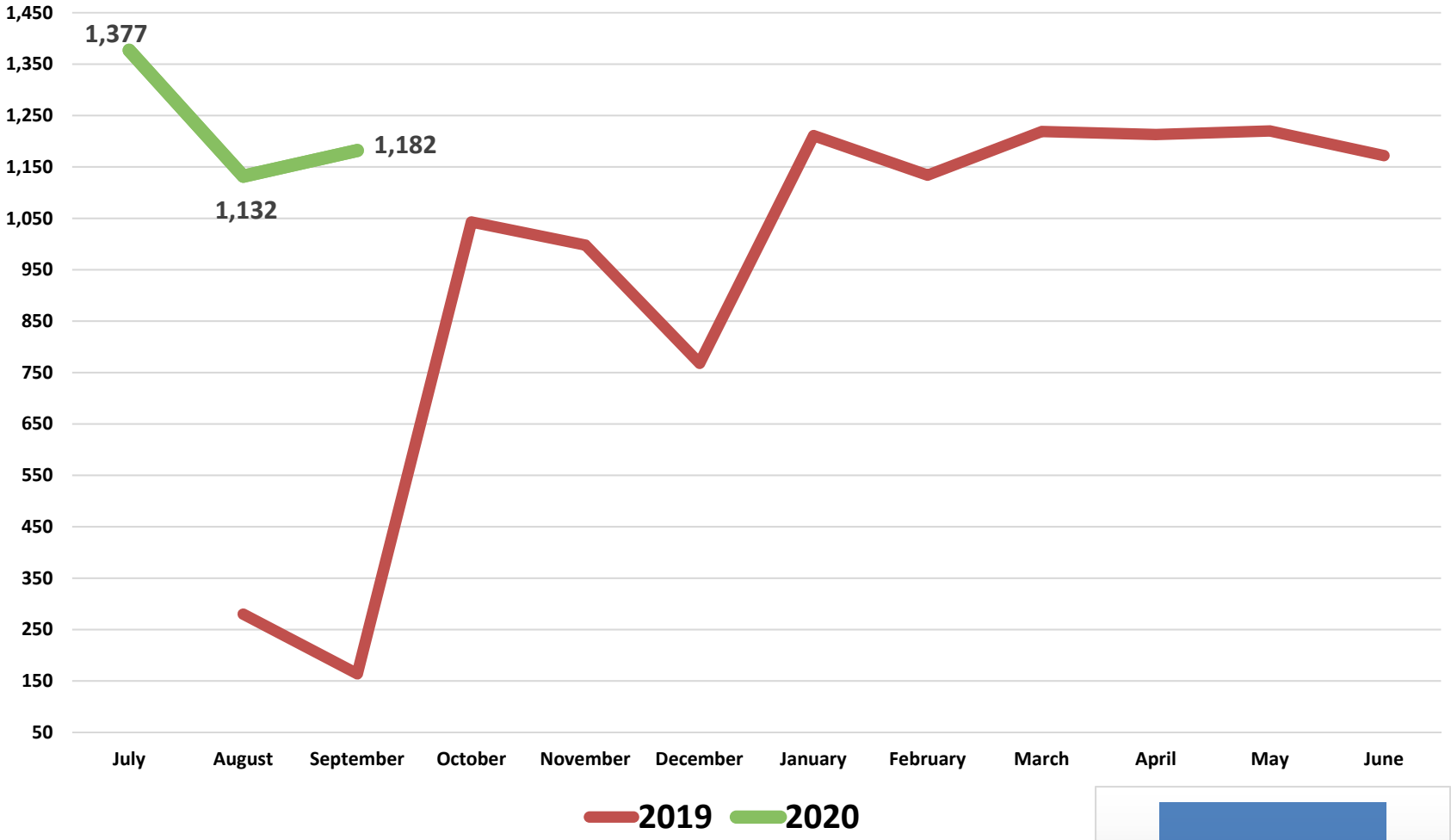


Neurosurgery Clinic - wRVU's

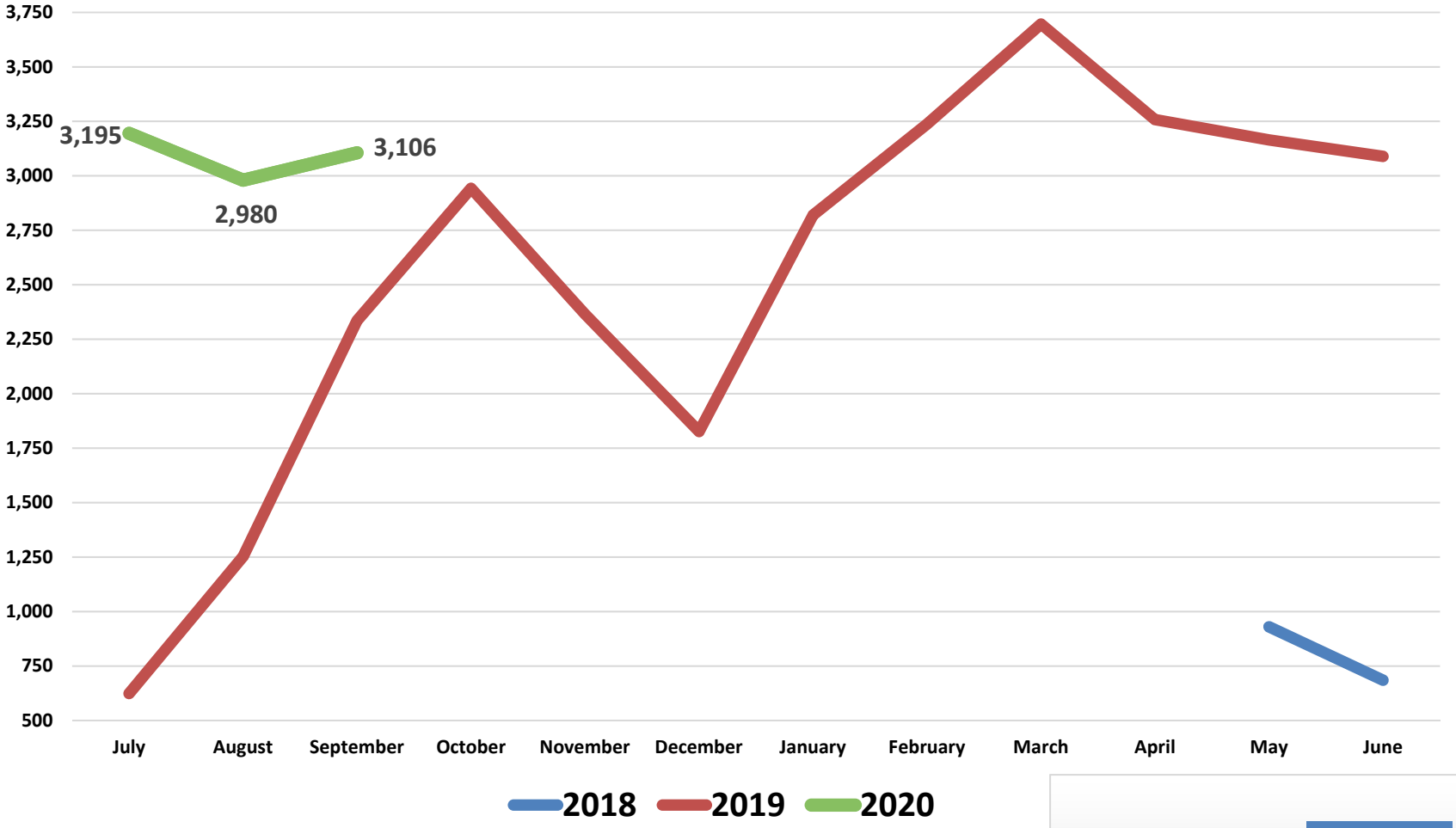


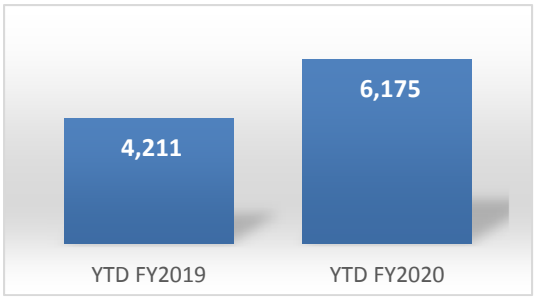


Sequoia Cardiology - Registrations

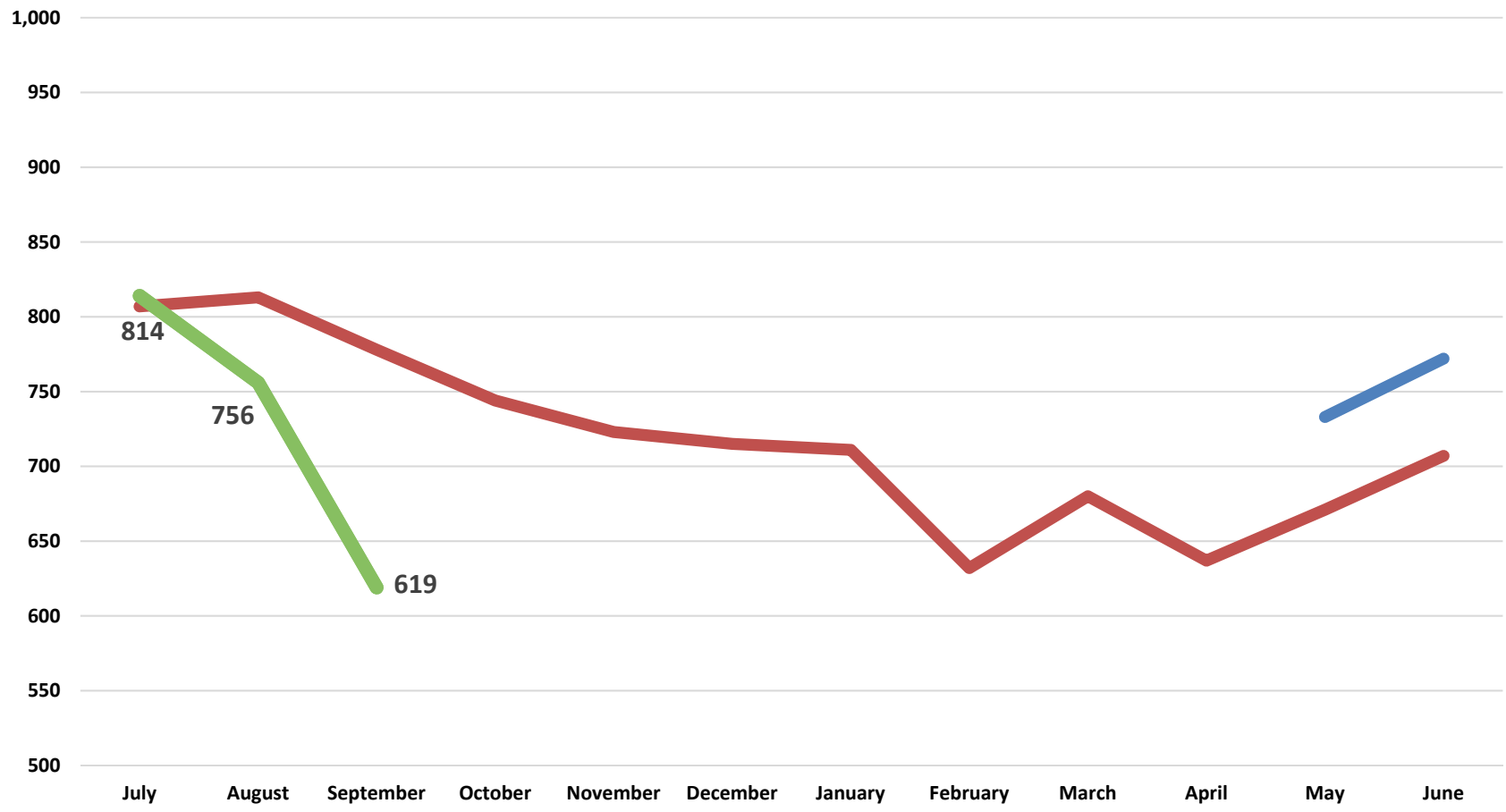


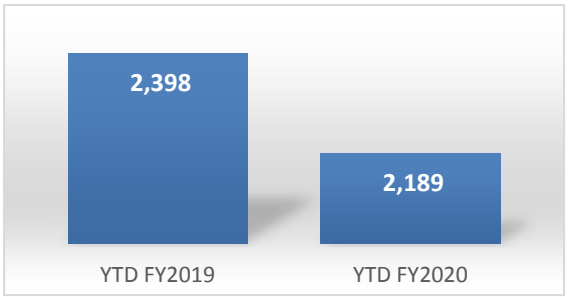
Sequoia Cardiology – wRVU's



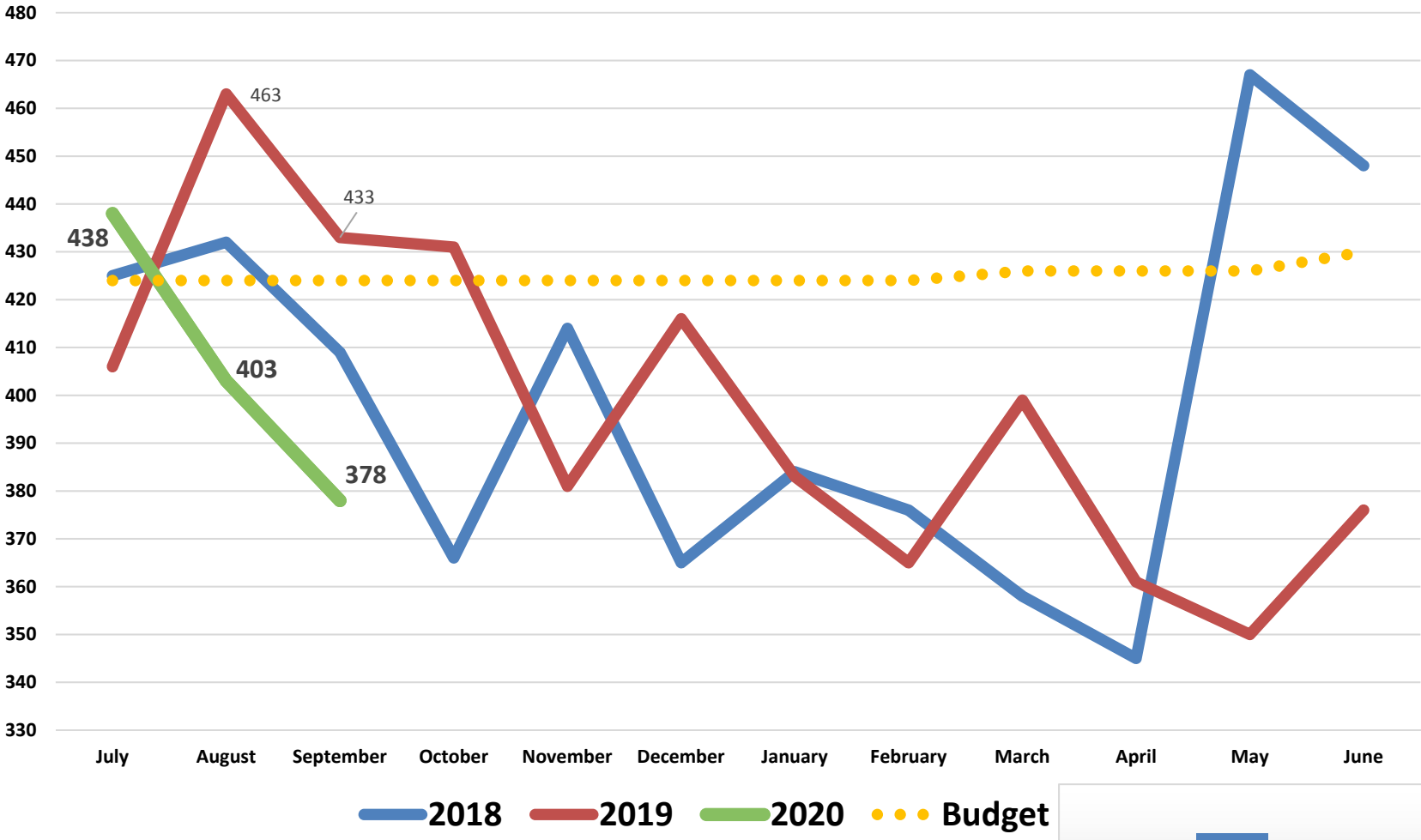


Labor Triage Registrations





Deliveries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July
August
September
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November
December
January
February
March
April
May
June
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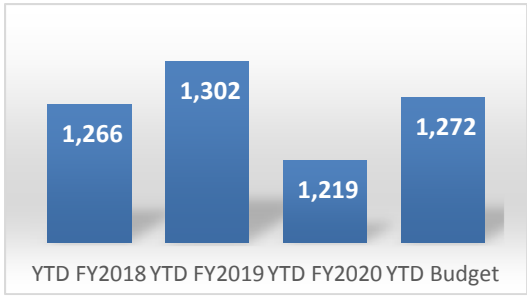
433
438
403
378
2018
2019
2020
Budget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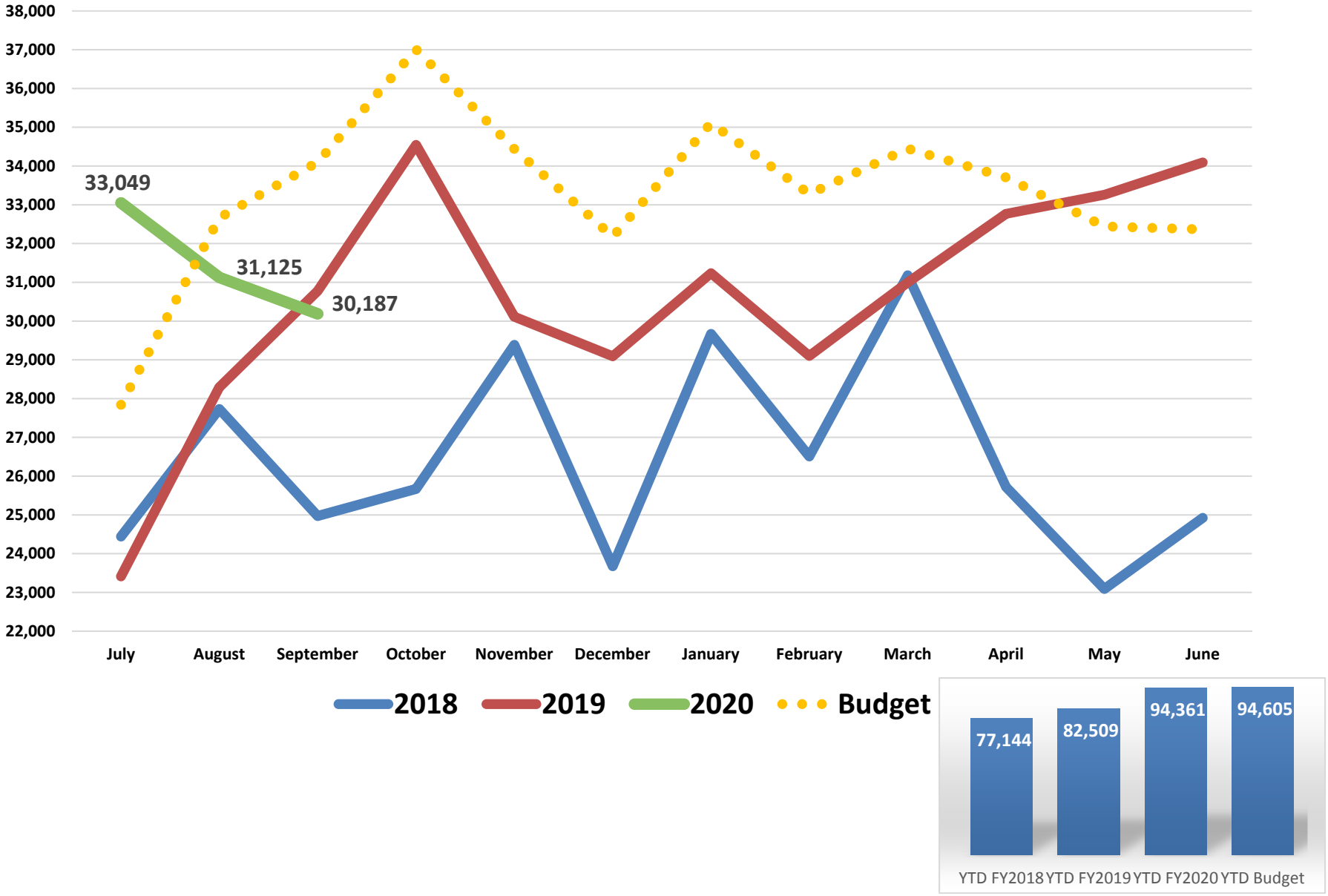
YTD FY2019
YTD FY2020
YTD Budget

