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BOARD OF DIRECTORS MEETING MINUTES 6:00 pm Thursday, April 13, 2023 1819 Trousdale Dr. Burlingame, Ca 94010 (Classroom)		
<u>Directors Present</u> Chair Cappel Vice-Chair Pagliaro Secretary Zell Director Sanchez Director Navarro	<u>Directors Absent</u>	<u>Also, Present</u> Counsel Mark Hudak
<p>1. CALL TO ORDER & ROLL CALL: Chair Cappel called the meeting to order at 6:00 pm. Roll call attendance was taken. A quorum was present.</p> <p>[Secretary Zell arrived at 6:01pm]</p> <p>2. ORAL COMMUNICATIONS: No oral communications.</p> <p>3. Proposal to Change the April Regular Board meeting to Wednesday, April 26, 2023: Chair Cappel</p> <p>Chair Cappel proposed that the meeting should be moved to Tuesday, April 25, 2023, to accommodate everyone's schedule.</p> <p>Proposal to Change the April Regular Board meeting to Tuesday, April 25, 2023 Motion: By Director Sanchez; Seconded by Vice-Chair Pagliaro Vote: Ayes – Cappel, Pagliaro, Zell, Navarro, Sanchez Noes - 0 Abstain - 0 Motion Passed: - 5/0/0</p> <p>4. Resolution 2023-04 to update the signatures cards for all banking/investment accounts to add new CEO.</p> <p>Counsel Hudak stated that CFO Yee requested a resolution to remove former CEO Cheryl Fama from the banking and investment accounts signature cards and add new CEO, Ana M. Pulido. Although CFO Yee proposed a universal resolution for all accounts, after discussions with Heritage Bank they requested to have separate resolutions for Deposit Accounts and Cash Management Services.</p>		



Motion to approve Resolution 2023-04 to update the signatures cards for all banking/investment accounts to add new CEO, Ana M. Pulido

Motion: By Director Sanchez; Seconded by Secretary Zell

Vote: Ayes – Cappel, Pagliaro, Zell, Navarro, Sanchez

Noes - 0

Abstain - 0

Motion Passed: - 5/0/0

5. ADJOURN: Chair Cappel adjourned the meeting at 6:07 pm.

Written by: Voula Theodoropoulos

Approved by: _____

Lawrence W. Cappel, Board Chair



BOARD OF DIRECTORS MEETING MINUTES 6:30 pm Tuesday, April 25, 2023 1819 Trousdale Dr. Burlingame, Ca 94010 (Classroom)		
<u>Directors Present</u> Chair Cappel Vice-Chair Pagliaro Secretary Zell Director Sanchez Director Navarro	<u>Directors Absent</u>	<u>Also, Present</u> Counsel Mark Hudak Presenters: Matt Grey, Perkins Coie Sylvia Chu, Executive Director of the Trousdale
<p>1. Call to Order and Roll Call: Chair Cappel called the meeting to order at 6:28 pm. Roll call attendance was taken. A quorum was present.</p>		
<p>2. Public Comment/Non-Agenda Items: No Public comments were offered.</p>		
<p>3. Report out from Closed Session: 4/13/2023: Chair Cappel reported the closed-session discussions were regarding developer negotiations about the Peninsula Wellness Community.</p>		
<p>4. Consent Calendar: ACTION</p> <ul style="list-style-type: none"> a. Board Meeting Minutes – March 23, 2023 b. Checking Account Transactions – March 2023 c. Treasurer’s Report – March 2023 d. Quarterly Investment Report e. FY 2022-2023 Q3 Unaudited Financials f. Consulting Agreement with Cheryl Fama g. Parent Venture Agreement 		
<p>Vice Chair Pagliaro asked CFO Vickie Yee about the following transactions on the accounting statements.</p> <ul style="list-style-type: none"> 1. \$152,500 transaction for Samaritan House 2. Best Best & Krieger, LLP 3. Perkins Coie 		
<p>CFO Yee reported the transaction to Samaritan House for \$152,500 was for an approved impact grant. The Best Best & Krieger, LLP transaction was for HR attorney consulting fees. Lastly, the Perkins Coie was associated with Peninsula Wellness Community project attorney fees.</p>		
<p>Lastly, Director Pagliaro asked about item 4G (Parent Venture Agreement) on the consent</p>		



calendar. **DOB Arevalo Rodriguez** answered that this contract was submitted to Ann Wasson prior to her resignation and included in this packet for approval of services for the next academic school year beginning in August.

Motion to approve the Consent Calendar as presented

Motion: By Vice-Chair Pagliaro; Seconded By Director Zell

Vote: Ayes – Cappel, Pagliaro, Zell, Navarro

Noes - 0

Abstain - 0

Motion Passed: - 4/0/0

[6:35pm Director Sanchez Arrived]

5. Special Presentation:

a. Eskaton Update: Sylvia Chu, Executive Director of The Trousdale

Sylvia Chu updated the Board on the latest policy changes at The Trousdale since the COVID mandate restrictions were lifted on April 3rd. Significant changes include:

- Visitors & Staff are no longer required to wear masks
- Temperature checks are not required to enter
- Staff is not required to be fully vaccinated or boosted (but noted all staff is vaccinated and boosted)

Ms. Chu also reported the “End of Life” Option Act was updated and could affect The Trousdale. The law allows individuals who have a serious, life-limiting illness (with a prognosis of six months or less) to request prescription medications from their doctor to end their life. The length of time that an individual would have to wait has changed from 15 days to 48 hours from the time they ask for the medication until the time they receive it.

Lastly, Ms. Chu reported that a resident, who owns Yasukochi’s Sweet Stop in San Francisco was nominated as a semifinalist for the James Beard Award for Outstanding Bakery.

To conclude, Ms. Chu noted the Q3 FY 22-23 is included in the Board packet.

Chair Cappel asked **Sylvia Chu** if she was aware of the occupancy levels of other facilities in the area. **Ms. Chu** reported occupancy levels vary from facility to facility but range from 60-80% and noted The Trousdale is currently at 78% occupancy.



Chair Cappel commented that he's noticed other facilities increasing their marketing lately, which could be an indication that they are also struggling in terms of occupancy.

[Public Comment]

Lieberman-Abramson commented that they would like to hear about the financials of The Trousdale, given that there has been \$80M of public money invested.

Director Zell stated that the finances for the Trousdale are made available to the public on the PHCD website. The most recent report showed that there is an operating loss of 1M for the year. COVID has played a major part in the budget showing a deficit. Although they are paying attention to the revenue versus what was budgeted, they are also cognizant of the extenuating circumstances of a national pandemic. The budget projections have remained intact and have not been adjusted for COVID, so they could measure the project as originally planned. **Director Zell** is optimistic that they will reach stabilization during the next fiscal year, sometime in the Fall.

CFO Yee commented that the reason The Trousdale is currently operating at a deficit is because when they originally made the budget they anticipated that the pandemic would have passed and things would have returned to normal, which did not happen. An increase in the cost of staffing and food has also negatively impacted the bottom line.

6. Old Business: Action

a. Consider and Approve an Amendment Extending the Exclusive Negotiating Agreement Term Sheet Phase: Mark Hudak, Counsel

Matt Grey stated that this amendment would extend the deadline of May 17th an additional 90 days with the developers. The amendment would also include the option to negotiate for 30 days after the 90-day extension.

Vice Chair Pagliaro voiced his concerns over the extension as the process has already been time-consuming.

Motion to approve Amendment Extending the Exclusive Negotiating Agreement Term Sheet Phase

Motion: By Director Zell; Seconded By Director Navarro

Vote: Ayes – Cappel, Zell, Navarro, Sanchez

Noes - Pagliaro



Abstain - 0

Motion Passed: - 4/1/0

7. New Business: ACTION

a. Abilitypath Agreement: Chair Cappel and Director Zell

Chair Cappel stated that there would be no action on this item, and it needed to be discussed further during closed session.

8. Reports:

a. Board Standing Committees:

Strategic Direction Oversight – April 3, 2023

Chair Cappel reported that in the last meeting there were discussions on the Strategic Plan and Peninsula Wellness Community.

Finance – Next meeting is scheduled May 9, 2023

Community Health Investment- Next meeting August 7, 2023

b. Board Chair and Director Reports

Vice-Chair Pagliaro reported that he joined **CEO Pulido** and **DOB Arevalo Rodriguez** in a meeting with Eskaton to discuss the marketing of The Trousdale. Eskaton is now required to reach out to the District for feedback before any advertisements are published. He has met with **Counsel Hudak** and the attorneys to discuss the pending litigation regarding The Trousdale. **Chair Cappel** and **Vice-Chair Pagliaro** have recently met with MidPen Housing representatives to discuss their part of the project and joined a Zoom meeting with the developers that will be discussed further in the closed session.

c. Staff Reports

DYOBH Flores updated the Board that on April 14th and 15th, he was joined by **YOS Almes** and **Director Sanchez** at the inaugural allcove™ statewide conference, which was attended by over 200 people each day. Service providers such as Caminar, StarVista, One Life Counseling, and Edgewood were all present at the conference to learn more about the model. Also, in attendance showing support for the allcove™ model were the Mayor of San Mateo Amourance Lee, Assemblymember Diane Papan, and San Mateo County Supervisor Noelia Corzo.

Vice-Chair Pagliaro asked **Mr. Flores** if Caminar will be providing insurance and if the District will be covered by it.



Mr. Flores answered that they will have the usual liability insurance but they are currently working on malpractice insurance since the District's clinical lead could potentially see patients.

DOB Arevalo Rodriguez highlighted items from her staff report on The Trousdale marketing that include the increase of leads from 44 to 93 in the last month. In collaboration with the Eskaton marketing team, a Facebook lead form was generated to drive leads from paid social media advertisements. She also noted that the full-page advertisement in the San Mateo Daily Journal has generated calls. Lastly, Ms. Arevalo Rodriguez noted that the Trousdale website was revamped with a new ADA-compliant design.

Director Navarro suggested to **DOB Arevalo Rodriguez** to reach out to the San Mateo Daily Journal for feedback on which day they would recommend the advertisement be placed.

YOS Almes updated the Board that the allcove™ page on the PHCD website has been updated with further detail on the program's outreach and an updated list of projects the youth and advisory group has participated in. She is currently recruiting for the YAG and has been attending opportunity fairs at high schools such as Aragon, where she recently received four applications.

CFO Yee updated the Board that she is working on the CEO transition, updating the paperwork for all banking, investment, and benefits accounts. In addition, access to various finance/HR programs and online logins have been updated to reflect the CEO transition. She has also continued to meet with all department directors to work on consolidating the FY' 23-24 budget.

FCD Marheineke highlighted items from her staff report that include the research of two insurance membership programs Optum RX and American Specialty Health. These two programs are designed to offer reduced membership rates to members of Medicare, UnitedHealthCare Kaiser, Anthem BlueCross/BlueShield and Medicaid. Lastly, Ms. Marheineke reported both programs will be presented at the next Finance Committee Meeting on May 17th.

CEO Pulido shared with the Board that she has spent her first two weeks conducting site visits, meeting with staff, and programs The Trousdale, Eskaton, Sonrisas, and Active Wellness. She has used this time to get familiar with the organization and its programs and projects. Some areas that have required significant attention are allcove™, PWC, and the Strategic Plan. The allcove™ agreement with Caminar was of interest because the contract needs significant revisions in terms of operating expenses, revenue streams, and establishing service goals. The Strategic Plan has yet to be finalized and after her recent meeting with Mission Met, she received further insight on what must be accomplished before the plan is presented before the Board. She scheduled an additional staff workshop to finalize goals and draft action items. She



was also able to attend the PWC Project Team weekly meeting, which the Board will speak further during the closed session.

9. CORRESPONDENCE & MEDIA:

Chair Cappel encouraged everyone to review the correspondence and media section in their Board Packet and asked if anyone had any questions.

Director Zell commented that one of the most common topics that he is asked about in terms of his work with the District, is COVID. He wanted to share an excerpt from a letter included in this week's packet from Louise Rogers, Chief of San Mateo County Health. She wrote, "while vaccinations continue to protect most from severe disease, there are between 20 and 30 people per day hospitalized with COVID." She added, "as of March 22, 2023, 262,755 residents (representing 34% of the population) have received the updated COVID bivalent booster. This booster, which targets both the original virus strain and the Omicron variant and its subvariants, provides the greatest protection against the most severe impacts of COVID, so we encourage all eligible persons, especially adults aged 65 years and older to receive the bivalent booster dose." Although it appears as though the public has moved past the pandemic, **Director Zell** encouraged everyone should continue to get vaccinated and boosted, as these numbers indicate that COVID is still affecting a significant amount of people every day.

10. ADJOURN: Chair Cappel adjourned the meeting at 7:44 pm.

Written by: Voula Theodoropoulos

Approved by: _____

Lawrence W. Cappel, Board Chair



**STRATEGIC DIRECTION OVERSIGHT COMMITTEE MINUTES
April 3, 2023**

1. Call to Order: Chair Cappel called the meeting to order at 6:04 pm.

Roll Call: Present were members Cappel (Zoom), Pagliaro, Aubry, Bandrapalli (Zoom), Jackson (Zoom), Johnson, and Emmott Absent: McDevitt, and Quigg

2. Approval of Minutes: SDOC January 4, 2023

Motion to approve as written by Pagliaro; seconded by Jackson

Roll Call Vote: Ayes-6; Noes-0; Abstain-0

Motion Passed:6/0/0

[6:06 pm Dr. Emmott arrived]

3. Strategic Plan Status: Eric Ryan, Mission Met, and CED Wasson

CED Wasson introduced Mission Met facilitator **Eric Ryan**, who will be updating the Board on the progress of the Strategic Plan since the retreat on March 3rd.

Eric Ryan presented on the progress of the Strategic Plan

[Presentation appended to and made part of these minutes.]

Key Meeting Outcomes

The Strategic Directions Committee will leave this meeting with:

- An overall understanding of the planning process so far, the draft plan framework, and how the plan will be tracked over time.
- Having provided feedback regarding the draft plan.

a. Review of Activities to Date

Assessment Process

- 15 interviews with Board, staff, and key stakeholders since November.

- Review of over two dozen key documents and surveys, including the strategic information previously compiled.
- Numerous discussions with Board, staff, and Planning Committee.
- Board Retreat on March 3rd, follow up with Board on March 23rd, and staff review on March 27th.

Assessment Summary

Organizational Excellence and Impact

- PHCD is a financially secure organization and is creating a positive impact on the health and wellness of the District's residents.
- With a larger staff and high-impact projects on the horizon, the organization can further expand and strengthen its work.

COVID

- Provided an opportunity to deeply serve the community.
- Was a distraction to some of the ongoing programmatic initiatives.

Staffing

- Staff interviewed was highly committed to the work.
- Interviewees agreed that CEO Fama and CED Wasson are doing excellent work, both in conducting the work and in establishing positive community relationships.

Impact

- PHCD was highly effective in its response to COVID through its vaccination clinics.
- Organization should remain focused on long-term community resilience.
- Numbers remain stable at the Fitness Center and are on the rise with Sonrisas.
- Q4 reports indicated an over 90% satisfaction rate among employees, residents, and families at Trousdale.

Programs

- PHCD will benefit from a clarified set of programs, clear metrics for the success of each program, and action plans/reporting to ensure success.
- Four Programmatic area priorities are Seniors, Mental Health, Dental Health, and Physical Activity/Nutrition.
- Grants program provides wonderful opportunities but should be more targeted.

Five Focus Areas

- Preventive Health
- Mental Health
- Dental Health
- Senior Health

- Integrated Services

Dr. Aubry asked **Mr. Ryan** for clarification on the meaning of a larger staff under the organization impact part of the presentation.

Eric Ryan answered that the statement reflected where the District currently is in terms of growth with staffing, in addition to the staffing for programs on the horizon, such as allcove™ and the Hub.

Annual Planning Cycle

In Progress

- A plan with a three-year vision (2023-25) with one-year goals, beginning with 2023.

Beginning in 2024

- Review/revise the three-year vision and create 2024 goals.

End of Subsequent years

- Review/revise the three-year vision and create next year's goals.

Result

An ongoing annual planning process that includes a plan with a current three-year vision and a set of one-year goals.

Discussion

Chair Cappel asked **Mr. Ryan** if a monthly report tracking the progress of the yearly goals could be incorporated into the annual planning cycle.

Mr. Ryan answered that the commitment of the staff dedicating time to the new dynamic process of tracking and accessing the progress by focusing on the strategic themes, priorities, and three-year vision is essential to the success of the yearly goals. Goals will be monitored throughout the year with the consistent use of tools, such as calendared assessments, reviews, and the implementation of the Mission Met software.

Dr. Aubry asked **Mr. Ryan** for clarification on what was meant by integrated initiatives mentioned in the "Focus Areas" part of the presentation.

Mr. Ryan answered that the reason it's worded as integrated is that certain topics would go beyond the scope of the four focus areas discussed. These topics or initiatives would be broad,

going across the full spectrum of health services.

Ms. Bandrapalli commented that some strategic plans tend to be broad in terms of metrics and she would like to see percentages attached to outcomes of core programs to better gauge community impact.

b. PHCD Demographic and Health-Related Data

[Presentation appended to and made part of these minutes.]

CED Wasson presented PHCD Demographic and Health-related data

Overview of District Demographics

There are an estimated 317,518 residents in the PHCD.

<u>Race</u>	<u>% of District</u>
American Indian & Alaskan Native (AIAN)	0.1%
Asian	29.9%
Black	1.6%
Latinx	19.5%
Native Hawaiian & Pacific Islander (NHPI)	1.4%
Other Race	0.5%
Two or More Races	4.9%
White	42.0%

<u>District Age Range</u>	<u>% of District</u>
9 and under	11.5%
10-17	9.1%
18-34	21.4%
35-54	28.9%
55-74	21.4%
75 and over	7.7%

Charts Presented

The **Healthy Places Index Chart** was presented and highlighted the zip codes of greatest needs in the District. This chart maps data on social conditions that drive health, like education, job opportunities, clean air and water, and other indicators that are positively associated with life expectancy at birth.

The **Social Vulnerability Index Chart** was also presented, showing the underserved communities in the District. The SVI is a database that helps emergency response planners and public health officials identify, map, and plan support for communities that will most likely need support before, during, and after a public health emergency.

Opportunities for Preventive Health using Local Data Sorted by Zip Code

Percentage of Adults who are Sedentary: Indicator shows the percentage of adults who did not participate in any leisure-time activities (physical activities other than their regular job) during the past month. Adults who are sedentary are at an increased risk of many serious health conditions. These conditions include obesity, heart disease, diabetes, colon cancer, and high blood pressure. Data gathered by the CDC healthy places index.

<u>PHCD Zip Code</u>	<u>Average</u>
94010	13.6
94030	17.4
94066	17.5
94401	20.5
94402	14.0
94403	15.5
94404	13.7
PHCD Median	16.0
SMC Median	14.5

Poor Mental Health Days, 14+ Days: This indicator shows the percentage of adults who stated that their mental health was not good for 14 or more days in the past month. Why is this important? Psychological distress can affect all aspects of our lives. It is important to recognize and address potential psychological issues before they become critical. Occasional down days are normal, but persistent mental/emotional health problems should be evaluated and treated by a qualified professional.

<u>PHCD Zip Codes</u>	<u>Average</u>
94010	10.8
94030	10.5
94066	12.4
94401	13.6
94402	11
94403	11.8
94404	11.8
Median Value	12.2
Range 9.7%	15.2%

Measurement period: 2020
Source: CDC-Healthy 2020

c. Discussion Questions & Next Steps

Chair Cappel asked **CED Wasson**, what would they do from a strategic planning process to utilize reports like these.

CED Wasson answered that to meet the needs of residents of different ethnicities, the District would need to speak with the people who would be utilizing these services in their communities. Identifying the needs of the community and co-designing a program tailored to address them, would be a great way to go about implementing these reports into the strategic plan.

Chair Cappel expressed that these reports hold a treasure trove of information that should be explored further.

Alexis Denton added that the information **CED Wasson** shared is critical for the development of the specifics of the Hub programs.

Dr. Aubry shared that what stands out from the demographic data is the obvious disparities in some zip codes and the need to serve them through targeted programs.

CEO Fama thanked **CED Wasson** for all her hard work and contribution with the community engagement.

Dr. Aubry congratulated **CEO Fama** on her retirement and thanked her for her countless contributions in elevating the District.

6. Adjournment

Written by S. Theodoropoulos

Approved by _____
Lawrence W. Cappel, Ph.D., Chair



FINANCE COMMITTEE MEETING

Minutes

March 7, 2023

1. **Call to Order:** Meeting was called to order by **Chair Zell** at 2:05 pm.
2. **Roll Call:** Present via Zoom: Chair Zell, Director Sanchez, Member Seto, CEO Fama, CFO Yee. Absent: Member Sun.
3. **Approval of Minutes** from November 30, 2022, and January 4, 2023
It was moved by Member Seto and seconded by Director Sanchez to approve the Minutes from November 30, 2022, and January 4, 2023. The motion passed 5/0/0.

4. **EARTHQUAKE INSURANCE PROPOSAL:**

Tim Mooney, Eskaton’s broker from The Liberty Company Insurance, provided an overview of the earthquake insurance proposal. Mr. Mooney provided two proposals: Option 1 – OBE Specialty Insurance Annual Premium \$81,243.12 and Option 2 – Lloyd’s London & Summit Specialty Insurance \$90,384.01. He recommends option 1, which is the cheaper option. Earthquake insurance carries a high deductible – 15% of the total insured value (\$60M) or \$9,000,000 and a limit of \$25M in coverage. It includes building ordinance code updates and damages to the building. There are property engineers who can assess the building’s risk for an earthquake and have provided two proposals. Mr. Mooney recommends at least conducting a desktop property assessment for \$1,800 before making a decision. Zurich would review construction documents, internet research, and natural hazard exposures focused on earthquake exposure. The Committee will revisit the earthquake insurance proposal after the assessment.

Member Seto asked about the percentage of clients who purchase earthquake insurance. Mr. Mooney replied that about 50%-55% of his clients have earthquake insurance, most of whom are in health care. **Director Sanchez** commented that he is interested in finding out what type of material is underneath the building and would be in favor of an assessment for \$1,800.

It was moved by Director Sanchez and seconded by CEO Fama to conduct the desktop earthquake assessment with Zurich for \$1,800 and will table the earthquake proposal until after the study. The motion passed 4/1/0.

Potential New Finance Committee Member – CFO Yee introduced Don Revelo, a retired Millbrae school board member of 13 years with an extensive finance background. Mr. Revelo is interested in serving on the Finance Committee and was present as a member of the public. He has 30 years of mid-level management experience working with budgets, loss mitigation, and risk management. In addition, he served multiple terms on the Millbrae District Budget Committee and was the Lomita Park school PTA auditor for five years.

5. BUSINESS ARISING FROM MINUTES:

- **WAB Payoff Report** - The Committee discussed whether to pay down the \$40M Trousdale Construction loan. The interest rate has risen enough that the bank will pay the District to reduce or eliminate the debt. The decision was to wait until the 3-year strategic plan is completed to see if cash flow permits.

A public member, Ms. Sun, commented that the District's investment portfolio should be paying more than the interest on the debt. Hence, this is another reason to keep the liquidity. **Chair Zell** asked Ms. Sun about the Fed's interest rate trend. **Ms. Sun** projects that rate height should happen in the next 3-5 months and stabilize for at least six months, so the earliest would be next year for any rate decreases. **Chair Zell** asked to table this item to the May meeting.

- **Eskaton contribution to TT Rent Assistance Fund** – The Eskaton Foundation does not contribute to any individual facilities but will provide assistance to fundraise, such as marketing, collecting, and setting up the structure for donations.

6. PHCD HEALTH & FITNESS CENTER UPDATE:

Michelle and CFO Yee are currently working with Active Wellness on a 3-year business plan for the fitness center. They discussed two options. One is to bring in the Activate model from Active Wellness, which would include an investment in the space and equipment. This option would allow the District to incorporate a medical component and attract people of all ages. The second option is to work with what the Center currently has and try to attract more members by providing different programs and focusing on the unutilized hours. With either option, Michelle will explore accepting insurance for the center. More details to come as the plan is finalized for both options. Michelle will report back at a future Finance Committee meeting.

Chair Zell commented that he wants to see more members, increase visibility, and understand the Center's niche. He is open to exploring medical-related fitness and therapy. **CEO Fama** replied that the staff is currently looking at the Activate program from Active Wellness, which would address the medical component piece. This option would allow the Center to test the model before moving this to the PWC.

7. PWC HUB SERVICES – THERAPY POOL & ACTIVE WELLNESS:

CEO Fama provided a brief update on the PWC hub services. She hopes to have a business proforma and a master plan that defines the hub services in the next three months. She was finally able to schedule a meeting with Janet Wagner and her team to update them on the plans for the PWC. The hub is around 35,000 SQFT. The current plan is to add the therapy pool and the Active Wellness fitness center. CEO Fama also contacted Janet Wagner and the YMCA to look at the possibility of saving the pool at the hospital. The CEO of the YMCA will not own or fix the pool but is willing to run the pool with their staff and therapist. The benefit of that would be to lower the operating costs because hospital staff are expensive. The District's Board, with Chair Zell's leadership and staff, is committed to seeing that there is a therapy pool in the County.

8. Q2 Consolidated Financials – CFO Yee provided a brief overview of the financial performance for Q2 FY 22-23. Some items to note:

- allcove has not been launched; State grant income is lower than budget due to State extending the grant from 4 to 5 years. Expense budget surplus since the program is not active. Capital expenditure will be higher than budgeted: TI's \$950K and Furniture \$200K (originally budgeted \$500K for all capital improvements & purchases).
- Interest income of \$1M due to a new accounting rule (GASB 87) on leases. Book entry (does not increase cash)
- Health & Fitness: On budget, but looking at ways to increase membership. Currently at 185 members and looking to accept insurance to increase membership and visibility.
- The Trousdale is behind on revenue due to occupancy being 11 units behind budget (77% vs. 85%) but was four units short coming into the new year. Assumptions for the budget were that COVID would be over and operations would be normal, but COVID continued with many restrictions. Food costs have gone up, and the biggest challenge is staffing. The registry has been used to fill staffing gaps.
- Sonrisas Dental Health: \$92K better than budget, mainly due to savings in direct program costs. They lost two dentists two months ago and just hired their replacements this month. YTD visits = 6,744
- Unrealized loss is higher than budget but will disappear once the bond matures.

Some budget differences are the result of timing differences. All other income and expenses are consistent with the general operations. **Chair Zell** would like Sonrisas to commit to being an FQHC by a specific timeframe or have them explain what the hold is back.

CEO Fama asked if the schedule still works now that all standing committee meetings need to be in person according to new legislation. **CFO Yee** will send out a poll to the members.

9. Future agenda

- FY 23-24 Draft Budget
- WAB Payoff Update
- PHCD Health & Fitness Center Business Plan

Adjournment: Chair Zell Adjourned the meeting at 3:34 pm.

Written by Vickie Yee, CFO

Approved by:

Dennis Zell, Chair

**Peninsula Health Care District
Checking Transactions
April-23**

Date	Description	Deposit	Withdraw
Admin			
4/3/2023	Young Electric Co.		16,200.00
4/3/2023	SC Property Management		30,215.00
4/4/2023	Sonrisas Dental Health		75,000.00
4/5/2023	FSA Payment		10.00
4/7/2023	Fast Signs		2,391.99
4/7/2023	San Mateo Area Chamber of Commerce		400.00
4/7/2023	Ann Wasson		239.74
4/7/2023	Armanino Solutions, LLC		23,232.60
4/7/2023	RCG Architecture		583.72
4/7/2023	Ralph Barsi		67.97
4/7/2023	Ann Wasson		9,102.87
4/7/2023	Ann Wasson		1,894.45
4/7/2023	FSA Payment		100.00
4/10/2023	Paychex		375.01
4/11/2023	California Public Employees Retirement		17,019.05
4/12/2023	FSAPA - FSA Payment		70.00
4/12/2023	onrisas Dental Health		75,000.00
4/14/2023	Oropeza's Landscaping & Maintenance		450.00
4/14/2023	Avelar		2,600.20
4/14/2023	KBA Document Solutions, LLC		239.38
4/14/2023	Comcast		521.22
4/14/2023	Recology		82.04
4/14/2023	Ralls Gruber & Niece LLP		8,410.73
4/14/2023	Peninsula Volunteers, Inc		4,880.00
4/14/2023	PG&E		825.11
4/14/2023	Precision Digital Networks		2,247.70
4/14/2023	Iron Mountain		620.76
4/14/2023	Allied Administrators for Delta Dental		1,722.45
4/14/2023	Streamline		300.00
4/14/2023	Color Print		609.72
4/14/2023	PURCOR Pest Solutions		95.00
4/14/2023	Sitike Counseling Center		1,000.00
4/14/2023	UNUM Life Insurance Company of America		448.60
4/14/2023	Paychex		85.00
4/14/2023	Paychex Payroll 4/15/23		49,370.79
4/14/2023	Payroll Taxes 4/15/23		46,027.52
4/14/2023	Workers Compensation Insurance Payroll		396.70
4/17/2023	CalPERS Pension		7,547.53
4/17/2023	Cardmember Service		4,230.08
4/18/2023	County of San Mateo, CA	2,139,028.37	
4/20/2023	Paychex		120.00
4/20/2023	Heritage Bank - Monthly Bank Fee		173.24
4/24/2023	Voler Strategic Advisors Inc.		28,000.00
4/24/2023	Mark D. Hudak		3,015.00
4/24/2023	Color Print		122.48
4/24/2023	U. S. Bank Equipment Finance		293.20
4/24/2023	City of Millbrae		3,333.15
4/26/2023	City of Millbrae	344.40	
4/26/2023	Anna Naufahu	483.00	

Date	Description	Deposit	Withdraw
4/26/2023	Cheryl A. Fama	385.00	
4/27/2023	Paychex Payroll 4/30/23		26,892.20
4/28/2023	J & E Pro Cleaning and Handy Services		2,175.00
4/28/2023	Oropeza's Landscaping & Maintenance		450.00
4/28/2023	I. C. Fire		108.50
4/28/2023	Precision Digital Networks		347.74
4/28/2023	Millbrae Recreation Department		11,562.99
4/28/2023	123 Awards		5,735.63
4/28/2023	Caminar, Inc.		1,000.00
4/28/2023	Guadalupe Guisande		720.00
4/28/2023	Community Initiatives		48,683.80
4/28/2023	Trattoria Da Vittorio		8,607.00
4/28/2023	County of San Mateo, CA	38,300.45	
4/28/2023	Interest	495.57	
4/28/2023	Payroll Taxes 4/30/23		14,168.87
4/28/2023	Workers Compensation Insurance Payroll		194.12
		2,179,036.79	540,315.85

Health Fitness

4/3/2023	Nancy Bush Design		1,743.75
4/7/2023	Crothall Laundry Services Inc.		290.30
4/7/2023	Joan Sanchez		400.00
4/7/2023	Streamline		50.00
4/7/2023	U. S. Bank Equipment Finance		83.71
4/10/2023	Mindbody Merchant Processing		367.81
4/14/2023	PG&E		856.79
4/14/2023	Recology		88.54
4/17/2023	Cardmember Service		362.48
4/28/2023	J & E Pro Cleaning and Handy Services		1,150.00
4/28/2023	Crothall Laundry Services Inc.		330.61
4/28/2023	Interest	19.59	
4/30/2023	Health and Fitness Member Deposit April 2023	11,605.85	
		11,625.44	5,723.99

Leasing

4/3/2023	Ralph Barsi		2,000.00
4/14/2023	PG&E		2,962.25
4/14/2023	Recology		570.55
4/14/2023	Recology		354.17
4/14/2023	PURCOR Pest Solutions		520.00
4/17/2023	Cardmember Service		40.18
4/24/2023	Oropeza's Landscaping & Maintenance		960.00
4/24/2023	Mark D. Hudak		1,260.00
4/24/2023	Bleyle Elevator, Inc		95.00
4/26/2023	Ability Path	700.00	
4/26/2023	Bay Area Foot Care	3,224.00	
4/26/2023	Dr. Chan Dental	4,043.79	
4/26/2023	April Lee, DDS	2,719.14	
4/26/2023	Preferred Prosthetics Inc.	2,797.65	
4/26/2023	Eugene Kita, DDS	1,563.00	
4/26/2023	One Life Counseling Service	1,300.00	
4/26/2023	Ross Williams, DDS	2,083.19	
4/26/2023	Burlingame Therapeutic Associates	2,729.90	
4/26/2023	Zoya Galant, DDS	210.00	

Date	Description	Deposit	Withdraw
4/26/2023	Houn Young Kim, DDS	2,015.71	
4/26/2023	Ability Path	5,928.00	
4/26/2023	Zoya Galant, DDS	2,403.61	
4/26/2023	Carol Tanzi & Associates	500.00	
4/26/2023	Patricia Dugoni, CPA	2,400.00	
4/28/2023	J & E Pro Cleaning and Handy Services		1,966.75
4/28/2023	I. C. Fire		241.50
4/28/2023	Bay Alarm		271.11
4/28/2023	Interest	247.40	
		34,865.39	11,241.51
PWC			
4/7/2023	Streamline		25.00
4/24/2023	Mark D. Hudak		720.00
4/28/2023	Interest	9.32	
		9.32	745.00
Trousdale			
4/3/2023	Heartland Merchant Account		1,571.70
4/6/2023	Trousdale Tenant Deposit	5,000.00	
4/6/2023	Trousdale Tenant Deposit	18,158.92	
4/7/2023	Eskaton Properties Inc		416,378.83
4/7/2023	Trousdale Tenant Deposit	5,000.00	
4/7/2023	Trousdale Tenant Deposit	11,340.00	
4/14/2023	Zurich North America		1,800.00
4/17/2023	Trousdale Tenant Deposit	79,939.84	
4/17/2023	Trousdale Tenant Deposit	119,694.79	
4/19/2023	Trousdale Tenant Deposit	572,565.62	
4/24/2023	Trousdale Tenant Deposit	16,500.00	
4/24/2023	Trousdale Tenant Deposit	39,174.00	
4/28/2023	Eskaton Properties Inc		625,047.26
4/28/2023	Trousdale Tenant Deposit	10,000.00	
4/28/2023	Trousdale Tenant Deposit	10,000.00	
4/28/2023	Interest	399.63	
		887,772.80	1,044,797.79

April 30, 2023

Preliminary - subject to change

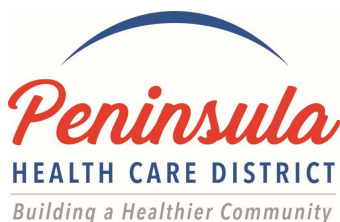
STATUS OF CURRENT YEAR TAX REVENUES

Total As Of <u>4/30/2023</u>	Estimated FY 22-23 <u>Tax Revenue</u>
<u>\$ 8,335,269</u>	<u>\$ 7,800,000</u>

Board Designated Invested Funds

	Rate Last QTR	Fees Paid Fiscal YTD	Cost Basis		Market Value
			<u>3/31/2023</u>	<u>4/30/2023</u>	<u>4/30/2023</u>
Torrey Pines - 3yr CD (mature 1/31/24)	0.450%		3,148,519	3,148,519	3,148,519
Fiduciary Trust	*	4,313	1,669,715	1,675,763	1,673,671
City National Bank	*	29,634	26,711,402	26,709,787	25,936,339
Local Agency Investment Fund	2.627%		5,805,941	5,845,072	5,845,072
San Mateo County Pool Investment	2.407%		<u>3,566,357</u>	<u>3,587,640</u>	<u>3,587,640</u>
			<u>40,901,934</u>	<u>40,966,781</u>	<u>40,191,241</u>

* Yield to maturity



DATE: May 18, 2023
TO: PHCD Board of Directors Vickie
FROM: Vickie Yee, CFO

SUBJECT: Annual Review of Pay Schedule

In compliance with Government Code 20636 and California Code of Regulations 570.5 requiring every CalPERS Pension Plan participant organization to maintain a “pay schedule” in a prescribed format, the schedule below is attached for your review.

