



Lou Ann Texeira
Executive Officer

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May 11, 2011 (Agenda)

**May 11, 2011
Agenda Item 11**

Contra Costa Local Agency Formation Commission (LAFCO)
 651 Pine Street, Sixth Floor
 Martinez, CA 94553

Mt. Diablo Health Care District

Dear Commissioners:

On May 2, LAFCO received correspondence from the Contra Costa Taxpayers Association expressing concerns with the Mt. Diablo Health Care District (MDHCD), and requesting that LAFCO begin the process to dissolve the District (Exhibit A). The concerns relate to the following issues:

- The primary source of revenue for the MDHCD is property tax revenue, which is largely used to support the District’s own administrative and operating expenses, rather than to address community health issues.
- The District has ongoing fiscal issues including 1) significant liability due to the granting of life-time health/dental insurance benefits for several Board members; 2) lack of financial procedures; and 3) recent alleged embezzlement by a Board member (who has since resigned).
- Frequent Board turnover and perennial internal disputes among Board members regarding the District’s purpose and other matters (including a proposed dissolution) result in a dysfunctional and ineffective organization.
- The MDHCD essentially has no professional staff and the Board Chair currently serves as District staff, resulting in transparency and accountability issues relating to the appointment of Board members, meeting notices, and responses to requests for information.
- Ongoing disputes with John Muir Health (JMH) consume time and resources.

Similar concerns have been raised by the Contra Costa County Civil Grand Jury in three Grand Jury reports (2001, 2003, 2008), and were identified in the LAFCO *Public Healthcare Services Municipal Service Review*. Also, there have been recent issues relating to governance of the District, including dissent among the board members, filling of Board vacancies, and alleged embezzlement of District funds by a Board member, that may warrant some discussion and/or action by LAFCO.

BACKGROUND

History of Mt. Diablo Health Care District - The MDHCD, previously the Concord Hospital District, was formed in 1948, with voters approving the District formation and a special parcel tax to build the Mt. Diablo Community Hospital. The MDHCD boundaries include the cities of Martinez, Lafayette (portions), Concord, and Pleasant Hill (portions), along with the unincorporated communities of Clyde and Pacheco.

The District has evolved over the years both in terms of its physical boundaries and its organizational structure. Between 1967 and 1991, there were a number of boundary changes relating to MDHCD (i.e., annexations, detachments), as well as two proposals to dissolve the District in 1972 and 1976, both of which were denied by LAFCO.

The District is funded primarily by property tax revenues (ad valorem). In 1996, MDHCD faced bankruptcy and the voters approved a Community Benefit Agreement which transferred the assets of the District to JMH, in exchange for certain assurances regarding health care services to be provided within the District. Per the Agreement, JMH provides funding for administrative expenses and contributes \$1 million per year to fund programs and events that address health issues and promote a health community.

The MDHCD does not own or operate any facilities. [Note: According to the Association of California Healthcare Districts, there are presently 72 healthcare districts in the state, 46 of which operate hospitals within their district boundaries]. Per the Agreement between MDHCD and JMH, all rights and title in the Mt. Diablo Medical Center, including land, buildings and equipment, transferred to JMH. In return, JMH is required to operate and maintain the District's healthcare facilities and assets for the benefit of the communities served by the District.

The Agreement is effective until December 31, 2049, and will automatically renew for three additional successive 50-year terms. The Agreement includes provisions that allow for termination. Either party may give 180-days written notice prior to the expiration of a 50-year term of their intention not to renew the agreement. There are provisions by which JMH could terminate the agreement sooner than 2049, including significant facility upgrade costs over a short period or sustained operating losses. After January 2004, JMH may terminate the agreement with or without cause by a two-thirds vote or greater of the JMH Board. Upon termination of the agreement, the assets would transfer back to the District.

The MDHCD Directors serve on the Community Health Fund Board and participate in the decisions to allocate funds to health care causes within the District. MDHCD does not control the Community Health Fund Board, although it has the power to appoint one-half of the board members.

Grand Jury Reports - Dissolution of the MDHCD has been the subject and recommendation of three Grand Jury reports in 2001, 2003 and 2008. The Grand Jury reports have repeatedly raised the same concerns as summarized below:

- MDHCD does not own or operate any health care facility nor provide assistance in the operation of health facilities nor any other medical services to its constituents
- Pursuant to the Community Benefit Agreement, MDHCD has limited duties to a) perpetuate itself as the body to reclaim the assets the District transferred in the merger, should that merger fail; b) approve payments from two pension funds to former District employees; c) nominate five

members to the board of the JMH/Mt. Diablo Health Benefit Corporation; and d) accept or reject (but not nominate) eight of the 16 JMH/Mt. Diablo Health System Directors.