KDMF RVU's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January
February
March
April
May
June
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2019
2020
Budget
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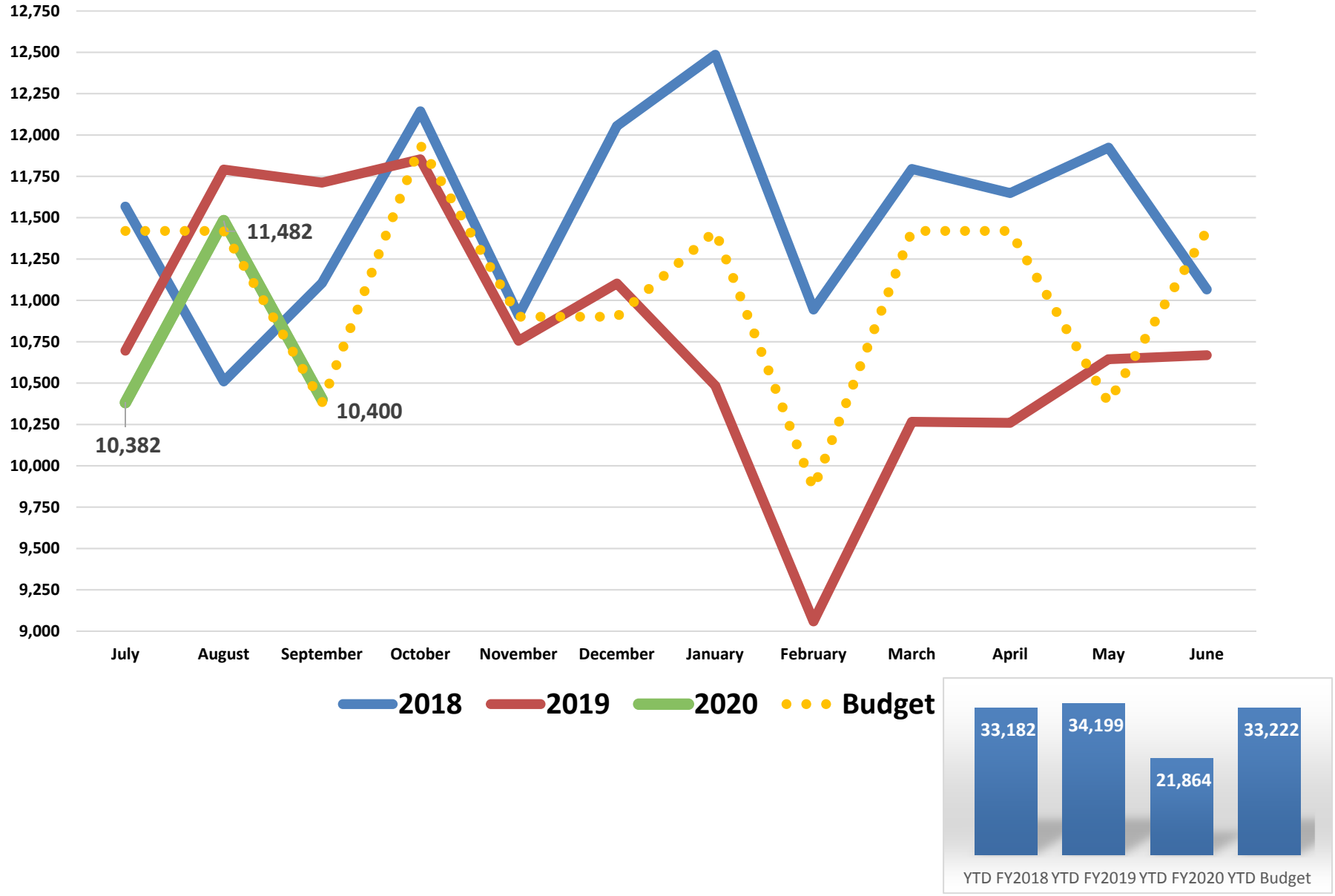
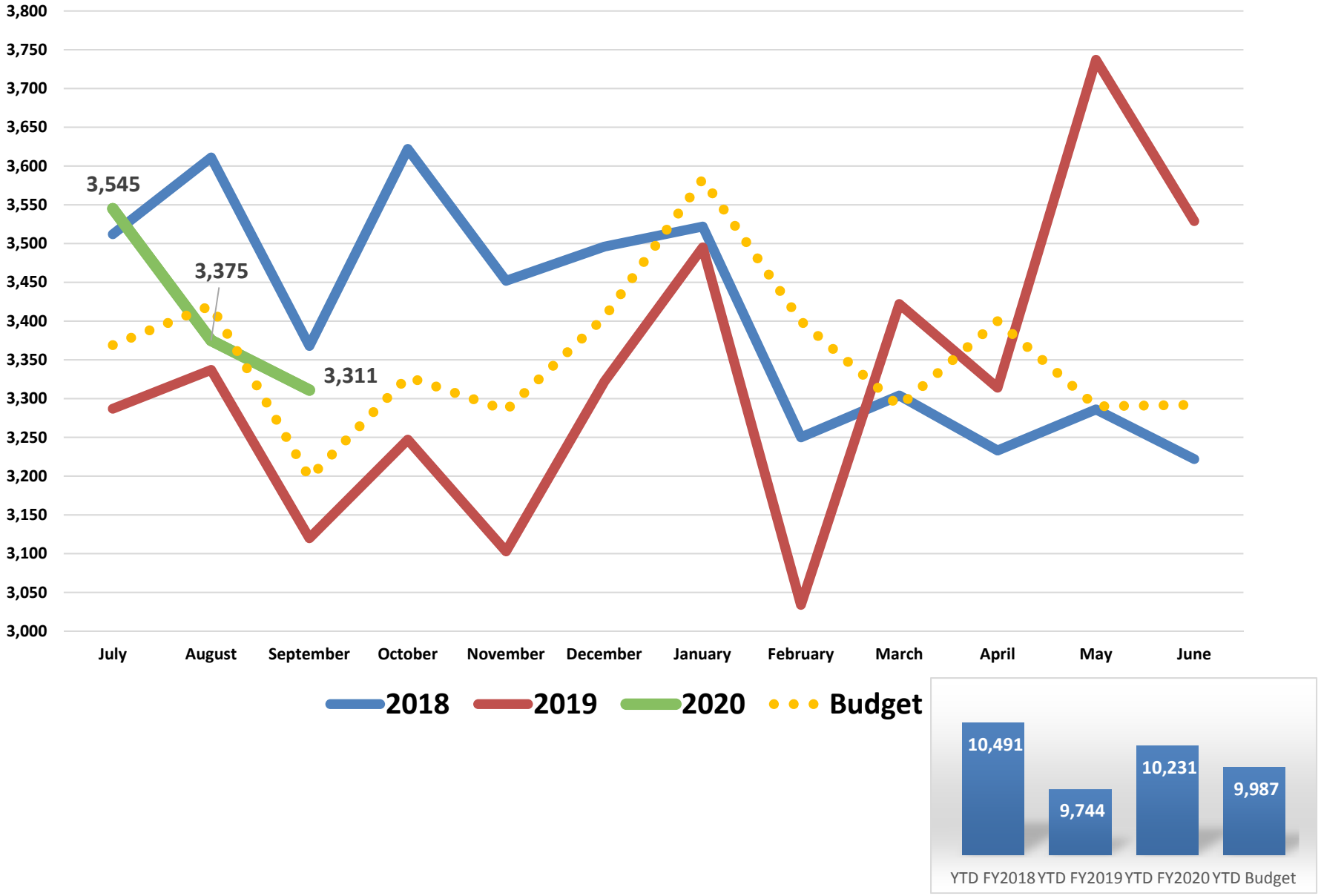
YTD FY2018
YTD FY2019
YTD FY2020
YTD Budget