The schedule format below was produced during that CalPERS auditor visit in 2019. It presents all current Board-approved positions, the associated salary ranges, and the date the schedule was approved. At that time, the Board agreed to review the schedule annually, adjust it based on the cost of living and market, and present it to the Board for approval as part of the budget presentation.

I have reviewed the market using several sources for current salaries in the San Francisco Bay Area, specifically, CA State Controller Government Compensation in California, Transparent California, and Robert Half staffing agency. The proposed changes are in red: 5% CPI increase to hourly employees. The proposed budget for FY 23-24 fits within this range. No other change to the current pay schedule is required.

ACTION REQUESTED: Approval of Pay Schedule as noted below.

Effective 7/1/2023-6/30/2024				
Position Title	Time Base	Minimum	Mid	Maximum
HOURLY RATE				
Massage Therapist*	Hourly	\$27.56	\$37.21	\$46.86
Membership Services Representative*	Hourly	\$20.33	\$26.14	\$31.95
Office Assistant*	Hourly	\$26.25	\$36.75	\$47.25
Staff Accountant*	Hourly	\$26.25	\$36.75	\$47.25
Youth Outreach Specialist*	Hourly	\$25.20	\$37.80	\$50.40
ANNUAL SALARY				
Director of Operations	Annual	\$79,000	\$117,000	\$155,000
Chief Executive Officer	Annual	\$200,000	\$300,000	\$400,000
Chief Finance Officer	Annual	\$94,000	\$172,000	\$250,000
Clinical Leader	Annual	\$79,000	\$117,000	\$155,000
Community Engagement Director	Annual	\$87,000	\$137,000	\$187,000
Fitness Center Director	Annual	\$79,000	\$117,000	\$155,000
Youth Behavior Health Programs Director	Annual	\$87,000	\$137,000	\$187,000

Schedule approved by Board on XX/XX/XX. Rates listed above represent employee base salary and do not include overtime, shift differential, special compensation, etc.

* CPI increase - 5%

B

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

BY AND BETWEEN

**AbilityPath.
a California Nonprofit Public Benefit Corporation
"Seller"**

AND

**Peninsula Health Care District
a California public agency
"Buyer"**

March 25, 2023

**PURCHASE AND SALE AGREEMENT
AND JOINT ESCROW INSTRUCTIONS**

THIS PURCHASE AND SALE AGREEMENT AND JOINT ESCROW INSTRUCTIONS (this "**Agreement**") is made and entered into as of March __, 2023, (the "**Effective Date**"), by and between **ABILITYPATH** a California nonprofit public benefit corporation ("**Seller**"), and **PENINSULA HEALTH CARE DISTRICT**, a California public agency ("**Buyer**") for the purposes of setting forth the agreement of the parties with respect to the transaction contemplated by this Agreement.

RECITALS

A. Seller is the owner of certain real property located at 1764 Marco Polo Way, Burlingame, California, as more particularly described on **Exhibit A** hereto.

B. Upon and subject to the terms and conditions set forth in this Agreement, Seller desires to sell and Buyer desires to purchase the following (collectively, the "**Property**"):

(i) the fee interest in the real property described on **Exhibit A** hereto, together with all rights, privileges and easements appurtenant thereto or used in connection therewith (collectively, the "**Land**");

(ii) all buildings, improvements, structures and fixtures included or located on or in the Land (collectively, the "**Improvements**"); and

C. As of the Effective Date, the Seller owns and operates Learning Links Burlingame (the "**Business**") at the Property. Following Seller's acquisition of the Property, the Seller desires to lease-back the Land from the Buyer and the Buyer desires to lease the Property to the Seller, to enable the Seller to continue to operate the Business from the Property for a limited period. Buyer intends to demolish the Improvements on the Property following the termination of the lease.

NOW, THEREFORE, in consideration of the foregoing Recitals, which are incorporated herein by this reference, the mutual covenants contained in this Agreement and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Buyer and Seller hereby agree as follows:

1. AGREEMENT TO PURCHASE AND SELL.

Subject to all of the terms and conditions of this Agreement, Seller agrees to sell, transfer and convey to Buyer, and Buyer agrees to acquire and purchase from Seller, the Property upon the terms and conditions set forth herein.

2. PURCHASE PRICE; INDEPENDENT CONSIDERATION.

The purchase price for the Property (the "**Purchase Price**") shall be the sum of Fifteen Million and no/100 Dollars (\$15,000,000.00), payable as follows:

2.1. **Deposit.** Not later than the date that is two (2) Business Days (as defined in Section 15.16) after the Effective Date, Buyer shall open an escrow ("Escrow") with Chicago Title Company, Burlingame Branch, 315 Primrose Road, Burlingame, CA, Attn: Susie Butterfield ("Title Company") and shall deposit into Escrow the sum of One Hundred Fifty Thousand Dollars (\$150,000) (which amount, together with any and all interest and dividends earned thereon, shall hereinafter be referred to as the "Initial Deposit"). In the event the Buyer delivers the Approval Notice pursuant to Section 3.3, Buyer shall deposit an additional One Hundred Fifty Thousand Dollars (\$150,000) into Escrow (together with the Initial Deposit, the "Deposit"). Title Company shall hold the Deposit in a non-commingled trust account and shall invest the Deposit in insured money market accounts, certificates of deposit, United States Treasury Bills or such other instruments as Buyer may instruct from time to time. In the event of the consummation of the purchase and sale of the Property as contemplated hereunder, the Deposit shall be paid to Seller at the Closing (as defined in Section 9.1) and credited against the Purchase Price.

2.2. **Rent Credit.** Upon entering into the Lease Agreement (as defined in Section 4.1) Seller shall receive a credit towards the Purchase Price of One Million Five Hundred Thousand Dollars (\$1,500,000) (the "**Rent Credit**"). The Rent Credit shall be applied towards the payment of rent under the Lease Agreement.

2.3. **Balance.** On the Closing Date (as defined in Section 8.1), Buyer shall pay to Seller the balance of the Purchase Price over and above the Deposit paid by Buyer under Section 2.1 above and Rent Credit provided under Section 2.2 above by wire transfer of federal funds to Title Company, net of all prorations and adjustments as provided herein.

2.4. **Independent Consideration.** Within 3 Business Days after the Effective Date, Buyer must pay and deliver to Seller the sum of One Hundred Dollars (\$100) as separate and independent consideration ("**Independent Consideration**") for Seller's execution of this Agreement and agreement to sell the Property to Buyer on the terms and conditions set forth in this Agreement, including but not limited to, Buyer's right to terminate this Agreement pursuant to Section 3. The Independent Consideration is not applicable to the Purchase Price and is non-refundable to Buyer in the event this Agreement terminates.

3. DUE DILIGENCE

3.1. **Property Documents.** Within five (5) days after a written request from Buyer, Seller will make available to Buyer for review and copying, at Buyer's sole cost and expense, records related to the Property that are in the possession and control of Seller (the "Property Documents"). Notwithstanding the foregoing, Seller shall not be obligated to deliver to Buyer (i) any document or item that is subject to attorney client privilege, or (ii) any document or item that is proprietary to Seller or which Seller is contractually or legally bound to keep confidential.

3.2. **Investigations.** At all reasonable times from the Effective Date until the Closing or earlier termination of this Agreement and upon reasonable prior notice to Seller, Buyer and its agents, employees, representatives, and independent contractors shall be entitled, at Buyer's sole cost and expense, to enter onto the Property during normal business hours to perform inspections, investigations, studies and tests of the Property, provided that any such inspections shall be performed pursuant to a plan and schedule approved in advance by Seller and shall be performed in a manner that does not interfere with, inconvenience or disrupt Seller's operations on the Property. Without limiting the forgoing, any invasive testing is subject to Seller's prior written approval, which approval may be granted or denied in Seller's sole and absolute discretion. Buyer shall in any event conduct all inspections, investigations, studies and tests pursuant to this Section so as not to unreasonably interfere with or disturb the operations of occupants of the Property or Seller's Business. If this Agreement is terminated, or escrow does not close, for any reason other than a default by Seller, Buyer shall, within ten (10) days after the termination, deliver to Seller copies of any reports prepared by Buyer's consultants or contractors relating to the physical or environmental condition of the Property which do not restrict such delivery to a third party, provided that Buyer shall not be deemed to make any representation to Seller regarding the accuracy, completeness, methodology or current status of such reports. This obligation shall survive termination of this Agreement.

3.3. **Contingency Period.** Buyer, in Buyer's sole and absolute discretion, shall approve or disapprove the Property, including the condition of the Property and the feasibility of Buyer's intended use of the Property, during the period beginning on the Effective Date and ending at 5:00 p.m. (California time) on the date that is thirty (30) calendar days after the Effective Date (such period, the "Contingency Period"). On or before expiration of the Contingency Period, Buyer shall deliver written notice to Seller either approving or disapproving the Property (any notice of approval of the Property is an "Approval Notice"). Buyer's failure to deliver such notice shall be deemed disapproval. If Buyer disapproves (or is deemed to have disapproved) the Property, (i) the Initial Deposit shall be returned to Buyer immediately upon the written request of Buyer to Title Company, (ii) Buyer shall pay the cancellation charges of the Title Company ("Cancellation Charges"), and (iii) this Agreement shall automatically terminate and be of no further force or effect and neither party shall have any further rights or obligations hereunder, other than pursuant to any provision hereof that expressly survives the termination of this Agreement. If Buyer approves the Property, this Agreement shall remain in full force and effect and the Deposit shall be retained in Escrow.

3.4. **Insurance.** Prior to entering the Property, Buyer shall obtain, or cause its agents and representatives that will enter the Property in connection with the investigations pursuant to Section 3.2 to obtain workers' compensation and general liability insurance (including umbrella or excess policies) in the amount of at least \$1,000,000.00 per occurrence, and at least \$1,000,000 in the aggregate, which insurance shall name Seller as an additional insured. Upon request, Buyer shall provide Seller with proof of such insurance prior to commencing Buyer's physical inspections of the Property.

3.5. **Indemnity and Repair.** Buyer agrees to indemnify and hold harmless Seller from any claims, losses, costs, damages, or expenses (including, without limitation, any actual damage to the Property or any injury to persons or property) caused by any act of Buyer or its agents, employees, representatives, or independent contractors in performing any inspections,

investigations, studies or tests pursuant to Section 3.2 above, which indemnity shall survive the termination of this Agreement or the Closing. The foregoing indemnity shall not extend to claims, losses, damages, costs or expenses arising as a result of the mere discovery by Buyer of a pre-existing condition that has a deleterious effect on the Property, except to the extent exacerbated by Buyer's negligence or willful misconduct. In addition, if this Agreement is terminated, Buyer shall repair any material damage to the Property caused by its entry thereon and shall restore the Property substantially to the condition in which it existed prior to such entry.

3.6. **As-Is; Seller's Disclaimer and Buyer's Release.**

Property "AS IS". BUYER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS SET FORTH IN SECTION 5.1, SELLER HAS NOT MADE, AND DOES NOT MAKE AND SPECIFICALLY NEGATES AND DISCLAIMS ANY REPRESENTATIONS, WARRANTIES, PROMISES, COVENANTS, AGREEMENTS OR GUARANTIES OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER EXPRESS OR IMPLIED, ORAL OR WRITTEN, PAST, PRESENT, OR FUTURE, OF, AS TO, CONCERNING OR WITH RESPECT TO (I) VALUE; (II) THE INCOME TO BE DERIVED FROM THE PROPERTY; (III) THE SUITABILITY OF THE PROPERTY FOR ANY AND ALL ACTIVITIES AND USES WHICH BUYER MAY CONDUCT THEREON, INCLUDING, WITHOUT LIMITATION, THE POSSIBILITIES FOR FUTURE DEVELOPMENT OF THE PROPERTY; (IV) THE NATURE, QUALITY OR CONDITION OF THE PROPERTY, CONSTRUCTION, RECONSTRUCTION, CONSTRUCTION MATERIALS, OR CONSTRUCTION METHODS; (V) THE COMPLIANCE OF OR BY THE PROPERTY OR ITS OPERATION WITH ANY LAWS, RULES, ORDINANCES, OR REGULATIONS OR ANY APPLICABLE GOVERNMENTAL AUTHORITY OR BODY; (VI) COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION, POLLUTION OR LAND USE LAWS, RULES, REGULATIONS, ORDERS, OR REQUIREMENTS; (VII) THE PRESENCE OR ABSENCE OF HAZARDOUS MATERIALS AT, ON, UNDER, OR CONTIGUOUS OR ADJACENT TO THE PROPERTY; OR (VIII) ANY OTHER MATTER. SELLER IS NOT LIABLE OR BOUND IN ANY MANNER BY ANY ORAL OR WRITTEN STATEMENTS, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PROPERTY, OR THE OPERATION THEREOF, FURNISHED BY ANY REAL ESTATE BROKER, AGENT, EMPLOYEE, OR OTHER PERSON. BUYER FURTHER ACKNOWLEDGES AND AGREES THAT TO THE MAXIMUM EXTENT PERMITTED BY LAW, THE SALE OF THE PROPERTY AS PROVIDED FOR HEREIN IS MADE ON AN "AS IS" CONDITION AND BASIS WITH ALL FAULTS, AND THAT SELLER HAS NO OBLIGATION TO MAKE REPAIRS, REPLACEMENTS, OR IMPROVEMENTS TO THE PROPERTY. NOTWITHSTANDING ANY OTHER PROVISIONS CONTAINED HEREIN, OR IN ANY DOCUMENT OR INSTRUMENT DELIVERED IN CONNECTION WITH THE TRANSFER CONTEMPLATED HEREBY, TO THE CONTRARY (INCLUDING, WITHOUT LIMITATION, ANY LANGUAGE PROVIDING THE SURVIVAL OF CERTAIN PROVISIONS HEREOF OR THEREOF), BUYER HEREBY ACKNOWLEDGES AND AGREES THAT SELLER SHALL, UPON THE CLOSING, BE DEEMED TO HAVE SATISFIED AND FULFILLED ALL OF SELLER'S COVENANTS, INDEMNITIES, AND OBLIGATIONS CONTAINED IN THIS AGREEMENT AND THE DOCUMENTS DELIVERED PURSUANT HERETO. THE PROVISIONS OF THIS SECTION SHALL

SURVIVE THE CLOSING. BUYER HAS ENTERED INTO THIS AGREEMENT WITH THE INTENTION OF MAKING AND RELYING ON ITS OWN INVESTIGATION OF THE PHYSICAL, ENVIRONMENTAL, ECONOMIC AND LEGAL CONDITION OF THE PROPERTY AND THAT BUYER IS NOT RELYING UPON ANY REPRESENTATIONS AND WARRANTIES, OTHER THAN THOSE SPECIFICALLY SET FORTH IN ARTICLE 4 BELOW, MADE BY SELLER OR ANYONE ACTING OR CLAIMING TO ACT ON SELLER'S BEHALF CONCERNING THE PROPERTY. BUYER FURTHER ACKNOWLEDGES THAT IT HAS NOT RECEIVED FROM SELLER ANY ACCOUNTING, TAX, LEGAL, ARCHITECTURAL, ENGINEERING, PROPERTY MANAGEMENT OR OTHER ADVICE WITH RESPECT TO THIS TRANSACTION AND IS RELYING SOLELY UPON THE ADVICE OF ITS OWN ACCOUNTING, TAX, LEGAL, ARCHITECTURAL, ENGINEERING, PROPERTY MANAGEMENT AND OTHER ADVISORS. BUYER SPECIFICALLY UNDERTAKES AND ASSUMES ALL RISKS ASSOCIATED WITH THE PROPERTY.

EXCEPT WITH RESPECT TO ANY CLAIMS ARISING OUT OF FRAUD OR ANY BREACH OF COVENANTS, REPRESENTATIONS OR WARRANTIES SET FORTH IN THIS AGREEMENT, BUYER, FOR ITSELF AND ITS AGENTS, AFFILIATES, SUCCESSORS AND ASSIGNS, HEREBY WAIVES, RELEASES, ACQUITS, AND FOREVER DISCHARGES SELLER, ITS AGENTS, AFFILIATES, SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, DEMANDS, RIGHTS, LIABILITIES, DAMAGES, LOSSES, COSTS, EXPENSES, OR COMPENSATION WHATSOEVER, DIRECT OR INDIRECT, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THAT IT NOW HAS OR THAT MAY ARISE IN THE FUTURE BECAUSE OF OR IN ANY WAY GROWING OUT OF OR CONNECTED WITH THIS AGREEMENT AND THE PROPERTY (INCLUDING WITHOUT LIMITATION THE CONDITION OF THE PROPERTY, INCLUDING BUT NOT RELATED TO ANY HAZARDOUS MATERIALS OR SUBSTANCES CLAIMS ARISING FROM OR RELATING TO THE PROPERTY). BUYER EXPRESSLY WAIVES ITS RIGHTS GRANTED UNDER THE PROVISIONS OF ANY LAW THAT PROVIDES THAT A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT BUYER DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY IT MUST HAVE MATERIALLY AFFECTED ITS AGREEMENT TO RELEASE SELLER INCLUDING, WITHOUT LIMITATION, CALIFORNIA CIVIL CODE §1542, WHICH PROVIDES:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Seller and Buyer have each initialed this Section 3.6 to further indicate their awareness and acceptance of each and every provision of this Agreement. The provisions of this Section 3.6 will survive the Closing.

Seller's Initials: _____

Buyer's Initials: _____

3.7. **Title.**

3.7.1. **Title Documents.** Within ten (10) Business Days after the Effective Date, Seller shall obtain and deliver to Buyer a Preliminary Title Report for the Property issued by Title Company together with copies of all items shown as exceptions therein (collectively, the "**Preliminary Report**").

3.7.2. **Buyer's Review of Title.** Buyer may advise Seller in writing by not later than thirty (30) days from the Effective Date what exceptions to title, if any, listed therein are not acceptable to Buyer (collectively, the "**Title Objections**"). Seller shall have ten (10) days after receipt of Buyer's Title Objections to give Buyer notice that (a) Seller will remove any Title Objections from title (or afford the Title Company necessary information or certifications to permit it to insure over such exceptions) or (b) Seller elects not to cause such exceptions to be removed. Seller's failure to provide notice to Buyer within such ten (10) day period as to any Title Objection shall be deemed an election by Seller not to remove the Title Objection. If Seller so notifies or is deemed to have notified Buyer that Seller shall not remove any or all of the Title Objections, Buyer shall have until the later of close of the Contingency Period or ten (10) Business Days after receipt of Seller's notice (or deemed disapproval) to determine whether (i) to proceed with the purchase and take the Property subject to such exceptions or (ii) to terminate this Agreement. "**Permitted Exceptions**" shall include and refer to any and all exceptions to title shown on the Preliminary Report, excepting solely Title Objections that have been timely identified by Buyer and that Seller has notified Buyer pursuant to this Section that Seller is willing to remove, and any other exceptions to title approved in writing by Buyer.

If any encumbrance or other exception to title arises or is discovered after the delivery of the Preliminary Report (and "**Additional Encumbrance**"), the party discovering such Additional Encumbrance must promptly give written notice to the other. No later than five (5) days after delivery of the notice of such Additional Encumbrance, Buyer will deliver a notice to Seller specifying whether the Additional Encumbrance is a Title Objection or a Permitted Exception. If Buyer objects to the Additional Encumbrance, the parties will proceed in the same manner as set forth above for Title Objections arising from the Preliminary Report. If Buyer fails to deliver the notice of Title Objection or Permitted Exception within the time specified in this paragraph, Buyer will be deemed to have accepted such exception as a Permitted Exception.

3.7.3. **Condition of Title at Closing.** Upon the Closing, Seller shall sell, transfer and convey to Buyer indefeasible fee simple title to the Land and the Improvements thereon by a duly executed and acknowledged grant deed in the form of **Exhibit B** attached hereto (the "**Deed**"), subject only to the Permitted Exceptions.

4. **INTERIM LEASE**

4.1. **Lease-Back Agreement.** Buyer agrees to lease to Seller, and Seller agrees to lease from Buyer the Property for a period of twenty-four (24) months, commencing at Close of Escrow pursuant to a lease agreement in substantially the form attached hereto as **Exhibit D** (the "Lease Agreement"). Purchaser will receive a credit towards the Purchase Price of One Million

Five Hundred Thousand Dollars (\$1,500,000), which will be applied towards the rent, as specified in the Lease Agreement. Under the Lease Agreement, Buyer will pay for operating expenses of the Property including, but not limited to, all property taxes, property insurance, property management fees, janitorial expenses, utilities, maintenance, and repairs to the Land and Improvements which are necessary for Seller's continued use and occupancy of the Property during the Term of the Lease Agreement. During the term of the Lease Agreement, Seller will cooperate with Buyer, at Buyer's cost, to provide reasonable access to the Property in connection with Buyer's obtaining land use entitlements and permits for the redevelopment of the Property. Buyer shall provide notice prior to accessing the Property and shall not interfere with, inconvenience or disrupt Seller's operations on the Property. The Lease Agreement shall be executed concurrently with the conveyance of the Property from Seller to Buyer.

5. SELLER'S REPRESENTATIONS AND WARRANTIES

5.1. **Representations and Warranties.** Seller represents and warrants to Buyer as of the date of this Agreement and as of the Closing Date:

5.1.1. **Due Organization.** Seller is a nonprofit public benefit corporation, duly formed, validly existing and in good standing under the laws of the State of California.

5.1.2. **Seller's Authority.** Seller has the full capacity, right, power and authority to enter into this Agreement and to perform its obligations hereunder. The individual(s) executing this Agreement and the instruments referenced herein on behalf of Seller are authorized to execute this Agreement and the instruments referenced herein.

5.1.3. **Litigation.** To Seller's knowledge, Seller has not received notice of litigation against Seller or the Property, and, to Seller's knowledge, Seller has not received written notice of any notice of Zoning Code or Building Code violations or any threatened proceedings against or related to Seller or the Property that would have a material adverse effect on the Buyer or Buyer's intended demolition or use of the Property for a wellness center.

5.1.4. **Hazardous Materials.** To the actual knowledge of Seller's Chief Executive Officer, without inquiry, there has been no release of a hazardous material on the property. To Seller's knowledge, Seller has not received any notices from regulating agencies notifying Seller of the release of a hazardous material on the Property.

5.1.5. **No Default.** Seller is not in material default under any agreement between Seller and a third party affecting the Property that would have a material adverse effect on Buyer's intended demolition and use of the Property for a wellness center.

5.1.6. **Foreign Person.** Seller is not a foreign person and is a "United States Person" as that term is defined in §7701(a)(30) of the Internal Revenue Code of 1986, as amended.

5.2. **SURVIVAL AND RESTATEMENT.** All of the representations and warranties of Seller set forth in Section 5.1 (collectively, "**Seller's Warranties**") shall be deemed re-made by Seller as of the Closing Date with the same force and effect as if in fact made at that time, subject to any qualifications made by Seller and accepted by Buyer pursuant to the provisions set

forth below, and shall survive the Closing for a period of six (6) months from the Closing Date (“**Survival Period**”). If, at any time after the Effective Date, Seller acquires Knowledge of any information that would require the material qualification of any Seller's Warranty for such Seller's Warranty to be true when re-made as of the Closing Date, Seller shall give Buyer prompt written notice of such information, and Seller shall have the right to qualify such Seller's Warranty when re-made at Closing as necessary to reflect such information; provided, however, that to the extent any such qualification represents a material and adverse change to such Seller's Warranty and written notice of such qualification is not received by Buyer until after the expiration of the Contingency Period, Buyer shall have the right either (a) to accept such qualification and to proceed with the Closing without any credit or offset to the Purchase Price unless otherwise agreed in writing by Seller and Buyer, in which case Seller shall have no liability with regard to such matter, or (b) to terminate this Agreement by delivering written notice to Seller and Title Company, in which case (i) Title Company, without the need for any further instructions from either Seller or Buyer, shall automatically and immediately return the Deposit to Buyer, (ii) the parties shall equally share the Cancellation Charges, and (iii) thereafter neither party shall have any rights or obligations to the other hereunder, other than pursuant to any provision hereof that expressly survives the termination of this Agreement. The provisions of this section shall survive the Closing. It is expressly understood and agreed that all liability of Seller for breach of the representations and warranties contained in this Section 4 shall terminate if no suit is filed by Buyer prior to the date this is thirty (30) days following the expiration of the Survival Period. Further, Seller's liability for such breach shall be subject to the limitations set forth in Section 13.3, below.

5.3. **Seller's Knowledge.** As used in this Agreement, the phrase "**to Seller's Knowledge**" and words of similar import shall mean the actual knowledge of Bryan Neider, the chief executive officer of Seller, without any duty of separate inquiry and investigation. Buyer hereby agrees that none of the foregoing persons shall have or incur any personal liability for the breach of any representation or warranty in this Agreement, and that Buyer's sole remedy for any such breach shall be an action against Seller.

6. BUYER'S REPRESENTATIONS AND WARRANTIES.

As an essential inducement to Seller to enter into this Agreement, Buyer represents and warrants to and agrees with Seller that, as of the date hereof, and as of the Closing Date:

6.1. **Due Organization.** Buyer is a California public agency, validly existing and in good standing under the laws of the State of California.

6.2. **Buyer's Authority.** The individual(s) executing this Agreement and the instruments referenced herein on behalf of Seller are authorized to execute this Agreement and the instruments referenced herein.

6.3. **Bankruptcy.** Buyer has not (i) made a general assignment for the benefit of creditors; (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by Buyer's creditors; (iii) suffered the appointment of a receiver to take possession of all or substantially all of Buyer's assets; (iv) suffered the attachment or other judicial seizure of all,

or substantially all, of Buyer's assets; or (v) admitted in writing its inability to pay its debts as they come due.

6.4. **Litigation.** Buyer has not received written notice of any pending or threatened litigation against Buyer that would materially adversely affect Buyer's ability to enter into or perform its obligations under this Agreement.

6.5. **USA Patriot Act Representation.** Neither Buyer nor its partners, members, officers, directors, investors, or shareholders, nor any of their respective affiliates, is in violation of any federal or state anti-money laundering and anti-terrorism laws. Neither Buyer nor its partners, members, officers, directors, investors, or shareholders, nor any of their respective affiliates, is acting, directly or indirectly, on behalf of terrorists, terrorist organizations, or narcotics traffickers, including those persons or entities designated as a Specially Designated National pursuant to Executive Order 13224 of the President of the United States, dated September 23, 2001 (Executive Order), as amended, or that appear on the Annex to the Executive Order, or are included on any relevant lists maintained by the Office of Foreign Assets Control of U.S. Department of Treasury, U.S. Department of State, or other U.S. government agencies, all as may be amended from time to time (Government List). Neither Buyer nor its partners, members, officers, directors, investors, or shareholders, nor any of their respective affiliates, in any capacity in connection with the purchase of Property (a) conducts any business or engages in making or receiving any contribution of funds, goods, or services to or for the benefit of any person included in a Government List, (b) deals in, or otherwise engages in any transaction relating to, the Property or interests in property blocked pursuant to the Executive Order, or (c) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any anti-money-laundering and anti-terrorism law. Neither Buyer, nor any person controlling or controlled by Buyer, is a country, territory, individual, or entity named on a Government List, and, to Buyer's actual knowledge, the monies used in connection with this Agreement and amounts committed with respect to this Agreement were not and are not derived from any activities that contravene any applicable anti-money-laundering or anti-bribery laws and regulations (including funds being derived from any person, entity, country, or territory on a Government List or engaged in any unlawful activity defined under 18 USC §1956(c)(7)).

7. COVENANTS OF SELLER.

In addition to the covenants and agreements of Seller set forth elsewhere in this Agreement, Seller covenants and agrees that between the date hereof and the Closing Date:

7.1. **Insurance.** Seller shall maintain its present policies of insurance in effect until the Closing Date, and in any event shall maintain or cause to be maintained (i) all risk property insurance with respect to the Property, and (ii) commercial general liability insurance with a combined single limit of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate.