- The primary source of revenue for the MDHCD is property tax revenue which is largely used to support the District's own administrative and operating expenses including lawyers, accountants, election costs, and the Board's medical benefits.
- Since the merger, the MDHCD has had little success and continues to search for some tangible health related activity to perform. Instead of being directly involved in managing and overseeing healthcare programs, the District Board functions more as administrators and grant allocators.

In 2001, Contra Costa LAFCO provided responses to the Grand Jury report that the MDHCD be dissolved either by the District, the County or by LAFCO. In its initial response, LAFCO explained that while LAFCO has the authority to initiate dissolution of a district, it can do so only if the proposed dissolution is consistent with a recommendation or conclusion of a study prepared pursuant to statute. Also, such a study would require consulting services, funding, and cooperation from the District; and that LAFCO lacked funding and would likely not receive cooperation from MDHCD as the District did not support dissolution. In its final response to the Grand Jury, LAFCO indicated that dissolution of the MDHCD would not be implemented or initiated by LAFCO as it is not warranted; and that the District is serving a useful function at the present time and should not be dissolved.

The 2008 Grand Jury report recommended that within six months, MDHCD prepare a written plan for dissolution and submit its dissolution plan to LAFCO. LAFCO was not required to respond to the 2008 Grand Jury report. The District's response to the Grand Jury recommendation was that *the recommendation will not be implemented because it is not warranted or reasonable. Further, that the District does not intend to create a plan for dissolution; instead, it will complete its strategic plan for 2008 and contribute \$250,000 to better serve the health of the community.* In reviewing the District's financial records, it does not appear that the MDHCD has spent \$250,000 on community health-related services/activities.

More recently, on April 26, 2011, the Grand Jury issued Report No. 1104, "Elected Board Membership." This report provides information pertaining to annual expenditures for elected officials in the County, including salary/meeting fees, health insurance, pension/deferred compensation, life insurance premiums, car allowance/mileage, cell phone/internet access, and travel/conference. The report covers all 19 cities and the 27 largest independent special districts that have their own directly elected boards. The study revealed significant compensation disparities among the elected councils and boards.

MDHCD was among the 27 special districts included in Grand Jury Report No. 1104. According to the report, MDHCD does not pay its Board members salary or meeting fees. However, MDHCD is one of nine (of 27) independent special districts that pays health insurance benefits to its Board members/retirees. The Grand Jury report also notes that the average annual amount spent for each Board was \$34,784. The MDHCD annual amount spent on its Board is \$42,498, which exceeds the average of the 27 districts surveyed. Grand Jury reports are available online at <http://www.cc-courts.org> or through the LAFCO office.

LAFCO Municipal Service Review - In August 2007, LAFCO completed the *Public Healthcare Services Municipal Service Review* (MSR) and corresponding Sphere of Influence (SOI) updates for the Los Medanos Community Healthcare District, Mt. Diablo Health Care District, and West Contra Costa Healthcare District. The MSR report identified a number of concerns and recommendations relating to the MDHCD, including the following:

- The District's expenses are board-related and administrative in nature. Due to the high cost of the lawsuit filed by the District against JMH (birthing center), the District's budget was severely impacted. Between 2002 and 2005, the District's legal expenses totaled \$465,000. The District should re-examine its role within the community and the opportunities that are available to provide healthcare benefit.
- Due to the post-retirement benefit structure, there are expenses that cannot be significantly reduced. At a minimum, MDHCD should pursue opportunities to participate in Joint Powers Insurance agreements and other programs to reduce liability and medical insurance costs.
- The MDHCD should focus its resources on addressing health issues and providing measurable benefits.
- The County is opening a new health center in the District; there may be opportunities for the MDHCD board to leverage its resources to support the health center.

In addition to concerns and recommendations, the MSR report identified four government structure options for MDHCD as summarize below:

1. Maintain the status quo, including an option for periodic updates to LAFCO
2. Dissolve the MDHCD
3. Consolidate the MDHCD with the Los Medanos Community Healthcare District
4. Dissolve the MDHCD and form a subsidiary district of limited powers

The MSR report noted that should dissolution of the MDHCD be pursued, sufficient safeguards and contingencies would need to be established relating to the Community Health Fund and early termination of the Community Benefit Agreement.

The MSR report identified potential advantages and disadvantages of dissolution. Potential advantages include a reduction in District costs associated with elections, board expenses, and administration. Potential disadvantages of dissolution are that the property tax revenues that accrue to the District would be redirected to other entities, and would likely be lost to health care, in general.