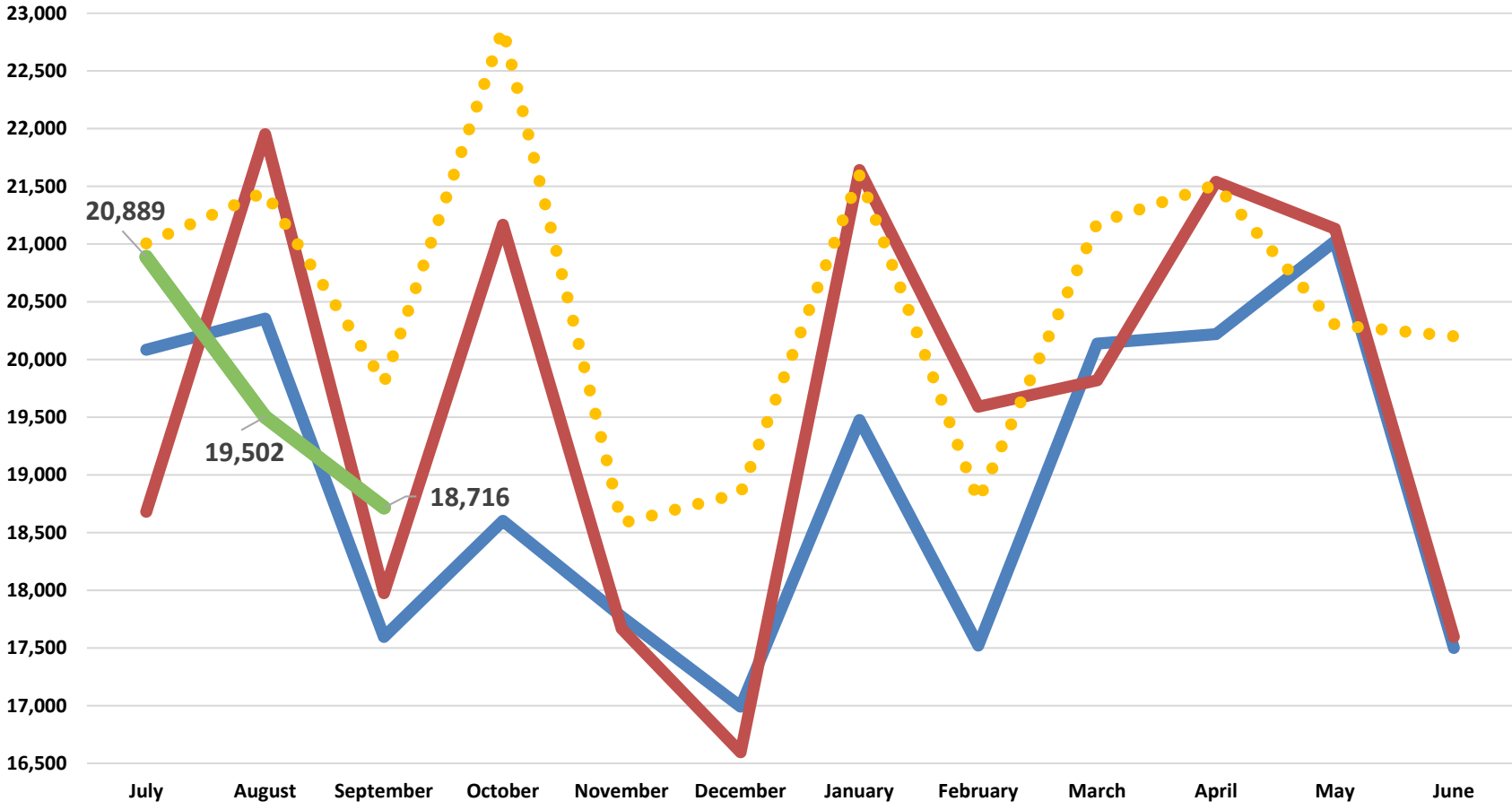
Home Infusion Days

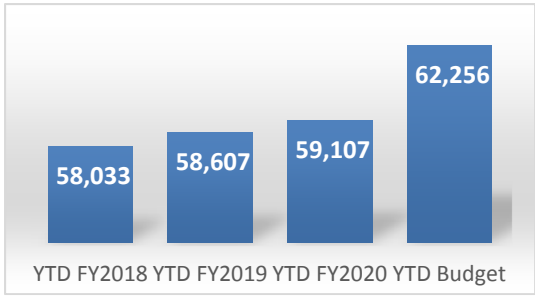


Hospice Days

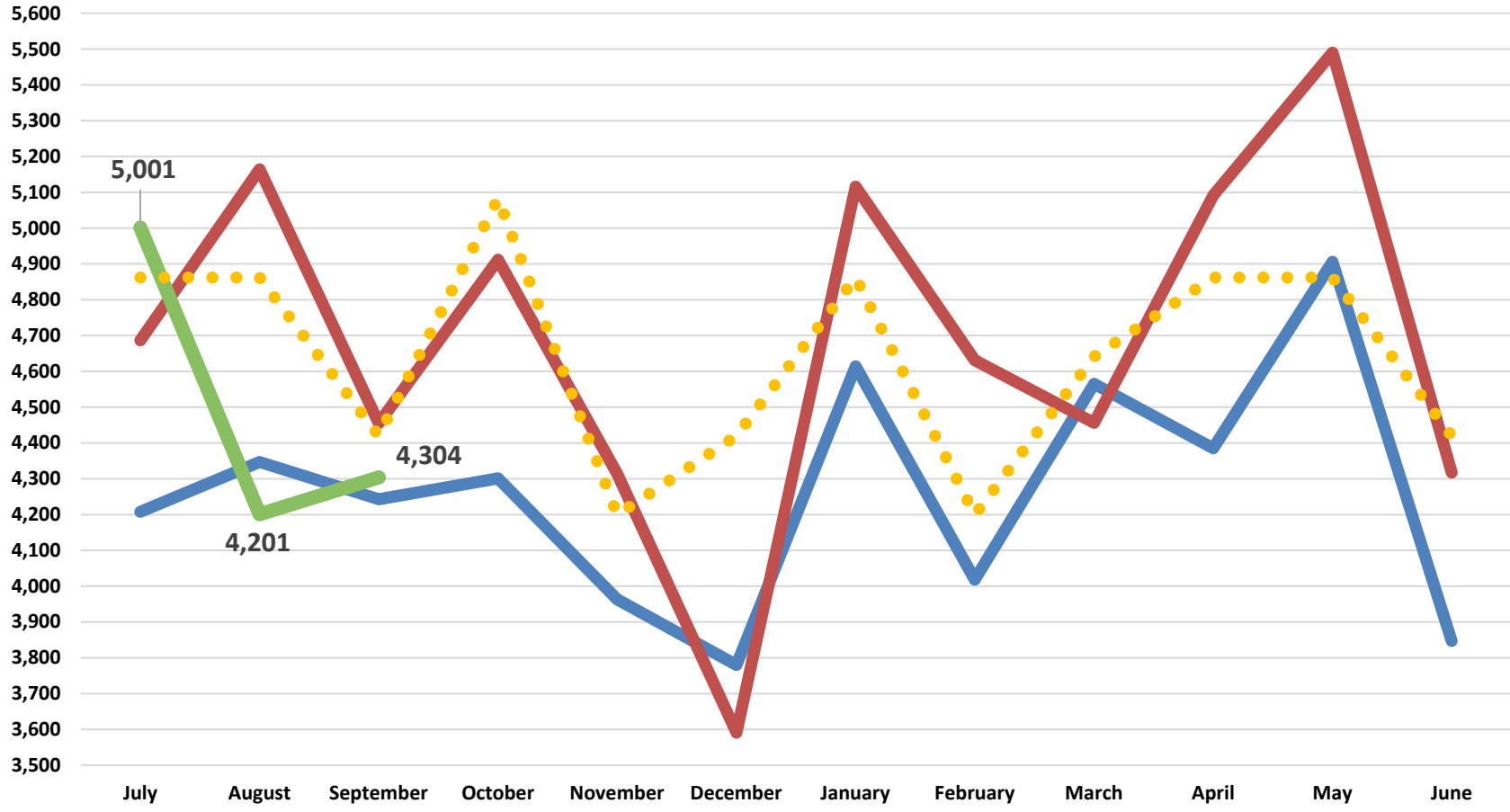


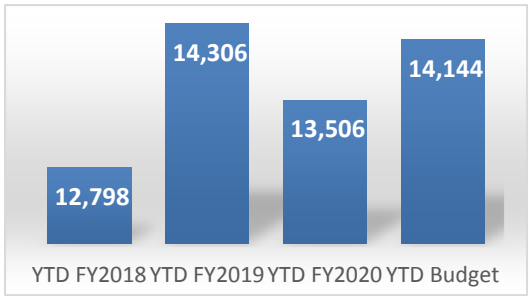
All O/P Rehab Services Across District