7.2. **Maintenance of Property.** Seller shall operate and maintain the Property in the same businesslike manner that it operated and maintained the Property during the 12 months immediately prior to the Effective Date.

7.3. **NO LEASES OR OTHER AGREEMENTS.** Seller shall not enter into an leases or occupancy agreements for any portion of the Building or any other agreements with respect to the Property which will be binding on Buyer or the Property after the Closing without the prior written consent of Buyer, which may be given or withheld in Buyer's sole discretion.

8. CONDITIONS PRECEDENT TO CLOSING.

8.1. **Buyer's Conditions.** The obligation of Buyer to render performance under this Agreement is subject to the following conditions precedent (and conditions concurrent, with respect to deliveries to be made by the parties at Closing) ("**Buyer's Conditions**"), which conditions may be waived, or the time for satisfaction thereof extended, by Buyer only in a writing executed by Buyer:

8.1.1. **Due Diligence.** Buyer shall have approved the Property during the Contingency Period pursuant to Section 3.3.

8.1.2. **Title.** Title Company shall be prepared and irrevocably committed to issue a CLTA extended coverage owner's policy of title insurance in favor of Buyer in an amount equal to the Purchase Price showing fee simple title to the Property vested in Buyer, subject only to the Permitted Exceptions (collectively, the "**Owner's Title Policy**").

8.1.3. **Seller's Warranties.** All of Seller's representations and warranties set forth in this Agreement shall be true and correct as of the Closing Date.

8.1.4. **Seller's Deliveries.** Seller shall have delivered all items to be delivered by Seller pursuant to Sections 10.1 and 10.3 on or prior to the Closing Date.

8.2. **Failure of Buyer's Conditions.** If any of Buyer's Conditions have not been fulfilled within the applicable time periods, Buyer may either waive such condition and proceed to the Closing pursuant to this Agreement, in which case Seller shall have no liability with regard to such matter, or terminate this Agreement, in which event (i) the Deposit shall promptly be released to Buyer, (ii) the parties shall equally share the Cancellation Charges and (iii) neither party shall thereafter have any rights or obligations to the other hereunder. Notwithstanding the foregoing, if any Buyer's Condition is not satisfied due to a default on the part of Seller, then Buyer shall have the rights and remedies set forth in Section 13.2. If Buyer elects to close notwithstanding the non-satisfaction of a condition, there shall be no liability on the part of Seller for any non-satisfaction of such condition.

8.3. **Seller's Conditions.** The obligation of Seller to render performance under this Agreement is subject to the following conditions precedent (and conditions concurrent with respect to deliveries to be made by the parties at Closing) ("**Seller's Conditions**"), which conditions may be waived, or the time for satisfaction thereof extended and, notwithstanding Section 9.1, the Closing Date extended, by Seller only in a writing executed by Seller:

8.3.1. **Buyer's Warranties.** All of the representations and warranties of Buyer set forth in Section 6 hereof shall be true and correct as of the Closing Date.

8.3.2. **Corrective Grant Deed.** Seller shall have recorded a corrective grant deed clarifying that Seller is the current owner of the Property.

8.3.3. **Reconveyance of San Mateo County Deeds of Trust.** The County of San Mateo shall have reconveyed those certain Deeds of Trust identified in the Preliminary Report and Seller obtained any approvals, if needed, from the County of San Mateo to transfer the Property.

8.3.4. **Buyer's Due Performance.** Buyer shall have delivered all items and funds to be delivered by Buyer pursuant to Section 10.2, on or prior to the Closing Date.

8.4. **FAILURE OF SELLER'S CONDITIONS.** If any of Seller's Conditions have not been fulfilled within the applicable time periods, Seller may terminate this Agreement by delivery of written notice thereof to Buyer. Seller shall use commercially reasonable efforts to satisfy Seller Conditions provided in Sections 8.3.2 and 8.3.3. Notwithstanding the foregoing, if Seller Conditions provided in Section 8.3.2 and 8.3.3 have not been satisfied by the Closing Date, the Closing Date shall be extended until such conditions have been satisfied, but in no event for a period longer than ninety (90) days. Upon such termination, (i) the Deposit shall be released to Seller except as provided in Sections 8.2 or 13.2, (ii) the parties shall equally share the Cancellation Charges, and (iii) neither party shall thereafter have any rights or obligations to the other hereunder. Notwithstanding the foregoing, if any Seller Condition is not satisfied due to a default on the part of Buyer, then Seller shall have the rights and remedies set forth in Section 13.1.

9. CLOSING.

9.1. **CLOSING DATE.** Subject to the provisions of this Agreement, the Closing shall take place fifteen (15) days after the date of the Approval Notice. As used herein, the "**Closing**" shall mean the recordation of the Deed in the Official Records, and the "**Closing Date**" shall mean the date upon which the Closing actually occurs.

9.2. **CLOSING COSTS.** Each party shall pay its own costs and expenses arising in connection with the Closing (including, without limitation, its own attorneys' and advisors' fees), except the following costs (the "**Closing Costs**"), which shall be allocated between the parties as follows:

9.2.1. Seller shall pay the brokerage commission of MW Properties, Inc., all County transfer taxes related to the transfer of the Property, unless exempt pursuant to Revenue & Taxation Code Section 11922, as is customary in San Mateo County, Seller's legal fees and other costs as is customary in San Mateo County.

9.2.2. Buyer shall pay for all escrow fees, all of its due diligence and legal costs, all title insurance premiums for the Owner's Title Policy, any endorsements requested by Buyer, and other costs as is customary in San Mateo County.

10. CLOSING DELIVERIES.

10.1. **Deliveries by Seller to Escrow.** In time sufficient to permit the Closing on the scheduled Closing Date (in no event later than one Business Day in advance), Seller, at its sole cost and expense, shall deliver or cause to be delivered into Escrow the following documents and instruments, each effective as of the Closing Date and executed by Seller, in addition to the other items and payments required by this Agreement to be delivered by Seller:

10.1.1. **Deed.** The original executed and acknowledged Deed conveying the Property to Buyer or its nominee;

10.1.2. **Non-Foreign Affidavit.** an original Non-Foreign Affidavit in the form of **Exhibit C** attached hereto, executed by Seller;

10.1.3. **California Form 593.** A properly executed California Withholding Exemption Certificate (Form 593) certifying that Buyer is not required to withhold any portion of the Purchase Price at the Closing;

10.1.4. **Proof of Authority.** Such proof of Seller's authority and authorization to enter into this Agreement and the transaction contemplated hereby;

10.1.5. **Lease Agreement.** the original executed Lease Agreement; and

10.1.6. **Other.** Such other documents and instruments, signed and properly acknowledged by Seller, if appropriate, as may be reasonably required by Buyer, Title Company or otherwise in order to effectuate the provisions of this Agreement and the Closing of the transactions contemplated herein.

10.2. **Deliveries by Buyer.** In time sufficient to permit the Closing on the scheduled Closing Date (in no event later than one Business Day in advance), Buyer, at its sole cost and expense, shall deliver or cause to be delivered into Escrow the following:

10.2.1. **Balance, Prorations & Closing Costs.** The balance of the Purchase Price and Buyer's share of prorations and Closing Costs;

10.2.2. **Proof of Authority.** Such proof of Buyer's authority and authorization to enter into this Agreement and the transaction contemplated hereby;

10.2.3. **Lease Agreement.** the original executed Lease Agreement; and

10.2.4. **Other.** Such other documents and instruments, signed and properly acknowledged by Buyer, if appropriate, as may reasonably be required by Escrow Agent or otherwise in order to effectuate the provisions of this Agreement and the closing of the transactions contemplated herein.

10.2.5. **DELIVERIES OUTSIDE OF ESCROW.** Seller shall deliver possession of the Property to Buyer upon the Closing, subject to the Lease Agreement. Further, Seller hereby covenants and agrees, at its sole cost and expense, to deliver or cause to be delivered to Buyer, on or prior to the Closing, the following items:

10.2.6. **Property Documents.** To the extent not previously delivered to or copied by Buyer, copies of or, if in Seller's possession or control, the originals of all of the Property Documents in Seller's possession or control;

10.2.7. **Other.** Such other documents and instruments as may be reasonably required by Buyer or otherwise in order to effectuate the provisions of this Agreement and the Closing of the transactions contemplated herein.

10.3. **Closing Procedure.** When the Title Company has timely received all documents and funds identified in Sections 10.1 and 10.2, and has received written notification from Buyer and Seller that all conditions to Closing have been satisfied or waived; and the Title Company is irrevocably committed to issue the Title Policy as described in Section 8.1.2, then, and only then, the Title Company shall:

10.3.1. Record the Deed in the Official Records of San Mateo County, California;

10.3.2. Issue the Owner's Title Policy to Buyer;

10.3.3. Deliver to Buyer (i) a conformed copy showing all recording information of the Deed, (ii) a fully executed original Non-Foreign Affidavit, and Lease Agreement, and (iii) Buyer's closing statement; and

10.3.4. Deliver to Seller (i) the Purchase Price (as adjusted for prorations and Seller's share of closing costs), (ii) a fully executed original Lease Agreement, and (iii) Buyer's closing statement.

10.4. **REAL ESTATE REPORTING PERSON.** Title Company is designated the "real estate reporting person" for purposes of section 6045 of title 26 of the United States Code and Treasury Regulation 1.6045-4 and any instructions or settlement statement prepared by Title Company shall so provide. Upon the consummation of the transaction contemplated by this Agreement, the parties shall instruct Title Company to file Form 1099 information return and send the statement to Seller as required under the aforementioned statute and regulation.

11. PRORATIONS.

The following shall be prorated between Buyer and Seller as of 12:01 a.m. on the Closing Date: real property taxes and assessments, annual permits and/or inspection fees and all other items of income and expense relating to the Property. Buyer will cause all utilities to be transferred into Buyer's name. Buyer shall obtain its own insurance with respect to the Property and shall not be responsible for any insurance premiums in connection with Seller's insurance. If any of the aforesaid prorations and credits cannot be calculated accurately on the Closing Date, then the same shall be calculated as soon as reasonably practicable after the Closing Date and either party owing the other party a sum of money based on such subsequent proration or credit shall promptly pay such sum to the other party. Seller shall terminate all service and maintenance contracts it has executed for the Property as of Closing, except for those that Seller will use during the term of the Lease Agreement (and which will, in any event, be terminated by Seller at the termination of the Lease Agreement).

12. RISK OF LOSS.

12.1. **Condemnation.** In the event that prior to the Closing Date, the Property, or any part thereof, is subject to a taking by a public authority, then Buyer shall have the right, exercisable by giving notice to Seller within 30 days after receiving written notice of such taking either (a) to terminate this Agreement, in which case neither party shall have any further rights or obligations hereunder, the Deposit shall be released to the Buyer and the parties shall equally share the Cancellation Charges, or (b) to accept the Property in its then condition and proceed to close this transaction, and to receive an assignment of all of Seller's rights to any condemnation awards payable by reason of such taking. If Buyer elects to proceed under clause (b) above, Seller shall not compromise, settle or adjust any claims to such awards without Buyer's prior written consent, which consent shall not unreasonably be withheld. Seller agrees to give Buyer prompt notice of any taking of the Property promptly after Seller receives notice of the same.

12.2. **Casualty.** If, prior to the Closing Date, any portion of the Property is damaged or destroyed, Seller shall immediately notify Buyer of such fact. If the cost to repair such damage or destruction is reasonably estimated to be more than Seven Hundred Fifty Thousand Dollars (\$750,000), Buyer shall have the option to terminate this Agreement by delivering written notice to Seller not later than 30 days after Buyer's receipt of Seller's notice regarding such damage or destruction. Upon such termination, the Deposit shall be released to Buyer, the parties shall equally share the Cancellation Charges, and neither party shall have any further rights or obligations hereunder, other than pursuant to any provision hereof that expressly survives the termination of this Agreement. If Buyer does not elect to terminate this Agreement within the time period set forth above, (i) the parties shall proceed to Closing pursuant to the terms hereof without modification of the terms of this Agreement and without any reduction in the Purchase Price (unless otherwise agreed in writing by Seller and Buyer), (ii) Seller shall assign to Buyer, and Buyer shall be entitled to receive and keep, all insurance proceed payable in connection with the casualty, (iii) Buyer shall receive a credit against the Purchase Price equal to the amount of any applicable insurance deductible. If Buyer does not elect to terminate this Agreement pursuant to this Section 12.2, Buyer shall have the right to participate in any adjustment of the insurance claim and Seller shall not compromise, settle or adjust any such claim without Buyer's prior written consent (which consent may be withheld in Buyer's sole and absolute discretion).

13. DEFAULT.

13.1. **Default by Buyer.** IN THE EVENT THAT THE ESCROW AND THIS TRANSACTION FAIL TO CLOSE AS A RESULT OF THE DEFAULT OF BUYER IN THE PERFORMANCE OF ITS OBLIGATIONS UNDER THIS AGREEMENT, BUYER AND SELLER AGREE THAT SELLER'S ACTUAL DAMAGES WOULD BE IMPRACTICABLE OR EXTREMELY DIFFICULT TO FIX AND THAT THE AMOUNT OF THE DEPOSIT REPRESENTS THE PARTIES' REASONABLE ESTIMATE OF SUCH DAMAGES. THE PARTIES THEREFORE AGREE THAT IN THE EVENT THAT ESCROW AND THIS TRANSACTION FAIL TO CLOSE AS A RESULT OF THE DEFAULT OF BUYER IN THE PERFORMANCE OF ITS OBLIGATION TO PURCHASE THE PROPERTY HEREUNDER AND SELLER IS READY, WILLING AND ABLE TO PERFORM ITS OBLIGATIONS HEREUNDER, SELLER IS ENTITLED TO LIQUIDATED DAMAGES IN THE AMOUNT OF THE DEPOSIT THEN HELD BY THE TITLE COMPANY, PROVIDED HOWEVER,

THAT THIS PROVISION SHALL NOT LIMIT SELLER'S RIGHT TO RECEIVE REIMBURSEMENTS FOR REASONABLE ATTORNEYS' FEES NOR WAIVE OR AFFECT SELLER'S RIGHTS TO BUYER'S INDEMNITY OBLIGATIONS UNDER OTHER SECTIONS OF THIS AGREEMENT (INCLUDING OBLIGATIONS OF BUYER THAT SURVIVE TERMINATION OF THIS AGREEMENT). THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. SELLER HEREBY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389. SELLER AND BUYER ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS SECTION 13.1, AND BY THEIR INITIALS IMMEDIATELY BELOW AGREE TO BE BOUND BY ITS TERMS.

Seller's Initials

Buyer's Initials

13.2. **Default By Seller.** In the event the Closing and the transactions contemplated hereby do not occur as herein provided by reason of any default by Seller, Buyer, as Buyer's sole and exclusive remedy, may elect by written notice to Seller, either of the following: (a) to terminate this Agreement, in which event (i) the Title Company shall return the Deposit to Buyer, (ii) Seller shall pay the Cancellation Charges, and (iii) Seller shall reimburse Buyer for Buyer's actual out-of-pocket due diligence expenses, up to a maximum amount of \$25,000, (b) waive such breach and proceed with the Closing, or (c) file an action for specific performance. If the Closing has occurred, Buyer shall not be entitled to bring a claim against Seller unless Buyer establishes that Seller materially breached a representation or warranty contained in Section 5 or a covenant that has expressly survived the Closing and has not terminated or expired, in which case Buyer may seek damages by reason thereof subject to the limitations set forth in Section 13.3, below. All other claims of Buyer against Seller (other than post-closing covenants) shall be deemed waived. The provisions of this Section shall survive the Closing.

13.3. **Limitation of Seller's Liability.** Notwithstanding anything to the contrary contained in this Agreement, the maximum aggregate liability of Seller, and the maximum aggregate amount which may be awarded to and collected by Buyer, including, but not limited to, for any breach of any representation, warranty, and/or covenant by Seller under this Agreement or any documents executed pursuant hereto or in connection herewith, shall be limited to Buyer's actual, verifiable damages subject to the following provisions of this Section. Buyer expressly waives any and all rights to recover consequential, punitive, special, or exemplary damages. No claim for a breach of any Seller representation or warranty or the failure or default of a covenant or agreement of Seller whether or not such covenant or agreement survives Closing, shall be actionable or payable unless (a) the breach in question results from, or is based on, a condition, state of facts or other matter which was not actually disclosed to, or actually known by, Buyer, and of which Buyer did not have actual knowledge or constructive knowledge, prior to Closing, (b) written notice containing a description of the specific nature of such breach shall have been delivered by Buyer to Seller prior to the expiration of the Survival Period, and an action with respect to such breach(es) shall have been commenced by Buyer against Seller not later than thirty (30) days following the expiration of the Survival

Period. Notwithstanding anything contained herein to the contrary, the maximum amount that Buyer shall be entitled to collect from Seller in connection with all suits, litigation, administrative proceedings or other claims resulting from all breaches by Seller of any representation or warranty of Seller or any covenants or agreement of Seller, inclusive of any recovery pursuant to Section 13.2, shall in no event exceed Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate. In addition, Buyer will not bring any suit, litigation, administrative proceedings or other claims unless Buyer's claims for damages exceed Twenty-Five Thousand Dollars (\$25,000). Notwithstanding anything to the contrary contained herein, if Buyer obtains actual knowledge or constructive knowledge that any representation or warranty of Seller is not true or correct as of the Effective Date, or that such representation or warranty is not true or correct on or before the Closing, or obtains actual or constructive knowledge that Seller has failed to perform any covenant and agreement herein contained, and Buyer shall nevertheless acquire the Property notwithstanding such fact, Buyer shall not be entitled to commence any action after Closing to recover damage from Seller due to such representation or warranty failing to be true or correct (and Buyer shall not be entitled to rely on such representation or warranty) or such covenant(s) and agreement(s) having failed to be performed by Seller. The provisions of this Section shall survive the Closing.

14. BROKERS' COMMISSION.

14.1. **Commission.** Buyer hereby represents and warrants to Seller that it has not engaged or dealt with any broker, finder or other agent in connection with entry into this Agreement or the transactions contemplated hereby. Seller hereby represents and warrants to Buyer that it is represented by MW Properties, Inc. ("Broker") in this transaction. Seller shall be responsible for the payment of a brokerage commission to Broker and agrees to indemnify Buyer against any commission payable to Broker pursuant to a separate written agreement between Seller and Broker. Buyer and Seller each hereby indemnify and hold the other harmless from and against any and all liabilities, claims, demands, damages, costs and expenses, including without limitations, reasonable attorneys' fees and court costs, in connection with claims for any such commissions, finders' fees or brokerage fees arising out of each such party's conduct or the inaccuracy of the foregoing representation and/or warranty. The provisions of this Section shall survive the Closing or termination of this Agreement.

15. MISCELLANEOUS PROVISIONS

15.1. **Governing Law.** This Agreement and the legal relations between the parties hereto shall be governed by and construed and enforced in accordance with the laws of the State of California, without regard to its principles of conflicts of law.

15.2. **Entire Agreement.** This Agreement, including the exhibits and schedules attached hereto, constitutes the entire agreement between Buyer and Seller pertaining to the subject matter hereof and supersedes all prior agreements, understandings, letters of intent, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements, express or implied, made to either party by the other party in connection with the subject matter hereof except as specifically set forth herein or in the documents delivered pursuant hereto or in connection herewith.

15.3. **Modifications; Waiver.** No supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

15.4. **Notices.** All notices, consents, requests, reports, demands or other communications hereunder (collectively, "**Notices**") shall be in writing and may be given personally, by reputable overnight delivery service or by facsimile transmission to each of the parties at the following addresses:

To Seller: AbilityPath
350 Twin Dolphin Drive, Suite 123
Redwood City, CA 94065
Attn: Bryan Neider
E-mail: Bryan@abilitypath.org

With A Copy To: Goldfarb & Lipman LLC
1300 Clay Street, 11th Floor
Oakland, CA 94612
Attn: Heather J. Gould
Email: Hgould@goldfarblipman.com

To Buyer: Peninsula Health Care District
1819 Trousdale Drive
Burlingame, CA 94010
Attention: Ana Maria Pulido, CEO
Email: Ana.pulido@peninsulahealthcaredistrict.org

With A Copy To: Law Offices of Mark D. Hudak
177 Bovet Road, Suite 600
San Mateo, CA 94402
Attention: Mark Hudak
Email: Mark@mhudaklaw.com

or to such other address or such other person as the addressee party shall have last designated by written notice to the other party. A copy of any Notice sent by e-mail also must be personally delivered or sent by reputable overnight courier service (in accordance with this Section) within 48 hours of the transmission of such Notice by e-mail, provided that failure to do so will not invalidate any Notice actually received by the party to whom the e-mail was addressed. Notices given by e-mail transmission shall be deemed to be delivered as of the date and time when transmission and receipt of such e-mail is confirmed; and all other Notices shall have been deemed to have been delivered on the date of delivery or refusal. All copies of Notices (i.e., those provided to any person or entity other than Seller, Buyer, or Escrow Agent) shall be given as a courtesy only, and the failure or inability to deliver any courtesy copy of any Notice will not invalidate the Notice given to Seller, Buyer, or Escrow Agent.

15.5. **Severability.** Any provision or part of this Agreement which is invalid or unenforceable in any situation in any jurisdiction shall, as to such situation and such jurisdiction, be ineffective only to the extent of such invalidity and shall not affect the enforceability of the remaining provisions hereof or the validity or enforceability of any such provision in any other situation or in any other jurisdiction.

15.6. **Successors and Assigns; Third Parties.** This Agreement is fully assignable by Buyer. All of the rights, duties, benefits, liabilities and obligations of the parties shall inure to the benefit of, and be binding upon, their respective successors and assigns. Except as specifically set forth or referred to herein, nothing herein expressed or implied is intended or shall be construed to confer upon or give to any person or entity, other than the parties hereto and their successors or assigns, any rights or remedies under or by reason of this Agreement.

15.7. **Counterparts.** This Agreement may be executed in as many counterparts as may be deemed necessary and convenient, and by the different parties hereto on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same instrument.

15.8. **Headings.** The section headings of this Agreement are for convenience of reference only and shall not be deemed to modify, explain, restrict, alter or affect the meaning or interpretation of any provision hereof.

15.9. **Time of The Essence.** Time shall be of the essence with respect to all matters contemplated by this Agreement.

15.10. **Further Assurances.** In addition to the actions recited herein and contemplated to be performed, executed, and/or delivered by Seller and Buyer, Seller and Buyer agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered at the Closing or after the Closing any and all such further acts, instruments, deeds and assurances as may be reasonably required to consummate the transactions contemplated hereby.

15.11. **Joint and Several Liability.** The obligations of each person or entity executing this Agreement as Seller shall be joint and several.

15.12. **Number and Gender.** Whenever the singular number is used, and when required by the context, the same includes the plural, and the masculine gender includes the feminine and neuter genders.

15.13. **Construction.** This Agreement shall not be construed more strictly against one party hereto than against any other party hereto merely by virtue of the fact that it may have been prepared by counsel for one of the parties.

15.14. **Exhibits.** All exhibits attached hereto are hereby incorporated by reference as though set out in full herein.

15.15. **Attorneys' Fees.** If any action is brought by either party against the other party, relating to or arising out of this Agreement, the transaction described herein or the enforcement hereof, the prevailing party shall be entitled to recover from the other party reasonable attorneys'

fees, costs and expenses incurred in connection with the prosecution or defense of such action. The provisions of this Section shall survive the entry of any judgment, and shall not merge, or be deemed to have merged, into any judgment.

15.16. **Business Days.** As used herein, the term "**Business Day**" shall mean a day that is not a Saturday, Sunday or legal holiday. In the event that the date for the performance of any covenant or obligation under this Agreement shall fall on a Saturday, Sunday or legal holiday under the laws of the State of California, the date for performance thereof shall be extended to the next Business Day.

15.17. **1031 Exchange.** Either party may consummate the purchase or sale of the Property as part of a so-called like kind exchange (the "Exchange") pursuant to Section 1031 of the Internal Revenue Code of 1986, as amended, provided that (i) Close of Escrow shall not be delayed or affected by reason of the Exchange, nor shall the consummation or accomplishment of the Exchange be a condition precedent or condition subsequent to either party's obligations under this Agreement; (ii) the party electing to consummate this transaction as part of an Exchange (the "Electing Party") shall effect the Exchange through an assignment of this Agreement, or its rights under this Agreement, to a qualified intermediary; (iii) the other party (the "Accommodator") shall not be required to take an assignment of the purchase agreement for the relinquished property or be required to acquire or hold title to any real property for purposes of consummating the Exchange; and (iv) the Electing Party shall pay any additional costs that would not otherwise have been incurred by the Accommodator had the Electing Party not consummated this transaction through the Exchange. The Accommodator shall not by this Agreement or acquiescence to the Exchange proposed by the Electing Party have its rights under this Agreement affected or diminished in any manner or be responsible for compliance with or be deemed to have warranted to the Electing Party that the Exchange in fact complies with Section 1031 of the Internal Revenue Code of 1986, as amended.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

BUYER: **Peninsula Health Care District,**
a California public agency

By _____
Name and Title _____

SELLER: **AbilityPath,** a California nonprofit public benefit corporation

By _____
Name and Title _____

Acceptance by Title Company

Chicago Title Company acknowledges receipt of the foregoing Agreement and accepts the instructions contained herein.

CHICAGO TITLE COMPANY

By _____
Name and Title _____

Date of Execution by Title Company: _____, 2023

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B

**RECORDING REQUESTED BY
AND WHEN RECORDED MAIL TO:**

[ADDRESS]
Attn:

MAIL TAX STATEMENTS TO:

[ADDRESS]
Attn:

GRANT DEED

The undersigned Grantor declares that Documentary Transfer Tax is not part of the public records.

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged, _____, a _____ ("**Grantor**"), hereby **GRANTS** to _____ ("**Grantee**"), that certain real property located in the City of _____, County of _____, State of California and more particularly described in Exhibit A attached hereto and incorporated herein by this reference (the "**Property**"), together with (i) all improvements located thereon, (ii) all rights, privileges, easements and appurtenances appertaining to the Property, and (iii) all right, title and interest of Grantor (if any) in, to and under adjoining streets, rights of way and easements

IN WITNESS WHEREOF, Grantor has caused its duly authorized representatives to execute this instrument as of _____, 202_.

GRANTOR: _____,
a _____

By: _____
Its: _____

Assessor's Parcel Number: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
)
COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify UNDER PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Name: _____
Notary Public

EXHIBIT A

Legal Description of the Property

EXHIBIT C

NON-FOREIGN AFFIDAVIT

1. Section 1445 of the Internal Revenue Code of 1986, as amended (the "**Code**"), provides that a transferee of a United States real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445 of the Code), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity.

2. In order to inform _____ and its nominees, designees and assigns (collectively, "**Transferee**"), that withholding of tax is not required upon the disposition by _____, a _____ ("**Transferor**"), of the United States real property more particularly described on Exhibit A attached hereto and incorporated herein by reference (the "**Property**"), the undersigned Transferor certifies and declares by means of this certification, the following:
 - a. Transferor is not a foreign person, foreign corporation, foreign partnership, foreign trust or foreign estate (as such terms are defined in the Code and the Income Tax Regulations).
 - b. Transferor is not a disregarded entity (as defined in Section 1.1445-2(b)(2)(iii) of the Income Tax Regulations).
 - c. Transferor's federal taxpayer identification number is: _____.
 - d. Transferor's address is: _____

3. Transferor understands that this certification may be disclosed to the Internal Revenue Service by Transferee and that any false statement contained in this certification may be punished by fine, imprisonment or both.

Under penalties of perjury, the undersigned declares that he/she has examined this certification and to the best of his/her knowledge and belief it is true, correct, and complete, and he/she further declares that he/she has authority to sign this certification on behalf of Transferor.

Executed this _____ day of _____, 202__ at _____.

TRANSFEROR:

_____,
a _____

:

By: _____
Name: _____
Its: _____

EXHIBIT A
Legal Description

EXHIBIT D
LEASE AGREEMENT

PRESCHOOL LEASE AGREEMENT
1764 Marco Polo Way

This Preschool Lease Agreement lease ("Lease Agreement" or "Lease") is made as of _____, 2023, by and between Peninsula Health Care District, a California public agency ("Lessor"), and AbilityPath, a California nonprofit public benefit corporation ("AbilityPath" or "Lessee"). Lessor and Lessee are individually referred to herein as "Party" and collectively as "Parties." In consideration for the rents and covenants hereinafter set forth, Lessor hereby leases to Lessee and Lessee hereby rents from Lessor the following-described Property, upon the following terms and conditions:

1. FUNDAMENTAL LEASE PROVISIONS

PROPERTY: That certain property located 1764 Marco Polo Way in Burlingame, CA, as more particularly described in **Exhibit A**, including all improvements thereon. AbilityPath has been operating the Learning Links Burlingame Preschool on the Property.

TERM: The term shall commence on the Effective Date, as defined below, and expire two (2) years after the Effective Date.

RENT: Sixty-Two Thousand Five Hundred Dollars (\$62,500.00) per month. Lessee prepaid the Rent for the entire term of this Lease Agreement, in an amount of One Million Five Hundred Dollars (\$1,500,000), to Lessor and no further amounts are due.

PERMITTED USES: Lessee shall use the Property for the continuing operation of a preschool, children's therapy, and associated uses.

ADDRESSES FOR NOTICES:

TO LESSEE: AbilityPath
 350 Twin Dolphin Drive, Suite 123
 Redwood City, CA 94065
 Attn: Bryan Neider

TO LESSOR: Peninsula Health Care District
 1819 Trousdale Drive
 Burlingame, CA 94010
 Attn: Ana M. Pulido, CEO

2. PREMISES AND BUILDING

2.1. Lease of Premises.

Lessor leases to Lessee and Lessee leases from Lessor the Property described in Article 1 on the terms and conditions set forth in this Lease Agreement.

3. RENT

3.1. Payment.

Lessor purchased the Property from Lessee concurrently with the Effective Date of this Agreement. Lessee prepaid the Rent for the Term of this Lease Agreement to Lessor at the close of escrow for the sale of the Property. No further Rent or other sums are due to Lessor during the Term of this Lease Agreement.

4. COMMENCEMENT DATE AND TERM

4.1. Delivery of Possession of Premises.

Lessee's possession of the Property shall commence immediately upon the Effective Date. Lessor acknowledges that Lessee has been operating a preschool on the Property and intends to continue the operation of the preschool with no interruption.

Lessor shall deliver possession of the Property to Lessee in an "as is" condition and Lessee's acceptance of possession of the Property shall be deemed conclusive evidence that as of the date of taking possession, the Property is in good order and satisfactory condition. No promise of Lessor to alter, remodel, repair, or improve the Property and no representation (express or implied) respecting any matter or thing related to the Property, or this Lease (including, without limitation, the condition of the Property or suitability for Lessee's intended use) has been made to Lessee by Lessor or its agent, other than as may be contained herein or in an exhibit or addendum to this Lease Agreement signed by Lessor and Lessee.

4.2. Commencement Date; Extension of Term; Expiration.

The term of this Lease commences on the "Effective Date", which shall be the date Lessor acquires the Property from Lessee and will expire two (2) years thereafter, unless earlier terminated or extended pursuant to the terms of this Lease Agreement.

4.3. Termination.

Lessee and Lessor shall have the right to terminate this Lease Agreement following an uncured material breach by the other party upon sixty (60) days' prior written notice to the other party. Upon termination, neither party shall have any further obligations under this Lease Agreement, except for the provisions of Article 11 of this Lease. If this Lease Agreement terminates prior to the expiration of the Term as a result of any reason other than Lessee's uncured material breach, as provided in Section 14.2, Lessor shall promptly return to Lessee the portion of prepaid Rent that would have applied to the remaining Term of the Lease.

5. TAXES

5.1. Personal Property Taxes.

Lessee shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property owned or leased by Lessee for its operations on the Property.

