

Subject: RE: DRMC lease purchase agreement
Date: Thursday, July 11, 2024 at 1:45:20 PM Pacific Daylight Time
From: Chris Christensen
To: Isaiah Hagerman, CPA
CC: Todd Hileman, cfreeland@indianwells.com
Attachments: image001.png, image002.png, image003.png, image004.png, image005.png, image006.png, image007.png

Good afternoon.

Providing revised language to the non-compete provision of the draft LPA, as the intent is not to restrict financial assistance to other healthcare facilities, providers, etc. (i.e. FQHCs) within the District boundaries.

[Tenet_Desert - Lease Purchase Agreement\(8303957.19\) 071124.pdf \(dhcd.org\)](#)

ARTICLE XII ADDITIONAL COVENANT OF LESSOR

Lessor and Lessee agree and acknowledge that the District's and Lessee's future financial health and Lessee's ability to continue to service low-income populations are both dependent on Lessee's ability to fulfill all of its financial and clinical obligations under this Agreement. Accordingly, and in order to promote the objectives set forth in Recital G above, after the Commencement Date and during the entire term of this Agreement, neither Lessor nor any Affiliate, including Desert Healthcare Foundation (the "Foundation"), will directly or indirectly own any interest in, manage, or operate, ~~or provide any financial assistance to~~ (i) any hospital or other health care facility, provider, or business within the geographical boundaries of District or which may otherwise at any time be competitive with any present or future Desert Businesses or newly created health care system affiliated with the Desert Businesses, or (ii) any other health care related business conducted with or supporting the Leased Premises including, without limitation, ownership or management of physician practices, without Lessee's prior written consent (which Lessee may withhold in its sole and absolute discretion). Lessor and its Affiliates will not be prevented from participating in activities that promote health care services for residents of District's community, so long as they do not provide financial support to another acute care hospital within District's boundaries or act as a provider of health care services themselves. Notwithstanding the foregoing, nothing in this Agreement shall prevent District from collaborating with or jointly funding with other acute care hospitals (each such hospital, a "Grant Hospital") within the boundaries of District in support of projects designed to improve access to healthcare for District residents so long as such projects are outside the scope of the Grant Hospital's licensure and are provided free of charge to the community or otherwise do not generate revenue that is reflected on the financial statements of such Grant Hospital. Lessor shall provide written notice to Lessee of any potential activity, program, or service which has been formally submitted to Lessor through the grant application process which Lessor considers to be in violation of the covenants in this Article XII, which notice shall include applications and other

written materials submitted to Lessor. Lessee shall have 30 days from receipt of said notice to review and grant or withhold consent in writing to the proposed activity, program, or service. In the event that the provisions contained in this Article XII shall ever be deemed to exceed the time or geographic limits or any other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum extent permitted by applicable law. Lessor acknowledges and agrees that (i) its covenants herein form part of the consideration hereunder and are a material inducement for Lessee entering into and consummating this Agreement, (ii) the provisions of this paragraph are necessary to protect the interests of Lessee and the continued goodwill of the business and operation of the Desert Businesses, an interest in which Lessee is hereby acquiring, (iii) the restrictive covenants set forth herein are reasonable in scope and duration, (iv) a breach of the covenants contained in this paragraph will result in irreparable harm and damages to Lessee which cannot be adequately compensated for by a monetary award, and (v) in addition to all other remedies available in law or in equity, Lessee shall be entitled to the remedy of a temporary restraining order, preliminary injunction, or such other form or injunctive or equitable relief as may be issued by a court of competent jurisdiction to restrain or enjoin Lessor and its Affiliates from breaching the provisions of this paragraph or otherwise to specifically enforce the provisions of this paragraph. Lessor covenants to cause its Affiliates (including the Foundation) to comply with the restrictions set forth herein and to confirm the same to Lessee upon request. Lessee shall defend (with counsel selected by Lessee in its sole discretion), indemnify, and hold Lessor and its Affiliates harmless from any challenge to the provisions of this Article XII in a legal proceeding. Lessor agrees to fully cooperate with Lessee (at no expense to Lessor) and to fully support Lessee's position in any such legal proceeding.



DESERT HEALTHCARE
DISTRICT & FOUNDATION



CHRIS CHRISTENSEN, CPA
CHIEF EXECUTIVE OFFICER

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Advancing *community wellness*

in the Coachella Valley



**An ACHD Certified
Healthcare District**

From: Chris Christensen <cchristensen@dhcd.org>

Sent: Wednesday, July 10, 2024 1:41 PM

To: Isaiah Hagerman, CPA <isaiahh@RanchoMirageCA.gov>

Cc: Todd Hileman <thileman@palmdesert.gov>; cfreeland@indianwells.com

Subject: DRMC lease purchase agreement

Hi Gentlemen.

Isaiah, I've previously shared this information with you, but wanted to share with Todd and Chris.

[Tenet Desert - Lease Purchase Agreement\(8303957.18\).pdf \(dhcd.org\)](#)

The draft LPA is located on our website at the link provided.

I know the non-compete provision in Article XII is not what might be desired. However, I wanted to keep you in the loop.

The District is holding two community meetings to present the details of the LPA.

July 11, 6:00pm – Fantasy Springs

July 16, 6:00pm – UCR campus auditorium

Best regards.



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DISTRICT & FOUNDATION



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