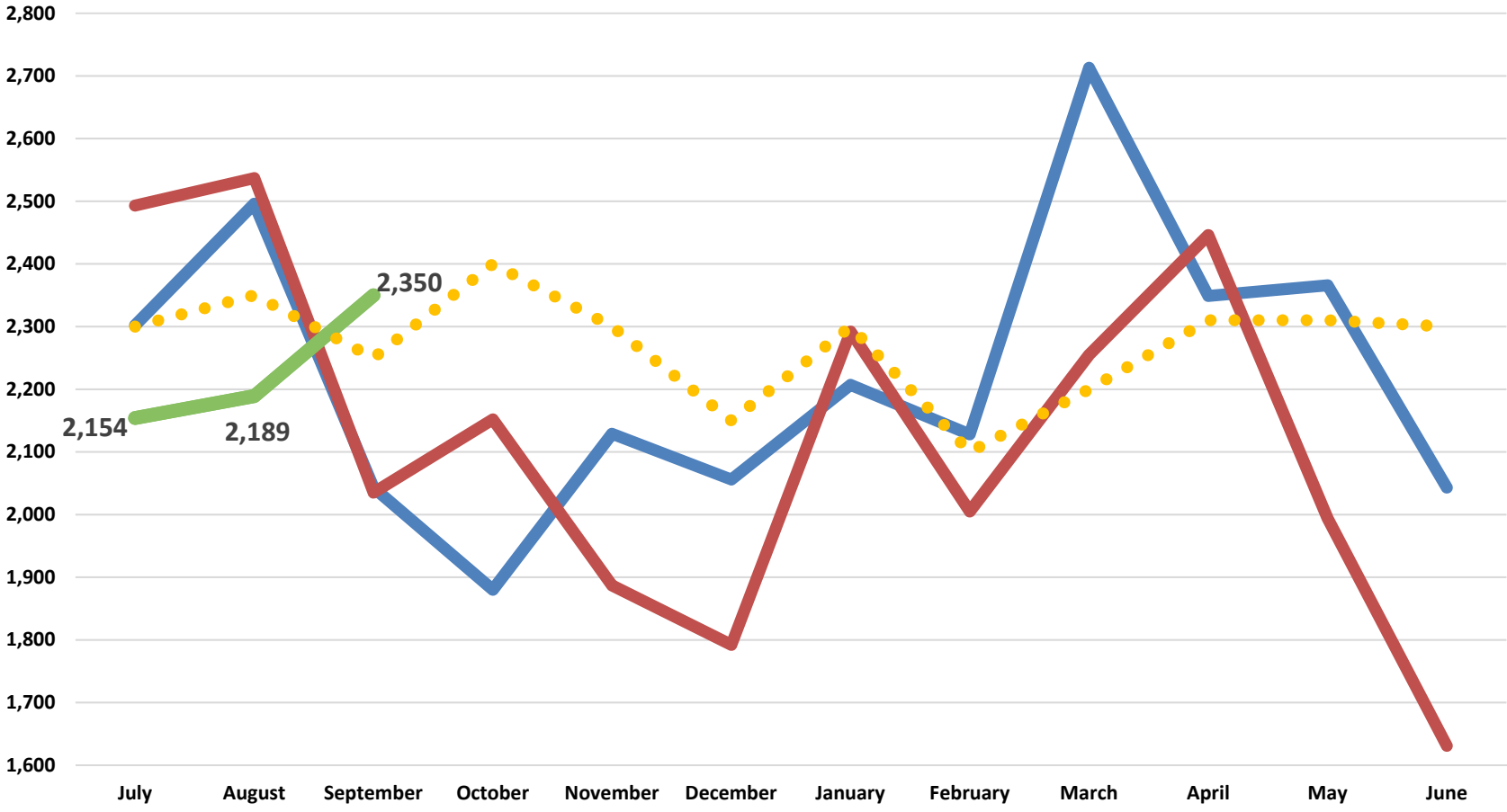


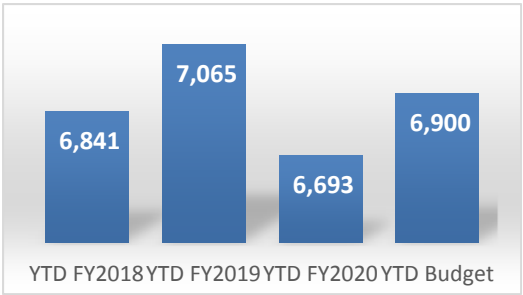
O/P Rehab Services



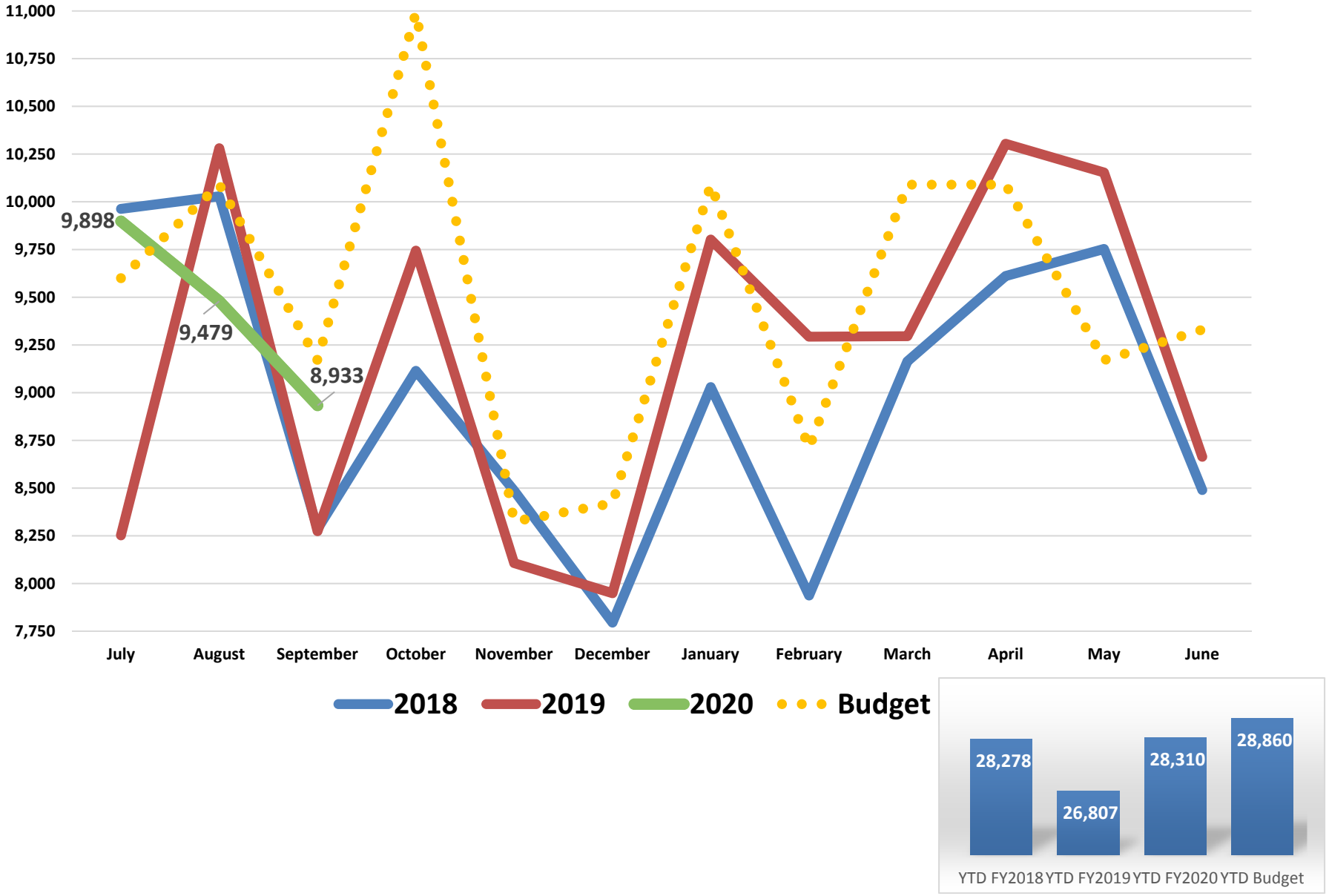


O/P Rehab - Exeter

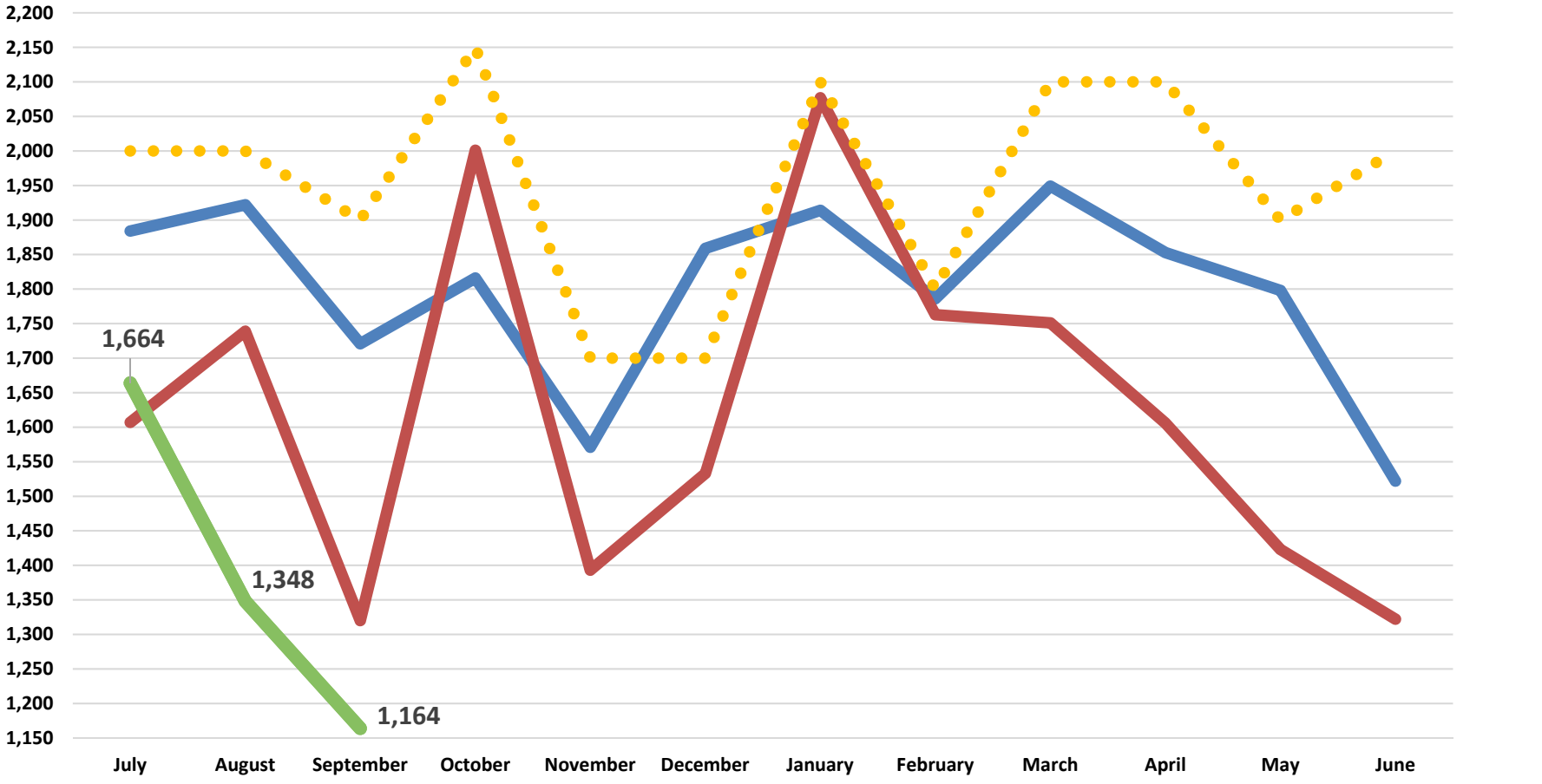


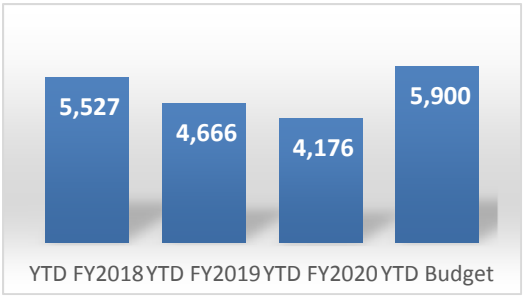


O/P Rehab - Akers