5.2. Real Property Taxes.

Lessor shall be responsible for the payment of any and all real property taxes, assessments other impositions, an any payments in lieu of taxes, which may be levied, assessed, charged or imposed during the Term of this Lease Agreement upon the Property. All such taxes shall be paid prior to delinquency. In the event that the appropriate taxing authority determines that an assessment is due based upon Lessee's occupancy, Lessor shall be responsible for payment of the assessment.

6. SERVICES AND UTILITIES

6.1. Lessor shall pay for, prior to delinquency, all trash, water, sewer, gas, and electricity services furnished to Lessee or the Property, together with all related installation or connection charges or deposits. Lessor shall additionally pay for janitorial, landscaping, and property management services. All utilities and services identified herein shall be in Lessor's name and paid directly by Lessor to the service provider. Lessee shall provide the names, addresses, and contact information of all current utility and service providers utilized by Lessee prior to the Effective Date for continuity, but Lessor shall not be required to continue using such providers. Notwithstanding the foregoing, Lessor shall not discontinue or change providers for any utilities or services paid for by Lessee.

7. MAINTENANCE AND REPAIRS; CAPITAL IMPROVEMENTS

7.1. During the term of this Lease Agreement, Lessor shall, at Lessor's expense, maintain and repair damages to the Property, including, without limitation, the following: all elements of the existing buildings and facilities on the Property, including structural and non-structural elements and the roof; all interior non-structural items requiring repair for operation of a preschool, including but not limited to the HVAC, interior surfaces of walls and ceilings; floors; windows; doors; locks or closing devices; window casements and frames; plumbing and electrical systems; the exterior spaces of the Property including the playground, fences and gates. However, Lessor shall not have any obligation to repair damage caused by Lessee, its agents, employees, contractors, invitees or licensees. Lessee shall have the right, but not the obligation to undertake work of repair which Lessor is required to perform under this Lease Agreement and which Lessor fails or refuses to perform or commence in a timely and efficient manner after Lessor's receipt of thirty (30) days advanced written notice (and Lessor's failure to perform or commence to perform). Lessor shall reimburse Lessee upon demand for all costs incurred by Lessee in performing any such repair for the account of Lessor. Lessor's maintenance and repair of the Property shall be performed consistent with Section 19.7, below regarding Lessor's entrance at the Property and shall, in any event, not unreasonably interfere with Lessee's use of the Property.

8. PERMITTED USES

8.1. Use Authorized.

Lessee shall use and occupy the Property only for the purposes indicated in Article I, PERMITTED USES, and any change in such use shall require the prior written approval of the Lessor. PERMITTED USES shall also include the operation of a playground for the children served, children's therapy services, parent support groups, meeting with individual and groups of parents in the Premises on weekday evenings or weekends, parent training events, staff training and staff meetings and other organizational or business uses.

8.2. Licenses and Permits.

Lessee shall obtain, if it does not already have, or cause any sublessees or operators to obtain, all licenses and permits required by those public agencies having jurisdiction to operate the Property as a preschool and to provide therapy services. Lessee shall maintain such licenses and permits and not allow them to lapse or expire if required for its operations on the Property throughout the term of this Lease Agreement. Lessee, at Lessee's expense, shall comply with all laws, ordinances, and regulations pertaining to the Permitted Use.

8.3. Uses Prohibited.

- (a) Lessee agrees not to do or permit anything to be done in or about the Property nor bring or keep anything therein which will in any way increase the existing rate or affect any fire or other insurance upon the Property or any of its contents or cause cancellation of any insurance policy covering the Property or any of its contents. Lessee agrees not to sell or permit to be kept, used, or sold in or about the Property any articles which may be prohibited by a standard-form policy of fire insurance. Lessee agrees not to sell or permit to be kept, used, or sold in or about the Property, hazardous substances or hazardous waste as defined by state or federal law. For purposes of the section, hazardous substances shall not include incidental cleaning supplies and small amounts of chemicals commonly employed in routine office and childcare uses provided that they are used in strict compliance with all applicable laws and regulations.
- (b) Lessee agrees not to use or allow the Property to be used for any unlawful purpose. Lessee further agrees not to cause, maintain, or permit any nuisance in or about the Property. Lessee's use of the Property consistent with the terms of this Section 8 shall not be deemed to be a nuisance. Lessee agrees not to commit or suffer to be committed any waste in or about the Property.
- (c) Lessee agrees not to knowingly use the Property or permit anything to be done in or about the Property which will in any way conflict with any law, statute, ordinance, or governmental rule or regulation or requirement of duly constituted public authorities now in force or which may hereafter be

enacted or promulgated. Lessee agrees promptly to comply with all laws, statutes, ordinances, and governmental rules, regulations, or requirements now in force or which may hereafter be in force, and with the requirements of any board of fire underwriters or other similar body now or hereafter constituted relating to or affecting the condition, use, or occupancy of the Property, excluding structural changes not relating to or affecting the condition, use, or occupancy of the Property.

9. CONDITION OF PREMISES AND ALTERATIONS

9.1. Condition on Commencement.

By accepting occupancy, Lessee shall be deemed to have agreed that the Property is in a clean and sanitary condition and good state of repair, and in a condition suitable for the use authorized under this Sublease. Lessor delivers the Property to Lessee in an "as is" condition, and Lessee's taking possession of the Property shall be deemed conclusive evidence that as of the date of taking possession, the Property is in good order and satisfactory condition. No promise of Lessor to alter, remodel, repair or improve the Property and no representation, express or implied, respecting any matter or thing relating to the Property, or this Lease (including, without limitation, the condition of the Property) has been made to Lessee by Lessor or its agent, other than as may be contained herein or in a separate exhibit or addendum signed by Lessor and Lessee.

9.2. Condition at End of Term.

Upon termination of this Lease or upon the earlier expiration of the term, Lessee shall surrender the Property in the same condition as received on the commencement of the term excepting ordinary and reasonable wear and tear and alterations consented to by Lessor in accordance with Section 9.3 or completed by Lessor.

9.3. Alterations.

Lessee shall not make, or suffer to be made, any additions, alterations, or improvements of the Property or any part thereof without first obtaining the written consent of Lessor. Any additions to or alterations or improvements of the Property shall become a part of the realty and belong to Lessor, except for unattached, moveable trade fixtures placed on the Property by Lessee. If written consent of Lessor to any proposed alterations, additions, or improvements by Lessee shall have been obtained, Lessee agrees to advise Lessor in writing in advance of the date upon which such alterations, additions or improvements will commence, in order to permit Lessor to post notice of non-responsibility. Lessee shall keep the Property free from any and all liens arising out of any work performed or materials furnished or incurred by or for Lessee. All work to be performed by or for Lessee pursuant to the provisions hereof shall be performed diligently and in a first-class, workman like manner by a licensed contractor after obtaining an appropriate building permit from the applicable governmental agencies.

9.4. INSURANCE

During the entire term of the Lease Agreement, Lessee, at Lessee's expense, shall carry and maintain, at its sole cost and expense, at a minimum, the following types of insurance in the amounts and form specified, including all special endorsements required of Lessee's business, subject to Lessor's reasonable approval.

- (a) Commercial General Liability insurance as provided under the Insurance Services Office form CG 00 01 or equivalent, without restriction for explosion, collapse, and underground property damage hazards, and shall provide at least the following: contractual liability; products and completed operations; employees as insureds; personal and advertising injury liability. Policy shall include coverage for sexual abuse and molestation claims. The minimum limits of liability shall be: \$1,000,000 per occurrence, bodily injury & property damage; \$1,000,000 per occurrence, personal & advertising injury; \$2,000,000 general aggregate (other than completed operations); \$2,000,000 products & completed operations aggregate
- (b) Workers Compensation insurance as required by California statute and Employer's Liability with limits not less than \$1,000,000 for bodily injury by each accident; and \$1,000,000 bodily injury by disease-policy limit; and \$1,000,000 bodily injury by disease each employee.
- (c) Commercial Automobile Liability Insurance, including coverage for all owned, hired and non-owned automobiles, trucks, trailers and semi-trailers, including but not limited to machinery or apparatus attached thereto, with limits not less than the following: \$1,000,000 per accident, bodily injury and property damage liability, combined single limit.
- (d) Umbrella/Excess Liability Insurance, scheduling the employer's liability, commercial general liability, and commercial automobile liability policies as underlying policies, with umbrella/excess liability limits not less than \$5,000,000 per occurrence and \$5,000,000 annual aggregate. Policy shall include coverage for sexual abuse and molestation claims.
- (e) Property insurance coverage at least as broad as that provided by the Insurance Services Office Form CP 10 30 "Causes of Loss-Special Form" or equivalent form, including broadening endorsements to protect against the perils of water intrusion, earthquake sprinkler leakage, and sewer/drain backup, providing for the risks of direct physical loss or damage to cover all Lessee's property, contents, business personal property, inventories, data processing equipment, tools, machinery and other equipment, as well as any nonstandard building improvements within the Property. Policy shall have a maximum deductible of Twenty Five Thousand Dollars (\$25,000) per occurrence, and shall name Lessor as Loss Payee, as their interest may appear.

- (f) Policy Requirements:
- (i) Coverage shall be subject to Lessor's approval and shall be written with companies approved to do business in the State of California with a minimum AM Best's Rating of "A- VII" or better. Certificates of insurance for the above-mentioned coverage's shall be delivered to Lessor on the Effective Date. Thereafter, executed copies of renewal policies thereof shall be delivered to Lessor within thirty (30) days prior to the expiration of the term of each such policy. As often as any such policy shall expire or terminate, renewal or additional policies meeting the requirements of this Lease shall be procured and maintained by Lessee.
 - (ii) Lessee shall provide Lessor with notice in writing as soon as Lessee is aware of any cancellation, lapse, or reduction in the limits of such insurance.
 - (iii) Lessee's insurance policies shall also list Lessor as additional insured under the commercial general liability, commercial automobile liability and commercial umbrella/excess liability policies required of Lessee. The additional insured coverage shall not include any special limitations on the scope of protection afforded to Lessor.
 - (iv) The entire amount of any deductible and/or self-insured retention under any policy required of or carried by Lessee shall be the responsibility of and paid by Lessee.
 - (v) Primary & Non-Contributory. All policies carried by Lessee shall be endorsed to state their coverage shall apply on a primary basis, with any insurance carried by the Lessor being excess and not contributing.
 - (vi) Waiver of Subrogation. All policies (except for Professional Liability, if maintained by Lessee) shall be endorsed to provide a waiver of subrogation endorsement in favor of Lessor.
 - (vii) Lessee is to require any sub-tenant to maintain appropriate (as determined solely by Lessee) coverage and the same limits as required of Lessee herein.

9.5. Insurance Use Restrictions.

Lessee agrees that it will not carry any stock or goods or do anything on or about the Property which will in any way tend to increase the insurance rates upon the Property. Lessee agrees to pay to Lessor upon demand the amount of any increase in insurance premiums charged to Lessor as a result of Lessee's violation of the foregoing restrictions.

9.6. Lessor Insurance

During the entire term of the Lease Agreement, Lessor shall carry and maintain, at its sole cost and expense, at a minimum, a policy or policies in the name of Lessor, with loss payable to Lessor, insuring against loss or damage to the Property. Such insurance shall be for the full replacement cost, as the same shall exist from time to time, but in no event more than the commercially reasonable and available insurance value thereof. Lessee-owned alterations, trade fixtures, and Lessee's personal property shall be insured by Lessee pursuant to Section 9.4. If the coverage is available and commercially reasonable, Lessor's policy or policies shall insure against all risk of direct physical loss or damage, except the perils of earthquake and flooding.

9.7. Waiver of Subrogation.

Subject to the next sentence, the Parties release each other, and their respective authorized representatives, from any claims for damage to the Property and other improvements in or on the Property that are caused by or result from risks insured against under any property insurance policies carried by the parties and in force at the time of any such damage. Each party shall, to the extent obtainable, cause each property insurance policy carried by it to include such provisions as necessary such that the waiver of subrogation contained herein shall be enforceable under the policy in connection with any damage covered by such policy.

10. ASSIGNMENT AND SUBLETTING

10.1. Lessor's Consent Required.

Lessee agrees not to assign, transfer, mortgage, pledge, hypothecate or encumber this Lease or any interest therein, and shall not sublet the Property or any part thereof, without the prior written consent of Lessor, and any attempt to do so without such consent being first had and obtained shall be wholly void.

10.2. No Release of Lessee.

Consent by Lessor to any assignment or subletting by Lessee shall not relieve Lessee of any obligation to be performed by Lessee under this Lease, whether occurring before or after such consent, assignment or subletting. The consent by Lessor to any assignment or subletting shall not relieve Lessee from the obligation to obtain Lessor's express written consent to any other assignment or subletting except as herein provided. The acceptance of Rent by Lessor from any other person shall not be deemed to be a waiver by Lessor of any provision of this Lease or to be consent to any assignment, subletting or other transfer. Consent to one assignment, subletting or other transfer shall not be deemed to constitute consent to any subsequent assignment, subletting or other transfer.

11. INDEMNIFICATION

11.1. Indemnification by Lessee and Lessor.

Lessee shall indemnify and hold harmless Lessor from and against any and all liabilities, claims, demands, losses, costs, and expenses, including reasonable attorneys' fees, arising out of Lessee's breach of this Lease Agreement and/or Lessee's business operations and use.

Lessor shall indemnify and hold harmless Lessee from and against any and all liabilities, claims, demands, losses, costs, and expenses, including reasonable attorneys' fees, arising out of Lessor's breach of this Lease Agreement.

12. QUIET ENJOYMENT

Lessee shall peaceably and quietly have, hold and enjoy the Property with all appurtenances thereto for the term of this Lease and any extensions thereof.

13. DEFAULT BY LESSEE

Lessee's failure to observe and perform any provision of this Lease Agreement to be observed or performed by Lessee where such failure continues for thirty (30) days after written notice thereof by Lessor to Lessee shall constitute a material default and breach of this Lease Agreement by Lessee, except that if the nature of the default is not susceptible to cure within such thirty (30) day period and if Lessee shall within such period commence such cure and thereafter diligently prosecute the same to completion, then Lessee shall have additional time to effectuate such cure.

14. LESSOR REMEDIES

If Lessee commits a material default, and such default has not been cured in accordance with Section 13, in addition to any other remedies available to Lessor herein or at law or in equity, Lessor shall have the option to:

14.1. Maintain this Lease in full effect and recover the Rent and other monetary charges as they become due, without terminating Lessee's rights to possession irrespective of whether Lessee shall have abandoned the Property. If Lessor elects not to terminate this Lease Agreement, Lessor may attempt to re-let the Property at such Rent and upon such conditions and for such a term and to do all acts necessary to re-let the Property, including removal of all persons and property from the Property, without being deemed to have elected to terminate this Lease; such property may be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Lessee. If any such reletting occurs, this Lease shall terminate automatically at the time the new Lessee takes possession of the Property. Upon termination of this Lease Agreement, Lessor shall return to Lessee any prepaid Rent that would have been applied to the remaining Term of the Lease.

14.2. Terminate this Lease by any lawful means, in which case this Lease shall terminate and Lessee shall surrender possession of the Property to Lessor. Upon termination of this Lease Agreement, Lessor shall not be required to return to Lessee any prepaid Rent that would have been applied to the remaining Term of the Lease.

15. DEFAULT BY LESSOR

Lessor's failure to observe and perform any provision of this Lease Agreement to be observed or performed by Lessor where such failure continues for thirty (30) days after written notice thereof by Lessee to Lessor shall constitute a material default and breach of this Lease Agreement by Lessee, except that if the nature of the default is not susceptible to cure within such thirty (30) day period and if Lessor shall within such period commence such cure and thereafter diligently prosecute the same to completion, then Lessor shall have additional time to effectuate such cure.

16. LESSEE REMEDIES

If Lessor commits a material default such that Lessee is unable to reasonably conduct the Permitted Use, in addition to any other remedies available to Lessee herein or at law or in equity, Lessee shall have the option to (i) seek specific performance of any obligation of Lessor after which Lessee shall retain and may exercise and enforce any and all rights that the Lessee may have against Lessor as a result of such default; (ii) without releasing Lessor from the obligation to be performed by Lessor hereunder, cure the default at the sole cost and expense of Lessee; (iii) terminate this Lease Agreement; or (iv) exercise any other remedy existing at law or in equity. Any reasonable costs incurred by Lessee to cure a default by Lessor shall be due immediately. If Lessee terminates this Lease Agreement as a result of Lessor default, Lessor shall return to Lessee any prepaid Rent that would have been applied to the remaining Term of the Lease.

17. DAMAGE AND DESTRUCTION

17.1. If the Property or facilities are totally or partially destroyed from any cause, other than Lessee's act, omission, or inactions, rendering the Property totally or partially inaccessible or unusable for the intended preschool use, Lessor shall promptly restore the Property to substantially the same condition as they were in immediately before the destruction, except as otherwise provided in this Section and such destruction shall not terminate this Lease Agreement. Notwithstanding the foregoing or Section 17.2, the Parties may mutually agree to terminate this Lease Agreement if the Property is damaged and unusable for the intended preschool use. If the Parties agree to terminate this Lease Agreement, Lessor shall return to Lessee any prepaid Rent that would have been applied to the remainder of the Term.

17.2. Within thirty (30) days after the occurrence of any destruction, Lessor shall notify Lessee of the estimated time required for the restoration of the Property and the portion of the Property necessary for Lessee's occupancy. Lessor's estimate shall be made in good faith and based upon reasonable estimates and contractors' bids. If the estimated time for restoration is in excess of sixty (60) working days after the date of destruction, either Lessor or Lessee may terminate this Lease effective as of the date of destruction, by giving written notice to the other party. If neither party terminates this Lease Agreement and if restoration is permitted under the existing laws, Lessor shall attempt in good faith to restore the Property within a reasonable time not to exceed one

hundred eighty (180) days after the date of destruction and this Lease shall continue in full force and effect. If Lessor does not complete the restoration of the Property within one hundred eighty (180) days after the date of destruction, then Lessee may terminate this Lease as of the date of destruction by written notice given to Lessor at any time thereafter. If this Lease Agreement is terminated by either Party, Lessor shall return to Lessee any prepaid Rent that would have been applied to the remaining Term of the Lease.

17.3. In the event of damage described in this Section 17 other than damage caused by the Lessee, and Lessor repairs or restores the Property pursuant to the provisions of this Section 17, the Rent payable hereunder for the period during which such damage repair or restoration continues shall be abated in proportion to the degree to which Lessee's use of the Property is impaired. Lessor shall return to Lessee any prepaid Rent above the abated Rent. Except for abatement of rent, if any, Lessee shall have no claim against Lessor for any damage suffered by reason of any such damage, destruction, repair or restoration.

18. CONDEMNATION

If all or any part of the Property shall be taken or appropriated for public or quasi-public use by right of eminent domain with or without litigation or transferred by agreement in connection with such public or quasi-public use, and such taking or appropriation shall be of such an extent and nature as to substantially handicap, impede or impair Lessee's use of the property, either party hereto shall have the right at its option to terminate this Lease as of the date possession is taken by the condemning authority. No award for any partial or entire taking shall be apportioned, and Lessee hereby assigns to Lessor any award which may be made in such taking or condemnation, together with any and all rights of Lessee now or hereafter arising in or to the same or any part thereof; provided, however that nothing contained herein shall be deemed to give Lessor any interest in or to require Lessee to assign to Lessor any award made to Lessee for the taking of personal property and fixtures belonging to Lessee and/or for the interruption of or damage to Lessee's business and/or Lessee's unamortized cost of leasehold improvements. Notwithstanding the foregoing, Lessor shall return to Lessee any prepaid Rent that would have been applied to the remaining Term of the Lease or any abated Rent. No temporary taking of the Property and/or of Lessee's rights therein or under this Lease shall terminate this Lease Agreement; any award made to Lessee by reason of any such temporary taking shall belong entirely to Lessee and Lessor shall not be entitled to share therein.

19. MISCELLANEOUS

19.1. Attorneys' Fees and Costs

If either Party commences an action or proceeding to determine or enforce its rights under this Lease Agreement, the prevailing Party shall be entitled to recover from the losing Party all expenses reasonably incurred, including court costs, reasonable attorneys' fees and costs of suit as determined by the court.

19.2. Waiver

Lessor's waiver of any term, covenant, or condition shall not be deemed to be a waiver of such term, covenant or condition of any subsequent breach of the same or any other term, covenant or condition. The acceptance of Rent by Lessor shall not be deemed to be a waiver of any prior breach by Lessee of any term, covenant or condition of this lease, other than the failure of Lessee to pay the particular rental so accepted, regardless of Lessor's knowledge of such prior breach at the time Lessor accepts such Rent. Lessor's failure to exercise any right, option or privilege hereunder shall not be deemed a waiver of such right, option or privilege nor shall it relieve Lessee from Lessee's obligation to perform each and every covenant and condition on Lessee's part to be performed nor from damages or other remedy for failure to perform the obligations of this Lease.

19.3. Successors and Assigns

The provisions hereof shall be binding upon, inure to the benefit of the heirs, successors, executors, administrators and assigns of all parties hereto.

19.4. Notice

All notices or demands of any kind required or desired to be given to Lessor or Lessee hereunder shall be in writing and shall be delivered by depositing the notice or demand in the United States mail, certified, postage prepaid, return receipt requested or by express delivery service with a delivery receipt, addressed to Lessor or Lessee at the addresses specified herein, or such other address as shall be designated by either party in compliance with the provisions of this Article. Delivery shall be deemed to occur on the date shown on the delivery receipt as the date of delivery or the date delivery was refused.

19.5. Covenants and Conditions

Each provision of this Lease performable by Lessee or Lessor shall be deemed both a covenant and condition. Article headings are for convenience only and are not to be used to interpret this Lease Agreement.

19.6. Time

Time is of the essence of this Lease Agreement and of each and every provision hereof. Any act or performance required under this Lease Agreement to occur on a day that is not a business day shall be deemed to occur on the next business day. For the purposes of this Lease Agreement, "business days" shall mean Monday through Friday, excluding federal and California state legal holidays.

19.7. Entry by Lessor

Lessor reserves and shall at any and all reasonable times after twenty-four (24) hours advance notice (or without notice in the event of an emergency situation) have the right to enter the Property during normal business hours to inspect the same, to supply any service to be provided by Lessor hereunder, to submit said Property to prospective purchasers, tenants, consultants, or architects, to conduct activities necessary for the

submittal of planning entitlement approvals for development of the Property after expiration or termination of this Lease Agreement, to post notices of non-responsibility and to alter, improve, repair, or maintain the Property or portion of the Property, providing Lessor shall obtain Lessee's consent to alter or improve the Property and that, to the reasonably extent possible, Lessor's entry shall be done outside of school hours and the business of Lessee shall not be interfered with unreasonably.

Except as limited elsewhere in this Lease Agreement, wherever in this Lease Agreement Lessor or Lessee is required to give its consent or approval to any action on the part of the other, such consent or approval shall not be unreasonably withheld and shall be given or withheld in a timely manner.

19.8. Entire Agreement

This instrument along with any exhibits and attachments hereto constitutes the entire agreement between Lessor and Lessee relative to the Property, and this Lease Agreement and the exhibits and attachments may be altered, amended or revoked only by an instrument in writing signed by both Lessor and Lessee. Lessor and Lessee agree hereby that all prior or contemporaneous oral agreements between and among themselves and their agents or representatives relative to the leasing of the Property are merged in or revoked by this Lease Agreement.

19.9. Governing Law and Venue

This Lease Agreement, and the rights and obligations of the parties hereunder, shall be governed by and construed in accordance with the substantive laws of the State of California and venue for any suit arising from this Lease Agreement shall be in San Mateo County Superior Court or the United States Federal Court for the Northern District of California as the case may be.

19.10. Severability

If any term or provision of this Lease Agreement shall, to any extent, be determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Lease Agreement shall not be affected thereby, and each term and provision of this Lease Agreement shall be valid and be enforceable to the fullest extent permitted by law.

19.11. Article References

Each reference in this Lease to any of the Fundamental Lease Provisions contained in Article 1 shall be construed to incorporate all of the terms provided under each such Fundamental Lease Provision. In the event of any conflict between any Fundamental Lease Provision and the balance of the Lease Agreement, the latter shall control.

19.12. Nondiscrimination

The Lessee herein covenants by and for the Lessee and Lessee's heirs, personal representatives and assigns and all persons claiming under the Lessee or through the Lessee that this Lease is made subject to the condition that there shall be no discrimination against or segregation of any person or of a group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin or ancestry in the leasing, subleasing, transferring, use, occupancy, tenure or enjoyment to the Property herein leased nor shall the lessee or any person claiming under or through the Lessee establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subleases, subtenants, or vendees in the Property herein leased.

19.13. Counterparts

This Lease Agreement may be executed in counterparts, each of which shall be deemed an original as against the party whose signature is affixed thereto, and together which shall constitute but one and the same agreement. This Lease Agreement may be executed and delivered by the exchange of facsimile, .pdf or other electronic image file copies of the executed counterpart signature pages, which shall be considered the equivalent of ink signature pages for all purposes.

19.14. CASP Disclosure

California law requires commercial landlords to disclose to tenants whether the property being leased has undergone inspection by a Certified Access Specialist (“CASp”) to determine whether the property meets all applicable construction-related accessibility requirements. The law does not require landlords to have the inspections performed. Lessee is hereby advised that the Property has not been inspected by a CASp. The following disclosure is required by law:

“A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties will mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.”

19.15. Subordination and Attornment

Upon written request of Lessor, or any mortgagee or deed of trust beneficiary of Lessor, Lessee shall subordinate its rights under this Lease to the lien of any mortgage or deed of trust, and to all advances made or hereafter to be made thereunder. However, before signing any subordination agreement, Lessee shall have the right to obtain from any lender of Lessor requesting such subordination, an agreement in writing providing

that, as long as Lessee is not in default hereunder, this Lease Agreement shall remain in effect for the full Term. The holder of any security interest may, upon written notice to Lessee, elect to have this Lease prior to its security interest regardless of the time of the granting or recording of such security interest.

In the event of any foreclosure sale, Lessee shall attorn to the purchaser, transferee or lessor as the case may be, and recognize that party as Lessor under this Lease Agreement, provided such party acquires and accepts the Property subject to this Lease Agreement, and further provided that the transferee expressly assumes the then future obligations of this Lease Agreement. Further, Lessor shall be required to provide such transferee with the material terms of this Lease Agreement to which transferee will be bound and required to fulfill the obligations of "Landlord".

19.16. Exhibits

The exhibits listed below are incorporated into and made a part of this Lease Agreement.

Exhibit A: Legal Description of Property

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the dates set forth next to their respective signatures.

Lessor:

Peninsula Health Care District
a California agency

By: _____

Title:

Lessee:

Ability Path, a California nonprofit public benefit corporation

By: _____

Title:

Exhibit A

Legal Description

C



DATE: May 25, 2023

TO: PHCD Board of Directors

FROM: Ana M. Pulido, Chief Executive Officer

SUBJECT: **Strategic Planning Committee Recommendation to Approve Sonrisas Dental Health Proposal to Extend Funding Agreement Three (3) Years**

BACKGROUND:

A community non-profit dental center cannot break even without significant philanthropy. This has been known since the model was introduced. It has been Peninsula Health Care District's (PHCD) position that a community non-profit dental center that opens access to care for thousands of residents previously blocked from basic oral health services is a compelling cost/benefit model that is in line with PHCD's vision: *That all District residents achieve their optimal health through prevention, education and access to basic medical, mental and dental health care.*

The Sonrisas Dental Health (SDH) proposal request is for a total of \$2.4M to help cover the uncompensated costs incurred by serving the uninsured and Medicaid Dental patients. The term of the contract is from July 1, 2023, to June 30, 2026. The 36-month term is set to provide stable funding support and time for the management team to fully develop a process and form a committee to become a Federally Qualified Health Center (FQHC) model.

SDH has presented to the PHCD Board quarterly reports on their progress against strategic goals and financial performance against budget per the terms of the funding agreement. Each report has been accepted by the PHCD Board as fulfilling the terms of the agreement.

PROGRAMMATIC IMPACT:

The achievements accomplished from July 2020 through March 2023 have been positively impactful to the reputation of SDH as a quality provider, to its fundraising ability, and, more importantly, to the hundreds of PHCD uninsured and Medicaid residents who received a total of 10,275 patient care visits during that period. Examples of accomplishments include:

- Finalizing a contract with San Mateo Medical Center to treat their FQHC patients at a \$290/visit rate, almost double the Medicaid fee-for-service average reimbursement per visit.
- Weathering the significant challenges of the pandemic brought to dentistry, receiving federal grants and Paycheck Protection Program loans that were forgiven.
- Building out of the remaining operatories in the San Mateo clinic with funding from Stanford Hospital, the Irwin Foundation, and the Health Plan of San Mateo. These operatories increased the visit capacity at that center by 30%.
- Increasing number of screenings year over year.
- Launching a three-year strategic plan with sustainable growth and community engagement as focus areas.



- Ending the last three fiscal years (FY21, FY22, and FY23) with net positive income after multiple years of negative net income.
- Fundraising beyond PHCD's funding:

SDH NON PHCD FUNDING	FY19	FY23 (Projected)
Individual Donations & Events	\$104,000	\$290,000
Non PHCD Grants	\$341,000	\$1,300,000

SDH has removed barriers for thousands to get treated and provides oral health education to all ages in the community which contributes to prevention of untreated oral health issues and addresses overall health. The SDH team has demonstrated responsible leadership by setting strategies and measuring impact. They have complied with all covenants of the recent funding agreement and have used PHCD's funding wisely for the betterment of our constituent's health.

FUNDING DISTRIBUTION:

Program Area	Number Served Annually	Funding Allocation
Medi-Cal Care Visits	3,600	\$720,000
School Screenings	300-400	\$34,500
Senior Patients	50-100	\$10,000
Expanding Community Outreach	5 New Partners	\$35,500
PHCD Annual Funding Total:		\$800,000
PHCD FY24-26 Funding Total:		\$2,400,000

REQUESTED BOARD ACTION:

Extend the current funding agreement for three (3) additional years to ensure the most vulnerable continue to receive services, to provide funding stability to allow SDH management focus on community outreach, program development, and becoming an FQHC model for a total of \$800,000/year and \$2.4M over the three years.



DATE: May 12, 2023

TO: Peninsula Health Care District Board of Directors

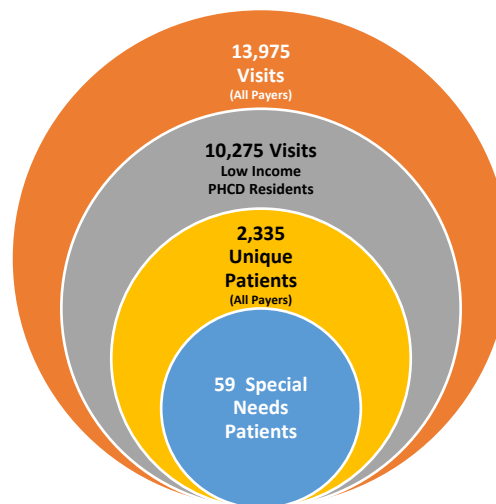
FROM: Tracey Fecher, CEO

RE: **Sonrisas Dental Health FY21 to FY23 Grant Results and Grant Request for FY24 to FY26**

The Sonrisas' team thanks the Peninsula Healthcare District for the \$900,000/year grant provided for services from July 1, 2020 to June 30, 2023 for a total of \$2,700,000. We'd like to share the grant outcomes for PHCD residents as well as overall organizational accomplishments for FY21, FY22, and the first three quarters of FY23 (through March 31, 2023).

Access to Care – Clinic Visits

From July 1, 2020 to March 31, 2023, over 2,300 district residents were provided a dental home at Sonrisas. Of the 13,975 visits, there were 10,275 (74%) visits for low-income patients. Sonrisas' mission is to provide access to oral health care to those in need, including those with physical disabilities. There were 59 special needs patients treated.