As noted in the MSR report, dissolution of a health care district requires an in-depth study, identification of an appropriate successor agency, development of terms and conditions, LAFCO approval, and ultimately voter approval. Pursuing dissolution (or reorganization) without the support of residents or the governing board typically increases the time and effort involved.

The MSR report recommended that LAFCO retain the existing SOI for MDHCD and included a recommendation that the District be required to report back to LAFCO within specified time periods (e.g. annually) on the progress being made on resolving key issues such as providing support for healthcare services and programs and leveraging District resources to address identified healthcare care issues within the District.

In August 2007, the Commission approved the MSR report and adopted a resolution retaining the existing SOI for the MDHCD. The LAFCO SOI resolution included a provision requiring the District to provide LAFCO with annual updates regarding its progress in addressing the issues identified in the MSR report, and specifically, on programs and services that address healthcare issues and needs identified in the Contra Costa County countywide healthcare assessment.

In October 2008, MDHCD provided LAFCO with its first annual progress report (Exhibit B). The report provided a listing of seven grants jointly approved by the MDHCD and JMH, with the majority of grant funding coming from JMH. Since October 2008, LAFCO has received no further progress reports from MDHCD.

GOVERNANCE OPTIONS

For the past 10 years, ongoing concerns regarding MDHCD - its finances, operations, governance, and minimal provision of health care services – have been raised by various agencies, including LAFCO. The LAFCO MSR identified several governance options for MDHCD, including consolidation, reorganization, and dissolution.

LAFCO has the statutory authority to initiate *consolidations* (i.e., joining of two or more cities or districts), *dissolutions* (i.e., terminating the existence of a district), *mergers* (i.e., termination of a district of limited powers by the merger of that district with a city), and *establishing a subsidiary district* (i.e., a district of limited powers in which the city council serves as the ex officio board of directors of the district).

Each of these actions has its own set of procedure and processes. For an overview of these types of reorganizations, please refer to the 2008 white paper by CALAFCO entitled “*The Metamorphosis of Special Districts*” available online at www.calafco.org.

These types of reorganizations are usually complex and costly. As an example, the following are procedures relating to district dissolution.

Initiation - Dissolution may be initiated by a petition of landowners or voters, by the District, or by LAFCO.

Special Study - Dissolution may be initiated by LAFCO if it is consistent with a recommendation or conclusion of a study prepared pursuant to Government Code §56378, §56425, or §56430. The LAFCO MSR contained some of the information to support a dissolution or reorganization; however, additional analyses would be needed to address other issues, including fiscal (i.e., assets, liabilities) and legal issues associated with the Community Benefit Agreement with JMH.

LAFCO Determinations - Government Code §56881(b) requires LAFCO to make both of the following determinations with regard to a proposed dissolution:

1. Public service costs of a proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service, and
2. A change of organization/reorganization that is authorized by the commission promotes public access and accountability for community services needs and financial resources

Public Hearings – LAFCO is required to hold two public hearings on a proposed dissolution. For any proposal initiated by the Commission, the protest hearing will be held in the affected territory.

Effects of Dissolution – LAFCO may set specific terms and conditions of the dissolution (Gov. Code §§57451, 56886), including annexation or reorganization with another district, naming the successor agency to wind up the business of the dissolved district, etc. For dissolution without annexation or reorganization, a city or county will become the successor agency depending on which one contains the greatest assessed value of all taxable property within the territory of the dissolved district. In the case of MDHCD, the City of Concord has the greatest assessed value. A successor agency collects the dissolved district’s assets and is empowered to wind up the business of the district, ensure all debts are paid, distribute assets, etc.

Vote of the People - Typically, LAFCO is not required to place dissolution of a district before the voters, unless the requisite number of written protests has been filed. However, dissolution of a health care district is subject to confirmation by the voters (Gov. Code §57103); thus an election is required. In the case of a district dissolution, election costs are paid from the remaining assets of the dissolved district, or by the district proposed to be dissolved if dissolution proceedings are terminated.

The above discussion provides a summary of the key components of a district dissolution. Other governance options, such as consolidation, merger and forming a subsidiary district, have similarly complex procedures.

RECOMMENDATION

Discuss and provide direction as appropriate.