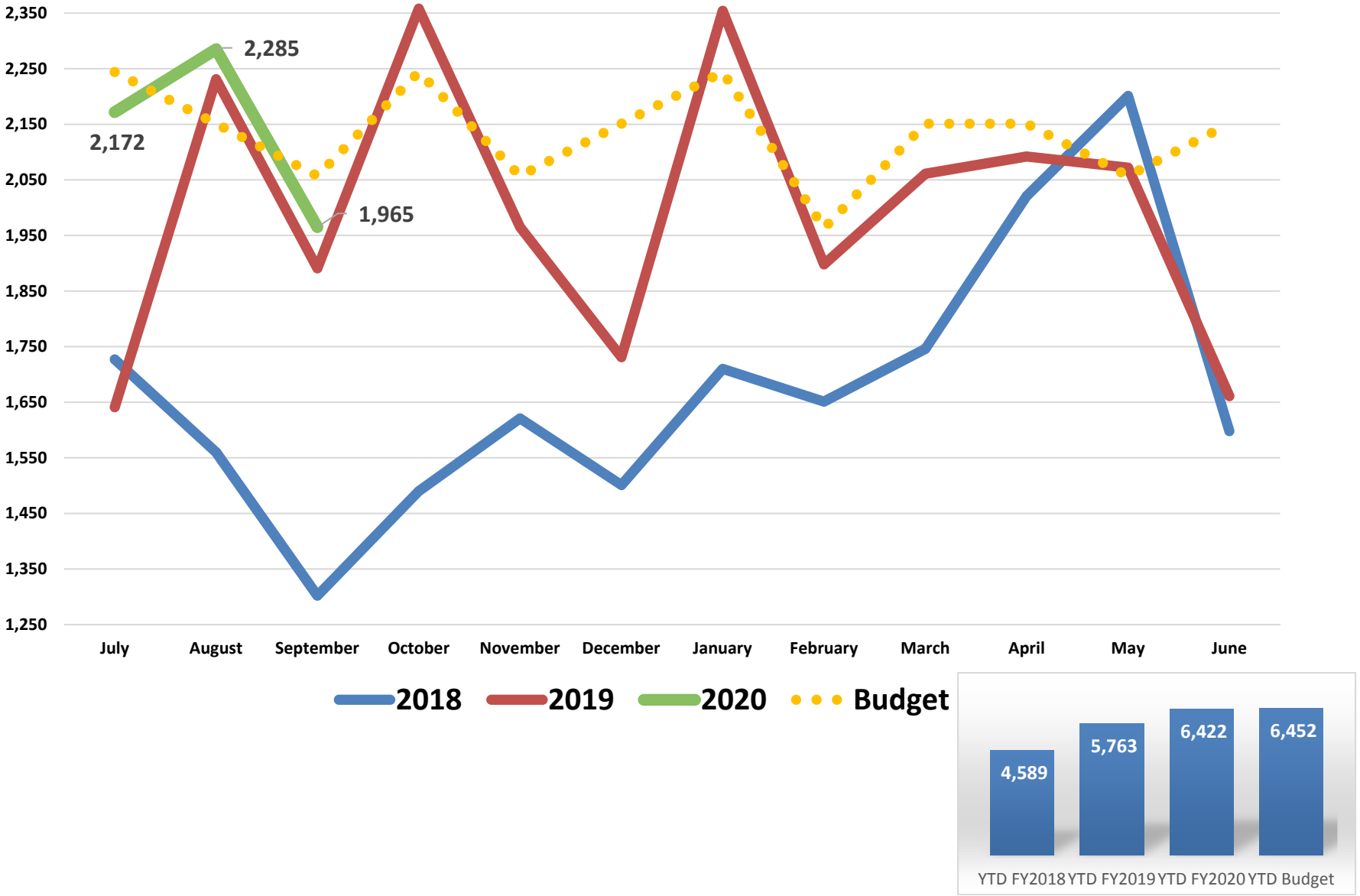


O/P Rehab - LLOPT

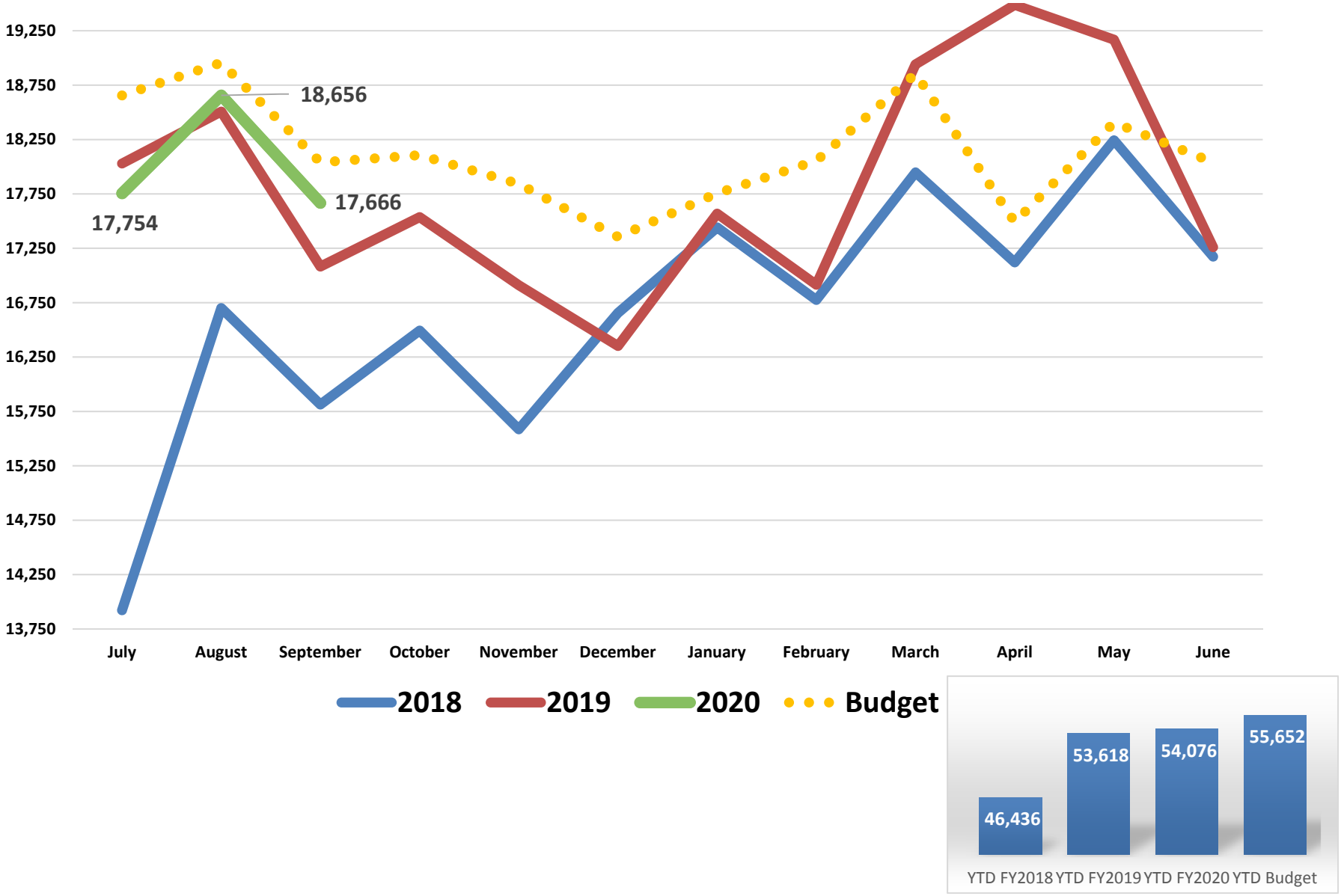




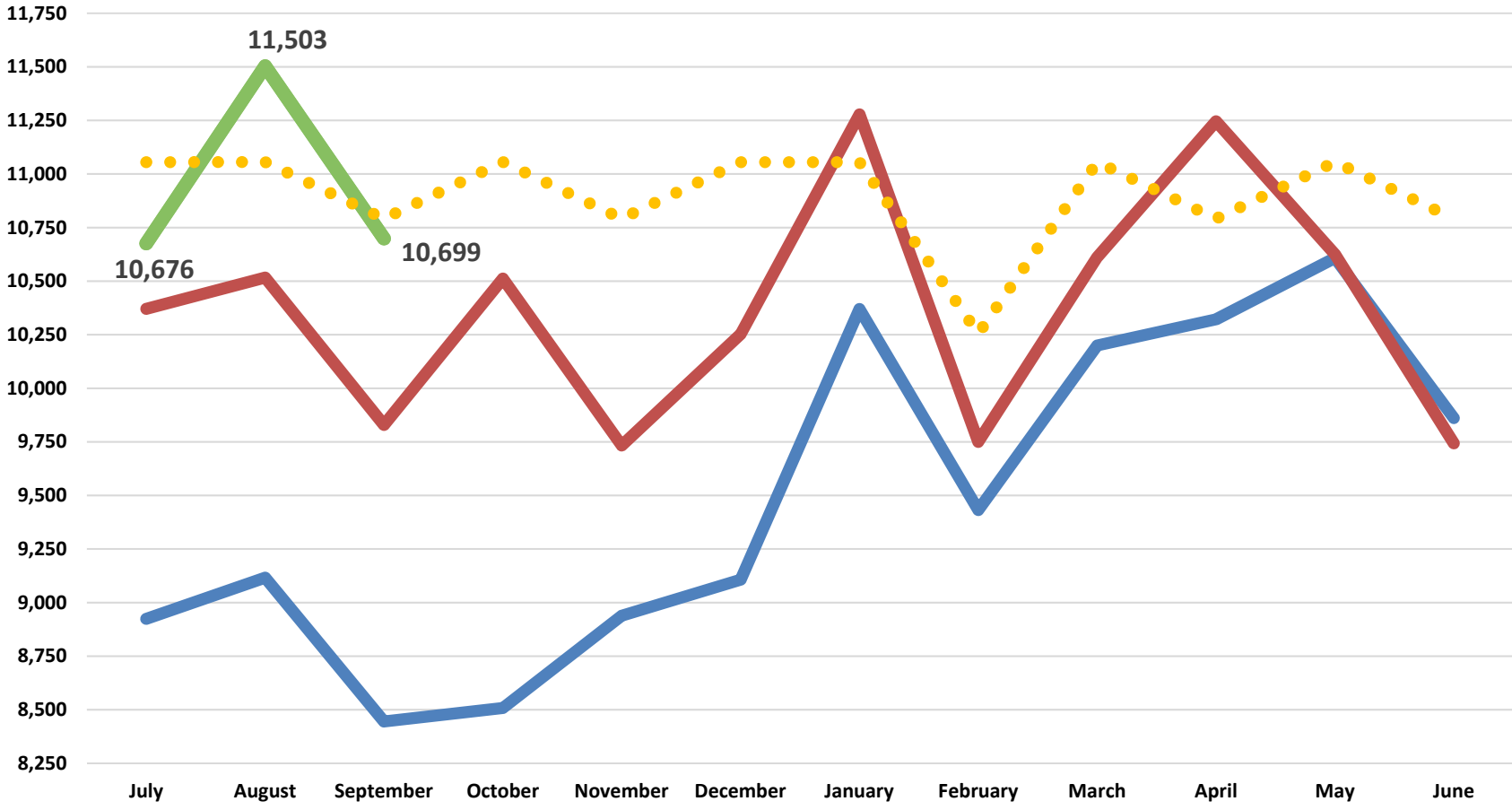
O/P Rehab - Dinuba

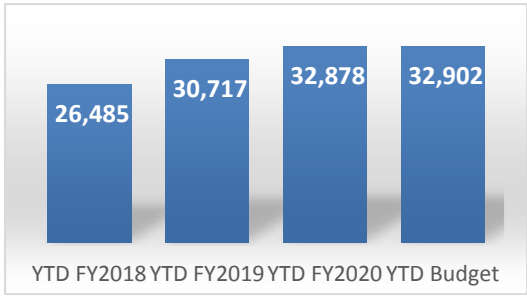


Physical & Other Therapy Units (I/P & O/P)