Community Engagement and Outreach Programs

Through March 2023, Sonrisas' Community Outreach team has provided oral health education and screenings for children at priority schools as well as screenings, treatment, and education to seniors at community locations in the PHCD region. The impact for PHCD residents includes:

- Screening of 639 children in 5 schools in 3 school districts and an early education site.
- Screening of and/or providing treatment to 22 seniors at residential facilities or community centers.
- Providing oral health outreach and education to 160 seniors at a community center.
- Providing 849 Toothbrush-To-Go Kits to children and their families.
- Distributing 233 Adult Oral Health kits.
- 51 adults attending oral health presentations.
- 300 additional children in grades TK-5th grades will be screened at Lomita Park in May 2023.



Organizational Accomplishments

The three-year grant from PHCD allowed Sonrisas to achieve significant accomplishments from FY21 to FY23. Strengthening the organization will ensure PHCD's investment will continue to serve PHCD residents for many years to come. Some of those accomplishments include:

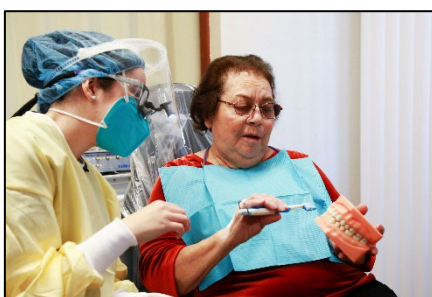
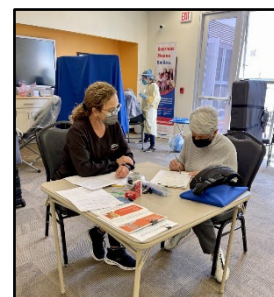
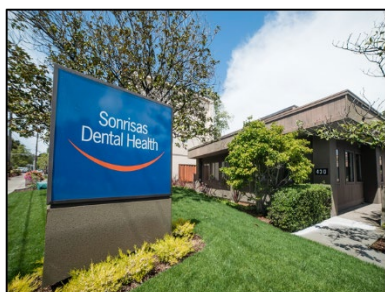
- Finalizing a contract with San Mateo Medical Center to treat their FQHC patients at a \$290/visit rate, almost double the Medi-Cal fee-for-service average reimbursement per visit.
- The Sonrisas team weathered the significant changes and challenges the Covid-19 pandemic brought to dentistry, receiving federal grants and Paycheck Protection Program loans that were forgiven, which mitigated the financial challenges brought on at that time. The Sonrisas clinical staff showed amazing resiliency and commitment to providing for patients during this difficult time.
- Building out of the remaining operatories in the San Mateo clinic, a PHCD owned building, with capital funding from Stanford Hospital, the Irwin Foundation, and the Health Plan of San Mateo. These operatories increased the visit capacity at that center by 30%. In FY24, an additional 7-10% capacity will be realized with the relaxing of Covid restrictions and maximizing the number of providers in that clinic.
- FY23 saw the launch of a three-year strategic plan with sustainable growth, Sonrisas' culture, and patient and community engagement as focus areas.
- Fundraising has seen significant growth during the grant period.

Sonrisas Non-PHCD Fundraising		
	FY19	FY23 (Projected)
Individual Donations and Events	\$104,000	\$290,000
Non-PHCD Grants	\$341,000	\$1,300,000



- The last three fiscal years (FY21, FY22, and FY23) have ended with net positive income after multiple years of negative net income. The cash position of the organization has been significantly improved.

Following is a proposal for a three-year grant to Sonrisas for FY24, FY25, and FY26. We appreciate the healthcare district's invitation to make this proposal. The Sonrisas team wants to thank PHCD for its on-going support, which allows Sonrisas to deliver our mission to your residents. Thank you for bringing smiles to the staff and patients of Sonrisas Dental Health!





Sonrisas Grant Proposal: July 1, 2023, to June 30, 2026

From July 2023 through June 2026, Sonrisas Dental Health will continue to partner with Peninsula Health Care District (PHCD) to provide access to oral health care for PHCD residents. Our proposed partnership for this time comprises an update to the Access to Care patient visit volume funded by PHCD, as well as school dental screenings and education; community-based dental services and patient navigation support for senior/older adults; and facilitating oral health education and/or screenings at community based organizations that serve PHCD residents. Sonrisas seeks PHCD's continued partnership to grow and make lasting our shared impact on oral health access and outcomes within PHCD.

A summary of our proposal:

FY 24 to FY 26 PHCD and Sonrisas Partnership		
Program Area	Number Served Annually	Annual Funding
Access to Care Visits for residents with Medi-Cal	3600 Visits	\$720,000
School Screenings	250-300 children and 50-100 unhoused, newcomer or low-income children	\$34,500
Senior Patient Programming	Senior Screenings and Care Coordination for 50-100 PHCD Senior Residents	\$10,000
Expanding Community Outreach in PHCD Area	School and Senior Screenings/ Services with 5 new partners	\$35,500
PHCD Annual Funding Total		\$800,000
PHCD FY24-FY26 Total		\$2,400,000

In the context of this three-year grant, ranges for the number served have been provided to allow for refocusing of services from one population to another as well as expected cost increases to provide those services.

Access to a Dental Home for Peninsula Health Care District Residents

Sonrisas provides a dental home to children and adults, delivering comprehensive oral health care that supports continuity of care and ongoing preventative care, improving long-term oral health outcomes. In FY21-22, Sonrisas provided 5,485 visits for 2,041 PHCD residents. Most (75%) of the PHCD patients that Sonrisas serves are low-income; and the majority are for PHCD residents with Medi-Cal. The reimbursement rate for Medi-Cal patients leaves an average gap of \$200/visit. For 3,600 Medi-Cal visits for PHCD residents, Sonrisas proposes \$720,000 in Access to Care funding from PHCD.



Access to Care Visits	
Medi-Cal Visits for PHCD Residents	3,600
Proposed PHCD Support	\$720,000

Oral Health Education and School Screening Program

Sonrisas' School-Based Oral Health Screening and Education Program finds children in the community who need dental care and do not have a dentist.

Increasingly, San Mateo County and the State of California are committed to ensuring access to dental screenings for kindergarteners. For the first time, they are now providing a limited amount of funding (\$6/screening, about 10% of the cost per screening) for each screening provided. Sonrisas' goal is to screen as many kindergarteners as possible in the County, leveraging this funding with additional support from healthcare districts and other grant funders as well as individual donors to fund the gap. The average cost per child for large screenings at priority schools is \$60-\$65.



During the funding period, the children will receive dental screenings, oral health education, and an oral health supply kit to use at home. Following each screening, Sonrisas' Community Care Coordinator will contact each child's parent or guardian to explain screening findings and, if the child urgently needs care and does not already have a dental home, schedule them to be seen at Sonrisas or help them access referral resources from HSPM.

From July 1, 2023 – June 30, 2026, Sonrisas seeks to further innovate our school-based screening program within PHCD to reach "Priority Students" – children who are at risk of slipping through the cracks: those who are low income but attend schools with a low percentage of students eligible for free/reduced lunch, students who are unhoused, and students who are newcomers, having recently immigrated to the U.S. For individualized screenings for priority students, who are not at a priority school, but are low income, unhoused, or newcomers, the cost is \$150 per child because these screenings mean that a dental professional travels to the child's school for a single, highly impactful screening.

To optimally serve priority students at non-priority schools, Sonrisas Dental Health will need to undertake significant outreach and relationship-building activities including building relationships with school districts with whom we have not historically partnered, developing, and processing MOUs, and working with each district to assemble a plan that allows for targeted screenings of students while preserving dignity (by not singling them out in a discernible way).

Oral Health Screenings	# Children	
Children at Priority Schools	250-300	19,500
Priority Children	50-100	15,000
Proposed PHCD Support		\$34,500

The range of children served may shift during the three-year grant as the program to screen priority children is implemented in the PHCD geography. The Sonrisas team will report quarterly on the numbers served and the type of screening event.

Senior Patient Navigation & Community-Based Screenings

During the period from July 1, 2023 through June 30, 2026, Sonrisas will continue to innovate our approach to improving access to dental care for older adults 65+, who have been identified by the NIH as a critically underserved group. With 58% of individuals age 65+ lacking dental insurance, and utilization rates in this age group among the lowest across the lifespan, Sonrisas' senior programming addresses this gap. Our approach is three-pronged: 1) Accepting public dental insurance and offering an affordable scale for uninsured patients who are low income. 2) Expanding oral health assessments for seniors into community locations and providing assistance with the patient intake process. 3) Enhanced care coordination (Senior Patient Navigation) on an ongoing basis for older adult Sonrisas Dental Health patients specific to their individual needs via our Aging Adult Care Coordinator.



Senior Programming	# Seniors	
Senior Patient Navigation	50-100	\$10,000
Proposed PHCD Support		\$10,000

Community Outreach Within PHCD Area

Sonrisas' Community Engagement Director, Dr. Bonnie Jue, develops community programs that improve access to oral health and disease prevention programs, which includes education and dental services for community members. During the funding period, Sonrisas seeks to expand outreach and promotion of oral health programs to new community organizations within PHCD, while sustaining services to existing partners. Work will include identifying community partners in collaboration with PHCD that are/may be interested in promoting oral health and overall well-being to their participants. The focus will be on children and older adults, primarily low-income residents with limited access to health care due to financial, physical, and/or

developmental challenges. The Community Engagement Director will build and maintain relationships within the community to support these programs.


Expansion of outreach and promotion of oral health programs will include working with PHCD staff, such as the Community Engagement Director and CEO, to facilitate connections to key partners serving PHCD residents. An example of a connection PHCD could facilitate is to connect Sonrisas with school administrators to bring school screenings to a new district or school.



Expansion may also include oral health programs that are not directly related to school screenings and senior programs as currently identified by PHCD. Possibilities include working with programs that address mental health and housing, for example, as well as other programs that serve district residents who face challenges accessing oral health care.

Community Outreach	# New Partners	
School and Senior Screenings/ Services with New Partners	5	\$35,500
Proposed PHCD Support		\$35,500

In summary, Sonrisas Dental Health proposes a 3-year funding partnership from July 1, 2023, to June 30, 2026, to provide access to care, school and senior screenings, and patient navigation to PHCD residents for a total proposed grant of \$2,400,000. Thank you for your consideration of this proposal to continue to grow and make lasting the impact of Sonrisas Dental Health and Peninsula Health Care District’s partnership on oral health care access and outcomes for District residents. Your partnership in service to the community is greatly appreciated.



**FY24-FY26 PHCD Partnership Proposal
Oral Health Care Safety Net Services**


1


FY 24 to FY 26 PHCD and Sonrisas Partnership		
Program Area	Number Served	
	Annually	Annual Funding
Access to Care Visits for residents with Medi-Cal	3600 Visits	\$720,000
School Screenings	250-300 children and 50-100 unhoused, newcomer or low-income children	\$34,500
Senior Patient Programming	Senior Screenings and Care Coordination for 50-100 PHCD Senior Residents	\$10,000
Expanding Community Outreach in PHCD Area	School and Senior Screenings/ Services with 5 new partners	\$35,500
PHCD Annual Funding Total		\$800,000
PHCD FY24-FY26 Total		\$2,400,000

Funding Oral Health Programs for Your Residents

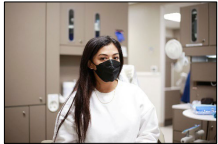
2

Access to Care: Dental Home for PHCD Residents

 Fund Up to 3,600 Dental Visits Annually for PHCD Residents with Medi-Cal

 Dental home for 2000-2100 Children and Adults who are PHCD residents


- Continuity of care
- Preventative care
- Better long-term oral health outcomes





Access to Care Visits	# Visits
Medi-Cal Visits for PHCD Residents	3,600
Proposed PHCD Support	\$720,000


3


School Screenings and Warm Pathway to Care

 Sonrisas' Care Coordinators reach parents/guardians to share screening findings

 We also help families learn more about their children's dental health and oral hygiene

 If a child does not have a dentist, we help connect them to care or schedule them an appointment at Sonrisas

 Screenings + Care Coordination = A warm pathway to a dental home



In FY23, Sonrisas will screen between 900-940 children in 6 priority schools in PHCD's geography

Oral Health Screenings	# Children	Funding
Children at Priority Schools	250-300	19,500
Priority Children	50-100	15,000
Proposed PHCD Support		\$34,500

4

Senior Oral Health Programming



Serving PHCD Senior Residents

- Mobile Events – screenings at community locations within PHCD geography
- Oral Health Education
- Patient Navigation Hybrid Team: Aging Adult Care Coordinator and Registered Dental Hygienist



Senior Programming	# Seniors	
Senior Patient Navigation	50-100	\$10,000
Proposed PHCD Support		\$10,000

5

Community Outreach



Expand Community Partnerships Serving PHCD Residents



Outreach focusing on children and older adults, primarily low-income residents with limited access to health care due to financial, physical, and/or developmental challenges.



Collaborate with PHCD staff, such as the Community Engagement Director and CEO, to facilitate connections to key partners serving PHCD residents



Community Outreach	# New Partners	
School and Senior Screenings/ Services with New Partners	5	\$35,500
Proposed PHCD Support		\$35,500

6

Sonrisas' Three-Year Strategic Plan (FY24-FY26)



Grow Sustainably to increase low-income patients access to care

- Patient Revenue Model (FQHC)
- Advance Fundraising

Maintain Sonrisas' Culture and Core Value of Quality Care

- Staff Learning and Development (D/E/I/B)
- Staff Wellness

Collaborate with Partners to Expand Capacity

- Establish Patient Advisory Committee
- Expand Community Partnerships

7

7



DATE: May 25, 2023

TO: PHCD Board of Directors

FROM: Ana M. Pulido, Chief Executive Officer

SUBJECT: **Strategic Planning Committee Recommendation to Approve Modifications and Annual Contract with Hepatitis B Community Screening Program in partnership with SF Hep B Free Bay Area**

BACKGROUND:

The District's 2019-2023 Strategic Plan has as a goal to "achieve measurable improvements in health outcomes through multi-year special initiative funding" and specifically identifies hepatitis B and related liver disease as an area of focus. In 2020, the Strategic Direction Oversight Committee worked with SF Hep B Free's Executive Director, Richard So, and the District's Community Engagement Director to develop a robust multi-year hepatitis B community screening program that will increase awareness, education, and screening and vaccination opportunities for high-risk communities. Through several presentations and discussions with Mr. So, the Committee provided input into the program elements, delivery, timeline, metrics, and budget that were outlined in the 2020 presentation. The Board approved the multi-year funding proposal for a total of \$450,000 to be distributed over three years to support the launch and delivery of hepatitis B screenings for District residents.

CHANGES TO ORIGINAL BUDGET AND DELIVERABLES:

Given the impact of COVID on community-based programs, the Community Screening Program was delayed and was not able to launch until this year. As a result, the budget and some deliverables were modified. The most significant changes are that the public awareness campaign will no longer use Sam Trans as a medium and instead will use digital media ads to collect more accurate data and reduce costs. The Data Baseline Creation has also been removed due to redundancy as the cost has been integrated into the other programmatic elements.

REVISED PROGRAM SUMMARY:

The program maintains its five key elements:

1. Launching a public awareness campaign using mediums such as Digital and Ethnic Media
2. Launching a PHCD Business Initiative targeted at Asian-centric businesses
3. Offering a vaccine program in partnership with retail pharmacies
4. Expanding physician education opportunities



5. Improving data collection

FUNDING DISTRIBUTION:

Component	Proposed Annual Budget	Original Annual Budget <small>(previously approved)</small>
Awareness	\$55,000	\$48,547
Business Initiative	\$73,700	\$63,700
Vaccination	\$11,000	\$10,000
Physician Education	\$11,000	\$10,000
Data Baseline	Built into each invoice	\$5,000
Fiscal Sponsor Fees	Built into each invoice	\$13,732
Total:	\$150,700	\$151,048

REQUESTED BOARD ACTION:

SDO Committee recommends the Board approve the modifications to Hepatitis B Community Screening Program and its annual contract for \$150,700.



PHCD Board Update: SF Hep B Free - Bay Area Hep B Project

This report is to update the board on the continuation of a postponed pre-pandemic project to increase awareness, screening and vaccination of hepatitis B and prevent liver cancer. The below information is provided to refresh the board's knowledge and address changes. The project is underway now with the PHCD funding the first \$48,683.8 media campaign expenses.

- **Project Goals:**

- **Improve awareness and education**
 - Reach people where they are
 - Reach hard to reach folks
- **Get people screened, vaccinated and into care**
 - Make it easy, accessible and affordable
- **Educate physicians**
 - Serve as gatekeepers and trusted advisors

- **Original Plan - discussed with board:**

- Public Awareness Campaign (3 month blitz) - \$48,500
 - Digital Media Ad campaign - \$21,000 - (originally this was for a SamTrans bus campaign but has been altered to reflect better metric measuring and lower costs)
 - Ethnic Media - \$27,500
 - Chinese, Filipino (added Pacific Islander outlets)
- Community Survey, Education and Screening - \$63,800 for the year
 - PHCD Business Initiative - Asian-centric businesses in PHCD cities
- Vaccine Program - \$10,000
 - Partnership with pharma and retail outlets
- Physician Education - \$10,000
 - Working with medical/physician groups
- Data Baseline Creation - \$5,000 (this item has been removed due to redundancy and the costs have been integrated into the other 4 categories)
- Fiscal sponsor fee ~\$14,000
 - 10% of all funds disbursed. (SF Hep B Free operates under a fiscal sponsor that charges 10% of all funds disbursed)

- **Current Original vs Projected Budget:**

Total Yearly Projected Budget	
--------------------------------------	--

Component:	Original:	Current:	Suggested Disbursement Date:
Awareness	\$48,547	\$55,000	April 30 2023
Business Initiative	\$63,770	\$73,700	May 1 2023
Vaccination	\$10,000	\$11,000	June 30 2023
Physician Education	\$10,000	\$11,000	July 20 2023
Data Baseline	\$5,000	built into each invoice	
Fiscal Sponsor Fees	\$13,732	built into each invoice	
TOTAL	\$151,048	\$150,700	

- **Deliverables:**

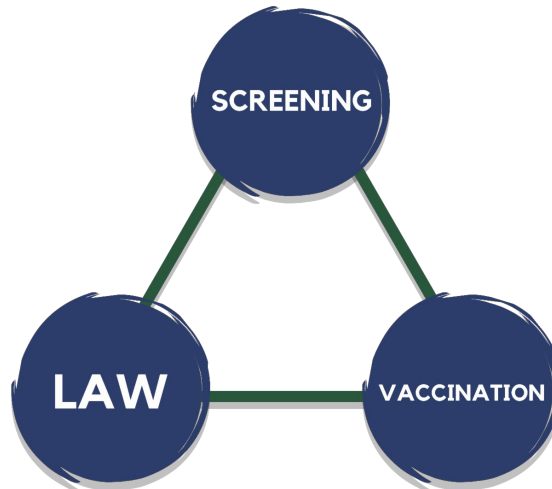
- Public Awareness Campaign- 3 month blitz - approximately March to June 2023
 - Indirectly educate 200,000 - 300,000 PHCD residents
- Business Initiative – year long campaign to focus on Asian-centric businesses and improve awareness, screening, vaccination and linkage to care around hepatitis B. Project to start in Millbrae.
 - Minimum screened: 200
 - Minimum directly educated: 300
 - Minimum education materials handed out: 500
 - Minimum pre and post surveys filled out: 300
- Vaccination – Year long campaign to ensure residents know that hepatitis B vaccination is available at retail pharmacies with no copay (if insured)
 - Vaccinate at least 100 through pharmacy records or calls to SF Hep B Free
- Physician Education – Year long campaign to educate major medical systems and area physician groups on new hepatitis B guidelines on AB789 (the law that passed), vaccination and screening
 - Directly educate 70 physicians
- Reporting deliverables – Contractor will be required to submit a yearly progress report to the Board detailing how funds were used and an updated plan for the following year.

- **Additional Pertinent Developments**

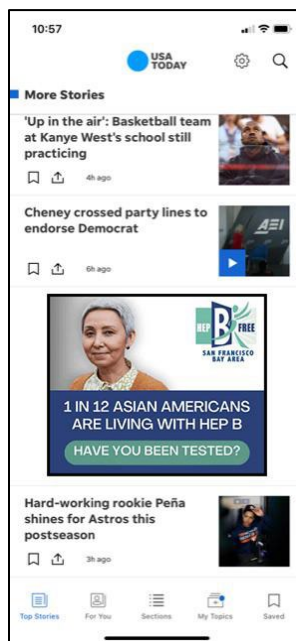
- SF Hep B Free helped achieve the culmination of the “Hep B Trifecta” - should improve screening, vaccination and linkage to care
 - October 2021 - California law(AB789) passed - requires hep B and hep C tests to be offered in primary care setting
 - February 2022 - CDC recommends hep B vaccination for those 19-59,

infants, adolescents and those 60+ at risk or desire vaccine

- March 2023 - CDC recommends universal adult hep B screening



- Media campaign:
 - Digital Marketing Campaign
 - 1st month
 - ~600,000 impressions
 - 2,786 clicks
 - Engagement 6X the nat. average
 - Examples of other media assets



- Program Kickoff in Millbrae:



- Handout assets for downtown business campaign

Have Insurance?

Call or email your doctor and schedule a hepatitis B test today.

North East Medical Services (NEMS)
 (415) 391-9686 ext. 8160
<https://nems.org>
 Clinics in Daly City, San Francisco, and San Jose.
Languages: English, Cantonese, Mandarin, Vietnamese and more...
Accepted Insurance: Medi-Cal, Medicare, Covered California, private



Don't Have Insurance?

North East Medical Services (NEMS)
 Free HBV testing and sliding fee scale for other services

Samaritan House
 19 West 39th Avenue, San Mateo
 (650) 578-0400
<https://samaritanhousesanmateo.org/>
Eligibility: low-income person without access to healthcare

Access and Care for Everyone (ACE)
 (650) 616-2002
Eligibility: 19 and older who are not eligible for other state and federal insurance programs

Get Help Now

SCHEDULE YOUR
FREE TEST TODAY

 Call (415) 391-9686 ext. 8160
North East Medical Services

 www.sfhepbfree.org/SMC

 (415) 336-2629
SF Hep B Free Help Line
(We speak English, Mandarin, and Cantonese.)



HEPATITIS B

Getting Linked to Care

 **SF HEP B FREE - BAY AREA**
B SURE, B TESTED, B FREE!







SCAN THE QR CODE FOR MORE INFO OR VISIT OUR WEBSITE AT SFHEPBFREE.ORG/SMC

You Might Have Chronic Hep B and Not Know It

- Hepatitis B virus (HBV) can cause liver disease, liver cancer, and even death.
- A common form of transmission is from mother to child through birth.
- 2 out of 3 of those chronically infected don't know it and don't show symptoms until it's too late.
- Hepatitis B is most common in the Asian and Pacific Islander populations. 1 in 12 Asian Americans and Pacific Islanders adults have chronic hep B.

Protect Yourself and Get Screened

It's easy! Ask your doctor for a hepatitis B test. A little blood, a lot of peace of mind. The test requires only a blood sample.

What Insurance Covers

Medi-Cal, Medicare, Covered CA, and most private insurance plans cover:

- Testing
- Vaccination
- Treatment

What to Do If You're Infected

If you test positive for a chronic hepatitis B infection, get linked to care.

Seek hepatitis B care
Ask your doctor whether you need to be on medication to prevent liver damage and liver cancer. Ask if you need to see a specialist.

Monitor your liver health
Get blood tests to check for liver damage and liver cancer twice a year. Get a liver ultrasound to monitor for liver cancer every 6-12 months or as recommended by your doctor.

Stop a Silent Killer

- Testing**
FREE OR LOW COST
CDC recommended for all those aged 18 and older regardless of risk for hep B
- Vaccination**
FREE OR LOW COST
CDC recommended for all aged < 60 years and for 60+ years who are at risk or want the vaccine
- Treatment**
COST VARIES
Available for \$20-30 per month without insurance through certain pharmacies

Education is Our Superpower

Stay informed and educate others. Getting family and friends educated and tested is our most powerful weapon and may save their lives!



Eligibility for Medi-Cal, Medicare, and Covered CA

Medi-Cal

- US citizens and legal residents
- California resident
- Low-income
- Undocumented persons under the age of 26 or over the age of 50

Medicare

- US citizens and legal residents
- 65 years of age and older

Covered CA (Insurance Exchange)

- US citizens, US nationals, green card holders, Visa holders, and those with asylee or refugee status.

For more information:
Call 1 (800) 300-1506 or
Visit <https://www.coveredca.com/>




SAN MATEO COUNTY HEP B BUSINESS INITIATIVE

Fighting liver cancer, one business at a time.

1 IN 12

ASIAN AMERICANS HAVE CHRONIC HEPATITIS B

2 IN 3 DON'T EVEN KNOW IT.
1 IN 4 DEVELOP LIVER CANCER.

FREE PUBLICITY WHEN YOU SIGN A PLEDGE

WHAT WE ASK

Listen to a quick hep B overview and complete a short survey.

WHAT YOU DO

Leave out SF Hep B Free's brochures for customers, put up a flyer, and share information with employees.

BENEFITS TO YOU:

- Have your **business name** printed in Chinese newspapers when we run ads
- Free publicity from our San Mateo County Hep B Business Initiative ads

For more information:
richard.so@sfehpbfree-bayarea.org

 English: 650.804.0021

 Chinese: 415.336.2629

SUPPORTED BY SAN MATEO COUNTY HEALTH.


1 IN 12

ASIAN AMERICAN & PACIFIC ISLANDERS HAVE CHRONIC HEPATITIS B

2 IN 3 DON'T EVEN KNOW IT.
1 IN 4 DEVELOP LIVER CANCER.

GET TESTED AND VACCINATED TODAY.

IT COULD SAVE YOUR LIFE



CALL YOUR DOCTOR TO SCHEDULE A HEP B TEST AND VACCINATION


THE CDC RECOMMENDS ALL ADULTS GET SCREENED, AND THAT ALL AGED <60 YEARS AND THOSE 60+ YEARS WITH RISKS GET VACCINATED.

YOU CAN ALSO SCHEDULE A FREE HEP B SCREENING TEST WITH
NORTH EAST MEDICAL SERVICES - DALY CITY
CALL 415.391.9686 EXT. 8160

OPEN TO THE PUBLIC, FREE AND NO INSURANCE IS NEEDED

FOR MORE INFORMATION

CALL 415.336.2629
VISIT SFHEPBFREE.ORG



SUPPORTED BY SAN MATEO COUNTY HEALTH.



SERVICES AGREEMENT

This Services Agreement (the “Agreement”) is made and entered into as of March 1st, 2023 (the “Effective Date”), by and between Community Initiatives, a California nonprofit public benefit corporation, (“Contractor”), on behalf of its internal fiscally-sponsored project referred to as SF Hep B Free (the “Project”), and the Peninsula Health Care District (PHCD), a government agency, with an address located at 1819 Trousdale Dr, Burlingame, CA 94010 (“Client”).

RECITALS

- A. Contractor is a California nonprofit public benefit corporation that is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and corresponding provisions of state law, and is classified as a public charity under IRC Sections 509(a)(1) and 170(b)(1)(A)(vi). In furtherance of its exempt purposes, Contractor fiscally sponsors a number of projects that engage in charitable and/or educational activities within the meaning of IRC Section 501(c)(3).
- B. The Project is an internal project of Contractor with a mission to: increase awareness and education about hepatitis B within the community and among health care providers, to increase access to affordable testing and vaccination, and provide linkage to care for chronically affected individuals.
- C. Contractor, through its Project, has experience and proficiency in the performance of creating hepatitis B awareness, screening and linkage to care services and desires to provide such services to Client.
- D. Client is in need of such services and desires to receive such services from Contractor.
- E. The parties desire to enter into a contract for the provision of certain services on the terms and conditions stated in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements contained herein, the parties agree as follows:

1. Term. This Agreement shall have a term commencing on January, 1, 2023 and ending on December 30, 2023 (the “Termination Date”), unless terminated prior thereto in accordance with the terms of this Agreement (the “Term”).
2. Contractor’s Services. Contractor shall provide the services set forth in the Statement of Work in Exhibit A attached hereto and incorporated fully herein to Client during the Term of this Agreement (collectively, the “Services”). Each Statement of Work shall itemize the Work Product (as defined in §4 below) that will be delivered to Client in connection with providing the Services (the “Deliverables”).

Notwithstanding anything herein to the contrary, Contractor shall not provide to Client any services Contractor cannot lawfully provide, including any services that Contractor, at its sole discretion, believes may jeopardize its tax-exempt status under IRC Section 501(c)(3), including, but not limited to, violating the prohibition against political campaign intervention, inducing or encouraging



SERVICES AGREEMENT

violations of law or public policy, causing any private inurement or improper private benefit to occur, or taking any other action inconsistent with IRC Section 501(c)(3). All services shall be provided within the geographical boundaries of the Peninsula Health Care District.

3. Manner of Work. Contractor shall determine the method, details, place, and means of performing the Services. Contractor may, at Contractor's own expense, use subcontractors to perform the Services. Any subcontractors shall be identified and shall be approved by Client, which approval shall not be unreasonably withheld. Client shall not have the right to direct or control the means, manner, or details by which Contractor accomplishes those results, nor will Client instruct Contractor as to when, where, or how Contractor is to work, or the order of tasks to be performed. It is expected that Contractor will furnish its own transportation, equipment, and instrumentalities of every kind required for the prompt and efficient execution of Services. Contractor shall have no power to incur any debts or other obligations on behalf of Client.
4. Work Product Ownership. "Work Product" means any work product produced by, or on behalf of, Contractor while performing Services including, without limitation, notes, reports, documentation, drawings, computer programs (e.g., source code, object code, databases and listings), derivatives of pre-existing works of Client, inventions conceived or reduced to practice during the performance of Services or resulting from or based on Client's Confidential Information (as defined below), ideas, creations, designs, trademarks, works of authorship, devices, models, work in process, and deliverables. Ownership of Work Product shall be as set forth in Exhibit B. Any Work Product, advertising, or other materials to be publicly distributed that include Client's name, logo, or other reference shall be subject to the reasonable approval of Client.
5. Contractor Representations, Warranties, and Covenants. Contractor hereby covenants, represents, and warrants to Client that: (i) Contractor has the general skills and licenses, if any, necessary to perform the Services in accordance with this Agreement; (ii) Contractor is not a party to or bound by any agreement, obligation, or understanding which materially restricts or limits Contractor's right or ability to enter into this Agreement or to perform Contractor's obligations under this Agreement, including performance of the Services; and (iii) Contractor has the necessary equipment, facilities, and workers to perform Contractor's obligations under this Agreement, including performance of the Services. All other warranties by Contractor, either express or implied, are hereby disclaimed.
6. Mutual Representations and Warranties. Each party represents and warrants to the other party that it has the requisite right, power, and authority to enter into this Agreement, and to fully perform its obligations hereunder.
7. Payment for Services. Contractor's fee for performance of the Services shall be as set forth in Exhibit C. Contractor shall remain solely and exclusively liable for all expenses and costs incurred by Contractor in connection with providing the Services. Invoices shall be submitted to Client by Contractor as set forth on Exhibit C.
8. Limitation of Liability. Contractor shall indemnify, defend, and hold Client harmless from all claims by third parties (including claims by Contractor's employees, agents, subcontractors, and independent contractors) arising out of the performance of the Services and/or this Agreement. Except in connection with such indemnity and defense obligations, Contractor shall not be liable to Client for any special, indirect, incidental, or punitive damages arising from or relating to this Agreement,



SERVICES AGREEMENT

including without limitation loss of revenue or profits or other benefits, or failure of essential purpose, even if the parties have been advised of the possibility of such damages. This limitation applies to all causes of action in the aggregate, including without limitation breach of contract, breach of warranty, negligence, strict liability, and other torts.