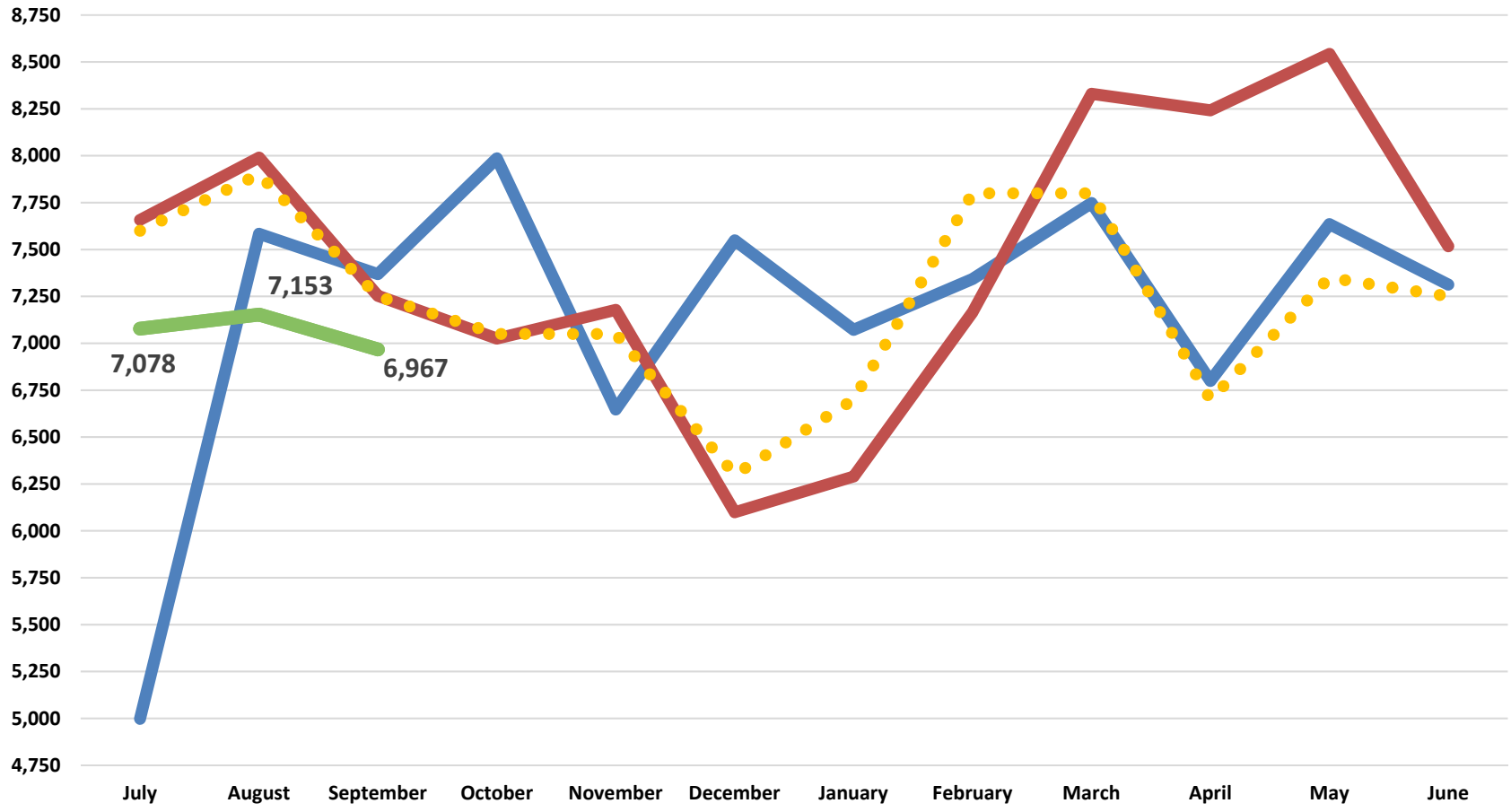


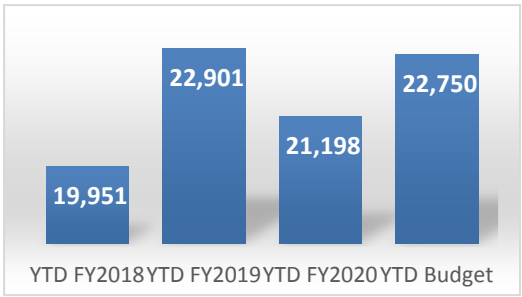
Physical & Other Therapy Units (I/P & O/P)-Main Campus



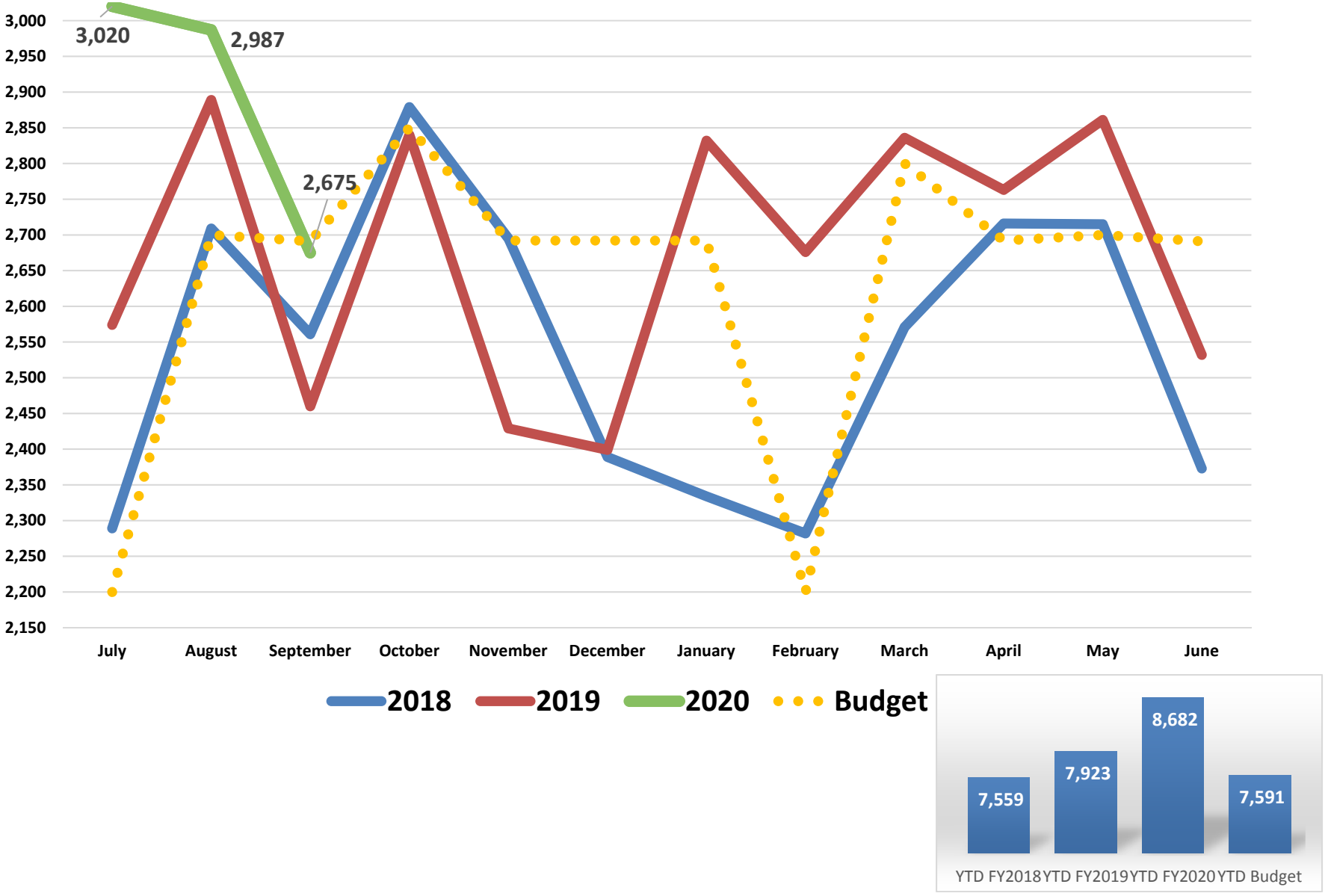


Physical & Other Therapy Units (I/P & O/P)-KDRH & South Campus

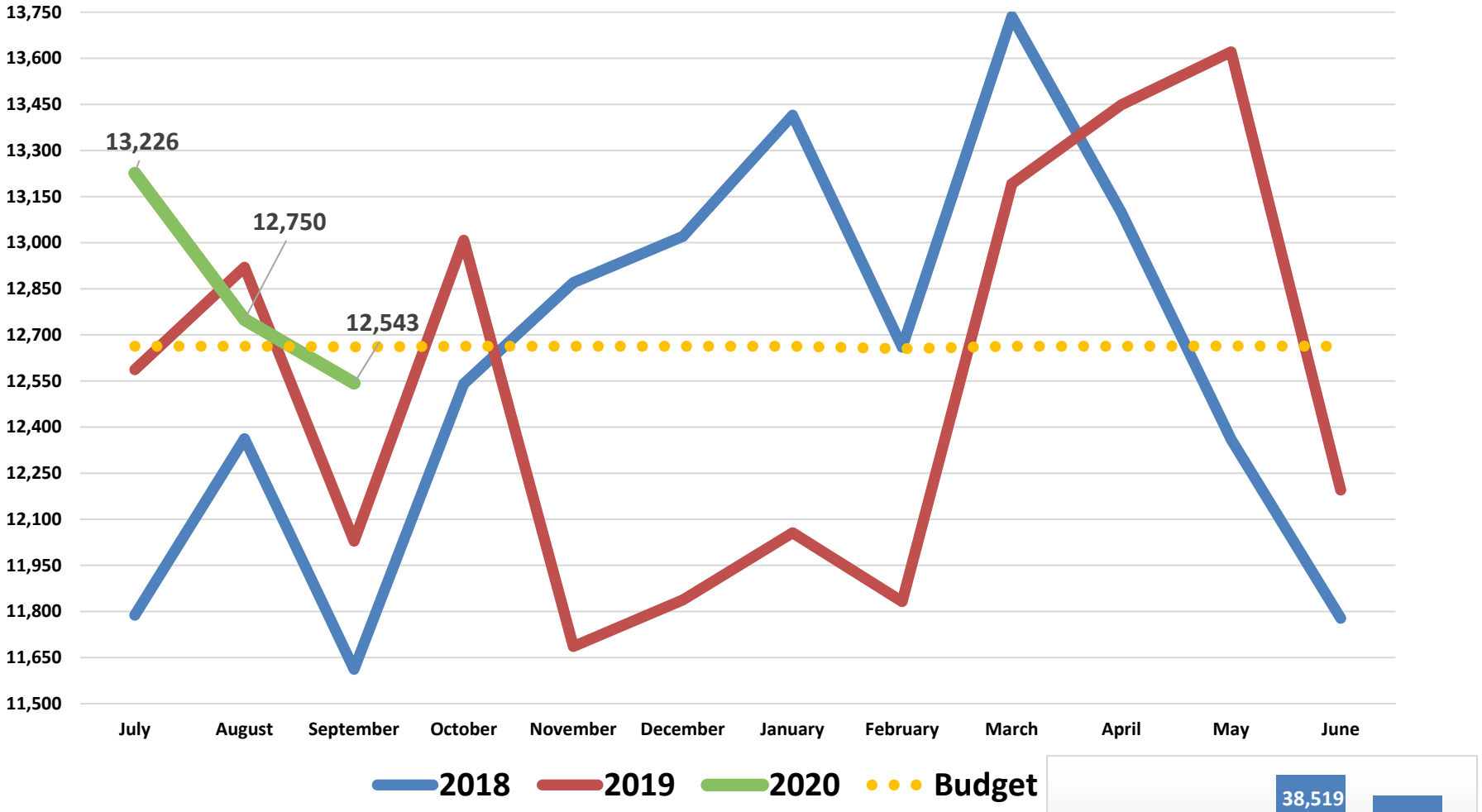


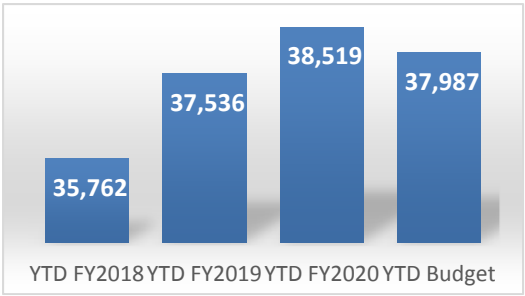


Home Health Visits

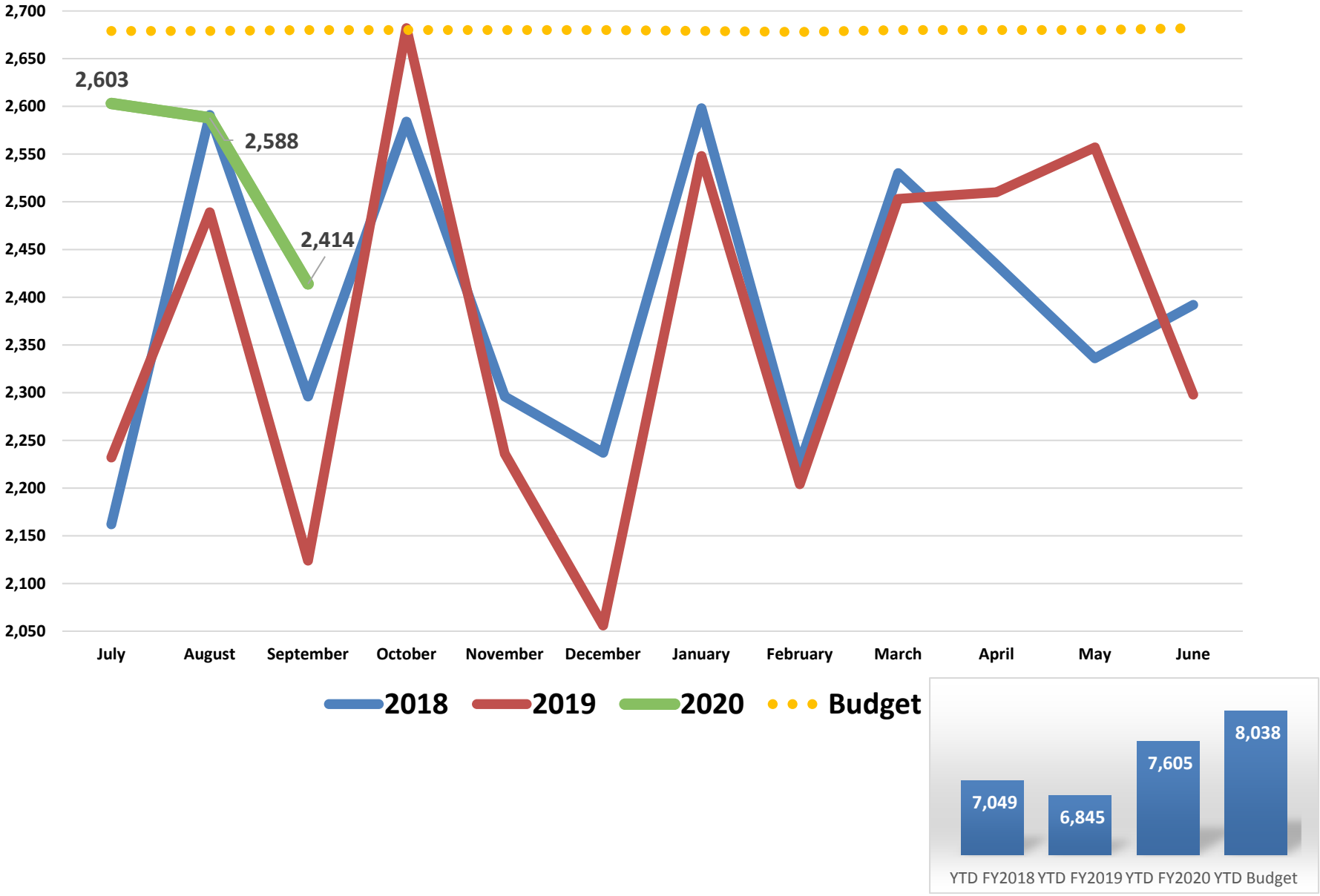


Radiology – Main Campus

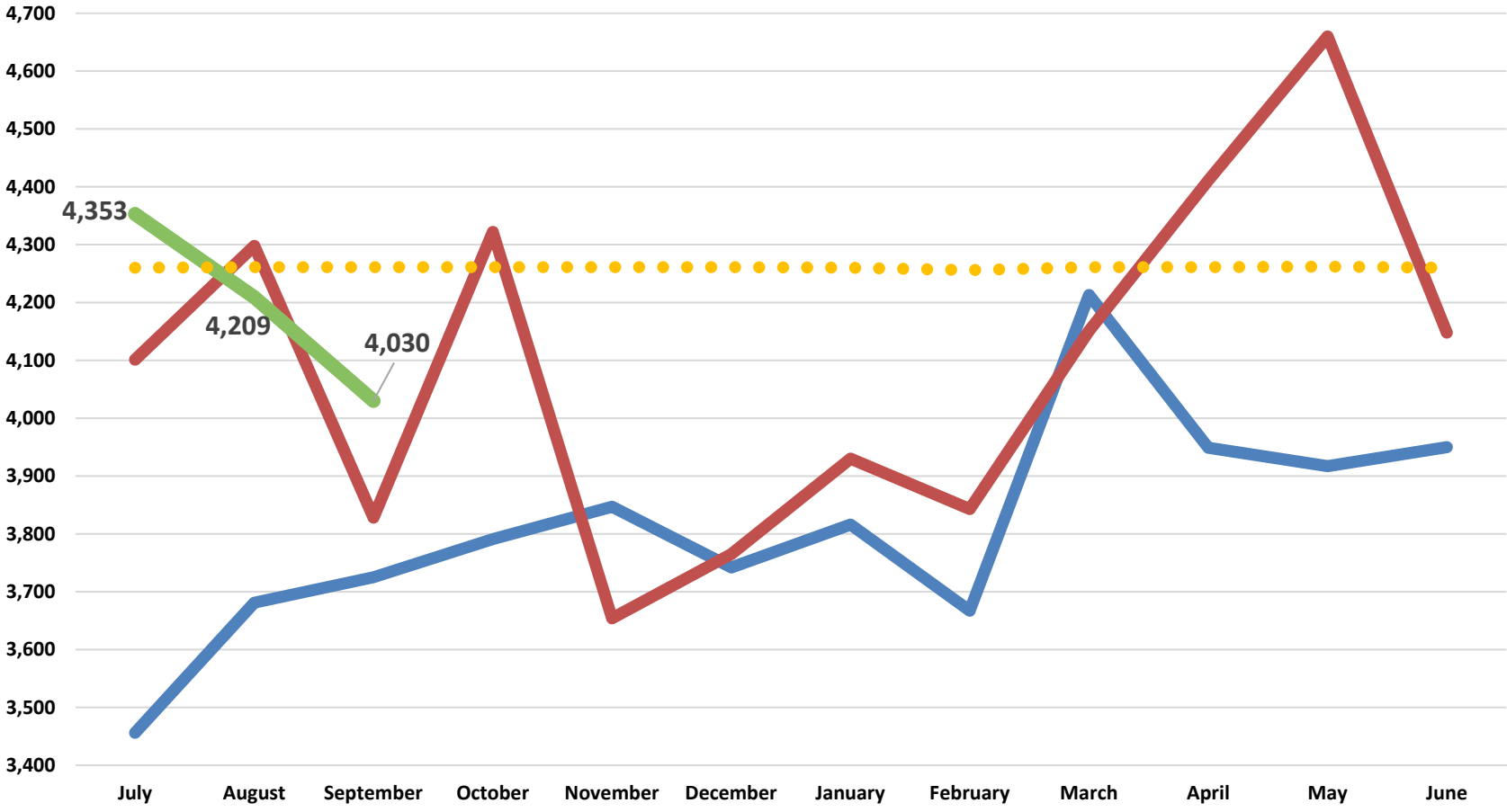


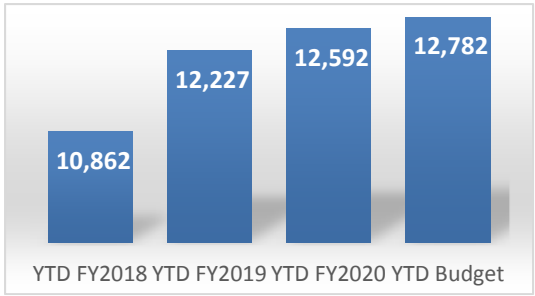


Radiology – South Campus Imaging

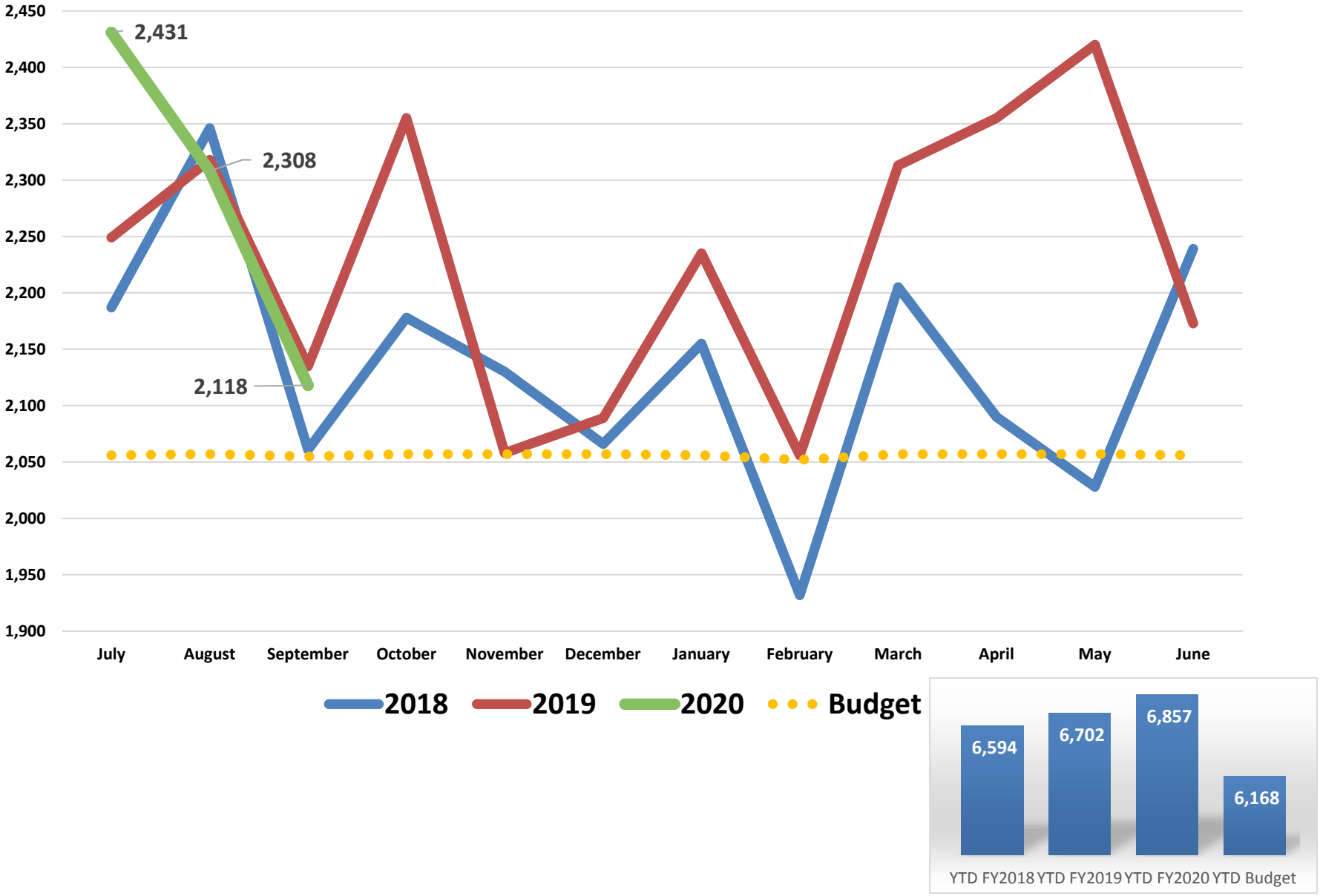


Radiology – CT

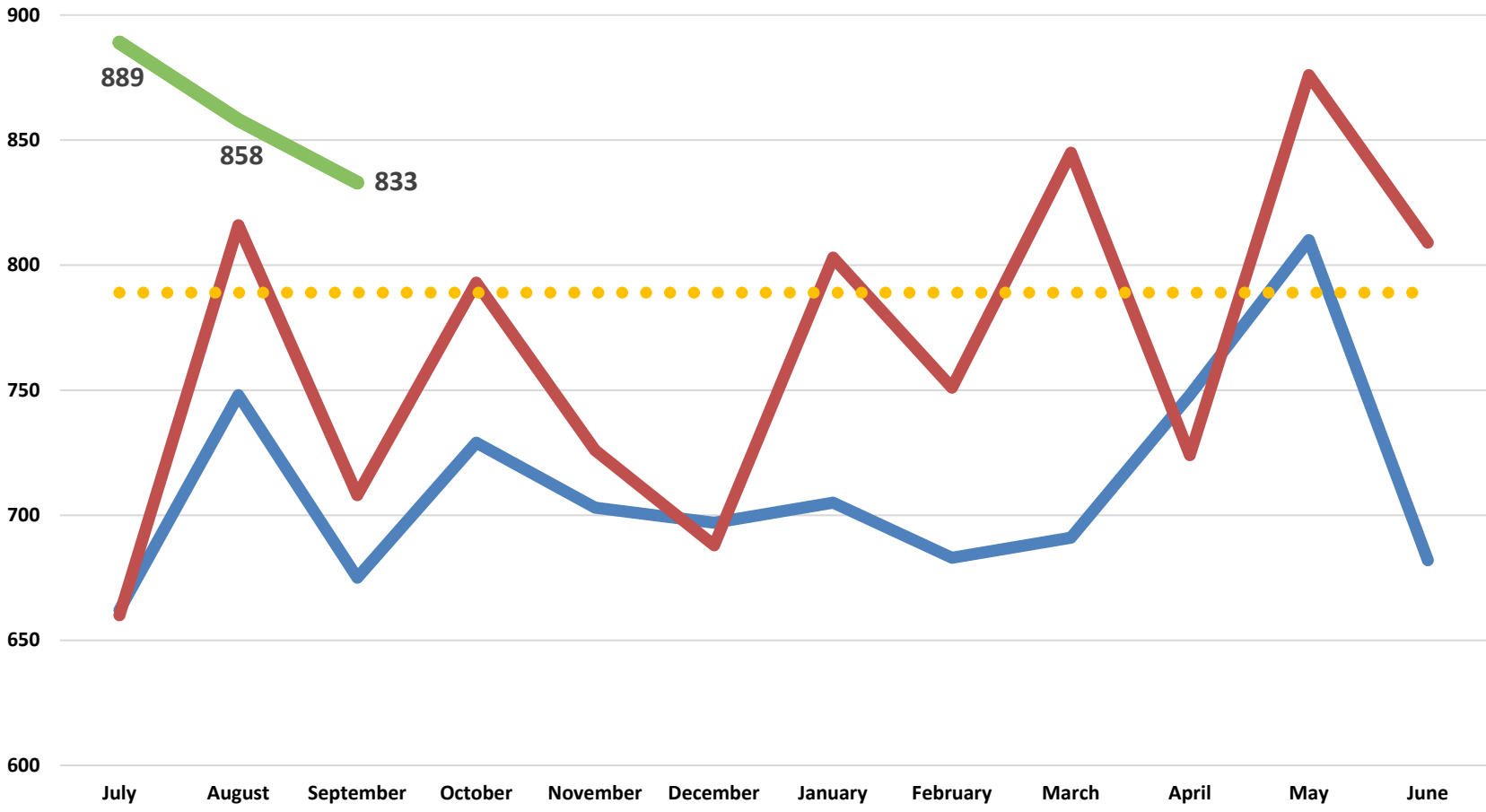


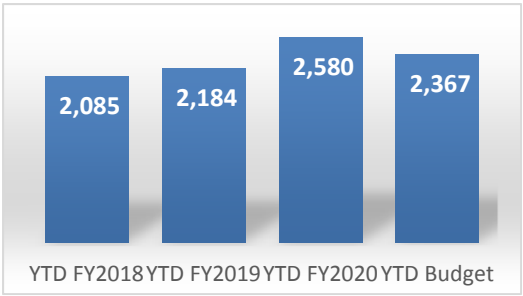


Radiology – Ultrasound

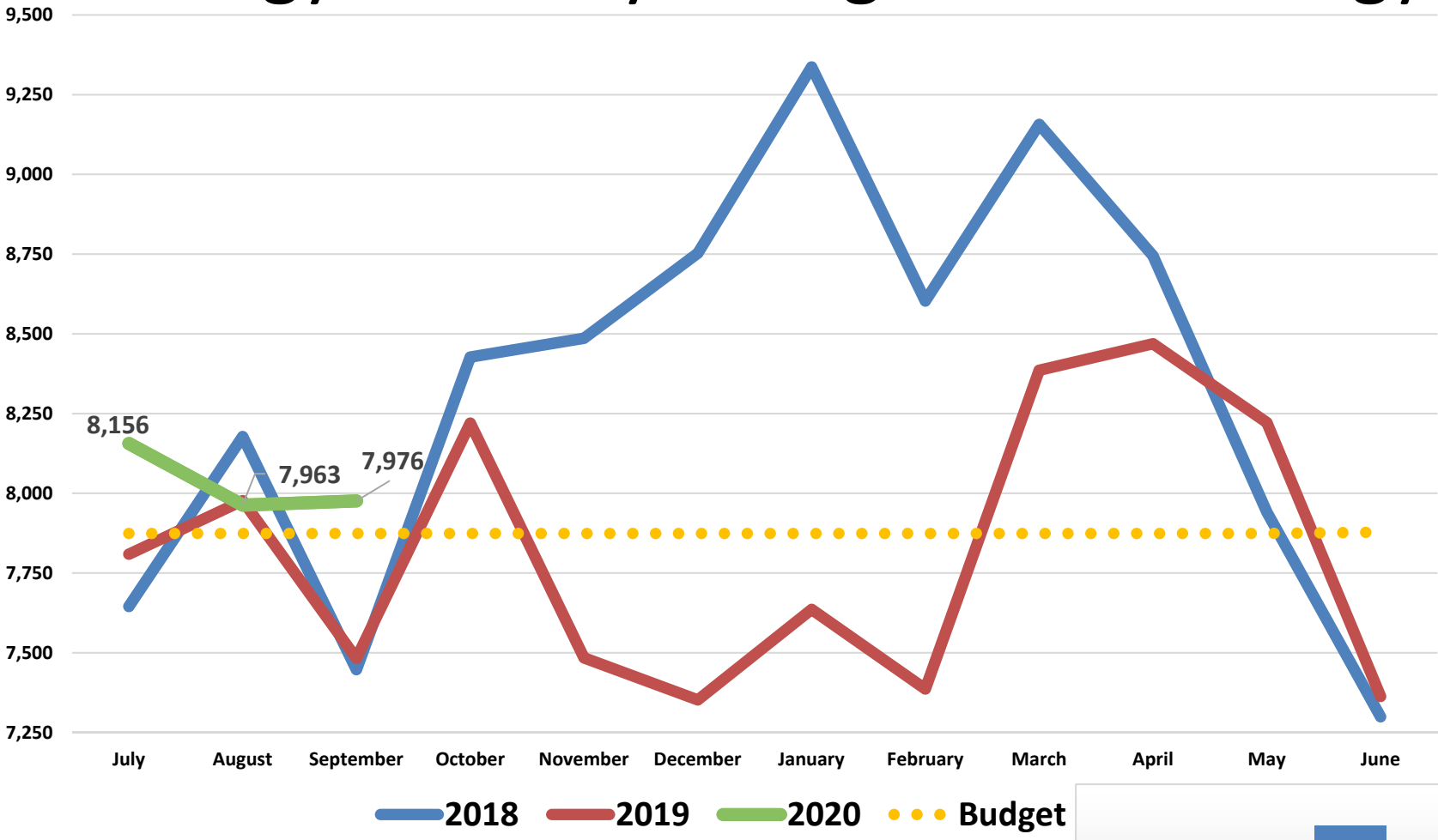


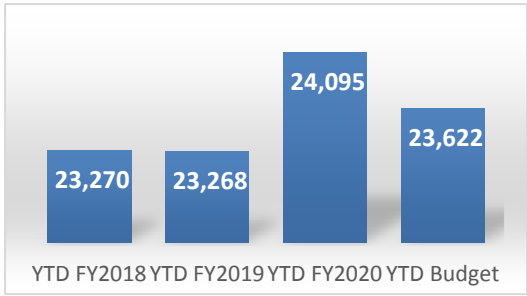
Radiology – MRI





Radiology Modality – Diagnostic Radiology





BRAND REFRESH SAMPLES

BEFORE	AFTER
PALOMAR HEALTH	PALOMAR HEALTH Passion. People. Purpose.™
Catholic Healthcare West	Dignity Health.
UCHealth	uchealth
CVS pharmacy	CVS Health®
HONOR HEALTH & WELLNESS	HONORHEALTH®
North Shore LIJ	Northwell Health℠

REBRANDING BUDGET SUMMARY

OCTOBER 2019

Item	Cost	Notes
Forms	$20,000	Cost is for current supply. Much will be consumed prior to launch
Educational materials	$35,000	Books and patient materials
Promotional items for launch	$18,000	Badge reels and employee gift
Apparel	$70,000	Uniforms, lab coats, jackets, etc. Does not include dept. jackets/shirts
Banners	$15,000	These are reused throughout the district- not related to brand launch