At all times during the Term, Contractor shall have in place (a) a policy of general liability insurance in the minimum amount of \$2 million, and (b) a policy of Worker's Compensation insurance as required by California law. Each policy shall name Client as an additional named insured.

Client shall indemnify, defend, and hold Contractor harmless from any claims arising from Client's negligent performance of its obligations under this Agreement.

9. Confidential Information. Each party acknowledges that, during the Term of this Agreement, it may become familiar with Confidential Information, as defined below, of the other party. Each party agrees that it will not, during the Term of this Agreement or at any time after the termination of this Agreement, disclose to any third-party or make use, directly or indirectly, of any Confidential Information of the other party, unless it is (1) authorized to do so by the other party in writing; (2) necessary or appropriate for the performance of the Services; or (3) required by law or regulation or by a court of competent jurisdiction, provided, however, that the party subject to such disclosure shall give the other party reasonable advance notice of any such requirements so that the other party may contest the disclosure or seek a protective order if it desires. Client hereby authorizes Contractor to disclose any of Client's Confidential Information to independent subcontractors engaged by Contractor for the purpose of providing the Services.
 - a. Definition of Confidential Information. For purposes of this Agreement, the term "Confidential Information" shall mean all proprietary or confidential knowledge and information which a party (the "Recipient") has acquired or may acquire as a result of, or in connection with, the Recipient's relationship with the other party (the "Disclosing Party"), including, but not limited to (i) donor and customer lists, telephone numbers, and other information pertaining to donors and customers; (ii) finances, plans, or other information relating to the operation of the Disclosing Party; and (iii) other private and confidential information which is a unique asset of the Disclosing Party or information which, if known to competitors or others outside of the Disclosing Party, would be harmful to the Disclosing Party. Notwithstanding the foregoing, Confidential Information does not include information (1) which is or becomes part of the public domain through no fault of the Recipient, (2) which was lawfully acquired by the Recipient from a source other than the Disclosing Party or any of its employees, agents, or contractors and without a breach of any confidentiality obligation between such source and the Disclosing Party, (3) was in Recipient's possession at the time of disclosure by Disclosing Party and was not acquired, directly or indirectly, from Disclosing Party, or (4) Recipient independently developed it without the benefit of any Confidential Information disclosed by Disclosing Party hereunder.
 - b. Delivery of Confidential Information. Each party agrees to deliver to the other party upon termination of this Agreement any and all such Confidential Information of the other party in any form then in its possession or under its control.
10. No Assignment. Neither party shall assign any of its rights, obligations, or duties under this Agreement by any means, including by operation of law, without the prior written consent of the other party.



SERVICES AGREEMENT

Contractor may assign this Agreement to another fiscal sponsor with the approval of Client, which approval shall not be unreasonably withheld.

11. **Notice.** Any notice, consent, request, demand, or other communication required or permitted under this Agreement shall be delivered to the recipient party by: (i) personal delivery to the address provided in this Agreement (or other address as designated in writing by one party to the other party); (ii) overnight delivery providing a delivery receipt and with charges prepaid or charged to the sender's account; (iii) first-class mail, postage prepaid and deposited in the United States mails at least four days before the effective date of notice; (iv) certified mail with a return receipt requested by the sender; or (v) email, to the following persons:

To Client: Peninsula Health Care District
 Attn: Ana M. Pulido, CEO
 1819 Trousdale Avenue
 Burlingame, CA 94010
 Telephone: 650-697-6900
 Email: ana.pulido@peninsulahealthcaredistrict.org

To Contractor: Community Initiatives
 Attn: Ruth Williams, President & CEO
 1000 Broadway, Suite 480
 Oakland, CA 94607
 Telephone: 415-230-7700
 Email: fiscalsponsorship@communityin.org

To Project: SF Hep B Free - Bay Area, fiscally sponsored by Community Initiatives
 Name: Richard So
 Address: 101 Grove Street #406
 San Francisco, CA 94102
 Telephone: 6508040021
 Email: Richard.so@sfhepbfree-bayarea.org

12. **No Employer-Employee, Agency, Partnership, or Joint Venture Relationship.** Notwithstanding anything herein to the contrary, Contractor enters into this Agreement as, and shall continue to be, an independent contractor. This Agreement shall not be deemed to create any relationship of employer-employee, agency, partnership, or joint venture between the parties, and neither party shall make a representation to any other party that such relationship exists. The parties agree that Contractor is acting as an independent contractor with respect to Client.
13. **Termination.** This Agreement shall continue until the Termination Date or until earlier terminated (i) by either party with thirty (30) days' prior written notice, with or without cause; (ii) by mutual written consent of the parties at any time; or (iii) in the event of a material and continuing breach of this Agreement, by the non-defaulting party with five (5) days' prior written notice to the defaulting party if such violation has not been fully remedied during such five (5) day period. In the event of termination by Client, Contractor shall be entitled to receive the pro rata value of services provided through the date of termination.



SERVICES AGREEMENT

14. Survival of Certain Provisions. The provisions of Sections 4, 8, 9, through 22, inclusive, shall survive expiration or termination of this Agreement for any reason.
15. Entire Agreement. This Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and replaces and supersedes all other agreements or understandings, whether written or oral, regarding the same subject matter. No amendment, extension, modification, or change of this Agreement, including to the Services, shall be binding unless in writing and signed by both parties.
16. Severability. If any portion or provision of this Agreement shall to any extent be declared invalid, illegal, or unenforceable by a court, then the remainder of this Agreement shall not be affected thereby, and each portion or provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law. Upon such determination that any portion or provision of this Agreement is invalid, illegal, or unenforceable, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner so that the transaction contemplated hereby is fulfilled to the fullest extent possible.
17. Waiver. Either party's waiver of, or failure to exercise, any rights provided for in this Agreement in any instance shall not be deemed a waiver of any further or future right under this Agreement.
18. Headings. The headings of the various paragraphs of this Agreement are intended solely for the convenience of reference and are not intended for any purpose whatsoever to explain, modify, or place any construction upon any of the provisions of this Agreement.
19. Counterparts. This Agreement may be signed in counterparts, meaning that this Agreement is valid if signed by both parties, even if the signatures of the parties appear on separate copies of the same Agreement rather than on a single document.
20. Governing Law and Venue. This Agreement and all questions relating to its validity, interpretation, performance, and enforcement shall be governed and construed in accordance with the laws of the State of California applicable to contracts entered into and to be performed entirely within such State. In the event of any dispute, claim, question, or disagreement arising from or relating to this Agreement or the breach hereof, the parties hereto shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, they shall consult and negotiate with each other in good faith and attempt to reach a just and equitable solution satisfactory to both parties. If they are unable to reach such a solution, the parties agree that the California state courts of San Mateo County and the U.S. District Court for the Northern District of California shall be the venue for any action or proceeding that may be brought in connection with or by reason of, or arise out of, this Agreement. In the event of any controversy, claim, or dispute between the parties arising out of or related to this Agreement, or the alleged breach thereof, the prevailing party shall, in addition to any other relief, be entitled to recover its reasonable attorney fees and costs of sustaining its position.
21. Force Majeure. Neither party shall be liable for failure to perform its obligations under this Agreement due to events beyond its reasonable control, including, but not limited to, strikes, riots, wars, fire, acts of God, pandemics and acts in compliance with any applicable law, regulation, or order (whether valid or invalid) of any governmental body.



SERVICES AGREEMENT

22. Authority. Each undersigned represents and warrants by its signature that each has the power, authority, and right to bind its respective party to each of the terms of this Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]



SERVICES AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement to take effect as of the Effective Date.

PENINSULA HEALTH CARE DISTRICT (CLIENT):

By: _____

Name: _____

Title: _____

COMMUNITY INITIATIVES:

By: Rose CW

Name: Rose Cohen Westbrooke

Title: Sr. Client Services Manager, Community Initiatives

ACKNOWLEDGED BY SF HEP B FREE BAY AREA

By: _____

Name: _____

Title: _____



SERVICES AGREEMENT

EXHIBIT A STATEMENT OF WORK

Contractor, through its Project, shall render the following services to Client (collectively, the “Services”):

ACTIVITIES AND/OR TASKS

Hepatitis B awareness, screening and linkage to care (All in person activities will be performed within the PHCD boundaries and the media campaigns focus on the cities, businesses, and areas within PHCD boundaries)

- Public Awareness Campaign (3 month blitz)
 - Digital Media Ad Campaign
 - Ethnic Media Campaign
 - Chinese, Filipino, Pacific Islander
- Community Survey, Education and Screening
 - North County Business Initiative - Asian-centric businesses in Northern San Mateo County (within the PHCD service boundaries)
- Vaccine Program
 - Partnership with pharma and retail outlets
- Physician Education
 - Working with medical/physician groups

DELIVERABLES & DUE DATES:

1. Public Awareness Campaign- 3 month blitz - approximately March to June 2023
 - a. Indirectly educate 200,000 - 300,000 PHCD residents
2. Business Initiative – year-long campaign to focus on Asian-centric businesses in Northern parts of PHCD and improve awareness, screening, vaccination and linkage to care around hepatitis B. Project to start in Millbrae and include San Bruno and the portions of South San Francisco within PHCD boundaries.
 - a. Minimum screened: 200
 - b. Minimum directly educated: 300
 - c. Minimum education materials handed out: 500
 - d. Minimum pre and post surveys filled out: 300
3. Vaccination – Year-long campaign to ensure residents know that hepatitis B vaccination is available at retail pharmacies with no copay (if insured)
 - a. Vaccinate at least 100 through pharmacy records or calls to SF Hep B Free
4. Physician Education – Year-long campaign to educate major medical systems and area physician groups on new hepatitis B guidelines on AB789 (the law that passed), vaccination and screening
 - a. Directly educate 70 physicians practicing primarily within PHCD boundaries

Reporting deliverables – Contractor will be required to submit a quarterly progress report to the Board detailing how funds were used, businesses and residents served, and related information.



SERVICES AGREEMENT

EXHIBIT B **OWNERSHIP OF WORK PRODUCT**

Attach related Exhibit B:

- Exhibit B – Project owns Intellectual Property
- Exhibit B – Client owns Intellectual Property
- Exhibit B – Client Owns Final Product Only (only the final product, but not all the components)



SERVICES AGREEMENT

EXHIBIT C **CONTRACTOR'S FEE**

Attach related Exhibit C:

- Payment Installments with Deliverables
- Payment Installments upon completion of each task per Exhibit C
- Prepaid Services
- Simple Hourly Rate

EXHIBIT C
CONTRACTOR'S FEE

Contractor's fee for performance of the Services shall be dependent on the service fee (the "Fee").

The Fee shall be payable to Contractor based on invoices for services related to the major deliverables following estimated schedule:

Deliverables	Amount (Approximation)	Expected Disbursement Dates
PSA media campaign	<ul style="list-style-type: none"> • Digital ad campaign: \$24,000 • Ethnic and mainstream media Campaign: \$24,000 • Staff Time: \$2,000 • Fiscal sponsor fee*:\$5,000 • Total: \$55,000 	April 30 th 2023
Business Initiative	<ul style="list-style-type: none"> • Campaign expenses including printing, transportation, coordination, staff time, honor roll media printing, awareness and screening event expenses • Fiscal sponsor fee*:\$6,700 • Total: \$73,700 	May 1st 2023
Vaccine Program	<ul style="list-style-type: none"> • Coordination, staff time, and potential supplies • Fiscal sponsor fee*:\$1,000 • Total: \$11,000 	June 30 th 2023
Physician Education Program	<ul style="list-style-type: none"> • Coordination and staff time • Fiscal sponsor fee*:\$1,000 • Total: \$11,000 	July 30 th 2023
Total	\$150,700	

***Fiscal sponsor fee is 10% of all funds billed and is included in each component invoice**

Disbursement Conditions: Invoices submitted for SF Hep B Free expenses.

With respect to each payment, Contractor shall submit to Client an invoice upon completion of the disbursement condition(s) as set forth above. As part of each such invoice, Contractor shall provide reasonable documentation to verify achievement of the applicable condition. Each invoice shall be signed by Contractor and shall describe the time spent by Contractor and a brief description of Services provided since the last invoiced period.


Client shall pay the respective installment, and any costs or expenses included in the invoice, to Contractor within thirty (30) days after receipt of invoice, provided Contractor has reasonably satisfied or achieved the applicable disbursement condition.

SAN FRANCISCO HEP B FREE – BAY AREA

PHCD Project Update

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Richard So, MPH, MPA, Executive Director
Lenna Malieitulu, Program Associate



HEP B FREE
SAN FRANCISCO BAY AREA

1

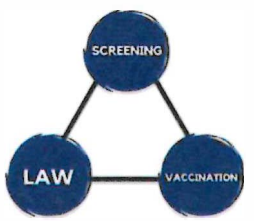
Goal:

- **Improve awareness and education**
 - Reach people where they are
 - Reach hard to reach folks
- **Get people screened, vaccinated and into care**
 - Make it easy, accessible and affordable
- **Educate physicians**
 - Serve as gatekeepers and trusted advisors

2

The Hep B Trifecta

1. **October 2021 - California law (AB789) passed - requires hep B and hep C tests to be offered in primary care setting**
2. **February 2022 - CDC recommends hep B vaccination for those 19-59, infants, adolescents and those 60+ at risk or desire vaccine**
3. **March 2023 - CDC recommends universal adult hep B screening**



3

Original Plan:

- **Public Awareness Campaign (3 month blitz) - \$48,500**
 - Digital media Ad campaign - \$21,000 - (switched from a bus campaign)
 - Ethnic Media - \$27,500
 - Chinese, Filipino (added Pacific Islander)
- **Community Survey, Education and Screening - \$63,800 for the year**
 - PHCD Business Initiative - Asian-centric businesses in PHCD cities
- **Vaccine Program - \$10,000**
 - Partnership with pharma and retail outlets
- **Physician Education - \$10,000**
 - Working with medical/physician groups
- ~~**Data Baseline Creation - \$5,000 (removed due to redundancy)**~~
 - ~~Track # of screenings and vaccination at onset and completion of intervention~~

4

Current vs Original Plan:

Total Yearly Projected Budget			
Component:	Original:	Current:	Disbursement Date:
Awareness	\$48,547	\$55,000	April 30 2023
Business Initiative	\$63,770	\$73,700	May 1 2023
Vaccination	\$10,000	\$11,000	June 30 2023
Physician Education	\$10,000	\$11,000	July 20 2023
Data Baseline	\$5,000		
Fiscal Sponsor Fees	\$13,732		
TOTAL	\$161,048	\$160,700	

Some additional expense built in to account for staff time in the PSA campaign

built mostly into Business Initiative built into each invoice

5

Deliverables

- Public Awareness Campaign- 3 month blitz - approximately March to June 2023
 - Indirectly educate 200,000 - 300,000 PHCD residents
- Business Initiative – year long campaign to focus on Asian-centric businesses in Northern San Mateo County and improve awareness, screening, vaccination and linkage to care around hepatitis B. Project to start in Millbrae.
 - Minimum screened: 200
 - Minimum directly educated: 300
 - Minimum education materials handed out: 500
 - Minimum pre and post surveys filled out: 300
- Vaccination – Year long campaign to ensure residents know that hepatitis B vaccination is available at retail pharmacies with no copay (if insured)
 - Vaccinate at least 100 through pharmacy records or calls to SF Hep B Free
- Physician Education – Year long campaign to educate major medical systems and area physician groups on new hepatitis B guidelines on AB789 (the law that passed), vaccination and screening
 - Directly educate 70 physicians


Reporting deliverables – Contractor will be required to submit a yearly progress report to the Board detailing how funds were used and an updated plan for the following year.

6

SAN FRANCISCO HEP B FREE – BAY AREA

PHCD Project Update

Questions?



SAN FRANCISCO BAY AREA

7



DATE: May 12, 2023
TO: PHCD Board of Directors
FROM: Vickie Yee, CFO
SUBJECT: Proposed FY '24 PHCD Consolidated Operating Budget

The Finance Committee reviewed the attached drivers and assumptions along with PHCD's consolidated operating budget and cashflow on May 17, 2023, and recommends Board approval of the FY '23-'24 budget as presented.

The proposed consolidated budget ends the year with a positive \$2.9M net income and a positive cashflow of \$1.4M. Below are highlights of significant items and items to note.

Investment Income (\$2.9M) –

- Investment Income - Interest rates have increased significantly since the last fiscal year, with the Feds raising interest rates 7 times. Based on the higher interest and increased bond rates, we expect to see returns of around 4%.
- Interest income increased by \$2.1M due to the lease accounting standard (GASB 87), new from last year. Of this amount, \$1.6M is a non-cash book entry adjusted in the cashflow analysis.

Community Health Investment (\$4.1M) – similar to last year's budget except for the following:

- Special Funding Initiatives \$417K (\$229K less) includes Board approved funding of larger amounts or multiple years. The budget is for HepB Free, RIP, Care Solace, and County Health/COED.
- PWC Project Cost \$660K (\$360K more) – additional budget to correspond to current expense levels and expected increased activity.

Administrative & Overhead (\$2.1M) includes:

- Staff Salaries & Benefits (7% increase) Assumes fully staffed the entire year with full benefits, no unexpected leave, and anniversary/performance increases—plus converting the part-time staff accountant position to a full-time senior accountant (pending approval).
- Insurance increased by 9-10% per insurance broker.
- IT, Phone, and Software increased by \$11K, matching current IT expenses and inflation costs (5%).
- No election cost
- Legal expenses (up by \$40K) - \$300K for real estate and \$60K for general
- All general expenses are adjusted to market and inflation.



PHCD Program Support (4.3M) includes both approved funding and program subsidies:

- The Trousdale Rent Assistance Fund - up to \$240K.
- Sonrisas San Mateo Dental Center funding at \$800K – Pending Approval.
- The Trousdale operations - \$147K
- Health & Fitness Center operation - \$266K
- allcove Teen Mental Health Center - \$2.8M to launch the new program

At the end of FY24, the projected available cash for programs after reserves is \$22.2M. The budget exceeded 4 of the 5 ratios established in the Strategic Financial Policy due to startup costs related to allcove.

ACTION REQUESTED: The Finance Committee and management recommend that the Board approve the FY '23-'24 PHCD Consolidated Budget as presented.



**PROPOSED BUDGET FY 2024
DRIVERS AND ASSUMPTIONS**

DRIVERS:

- PHCD vision, mission, strategic objectives
- PWC development project
- The Trousdale Assisted Living/Memory Care Facility operating budget
- The Health & Fitness Center operating budget
- allcove operating budget

ASSUMPTIONS:

PHCD: General Operations/CHI/Leasing

- **Income:**
 - a) Tax revenues budgeted \$8.5M, a little higher than FY 22-23 projections of \$8.4M.
 - b) Lease income is based on Sutter Health's lease agreement and current & projected occupancy at the Marco Polo properties (83% @ 1740 and 83% @ 1720) which includes free & discounted rents for two non-profits. No lease income from 430 El Camino (Sonrisas), 1875 Trousdale (The Health & Fitness Center), and 111-113 16th St. (San Mateo Homes).
 - c) Investment income is based on the expected balance at the end of FY 23 and March returns.
 - d) Miscellaneous Income \$411K from the recognition of the rental value for the use of facilities by non-profits (will be offset by the donated value in Community Health Investment)
- **Expenses:**
 - Community Health Investment (CHI) budget is \$4.1M (increased by \$191K from prior year's budget)
 - a) Community grants, Impact partnership grants, partners support, healthcare workforce tuition - \$2M (\$1.1M committed)
 - b) Targeted Prevention Program \$250K (no change)– Immunization, Drug Abuse, Screenings
 - c) Special Funding Initiatives \$417K (decreased by \$229K) – Board approved programs include HepB Free, Senior Services, RIP, COED, and Care Solace
 - d) Community Outreach \$75K (increased by \$15K), includes newsletters, partner's events, memory Café, promotional items, mailings.
 - e) Community Education \$50K (no change), 3-4 townhalls, wellness classes, Parent Venture education series
 - f) New Program Research & Development \$250K (no change) for new opportunities
 - g) Donated Value for the use of Facilities \$411K – to recognize community benefit from rent-free use of facilities.
 - h) PWC Master Plan Cost \$660K – increased by \$360K due to increased activities of project.
 - CHI Support of Internal Programs
 - a) Sonrisas San Mateo Dental Center funding \$800K –Pending Board approval.
 - b) The Trousdale rent assistance fund up to \$240K – same as last year/Board approved fund.
 - c) Program Funding: Health and Fitness Center - \$266K, allcove Teen Mental Health Center - \$2.8M, The Trousdale Assisted Living/Memory Care - \$147K.
 - Administrative & Overhead budget is \$2.1M (decreased by 110K from prior year's budget)
 - a) Staff Salaries & Benefits \$1.2M (increase \$76K) - Includes salary, retirement, health benefits, life insurance, and tax liability. Assuming no leave taken by staff and includes anniversary/performance increases. Plus a full-time senior accountant (to be approved).



- b) IT/Phones/Software \$67K (increased by \$11K -reflects current expenses + increase in software cost) - Phone, Internet, Website reg, Board Docs, Intacct, Wizehive, Ipad Data, Data security features, Unplanned Issues
- c) Insurance \$72K – (increased by \$6K – expect 9-10% increase)
- d) Legal expense 360K (increased by \$40K)
- e) Consulting – Audit \$27.5K – (decreased by \$12.5K)
- f) Travel & Meetings \$59K – (increased by \$24K) Board members and staff attendance/travel. 3-6 people may attend the ACHD annual meeting & visit other allcove facilities. Plus, Board stipend.
- g) Miscellaneous - \$35K Includes recruiting fees for two positions.
- h) All other expenses – either no increase or minor adjustments

Programs: The Trousdale/Health & Fitness/allcove

THE TROUSDALE ASSISTED LIVING/MEMORY CARE COMMUNITY

PROPOSED BUDGET FY 2024

DRIVERS AND ASSUMPTIONS

- **The Trousdale** is budgeted at a net loss of \$1.1M, which includes interest expense of \$1.6M, depreciation of \$2.6M, and \$240K from PHCD for TT Rent Assistance Fund. Expected cashflow is a negative \$147K after principle payments and capital expenditures.
 - **Revenue:**
 - a) July 1 AL occupancy - modest increase from March 31 actual (from 78 on 3/31 to 80 on 7/1)
 - b) July 1 MC occupancy: increase from March 31 actual (from 21 on 3/31 to 23 on 7/1)
 - c) AL occupancy growth: +1 per month for all 12 months, to end at 91%
 - d) MC occupancy growth: about +1 every other month, to end at 93%
 - e) AL avg level of care increases gradually from 1.85 @ 7/1 to 2.00 at 6/30 (1.77 in Feb.)
 - f) MC average level of care is 3.00 for entire year (actual was 2.73 in Feb.)
 - g) 7% rate increase for all residents, effective January 1
 - h) Community Fees remain at \$5,000.
 - i) Other Operating Revenue: Barber/Beauty, Guest Meals, and Bistro Sales as estimated by Sylvia; Other revenues similar to past 12 months experience.
 - j) PHCD Rent Assistance at a fixed rate of \$20,000 per month.
 - **Labor Expenses:**
 - a) Added 8.4FTE Shift Leads in AL and MC, at \$2 per hour higher pay rate (moved from RCA/RMA, no increase in staffing); Eliminated Unit Clerk 1 FTE and replaced with RCC/MCC Assistant; Increased Laundry Worker from 1 FTE to 2 FTE, Increased Barista from 2.5 FTE to 3 FTE - No other FTE increases from 2022-23 budget.
 - b) 5% increase in salaries for most staff from 2022-23 rates (to account for min. wage/compression/market increases)
 - c) Wage % increases smoothed over entire year for hourly employees; applied on July 1 for salaried employees.
 - d) 4% increase in Executive Director salary, applied on January 1, 4% rate for ED 401(k)
 - e) Registry at \$140K, with an offset to Salaries and Benefits
 - f) Commissions at \$1,100/move-in (\$1,000 for RLA and \$100 for Move-In Coordinator)
 - g) Used historical trend for PTO estimate (5.25% of productive salaries)
 - h) Overtime \$ budgeted at 3% of regular wages.



- i) 16.75% rate for Eskaton Benefits
- j) 4% rate for Workers' Compensation
- o Other Expenses:
 - a) Registry: Start at \$25,000 in July, tapering down to a steady \$5,000 per month (Dec. is higher due to Vacations/Holidays)
 - b) Carried over from 2023 budget: \$2,600/mo. for sign-on bonuses.
 - c) Food calculated per resident day (including add'l factor for guest meals), with a 6% increase over actual average 2022-23 rates.
 - d) Gas/Elec. (PG&E): Seasonally adjusted estimates based on current rates (10% inflation)
 - e) Referral fees: \$7,000 per month
 - f) Business Insurance: Property 11%, Liability 6%, Auto 5%
 - g) General inflation rate of 3%-5%

HEALTH & FITNESS CENTER

PROPOSED BUDGET FY 2024

DRIVERS AND ASSUMPTIONS

- The Health & Fitness Center budgeted at a loss of (\$266K), an increase of (\$26K) or (11%).
 - o Membership:
 - a) July 1 Begin the year with March membership numbers (177 members)
 - b) 70% of members switch to insurance-based membership.
 - c) Existing Members to decrease by -3 members during the year (from 35 to 33)
 - d) New Members to increase by +3 during the year (from 8 to 11)
 - e) Insurance Membership - Seniors to increase by +8 per month (from 106 to 202)
 - f) Insurance Membership – Non-Seniors to increase by +5 for the year (from 5 to 10)
 - g) New Special Events Programs – 1/quarter (i.e. mommy & me, fall prevention activities, open house to invite neighbors)
 - h) No annual assessment fee as it would be part of the membership fee paid.
 - i) Only offer Yoga Classes – 3-4 classes/mo with 18 participants/mo
 - j) Massage therapy visits start at 15 to 20. 210 visits total.
 - o Revenue: \$131,620
 - a) New member fees include discounts for packages purchased
 - b) Existing members pay \$55 seniors/\$65 non-seniors per month
 - c) New member fee \$80/mo
 - d) Insurance membership – seniors \$40/mo
 - e) Insurance membership – non-seniors \$56/mo
 - f) Classes @ \$5/session
 - g) Massage Therapy est. \$60 on average per visit (with package discount)
 - h) First year taking insurance. Revenue decreased by \$3K but will catch up in FY 25
 - o Expenses: \$398,120
 - a) Budget based on the current cost
 - b) 5% increase in salaries (1 FTE Director, 1 FTE Member Svcs Rep, 1 FTE On-Call Mem Svc Rep)
 - c) 2 benefited employees (Director and Member Rep/Therapist)
 - d) Benefits based on current rates with 10% increase in health mid-year
 - e) Contract labor – 3-4 Yoga classes/mo \$110/class
 - f) Office supplies - Based on current usage.



- g) Equipment Repairs \$3K – The machines are getting old and may need new part.
- h) Marketing \$10K – increased from \$6K. Postcard Mailer 2x general Marketing. Increase visibility.
- i) Other Purchased Services 4% increase – includes copier lease, software, laundry services, gym doctor, alarm, website, IT, AED, phone.
- j) Utilities – Based on current rates/usage.
- k) Depreciation - based on current and planned capital purchase for the year.

ALLCOVE TEEN MENTAL HEALTH CENTER

PROPOSED BUDGET FY 2024
DRIVERS AND ASSUMPTIONS

- **allcove™ San Mateo Youth Drop-In Center** (budgeted at a loss of \$2.8M)
 - Opening August 2023 (Soft Opening); September 2023 (Public Opening)
 - Open Monday to Saturday (half day on Saturday); (10am-7pm/10am-3pm)
 - Clinical Partner staffing to ramp up and fully staffed by January 2024 – 10.6 FTEs
 - Billables – \$84,625
 - a) Mental Health 1,000 visits – slow ramp up to 50% billable (steady state)
 - Medi-Cal (85% of billable visits) @ \$228.90/visit
 - Commercial (15% of billable visits) @ \$241.43/visit
 - b) Medical 100 visits – slow ramp up to 40% billable (steady state)
 - Medi-Cal (85% of billable visits) @ \$150/visit
 - Commercial (15% of billable visits) @ \$250/visit
 - Non-Billables –
 - a) Mental Health 50% of visits
 - b) Medical 60% of visits
 - c) Peer Support Specialist - client engaged 37%; (potential reimbursable in 25-26)
 - d) Supported Education & Employment Specialists -client engaged 36%
 - Maximum Capacity (visits) based on staffing model: approx. 7,000 MH visits (Based on serving 1,000 unduplicated youth per year, with 6-8 visits per youth per year).
 - allcove™ Palo Alto - Year 1 utilization = 504 unduplicated visits
 - allcove™ Beach Cities – 6mo open: Utilization – 800 unduplicated visits
 - Capital Expenditure \$679K (Furniture costs, Tenant Improvements, IT Equipment)
 - Revenue: State grant \$524K/year based on submitted budget to MHSOAC
 - Expenses: 2.7M – 72% cost for staffing
 - a) 3 FTE PHCD staff – 1 Program Director, 1 Youth Outreach Specialist (YAG), & Clinical Leader
 - b) Consulting services (legal and professional) for program startup
 - c) Clinical partner contract: \$1.5M – net of billable income
 - d) Rent based on the lease agreement
 - e) Marketing/Outreach: \$60K includes public townhall meeting; significant outreach & communication: In-person presentations, flyers, targeted social media campaigns, brochures; soft opening, and opening week
 - f) YAG related expenses: \$12K
 - g) Meetings & Travel: \$13K
 - h) Overhead: \$152K includes utilities, janitorial, phone, internet, IT, building maintenance, office supplies, insurance, travel, meetings, dues, fees, printing, postage, etc.
 - i) Depreciation on improvements and equipment is estimated at \$93K for the year.

**Peninsula Health Care District
Operating Budget 2023 - 2024
Board Approved May XX, 2023**

	BUDGET FY 23-24						FY 22-23	
	PHCD	The Trousdale AL/MC Facility	Health & Fitness Center	allcove Teen Mental Health Center	Sonrisas (Component Unit)	Consolidated Budget	Budget	Projected
Ordinary Income/Expense								
Income								
San Mateo County Tax	8,500,000					8,500,000	7,800,000	8,408,132
Lease Income	2,672,696					2,672,696	2,366,785	1,957,631
Investment Income	2,844,759	14,168				2,858,927	(433,549)	2,720,295
Miscellaneous Income	412,716					412,716	367,716	412,716
Program Operating Income		12,895,773	131,620	524,263	5,167,358	18,719,014	16,952,485	14,988,304
Total Income	14,430,171	12,909,941	131,620	524,263	5,167,358	33,163,353	27,053,437	28,487,078
Expense								
Community Health Investment	(4,113,134)					(4,113,134)	(3,922,176)	(3,161,799)
Administrative & Overhead	(2,107,115)					(2,107,115)	(2,217,333)	(1,709,717)
Program Operating Expense		(10,075,305)	(382,088)	(2,607,221)	(6,076,514)	(19,141,129)	(16,304,140)	(15,335,940)
Total Expense	(6,220,249)	(10,075,305)	(382,088)	(2,607,221)	(6,076,514)	(25,361,378)	(22,443,649)	(20,207,456)
Interest/Depreciation Expense								
Interest Expense		(1,562,189)		(44,103)		(1,606,293)	(1,622,150)	(1,677,069)
Depreciation	(380,166)	(2,574,603)	(16,032)	(93,324)	(299,672)	(3,363,797)	(3,188,606)	(3,048,102)
Total Interest/Depreciation Expense	(380,166)	(4,136,792)	(16,032)	(137,428)	(299,672)	(4,970,089)	(4,810,756)	(4,725,171)
Net Income	7,829,756	(1,302,156)	(266,500)	(2,220,386)	(1,208,828)	2,831,886	(200,968)	3,554,451
PHCD Approved Program Support**	(1,040,000)	240,000			800,000	0	0	0
Net Income after PHCD Program Support	6,789,756	(1,062,156)	(266,500)	(2,220,386)	(408,828)	2,831,886	(200,968)	3,554,451
Cashflow - Cash Adjusting Items								
WAB Loan Payments Adj.		(1,630,543)				(1,630,543)	(1,545,000)	(1,569,584)
Leasing Adj. (GASB 87)	(1,555,006)			376		(1,554,630)		(1,591,662)
1764 MPW Purchase								(15,000,000)
1764 MPW - Prepaid Rent Adj.	(750,000)					(750,000)		
Capital Expenditure	(27,500)	(29,000)	(15,500)	(679,145)	(137,159)	(888,304)	(731,380)	(996,259)
Depreciation	380,166	2,574,603	16,032	93,324	299,672	3,363,797	3,188,606	3,048,102
Net Contribution(Draw) to Reserves*	4,837,415	(147,096)	(265,968)	(2,805,830)	(246,315)	1,372,206	711,258	(12,554,951)

* PHCD to provide funding support to The Trousdale, Health & Fitness Center, and allcove as part of the Community Health Investment budget.