Tents	$10,000	These are reused throughout the district- not related to brand launch
Table Cloths	$10,000	These are reused throughout the district- not related to brand launch
Assignment Boards	$2,000	
Marketing screens	$2,000	
Licenses	$1,800	
Nameplates	$500	
Stationary supplies	$15,000	Cost is for current supply. Much will be consumed prior to launch
Business Cards for Launch	$16,000	
Pop up banners	$5,000	
Video edits	$2,000	For current advertisements- to replace current branding
Plaques	$1,000	New mission vision signs redone with new graphics
Vehicle signage	$8,000	
Marketing Decals (TLC)	$30,000	Café awning, floor art/mats, etc.
Branded floor mats	$500	
Equipment	$2,500	TLC Scoreboard
Website	$0	Part of Scorpion Contract to do a refresh every 18 months
Badges for launch	$24,000	
HR Pins	$9,000	
Permits for staff parking	$11,000	
Signage	$400,000	
New Commercial for Launch	$5,500	One dedicated rebranding advertisement
Print ads for launch and branding	$16,342	Newspaper advertisements to announce the brand
Magazine ads for launch branding	$16,930	Local/regional magazines
Radio Ads	$10,000	
Email campaign	n/c	
Digital ad campaign	$1,600	
Social media	$400	
Special Vital Signs	$28,000	Special edition to promote our new brand, mission, vision, etc.
Patient Guide Ads-	n/c	use current ad buy
Total Spend	**$787,072**	