** Sonrisas Funding - Pending Approval

Financial Ratios	PHCD Ratios	FY 22-23 Budget	
Excess Margin	1.6%	9%	👍
Days Cash on Hand ¹	536	472	👎
Debt Service Coverage ²	1.7	2.41	👍
Cash to Debt	64%	86%	👍
Debt to Capitalization	62%	29%	👍

1 Days Cash on Hand slightly lower than PHCD Ratios due to allcove program cost

2 Debt Service Coverage is above PHCD Ratio and Debt Service requirement of 1.2 coverage

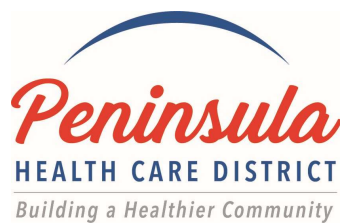
PHCD - Projected Cash Flow

No Sonrisas

Updated 05/11/23

	June 30, 2023	FYE 2024	FYE 2025	FYE 2026	FYE 2027
3 mos projection					
Beginning Cash (Detail below)	44,253,468	30,552,288	32,176,273	34,781,323	37,683,409
Projected PHCD - EBIDA	2,360,946	8,602,142	8,688,163	8,775,045	8,862,795
Community Grants	(300,000)	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
Targeted Prevention Programs	(219)	(250,000)	(250,000)	(250,000)	(250,000)
Special Funding Initiatives	(90,000)	(417,218)	(306,218)	0	0
New Program Research & Develop	0	(250,000)	(250,000)	(250,000)	(250,000)
Sonrisas Grant	(225,000)	(800,000)	(800,000)	(800,000)	(700,000)
Net from The Trousdale - EBIDA	117,000	3,060,468	3,121,677	3,152,894	3,184,423
Net from Health & Fitness Center	(47,811)	(250,468)	(208,508)	(213,284)	(200,745)
Net from allcove Teen Health Center	63,048	(2,127,062)	(2,109,136)	(2,239,419)	(2,404,272)
WAB Loan Principal Payments		(1,605,000)	(1,670,000)	(1,735,000)	(1,805,000)
WAB Loan Interest Payments		(1,587,733)	(1,526,429)	(1,462,650)	(1,396,374)
Leasing Adjustment					
Capital Purchase/Expenditure	(15,579,145)	(751,145)	(84,500)	(75,500)	(55,000)
Ending Cash	30,552,288	32,176,273	34,781,323	37,683,409	40,669,237
Reserves - Loan Covenants	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)	(7,500,000)
Reserves - Board Policy	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Available Cash	20,552,288	22,176,273	24,781,323	27,683,409	30,669,237
Debt Service Balance	41,595,000	39,990,000	38,320,000	36,585,000	34,780,000
Balance as of 03/31/2023					
Checking (Admin, Rent, TT, Gym, PWC)	4,174,533				
LAIF	5,805,941				
SMC	3,566,357				
CNB	25,888,034				
Fiduciary	1,668,064				
Torrey Pines	3,148,519				
US Bank Accounts	2,020				
	44,253,468				

D



CFO REPORT MAY 2023

FY 23-24 BUDGET:

The Finance Committee reviewed the consolidated budget for FY 23-24 on May 17, 2023, and recommends Board approval. The budget will be presented to the Board at the May 25th meeting.

ALLCOVE BUDGET/CAMINAR:

In the past month, there were many meetings on the allcove budget with Caminar and internal staff. The initial budget received from Caminar projected a \$14M program cost through the end of the lease at 2600 ECR with less than 6,000 visits. This budget was not acceptable, and we requested that it be revised with visit volumes comparable to Beach Cities, a ramp-up in staffing, billable visits, and fundraising dollars. The new budget, which is presented for approval, reflects a \$10.6M program subsidy through the end of the lease (FY27) with a little more than 15,000 visits. We believe these are conservative numbers and will have a better idea of cost and utilization after we are open.

MEETING WITH GARY HICKS, FINANCIAL CONSULTANT:

Ana and I met with Gary Hicks, our financial consultant. Mr. Hicks informed us that he would be transitioning into retirement in the next year or two and introduced us to Adam Bauer, the President of Fieldman Rolapp & Associates. Mr. Bauer will be taking over his responsibilities after his retirement.

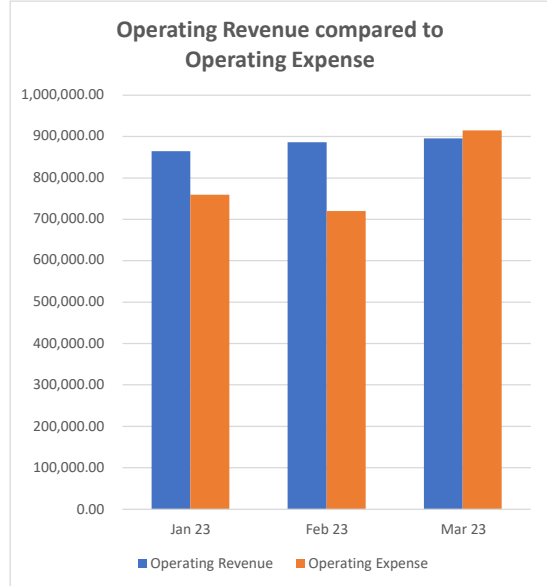
DIRECT SERVICE PROGRAM DASHBOARD ON PERFORMANCE:

The attached dashboards summarize FY 22-23 Q3 Performance for The Trousdale, Sonrisas Dental Health, and The Health & Fitness Center.

The next Finance Committee meeting will be on July 11 @ 4 pm.

The Trousdale Assisted Living/Memory Care Community Quarterly Performance Report - Q3 FY 22-23

	YTD Mar 23	YTD Budget	Variance
Income			
Operating Revenue	7,796,474	8,983,416	(1,186,942)
Expense			
Operating Expense			
Salaries	3,482,220	3,583,042	100,822
Employee Benefits	1,018,093	1,057,759	39,666
Contract Employees	514,370	89,000	(425,370)
Supplies	660,678	534,796	(125,882)
COVID Supplies/Expense	3,753	0	(3,753)
Purchased Services	333,295	363,240	29,945
Ancillary Costs	2,122	9,000	6,878
Utilities	401,688	400,880	(808)
Insurance & Other	343,179	377,447	34,268
Bad Debt Write Off	0	0	0
Management Fees	308,887	352,137	43,250
Total Expense	<u>7,068,285</u>	<u>6,767,301</u>	<u>(300,984)</u>
Operating Margin	728,189	2,216,115	(1,487,926)
Other Expense			
Depreciation Expense	1,922,233	1,926,163	3,930
Interest Expense	1,225,217	1,225,217	(0)
Total Other Expense	<u>3,147,450</u>	<u>3,151,380</u>	<u>3,929</u>
Net Income	<u>(2,419,261)</u>	<u>(935,265)</u>	<u>(1,483,996)</u>



Deposit on Hand

	#	\$
Beginning Balance - 12/31/22	6	31,500
Reservations Received	1	5,000
Cancellations/Refunds	(1)	(4,500)
Move-Ins/Trf to Revenue	(1)	(5,500)
Deposits on Hand - 3/31/23	5	26,500

Occupancy at March 31, 2023

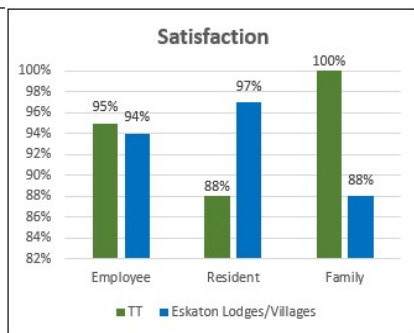
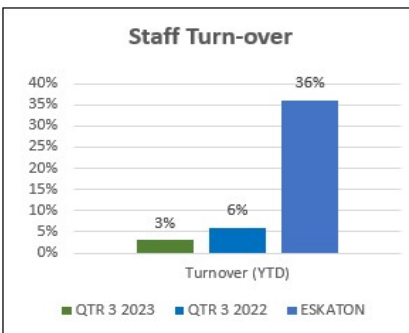
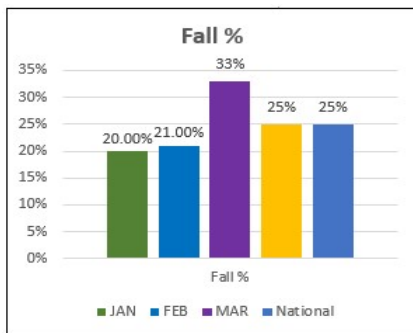
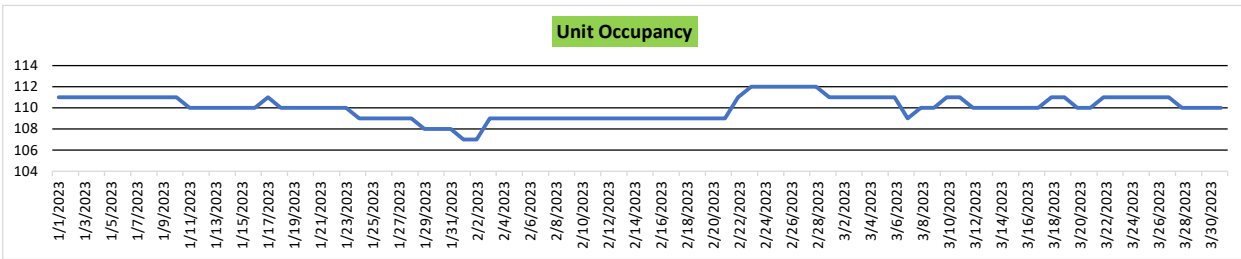
	Units Leased	Units Avail.	Total	Level of Care
AL Care	78	23	101	1.7 Avg.
Memory Care	19	4	23	2.8 Avg.
Total Units	97	27	124	1.9 Avg.
% Percentage	78%	22%	100%	
Total Residents:	110			
Double Occupancy Units:	13			

Inquiries/Tours

	January	February	March
Inquiries	49	56	87
New Tours	16	30	39
Repeat Tours	2	1	1

Age of our Residents

	50-69 yrs	70-79 yrs	80-89 yrs	90+ yrs
Inquiries	1	8	52	49
New Tours	1%	7%	47%	45%



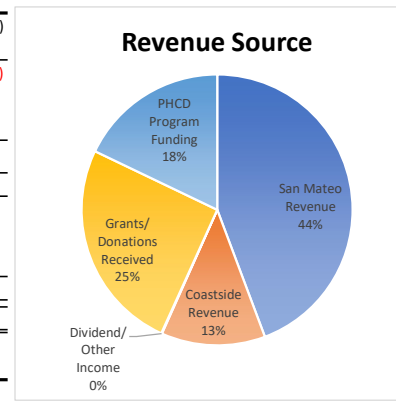
The Trousdale reviews falls & calculates Fall Rate as a % based on # of falls / total residents.

Workforce development is a top focus area for Eskaton and other senior care organizations. Eskaton has a target goal of <20%.

Eskaton has a target goal of achieving a Satisfaction rate ≥90%. Surveyed: 19 Employees, 25 Residents, & 3 Family Responses.

Sonrisas Dental Health Quarterly Performance Report Q3 Report

	Qtr 1	Qtr 2	Qtr 3	Total	Budget	Difference
	Sep	Dec	Mar			
San Mateo Revenue	571,359	553,011	546,831	1,671,201	1,808,248	(137,046)
Coastside Revenue	159,764	148,849	159,043	467,656	426,557	41,100
Total Net Revenue	731,123	701,860	705,875	2,138,858	2,234,804	(95,947)
Direct Program Cost	815,422	753,555	809,307	2,378,284	2,536,775	158,491
Indirect Program Cost	488,878	420,675	405,333	1,314,886	1,335,179	20,293
Total Cost	1,304,300	1,174,230	1,214,640	3,693,170	3,871,954	178,784
TOTAL	(573,177)	(472,370)	(508,766)	(1,554,313)	(1,637,150)	82,837
Dividend/ Other Income	1,546	1,695	447	3,688	1,176	2,512
Grants/ Donations Received	362,311	291,396	302,400	956,107	916,741	39,366
PHCD Program Funding	225,000	225,000	225,000	675,000	675,000	-
OTHER INCOME	588,857	518,091	527,847	1,634,795	1,592,917	41,878
NET INCOME	15,680	45,721	19,082	80,483	(44,233)	124,715
<i>non-cash items adj.</i>						
Depreciation	72,572	73,350	70,508	216,430	241,612	25,183
EST. CASH-FLOW	88,252	119,071	89,589	296,912	197,380	149,898



Grants Awarded YTD

Funder	Awarded	Amount	Period	Support	Dept
City of Half Moon Bay	7/20/2022	\$ 14,000	Jul 22 - Jun 23	ATC	CS
City of Burlingame	8/1/2022	\$ 1,760	Jul 22 - Jun 22	ATC	SM
Woodlawn Foundation	8/4/2022	\$ 25,000	Oct 22 - Sep 23	ATC	SM/CS
Sequoia Health Care District	9/30/2022	\$ 83,823	Jul 22 - Sep 22	ATC	SM
Packard / Stanford Children's Health	10/4/2022	\$ 75,000	Sep 22 - Aug 23	Screenings and children's ATC	SM/CS
Chan Zuckerberg Initiative (Via SVCF)	10/5/2022	\$ 100,000	Oct 22 - Sep 24	Gen Ops	SM/CS
Stanford Health Care District	10/12/2022	\$ 34,000	Oct 22 - Sep 23	ATC	SM/CS
Silicon Valley Community Foundation	10/31/2022	\$ 18,750	Current Month	CEO's Tuition	SM
Dignity Health Sequoia Hospital	12/19/2022	\$ 20,000	Jan 23 - Dec 23	Screenings and children's ATC	SM
Sequoia Health Care District	NA	\$ 97,526	Oct 22 - Dec 22	Service Rendered	SM
San Bruno Community Foundation	1/12/2023	\$ 10,000	Jan 23 - Dec 23	School Screenings and children's ATC	SM/CS
Dignity Health Sequoia Hospital	1/17/2023	\$ 20,000	Jan 23 - Dec 23	\$11,000 for School Screenings; \$9000 for children's ATC	OR/SM/CS
The Schiller Family Trust (Individual Donation)	3/20/2023	\$ 50,500	Jan 23 - Dec 24	\$25,000 for School Screenings; \$25,500 restricted to HMB system	OR/CS
Atkinson Foundation	3/15/2023	\$ 7,500	Feb 23-Jan 24	Senior Access to Care	SM/CS
Sunlight Giving	3/2/2023	\$ 50,000	Mar 23-Feb 24	Gen Ops	SM/CS
First 5 Grant	3/20/2023	\$ 31,368	Jan 23- Mar 24	Service Rendered Q1-Q2 23	SM/CS
Sequoia Health Care District	NA	\$ 86,682	Jan 23-Mar23	Service Rendered	SM
Total		725,909			

Grants Awarded in Prior Year - Available in Q3 & Q4

Funder	Awarded	Amount	Period	Support	Dept
Sobrato Family Foundation	5/28/2021	\$ 63,000	Jun 22 - May 23	ATC (Second half - total \$126k awarded)	SM/CS
San Mateo Children's Health Initiative	9/12/2021	\$ 105,000	Jan 22-Apr 24	Capital; ATC \$85,000 was received	SM
Sunlight Giving	2/3/2022	\$ 50,000	Mar 22-Feb 23	ATC	SM/CS
Atkinson Foundation	3/22/2022	\$ 7,500	Mar 22- Feb 23	For Senior Program	SM/CS
Kaiser Foundation	5/31/2022	\$ 25,000	Jun 22 - May 23	ATC	SM/CS
Total		250,500			

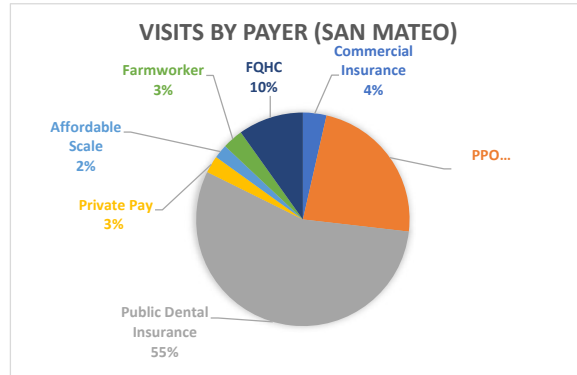
SM = San Mateo / CS = Coastside / OR = Outreach

Visits by Center

	Qtr 1	Qtr 2	Qtr 3	Total
San Mateo Visits	2,582	2,330	2,510	7,422
Coastside Visits	884	948	885	2,717
Total Visits	3,466	3,278	3,395	10,139

Visits by Payer (San Mateo Center)

	Qtr 1	Qtr 2	Qtr 3	Total
Commercial Insurance	97	79	89	265
PPO	586	551	589	1,726
Public Dental Insurance	1442	1284	1391	4,117
Private Pay	74	62	58	194
Affordable Scale	65	39	53	157
Farmworker	96	69	66	231
FQHC	222	246	264	732
Total Visits	2,582	2,330	2,510	7,422



PHCD Funding for Uncompensated Care Public Dental Insurance at San Mateo Center

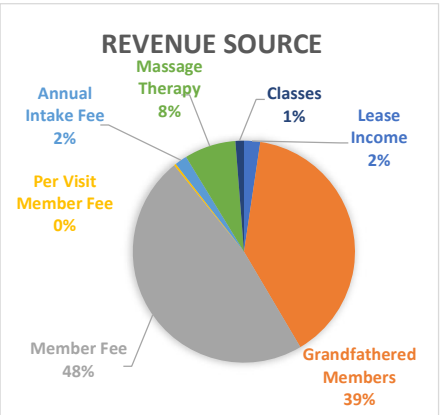
Month	Plan Visits	Uncompensated	Total Uncompensated	YTD Funding from
July	465	\$207	\$96,255	\$75,000
August	548	\$147	\$80,556	\$75,000
September	429	\$213	\$91,377	\$75,000
October	466	\$153	\$71,237	\$75,000
November	457	\$157	\$71,827	\$75,000
December	361	\$255	\$92,044	\$75,000
January	452	\$220	\$99,259	\$75,000
February	443	\$159	\$70,255	\$75,000
March	496	\$151	\$74,777	\$75,000
Total	4,117		\$747,588	\$675,000

PHCD Resident Served

Month	Visits
July	401
August	535
September	395
October	480
November	450
December	368
January	430
February	434
March	473
Q3	3,966

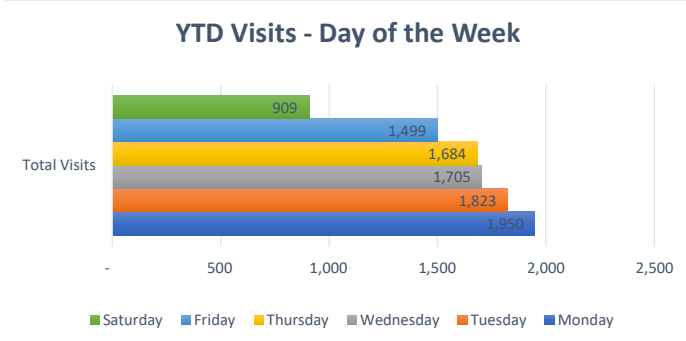
PHCD Health & Fitness Center Quarterly Performance Report Q3 Report

	Q1	Q2	Q3	Total	YTD Budget	Variance B(W)
Health & Fitness Center Revenue						
Lease Income	796	796	796	2,388	2,318	70
Grandfathered Members	13,790	12,982	12,625	39,397	41,225	(1,828)
Member Fee	15,356	16,628	16,023	48,007	46,800	1,207
Per Visit Member Fee	105	90	105	300	270	30
Annual Intake Fee	550	550	700	1,800	900	900
Massage Therapy	1,740	3,120	2,670	7,530	6,360	1,170
Classes	445	425	380	1,250	675	575
Total Income	32,782	34,591	33,299	100,672	98,548	2,124
Operating Exp	80,829	83,986	82,003	246,818	270,535	23,717
Depreciation	2,942	2,942	3,458	9,342	9,835	493
Total Expense	83,771	86,928	85,461	256,160	280,370	24,210
Net Income	(50,989)	(52,337)	(52,162)	(155,488)	(181,822)	26,334

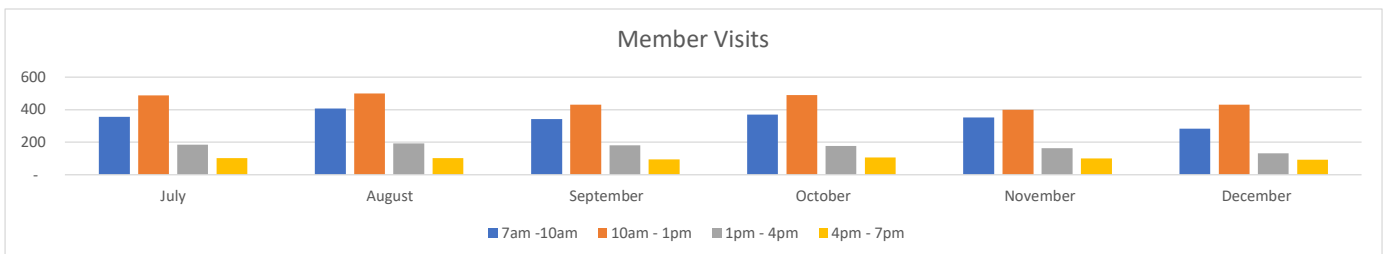


Member Visits YTD - Day of the Week			
	# of Days	Total Visits	Average/Day
Monday	39	1,950	50
Tuesday	39	1,823	47
Wednesday	39	1,705	44
Thursday	39	1,684	43
Friday	40	1,499	37
Saturday	39	909	23
Total	235	9,570	41

Membership Information YTD	# Members	Budget	Variance B(W)
Existing Members - Senior @ \$55	77	76	1
Existing Members - Non Sen @ \$65	5	6	(1)
New Member @ \$80	90	73	17
Per Visit Members @ \$15	20	18	2
Massages @ avg. \$60/visit	127	106	21



Member Visits YTD					
Month	7am -10am	10am - 1pm	1pm - 4pm	4pm - 7pm	Total
July	355	488	185	103	1,131
August	407	500	192	101	1,200
September	342	432	181	94	1,049
October	369	491	178	106	1,144
November	353	400	163	100	1,016
December	283	432	131	91	937
January	300	451	163	80	994
February	315	411	185	90	1,001
March	316	445	209	128	1,098
Total	1,936	2,630	1,029	595	9,570



Month	Seniors in Motion-Free		Yoga-Paid		Balance Fitness		Tune-up Circuit		Total	
	# Classes	Attendees	# Classes	Attendees	# Classes	Attendees	# Classes	Attendees	# Classes	Attendees
July	16	119	4	26	6	61	4	20	30	226
August	14	126	5	37	8	75	4	24	31	262
September	18	127	4	26	6	58	4	20	32	231
October	16	132	4	26	10	100	4	14	34	272
November	16	123	5	31	8	58	5	18	34	230
December	18	128	4	25	6	43	4	15	32	211
January	17	127	4	21	6	47	4	16	31	211
February	16	105	4	20	6	51	4	15	30	191
March	18	115	5	33	8	70	5	18	36	236
Total	149	1,102	39	245	64	563	38	160	290	2,070



DATE: May 25, 2023
TO: PHCD Board of Directors
FROM: Eddie Flores, Director Youth Behavioral Health Programs
RE: Director's Monthly Report

allcove™ San Mateo Monthly Updates

Facilities Update: 2600 El Camino Real, San Mateo:

As previously reported to the Board, we have diligently been working with the City of San Mateo and their Planning Department to ensure that we received all the necessary approvals to proceed with the tenant improvement work at the future home of allcove San Mateo. After continuous attempts to expedite the process and receive updates from their office we were told that due to reduced staff and administrative overload they were working as quickly as they could to get to our application. Staff have been monitoring and working with our facilities consultant, Ralph Barsi, and project architect, Robert Gooyer, to monitor and track this delay and have been requesting updates on a daily basis. Finally, during the week of 5/9/2023 the City of San Mateo shared with us the Ready for Issuance Letter containing a few minor outstanding requests needed to complete as well as detailing out an issuance fee which must be paid, and all administrative requests met prior to issuance of the official permit.

After working with our general contractor to ensure that the full application and requested information had been submitted and uploaded to the City's portal, we have also identified that there will be an issuance fee for this permit. The request for approval is outlined via a separate agenda item that will be shared with the Board via a separate Board Memo.

Service providers/ partnering agency Contract Negotiations

As previously reported, staff have continued to work on the revision and service provider agreement with Caminar as well as a memorandum of understanding (MOU) of service terms. We have continued to have numerous discussion meetings on various aspects of the contract and service components.

The agreement will be a comprehensive legal document to be reviewed and approved by both PHCD Board of Directors and Caminar. This Service Agreement Contract will delineate the Service Providers within allcove™ San Mateo and will cover all the legalities related to the MHSAC grant compliance, insurance requirements, HIPPA compliance and additional criteria related to service delivery. Caminar was also provided a copy of the very extensive contract that PHCD has with MHSAC (State).

Budget Discussions:

Staff have been meeting with members of Caminar's c-suite and finance teams to discuss and set expectations of the budget for the allcove San Mateo Youth drop-in center for FY24 and for the rest of the four years of the grant. PHCD staff have stated and requested from Caminar financial projections, financial modeling and to delineate expenses and revenues as connected with base salaries and staffing projections. These numbers are provided and aligned under the model and conclusions will be included in the final version of the service agreement between PHCD and Caminar.



On May 17, 2023, PHCD's Finance Committee reviewed the FY2024 allcove™ San Mateo Youth Drop-In Center proposed budget at a public agenda meeting. Committee Members shared positive support for the item presented and the description of the proposed budget. They provided feedback to staff regarding strategies to implement for outreach and publicity of the center as well as requests to pursue further discussions with local hospitals/ambulatory centers and other stakeholders. The Committee unanimously voted and approved to recommend the allcove™ FY24 budget to the PHCD Board of Directors.

allcove™ San Mateo Service Provider Agencies tour allcove™ Palo Alto

On Monday, May 1st, PHCD staff and CEO were joined by allcove San Mateo future service providers to take a tour of the the allcove Palo Alto Youth Drop-In center facility. Attending the site visit tour were Caminar's CEO, CFO, Board Chair and Boardmember; staff and service provider team members from our partnering agencies: Edgwood, OneLife Counseling Services, and StarVista. The group toured the entire facility and had an opportunity to sit down and discuss with allcove Palo Alto center director topics related to lessons learned, financial projections, utilization of services, financial modeling, allcove fidelity model alignment, and a few others. It was a very productive visit and service provider team members benefited greatly from hearing from an up and running center and understanding the milestones and timelines.

Mental Health Symposium – Navigating the Behavioral Healthcare System

On May 11th and 12th, Peninsula Health Care District was proud to sponsor a mental health symposium co-hosted by Mental Health Association of San Mateo County and SITIKE Counseling Center. This two-day symposium event held at the Sobrato Center for Nonprofits brought over 150 behavioral health practitioners, community-based organizations, county agencies and behavioral health and recovery services (SMC BHRS) staff for discussions, breakouts and panel discussions. Some of the themes and topics discussed and presented related to access to services; Opioid & Fentanyl Crisis amongst youth; behavioral health community support services; what to do in a crisis; as well as extensive panel presentations on emergency and temporary housing for mental health and behavioral health clients.

The symposium was a very informative event which provided the opportunity for PHCD staff to connect with other providers, do word-of-mouth outreach and network with several key agencies providing services in San Mateo County that will align and serve as potential referral agencies and/or sustain the wrap-around services model that allcove San Mateo will be incorporating for clients. It was an opportunity to also showcase PHCD as having "a seat at the behavioral/mental health table" and be recognized for the intentional work that the Board has sought out to complete in this very important area of healthcare.



Staff will be scheduling follow-up informational sessions with several key agencies as many were interested in learning more about allcove and ways that they could partner and support PHCD on joint efforts providing services and support to youth and young people in San Mateo County.

May Mental Health Awareness Month

May is Mental Health Month! Free events happening throughout the month of May! Visit SMCHealth.org/MHM or scan the QR code on the flyer to learn more.

This year's statewide theme for Mental Health Month is "**#Share4MH.**" To promote engagement across audiences in California, we are asking Californians to:

- Share** how you practice self-care.
- Share** how you practice mental wellness.
- Share** how you get support for your mental health.
- Share** how you overcame stigma.
- Share** your journey towards wellness and inspire others to take action.
- Share** how you live the Take Action pillars: Check-In, Learn More, and Get Support.

San Mateo County Behavioral Health & Recovery (BHRS) MHSA Updates

Modernizing Our Behavioral Health System & Building More Mental Health Housing

Gov. Newsom is proposing a 2024 ballot initiative to improve how California treats mental illness, substance abuse, and homelessness: a bond to build state of the art mental health treatment campuses to house Californians with mental illness and substance use disorders and to create housing for homeless veterans and modernize the Mental Health Services Act to require at least \$1 billion every year for behavioral health housing and care.

MORE HOUSING AND TREATMENT FOR THOUSANDS: The shortage of 6,000 behavioral health beds contributes to the crisis of homelessness. A general obligation bond would provide billions of dollars for thousands of new beds to treat mental illness and substance abuse, serving over 10,000 more people every year – not in institutions of the past, but locations where people can really heal:

1. Multi-Property Settings: Residential campus-style settings where multiple individuals can live, attend groups, recover, and further stabilize with a number of onsite supportive services.



2. Cottage Settings: Smaller residential settings, where many services will be available but will also allow individuals to access existing services in the community.

3. Home Settings: Permanent Supportive Housing and Scattered Site Housing offer even smaller settings to integrate individuals into the community and provide long-term housing stability.

Additional Funds to Provide Housing for Homeless Veterans: California has 10,395 homeless veterans – the bond would provide funding to build new housing for those who need it.

Modernizing The Mental Health Services Act: The MHSA funds 30% of the mental health system, but it's never undergone reform in the 20 years since voters passed it. Current MHSA rules don't allow funds to be used to meet the housing needs for people with serious behavioral issues. Modernizing it will lead to \$1 billion every year for housing, treating substance abuse disorders, and more:

1. \$1 billion annually required for behavioral health housing and other community-based residential solutions to provide an ongoing source of funding for new settings.
2. Include those with substance use disorders, broadening the target population of MHSA funding to include more people who need support.
3. Focus funding on Full-Service Partnerships and services for the most seriously ill, prioritizing community services and supports, prevention, early intervention, and infrastructure.
4. Require counties to bill Medi-Cal for all reimbursable services in accordance with Medicaid State Plan and applicable waivers, to further stretch scarce dollars and leverage MHSA to maximize federal funding for services.
5. Improve local accountability and increase transparency by updating counties' behavioral health plans and moving the MHSA Commission under CalHHS to increase coordination.

Additional Resources

- [Slides from the March 29, 2023 informational webinar on the Governor's Proposal to Modernize California's Behavioral Health System](#)



- [Policy Brief: Understanding California's Recent Behavioral Health Reform Efforts](#)

As additional information for the Board to be informed on this topic, we are including the policy brief and slides from a recent State of California webinar for the board to be further informed about this initiative.



Policy Brief:
**Understanding
California's Recent
Behavioral Health
Reform Efforts**

INTRODUCTION

California is at a tipping point for mental health and substance use disorders, collectively known as behavioral health.

As this plan comes together, a working adult struggling with anxiety will be able to reliably depend on their employer sponsored health insurance to provide the services they need, a parent whose child is beginning to show early signs of a serious mental illness will be connected to early assessment and intensive treatment, and an unhoused neighbor struggling with co-occurring mental health and substance use disorders who has fallen through every crack in the system will have access to housing, treatment, and a path to recovery.

The truth is: We all struggle. At some point in our lives, we will all either have a challenge with mental health or substance use ourselves – or be supporting a parent, child, neighbor, friend, or coworker through their journey with behavioral health.

The weight of this crisis is not carried equally. Communities of color, people involved with the justice system, and those who are LGBTQ+ carry the heaviest burden.

Because these challenges cannot wait, the Newsom Administration has invested a **historic \$10 billion in the full spectrum of behavioral health services**, because **all Californians are entitled to quality, culturally competent behavioral health services when, how, and where they need them.**

Together we are developing a thoughtful set of connected programs that provide tools to help anybody, anywhere, anytime with their unique behavioral health challenges.

This behavioral health plan pulls every lever the government has at its disposal, from

setting a bold policy agenda, to creating and implementing new initiatives, to simplifying and streamlining programs, to enforcing laws and regulations. As we continue this journey, some changes will be immediate and visible, and others will require more patience and time.

Behavioral Health Continuum



WORKFORCE AND PHYSICAL INFRASTRUCTURE

Increasing Access by Building Workforce, Infrastructure

Undergirding all of California's behavioral health efforts are investments to build the pipeline of providers and the physical infrastructure needed for these services.

For behavioral health care to be truly accessible, services must be available when Californians need them. Providers must speak our language, look like us and come from our communities.

That's why the Administration is investing



\$1.4 billion to create tens of thousands of new behavioral health professionals – offering tuition assistance and loan forgiveness and funding training programs.

We also need brick-and-mortar spaces for care, to address historic gaps and to meet growing demand for services across the lifespan. So, California has set aside

\$2.2 billion to ensure care can be provided in the least restrictive settings and within the community through a wide range of options.



Prevention and Early Intervention

It's important to recognize that for many Californians, there is still a stigma around mental health and substance use challenges. This is why it is important to both normalize the conversation around behavioral health and emphasize prevention.

In August 2022, the Administration announced a Master Plan for Kids' Mental Health, an integrated multi-year effort uniting historic investments to better serve the state's diverse children, youth, and families. At the core of the Master Plan is a historic, five-year, \$4.7 billion initiative that focuses on promoting mental, emotional, and behavioral health and well-being; prevention and providing services; support and screening; and addressing inequities.

These efforts will increase access to a wide range of mental health services in schools, allowing

schools to reach more students and provide more counseling and mental health supports. Schools are a critical access point for mental health and substance use services, especially for African American, Native American, Pacific Islander, and LGBTQ+ students.

Critically, in response to the exponential increase in overdoses, the state will soon launch a \$40.8 million education and awareness campaign focused on opioids and fentanyl.

California is also investing more than \$80 million to increase overdose reversal medication distribution to first responders, law enforcement, community-based organizations, middle and high schools, and county agencies to reverse overdoses.

To further support the success of these efforts, the state is investing \$100 million in a youth-led campaign to destigmatize the conversation around youth mental health and substance use struggles.



Outpatient Care

For all Californians to be able to access behavioral health care when they need it, the state is holding commercial plans, which cover more than half of all Californians, accountable and reforming Medi-Cal, California's Medicaid program.

On the commercial side, California has some of the strongest behavioral health “parity” requirements in the country, requiring coverage of “medically necessary” services to treat mental health and substance use disorders. The treatment cannot be limited to short-term or acute treatment.

To enforce these laws, the state has dedicated \$22 million over five years to conduct behavioral health-focused investigations of commercial health plans to make sure they are meeting state law – and taking enforcement action against those that are not. Californians are paying health care premiums for behavioral health care; they deserve access to it.

On the public side, Medi-Cal has vastly expanded the use of telehealth, which made behavioral health care far more accessible for some.

And California is in the process of completely reforming Medi-Cal behavioral health delivery through numerous federal waivers, including CalAIM and the proposed California Behavioral Health Community-Based Continuum Demonstration.

There will be a “no wrong door” approach to ensure beneficiaries receive mental health services regardless of where they seek care, even if the beneficiary is ultimately transferred somewhere else due to their level of impairment and mental health needs.

Medi-Cal is also reforming how county behavioral health systems are paid to reward better care and quality of life for Medi-Cal beneficiaries.

Other outpatient benefits available under Medi-Cal will include:

- ✓ Assertive Community Treatment (ACT) and Forensic Assertive Community Treatment (FACT). ACT offers a wide range of medical and social services to people living with serious mental illness. Provided by a multidisciplinary team, the services are provided 24/7 for as long as needed and wherever they are needed. FACT builds on this model and adjusts based on criminal justice issues.
- ✓ Contingency Management, which promotes healthy behaviors through positive reinforcement (such as gift cards) for people living with stimulant use disorder who reduce or eliminate their stimulant use.
- ✓ Medication Assisted Treatment, which is the use of medication along with counseling to treat substance use disorders. This program is being expanded to increase access to treatment and reduce opioid overdose deaths with a special focus on underserved communities, including youth, rural areas and American Indian and Alaska Native tribal communities.



Crisis Care

Sometimes, of course, people have more urgent needs than can be covered by outpatient services, which is why California is building a robust system of crisis care.

During the pandemic, the state created the successful CalHOPE program, a crisis line and online platform to address stress and anxiety. It offers free outreach, individual and group crisis counseling and support. Since its inception, more than 1.3 million Californians have used CalHOPE services.

The state is also investing to build out crisis call center capacity to support the transition to 988, which is an alternative to 911 when people are experiencing a mental health crisis. It's an unprecedented opportunity to improve behavioral health crisis prevention, response, and stabilization. The easy-to-remember, three-digit number is available 24/7, 365 days per year and provides access to crisis counseling, often in several languages and via text or online chat.

In addition, Medi-Cal beneficiaries will be eligible for mobile crisis services, community-based de-escalation and relief for individuals experiencing a behavioral health crisis wherever they are, including at home, work, school, or in the community. The benefit is meant to reduce unnecessary law enforcement involvement and ER visits for people in crisis.



Inpatient Care

There are times when the best setting for someone's care is in a hospital or residential setting, so California is not only building more infrastructure to make sure those beds are available, but also improving that care.

CalAIM and CalBH-CBC will enhance care in psychiatric hospitals and residential settings by ensuring that patients' physical, mental and substance use conditions are treated and that patients are only kept in inpatient care until they can transition to community-based care.

Beneficiaries will also receive support before discharge from inpatient and residential treatment and will be supported during the transition and connected to community-based services and supports, including housing support.

Another form of inpatient care takes place at State Hospitals, which increasingly provide inpatient care for people facing felony charges and found incompetent to stand trial due to a serious mental illness, the majority of whom are also homeless. California is investing more than \$600 million in new resources to ensure these individuals get access to treatment quickly and to create options to safely support community-based care and housing stability and reduce recidivism.



Supportive Care

California is also providing a range of supports to help people with the most extensive needs get the help they need to care for their mental illness and/or substance use disorder. These services include:

- ✓ The CARE Act, a compassionate civil court process that provides care to the most severely ill based on evidence that many people can stabilize, begin healing, and exit homelessness in less restrictive, community-based care that prevents more restrictive conservatorships or incarceration.
- ✓ Behavioral Health Bridge Housing, which will provide \$1.5 billion to create and fund new clinically enhanced housing settings for people experiencing homelessness who have complex behavioral health conditions.
- ✓ Justice-involved initiatives under CalAIM. California is the first state in the nation to offer a targeted set of Medicaid services to youth and adults in state prisons, county jails, and youth correctional facilities for up to 90 days prior to release to assist people leaving incarceration connect to the physical and behavioral health services they need prior to release.
- ✓ Enhanced care management will be available to help Medi-Cal enrollees with the highest needs. It will meet beneficiaries wherever they are – on the street, in a shelter, in their doctor's office, or at home. Beneficiaries will have a single lead care manager who will coordinate care among the physical, behavioral, dental, developmental, and social services delivery systems, making it easier for them to get the right care at the right time.
- ✓ Rent and transitional housing under CalAIM to provide up to six months of rent or temporary housing for beneficiaries who are homeless or at risk of homelessness after receiving treatment in an institutional setting.
- ✓ Community supports including housing deposits, short-term post-hospitalization housing, recuperative care, and sobering centers.
- ✓ Supported employment services to help Medi-Cal beneficiaries find and keep employment so they have income to maintain housing.

CONCLUSION

Over time, this plan will lead California to a behavioral health system that:



Reduces misinformation, stigma and discrimination and increases knowledge, acceptance and support for care;



Reduces the delay from the onset of symptoms to treatment and increases ongoing engagement in care;



Reduces disparities in utilizing services among BIPOC and LGBTQ+ communities and increases access to culturally responsive care;



Reduces the proportion of individuals with mental health and substance use disorders in prisons and jail and increases high-quality community care placements;



Reduces the risk of homelessness and housing insecurity and increases educational and employment opportunities; and



Reduces disappointment and frustration and increases satisfaction and trust in the quality of services received.



Modernizing California's Behavioral Health System

March 2023



1

Context

- » Since 2019, California has embarked on massive investments and policy reforms to re-envision the state's mental health and substance use system.
- » We have invested more than \$10 billion in a range of efforts that begin to build up the community-based care the sickest Californians desperately need. This includes investments in prevention and early intervention programs for kids, to investments in programs like the CARE Act and system improvements in Medi-Cal through CalAIM.
- » But more can and must be done. Now it's time to take the next step and build upon what we have already put in place – continuing the transformation of how California treats mental illness and substance abuse.

2

2

Key Elements

1. Authorize a general obligation bond to fund unlocked community behavioral health residential settings
 - The bond would also provide housing for homeless veterans
2. Modernize the Mental Health Services Act (MHSA)
3. Improve statewide accountability and access to behavioral health services

3

3

Authorize General Obligation Bond

4

Authorize a General Obligation Bond

- » Build thousands of new unlocked community behavioral health beds in residential settings to house Californians with mental illness and substance use disorders
- » Provide more funding for housing of homeless veterans
- » \$3-5 billion bond on 2024 ballot

5

5

Adding New Behavioral Health Settings

Multi-Property Settings

Residential campus-style settings where multiple individuals can live, attend groups, recover, and further stabilize with a number of onsite supportive services.

Cottage Settings

Smaller residential settings, where many services will be available but will also allow individuals to access existing services in the community.

Home Settings

Permanent Supportive Housing and Scattered Site Housing offer even smaller settings to integrate individuals into the community and provide long-term housing stability.

6

6

Modernize the Mental Health Services Act

Modernize the Mental Health Services Act

- » Update local categorical funding buckets – lifting up housing interventions and workforce
- » Broaden the target population to include those with debilitating substance use disorders
- » Focus on the most vulnerable
- » Fiscal accountability, updates to county spending and revise county processes
- » Restructure role of the Mental Health Services Oversight Accountability Commission
- » Many components will require 2024 Ballot initiative
- » Multi-year implementation starting in July 2025

8

8

7

Update Local Categorical Funding Buckets

- » 30% for housing and enhanced care in residential settings for individuals with serious mental illness/serious emotional disturbance and/or substance use disorder.
 - Counties will manage the funds and direct the funds toward local priorities that meet designated purposes described above
- » A services bucket with two sub-categories:
 - 35% of the local assistance for Full Service Partnership (FSP) which should be optimized to leverage Medicaid as much as is allowable
 - 35% for other services including Community Services and Supports (non FSP), Prevention and Early Intervention, Capital Facilities and Technological Needs, Workforce Education and Training, and prudent reserve
- » To reduce overlap with the Children and Youth Behavioral Health Initiative and close the gap in preventive services, Prevention and Early Intervention (PEI) dollars for schools should be focused on schoolwide behavioral health supports and programs and not services and supports for individuals.

9

9

Housing Interventions and Supports

- » Dedicate 30% in local MHSa funding for housing interventions for people living with serious mental illness/serious emotional disturbance and/or substance use disorder who are experiencing homelessness. 30% is approximately \$1 billion but will vary year to year.
- » Funding could be used for full spectrum of housing services and supports, rental subsidies, operating subsidies, and non-federal share for Medi-Cal covered services, including clinically enriched housing. It also could be used to further the California Behavioral Health Community-Based Continuum Demonstration.
- » Funding may also be used for capital development projects, subject to DHCS limits established through bulletin authority.

10

10

Workforce

- » Expand the use of local MHSa funds under the Workforce Education and Training (WET) component to include activities for workforce recruitment, development, and retention.
- » The use of these funds could include professional licensing and/or certification testing and fees, loan repayment, stipends, internship programs, retention incentives, and continuing education and that increase the racial/ ethnic and geographic diversity of the workforce.
- » In addition to expanding the local MHSa funds under WET, allocate MHSa funds to create a new Behavioral Health Workforce Initiative, while drawing down additional federal funds for a five-year period.

11

11

Broaden Target Population

- » Authorize MHSa funding to provide treatment and services to individuals who have a debilitating substance use disorder (SUD) but do not have a co-occurring mental health disorder.
- » Increase access to SUD services for individuals with moderate and severe SUD.
- » Require counties to incorporate SUD prevalence and local unmet need data into spending plans. Use data to inform and develop accountability to improve the balance of funding for SUD.

12

12

Focus on Most Vulnerable

Adults

- » Adults with serious mental illness (SMI) or substance use disorder (SUD) who are or at risk of experiencing homelessness or are or are at risk of being justice-involved, and/or meet the criteria for behavioral health linkages under the CalAIM Justice-Involved Initiative
- » Adults with SMI at-risk of conservatorship

Children and Youth

- » Children and youth with serious emotional disturbance or SUD, who are experiencing homelessness, are involved or at risk of being justice-involved, meet the criteria for behavioral health linkages under the CalAIM Justice-Involved Initiative or are in or transitioning out of the child welfare system

13

13

Fiscal Accountability and County Spending

- » Require counties to bill Medi-Cal for all reimbursable services in accordance with Medicaid State Plan and applicable waivers, to further stretch scarce dollars and leverage MHPSA to maximize federal funding for services.
- » Reduce allowable prudent reserve amounts from 33% to 20% for large counties and 25% for small counties.
- » Reassess prudent reserve more frequently from every 5 years to every 3 years.
- » Authorize up to 2 percent of local MHPSA revenue to be used for administrative resources to assist counties in improving plan operations, quality outcomes, reporting fiscal and programmatic data and monitoring subcontractor compliance for all county behavioral health funding.

14

14

Revise County Process

- » Pare back the requirements for Three-Year Program and Expenditure Plans, standardize the level of detail and submission process, and provide additional flexibilities for transparent amendment process.
- » Provide county behavioral health agencies with more flexibility to adjust spending.
- » Transform the MHPSA planning process into a broader county/region behavioral health planning process. Require counties to work with Medi-Cal Managed Care Plans in the development of their Population Needs Assessments and with Local Health Jurisdictions in the development of their Community Health Improvement Plans and for these reports to inform the MHPSA planning process to ensure strategic alignment of funding and local cross-system collaboration.
- » Require plans be approved by boards of supervisors by June 30.

15

15

Mental Health Services Oversight Accountability Commission

- » Move the Mental Health Services Oversight Accountability Commission (MHSOAC) under the California Health and Human Services Agency so that it is connected with the rest of the behavioral health system.
- » Require that the Commission would become advisory, and its Executive Director would be a gubernatorial appointee.

16

16

Improve Statewide Accountability and Access to Behavioral Health Services

17

Fiscal Transparency

Require counties to report:

- » Annual allocation of MHSA, Realignment, and all federal block grants;
- » Annual spend on non-federal match payments including MHSA, Realignment or other county sources;
- » MHSA, Realignment and Block Grant only spend;
- » Any other behavioral health investments using local General Fund or other funds;
- » Any unspent MHSA, Realignment or block grant funds for that fiscal year;
- » Cumulative unspent MHSA, Realignment or block grant funds, inclusive of reserves;
- » Admin costs, and
- » Information on services provided to persons not covered by Medi-Cal, including commercial insurance, Medicare, and uninsured.

18

18

County Accountability and Infrastructure

- » Develop outcome measures, not just process measures, to drive toward meaningful and measurable system change.
- » Align county Behavioral Health (BH) plans (including MHPs and DMC-ODS) and Medi-Cal Managed Care Plan contract requirements when the same requirements exist across programs. This includes, but is not limited to:
 - Require key administrative positions (e.g., quality director, chief financial officer, operations director, compliance officer)
 - Compliance oversight and monitoring of subcontractors
 - Post on their website network adequacy filings, annual number of utilizers and utilization by service type
 - Establish a robust set of quality metrics for county BH plans and establish quality thresholds/goals
 - Require county BH plans annually report utilization and quality to Board of Supervisors (BOS) and require the BOS to attest that they are meeting their obligation under Realignment
 - Require county BH plans to form member advisory council to inform policy and programs
 - Implement closed loop referrals

19

19

Alignment between Medi-Cal and Commercial Coverage of Behavioral Health Services

- » Over the next year, DMHC and DHCS will develop a plan for achieving parity between commercial and Medi-Cal mental health and substance use disorder benefits. This may include, but is not limited to, phasing in alignment of utilization management, benefit standardization, and coverage of county-provided services.
- » DMHC and DHCS will establish a stakeholder process that will include health plans and other system partners to develop framework.

20

20

Next Steps



21

Next Steps

- » We look forward to working with the Legislature, system and implementation partners, and a broad set of stakeholders, including those impacted by behavioral health conditions, to set these reforms into motion to deliver equitable, accessible, and affordable community-based behavioral health care for All Californians.

22

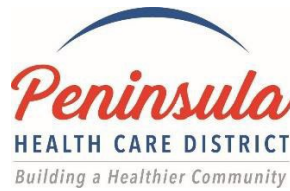
22

Questions?

For questions and inquiries, contact
BehavioralHealthTaskForce@chhs.ca.gov



23



DATE: April 25th, 2023
TO: PHCD Board of Directors
FROM: Jackie Almes, Youth Outreach Specialist
RE: Monthly Report – April 2023.

allcove™ San Mateo – Youth Advisory Group

This month the YAG had a guest speaker from Care Solace come to talk about their programs with the districts schools. Many of the YAG members had never heard of Care Solace and later talked about how great of a resource it is. Following the presentation, we talked about our future community engagement activities that we will be tabling at. The YAG plans to help with the Star-Vista's mental health matters walk by attending and spreading the word about the YAG as well as helping with what they want to see at the table. We continued our conversation about the allcove opening and have begun to think about local bands that we can have come to perform at the opening as well as mental health advocates that can come and speak. Following the opening discussion, we had final decisions to make about the flooring and cabinetry of allcove. After the YAG had made their decisions, we began our work on the article for May. We plan to publish the article in late May to bring attention to mental health month and awareness.

This month my main focus has been on the YAG application and filling the slots we will be losing due to members going away for college. I started focusing on recruitment in April of this year. I created a spreadsheet of all the schools within our district and their contact information. I sent out a mass email to all of the school counselors about the opportunity to join the YAG. A few replied asking questions and two schools offered to have me come to their opportunity fairs. The first one was for Aragon High School and the second was San Mateo High School. Both events were great, and I had a lot of youth come up, ask questions and take flyers. Following the fairs, we received a total of three applicants from the fairs. Another way I have been promoting the application is through other community-based organizations (CBOs). I have sent emails to all CBO's that we have talked to in the past and any that relate to youth work and mental health. This has helped to amplify the application.

Last year we had a very low application rate of males. This year one of my goals with this new cohort is to increase the diversity of our YAG which includes expanding our representation of the male voice. To help with this goal I was able to present to the boy scouts. The presentation lasted about 30 minutes with an introduction into all things allcove with an emphasize on the YAG, the work we do, and the application. I left flyers for both allcove and the YAG. At all the events and fairs I have been to I make sure to talk about allcove itself and the services we'll be offering. This is to give youth an idea of what allcove will be like. If they don't want to join the YAG they can always visit allcove and receive services.



PHCD

This past month the Boys and Girls Club of the Peninsula held a webinar to talk about the work they have been doing. They have recently started offering mental health services which the boys and girls club has not done in the past. They have been able to provide services to students that normally would not be able to receive services. They have even begun to offer services to youth that are away at college via telehealth as long as they are still within the state of California. Overall, it was a very informative webinar and gave some great insight into the work the Boys and Girls club has been doing.

To increase our ability to market allcove I have been working on a two pager that informs people of the differences between allcove and other organizations similar to it. The sheet includes an intro to allcove and what it is all about. Following the information on allcove there's a table that shows what allcove will provide versus what other organizations do. Following the table there's a short description of each of the organizations and what they are about. This document will be a great marketing tool for allcove and at outreach events.

To continue preparing for the opening of allcove we have begun a two-part series of meetings on the model integrity of allcove. These meetings include our service providers as well as the implementation manager from Stanford. The first meeting dove into the dimensions of model integrity, the tools and documents that we will need to open allcove. We will have part two in the coming weeks. Following these meetings, we will begin our work towards model integrity.

Figure 1: Presentation to Boy Scouts





DATE: May 12, 2023
 TO: Board of Directors
 FROM: Stephanie Arevalo Rodriguez, Director of Business Operations
 SUBJECT: Trousdale Assisted Living Marketing Update

Trousdale Marketing Update

Lead Generation

There were 103 leads in April compared to 93 leads in March. Overall lead generation continued to increase in the last month driven by a large boost in leads from Paid Social advertisements. Paid social Ads accounted for 73% of leads in April, up from 44% of leads in March.

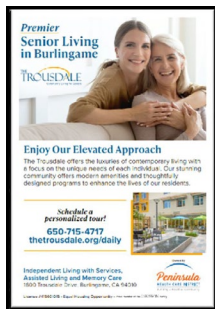
Apr 2023	Mar 2023
● Organic Search: 6 (6%)	● Organic Search: 6 (6%)
● Paid Search: 8 (8%)	● Paid Search: 8 (9%)
● Organic Social: 1 (1%)	● Organic Social: 7 (8%)
● Referrals: 1 (1%)	● Referrals: 3 (3%)
● Direct Traffic: 6 (6%)	● Direct Traffic: 14 (15%)
● Offline Sources: 6 (6%)	● Offline Sources: 14 (15%)
● Paid Social: 75 (73%)	● Paid Social: 41 (44%)
Totals: 103	Totals: 93

Tours: 13
 Move-ins: 3
 Moveouts: 0

Lead generation from initial add-in database to move in.

- Created date: 8/22/21 | Move in date: 4/29/23 | Referral source: Caring.com
- Created date: 3/31/23 | Move in date: 4/6/23 | Referral source: Peninsula Post Acute
- Created date: 3/15/23 | Move in date: 4/20/23 | Referral source: Senior Housing Resource

Print Advertisement Results over the last month.



San Mateo Daily Journal – 12 Calls increase by 8 from month prior.
 Palo Alto Daily Post – No Calls




Many calls received were all pricing inquiries.

After a 2-month campaign, we will now test the new ad design below on Mondays to continue to increase visibility, leads and tours.

**Premier Senior Living
In the Heart of Burlingame**

Enjoy all of the luxuries of modern living, in a community designed to provide individualized support for each unique need.

THE TROUSDALE



Schedule a tour today!
650-552-4002
thetrousdale.org/daily

Owned by
Peninsula
HEALTH CARE DISTRICT
Building a Healthier Community

Proud member of the ESKAYON family
Assisted Living, Independent Living with Services and Memory Care
1600 Trousdale Drive, Burlingame, CA 94010 • License #415601015 • Equal Housing Opportunity

THE TROUSDALE
Community Living for Seniors

**Luxury Senior Living
in the Heart of Burlingame**

Discover contemporary senior living with a personalized approach.

Schedule a tour today!
650-552-4002
thetrousdale.org/daily



Assisted Living, Independent Living with Services and Memory Care
1600 Trousdale Drive, Burlingame, CA 94010
License #415601015 • Equal Housing Opportunity
Proud member of the ESKAYON family

Owned by
Peninsula
HEALTH CARE DISTRICT
Building a Healthier Community

Sales Brochure

A revamp of the sales information folder was also completed for all inquiries.

E



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Angel Investor

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Community Leader/HR, Inc. (Retired)

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RECEIVED

MAY 05 2023

BY: 

March 21, 2023

Cheryl Fama
Peninsula Health Care District
1819 Trousdale Drive
Burlingame, CA 94010

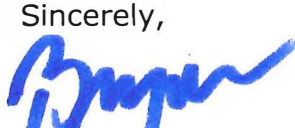
Dear Cheryl,

Thank you for your support of AbilityPath's *Power of Possibilities* event! I am grateful for your donation of \$5,000. Your investment in our mission plays a vital role in our success and will help provide programs and services for children and adults with special needs and developmental disabilities.

Power of Possibilities will be held on **Saturday, 13, 2023**. As a Bronze Sponsor you will receive six tickets to the in-person event at AbilityPath's beautiful new outdoor venue in the courtyard of our Middlefield Rd location in Palo Alto. You will receive a print invitation with more information. We can't wait to celebrate the accomplishments of those we serve with you.

Thank you for your commitment to creating a world where people of all abilities are fully accepted, respected and included. Your gift is empowering people with special needs to achieve their full potential.

Sincerely,

 Thank You Cheryl!
THIS IS SO NICE OF YOU
AND THE HEALTH CARE DISTRICT
IT'S GOING TO BE A FUN
EVENT AND IT WILL BE
GREAT TO HAVE
YOU US.

Bryan Neider
CEO

Note: Please retain this letter as proof of your donation. Contributions over the value of your in-person event tickets (\$100 per person) are tax-deductible. Tax ID# 94-1156502.

Dear SMC Health partners,

As we have now reached another milestone of the expiration on May 11th of the federal Public Health Emergency for COVID-19, many have asked about the significance. I'm sharing a link to the federal FAQ that answers many questions about what the expiration means and does not mean: [Fact Sheet: End of the COVID-19 Public Health Emergency](#).

I'm also glad to share the link to the website that continues to reflect the San Mateo County and statewide data regarding cases, deaths, positivity and hospitalizations, [County and Statewide Data](#), as well as vaccinations, [Vaccination Data](#). The sewage surveillance data for our region may be found here: [COVID-19 Wastewater Surveillance](#).

In sum, the wastewater data that our public health team is monitoring suggest that the risk of getting infected by COVID remains moderate. The virus concentration levels have been lower than the recent winter peaks (November – January), but still higher than a year ago. While vaccinations continue to protect most from severe disease, there are between 20 and 30 people per day hospitalized with COVID, a reminder that COVID continues to be a health concern, especially for those at greatest risk.

Going forward, I will send an update only if there is something of significant local concern to share. As we all refocus on many other community needs and priorities, we are thankful for the continued mindfulness of COVID risk in the community, particularly for vulnerable populations. Remaining up to date on COVID vaccinations is the most important way to help mitigate risk, and we are grateful for the influence you each bring to your personal and professional spheres to help mitigate risk to help everyone in San Mateo county live longer and better lives.

All Together Better,

Louise Rogers



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President and CEO

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Vice President

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Board of Directors

Romy Bauer

Pam Heman

Steven B. Stahl

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May 17, 2023

PHCD Board members
1819 Trousdale Drive
Burlingame, CA 94010

Dear Board members,

Last week, 10 state and local elected leaders sent a joint letter to Sutter Health CEO Warner Thomas, pressing Sutter for details regarding the Mickelson therapy pool and requesting a July 1, 2023 reopening. Attached is a copy of that letter so you are aware of what was sent to Mr. Thomas.

We continue to be grateful for your Board's support, and especially to Director Zell for his leadership with the ad hoc committee.

Best,

Lindsay Raike, CEO
Warm Water Wellness

Warm Water Wellness Inc is a
501(c)(3) non-profit organization
that promotes aquatic therapy
resources for seniors and
disabled individuals of all ages.
Tax ID 87-4048687



May 8, 2023

Mr. Warner L. Thomas
President and CEO
Sutter Health
2200 River Plaza Drive
Sacramento, CA 95833

Re: Mack E. Mickelson Arthritis and Rehabilitation Center Therapy Pool

Dear Mr. Thomas:

Congratulations on your recent appointment as CEO of Sutter Health.

We, the undersigned, are state and local elected leaders in the County of San Mateo, including the California Senate and Assembly, the County Board of Supervisors, and the Peninsula and Sequoia Health Care Districts, and we write to commend Sutter on its decision to reopen the Mickelson Therapy Pool in San Mateo.

As you may know, the Mickelson warm water therapy pool, located at the Sutter Health Mills Medical Center campus in San Mateo, was closed during the recent pandemic. This closure has had devastating health effects on the elderly, chronically ill, disabled and other vulnerable populations that for years depended upon the Mickelson pool to maintain their health, well-being and mobility. Their stories are heartbreaking, and all reports are that for every day the Mickelson pool remains closed, their health and mobility continues to deteriorate. We have heard from patients with chronic conditions who were once independently mobile, but who now, from lack of access to warm-water therapy, require expensive personal assistance to accomplish even the basic necessities of life.

Historically, the Mickelson therapy pool was used in two ways: for short term physician-prescribed physical therapy and, of equal importance, for “open access” self-directed therapy available (with a doctor’s release) to all community members for a monthly fee.

Concerningly, in February 2020, one month prior to the Covid-19 shelter-in-place county directive and subsequent Mickelson Center closure, Sutter dramatically cut the “open access” hours for community use. That reduction in access did not meet the needs of community members.

We write to ask that you commit to reopening the pool for both usage models with ample community access by a date certain (we desire to see the pool reopened by July 1), or else explain the medical, engineering, or financial reasons why not.

The reopening of the pool is important in and of itself, but another reason why the pool closing has captured the attention of the undersigned is that it is symbolic of a disturbing trend over the last several years of Sutter Health, a not-for-profit organization, eliminating vital community health services seemingly on the basis of lack

of profitability rather than community health need. The closure several years ago of the “Senior Focus” program (essentially an adult-day care for dementia patients that gave family caregivers much needed respite time) jumps to mind, among others. In our view there are certain community services that serve small, but vulnerable, populations that responsible and compassionate leaders should not close for purely financial reasons. We believe the closure of such programs by your predecessors was unwise and we would like you to know we have taken notice.

However, we would also like to acknowledge that we detect from some of your public statements that you may be more attuned to improving community relations and we welcome you to seize the current opportunity to both solve the pool problem and signal a reinvigorated commitment of Sutter Health to the local communities it serves— especially to vulnerable populations therein.

We invite you to San Mateo County to celebrate the reopening of the facility when it occurs, and to meet some of the patients and the undersigned so that we may learn, listen, and share perspectives. Together, our organizations can prevent disease, make our communities healthier, and build wellness initiatives in San Mateo County.

Sincerely,

The image shows ten handwritten signatures in blue ink, arranged in four rows. The first row contains three signatures. The second row contains three signatures, with the middle one clearly legible as 'Scott Wiener'. The third row contains three signatures, with the first one clearly legible as 'Noelia Corzo'. The fourth row contains one signature, clearly legible as 'Kim Griffin'.

Assemblymember Marc Berman
 Assemblymember Diane Papan
 Assemblymember Phil Ting
 State Senator Josh Becker
 State Senator Scott Wiener
 San Mateo County Supervisor David Canepa
 San Mateo County Supervisor Noelia Corzo
 Peninsula Health Care District Director Dennis Zell, Esq.
 Sequoia Healthcare District CEO Pamela Kurtzman
 Sequoia Healthcare District Director Kimberly Griffin, RN

cc: Sutter Health Board of Directors