Sincerely,

LOU ANN TEXEIRA
EXECUTIVE OFFICER

Exhibits:

A – Correspondence from Contra Costa Taxpayers Association dated May 2, 1011

B – Annual Progress report from Mt. Diablo Health Care District dated October 9, 2008

CONTRA COSTA **TAXPAYERS** ASSOCIATION

P.O. Box 27, Martinez, CA 94553 ■ 925-228-5610 ■ krishunt@cocotax.org ■ www.cocotax.org

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May 2, 2011

Contra Costa Local Agency Formation Commission
 c/o Lou Ann Texeira, Executive Officer
 651 Pine Street
 Martinez, CA 94553

Re: Recommended Dissolution of the Mt. Diablo Health Care District

Dear Commissioners:

We have recently reviewed the Mt. Diablo Health Care District (District) operations in light of issues raised in your 2007 Municipal Service Review (MSR) for public healthcare services. While the District does provide some benefits, we believe that the District has failed to deliver sufficient quantifiable benefits to the community to justify the costs of its ongoing operations. Further, the District's past commitments to improve its results have not been met.

While dissolution of the District has been recommended by past and current District board members as well as by three Contra Costa County grand juries, it is apparent that the District board is unwilling to consider dissolution. After consideration of the available information, we have concluded that the District will have to be dissolved.

The purpose of this letter is to summarize our concerns and urge the Commission to begin the process that would lead to dissolution of the District, as permitted within the scope of its authority.

BACKGROUND

The District was formed in 1948, when voters approved a special parcel tax to build the Mt. Diablo Community Hospital. The District encompasses Concord, Martinez, unincorporated Clyde and Pacheco, and portions of Lafayette and Pleasant Hill. The District is governed by a five-member elected Board, though most Board vacancies are filled by direct appointment and vacant seats seldom have been contested.

In 1997 the hospital and other District assets were transferred to John Muir Health, pursuant to a community benefit agreement. Since then, the District has not owned or operated a hospital, provided medical services of any kind, nor does it control the Board

of Directors of John Muir Health or the Community Health Fund established by the community benefit agreement.

The primary source of District income is property taxes. Those have declined as property values have fallen.

During the past decade, three Contra Costa County Grand Jury reports have recommended dissolution of the District due to its lack of purpose and a track record of negligible results in producing community healthcare benefits. LAFCO's 2007 MSR presented dissolution of the District as an alternative for consideration, stating:

It might not be possible for the District to survive given its limited contribution to healthcare with District funds . . . However, if it were to survive, the District's board should be encouraged to build on its strategic planning efforts and strengthen its focus on wellness and healthcare education for the District's residents.

In the three years since LAFCO's issuance of its MSR, the District has failed to produce benefits commensurate with the tax revenue it receives. Concerns include the lack of a clearly defined/funded mission, questionable policies, the large percentage of funding devoted to administration, and ongoing conflicts both internally and with John Muir Health.

SUMMARY OF CONCERNS

We are including just the major concerns and have attached documentation that illustrates these problems. We will be happy to discuss these and other issues further.

1. The District uses much of its income to sustain itself rather than to benefit the community. We would like to see the tax dollars put to better use, particularly given the current economy. In 2009 the District received \$267,630 in property tax revenue, representing 89% of its annual income. The District also received an annual subsidy of \$25,000 from John Muir Health, which represented 8% of its 2009 annual income. See Attachment 1 for the expense distribution – note that during that year only 25% was spent on programs and community outreach. Attachment 2 shows the 2011 budget.
2. The District has a significant liability due to the granting of lifetime health and dental insurance benefits. Although this benefit is no longer offered to board members, as of the last available actuarial analysis, the December 31, 2008 unfunded liability was \$733,798. Currently, there is no plan to deal with this issue. In a conversation with Chair Ellis, she revealed that she does not view this liability as a “real” one. There is a new evaluation in process although at the April 7, 2011 District Board meeting it was reported that there had been no response to Chair Ellis' inquiries to the actuary. See Attachment 3.
3. Frequent board turnover and perennial internal disputes among board members regarding District's purpose and potential dissolution has resulted in a dysfunctional and ineffective organization. This has been observed and can be documented by memos if requested. On more than one occasion during the past year Board Chair Ellis failed to prepare meeting agendas in a manner consistent with District rules,

outright refusing to agendize items for discussion as requested by board members (most notably, District dissolution). Specifically, when board turnover occurred in 2010 board agendas were manipulated to defer discussion of certain items such as District dissolution until after new board members were seated.

4. Financial procedures seem to lacking or not observed. For example, at the April board meeting a motion was made and seconded to give \$5,000 to the "Come to the Table" event that is to be held locally. This item was not specifically listed in the agenda and nobody had come from the program. They had appeared at the previous meeting where it had been discussed that a grant should be applied for. I asked what the criteria was for giving out this money such as a budget, other sponsors secured, etc. I was simply given a pamphlet for the event. It was indicated that there was no procedure for smaller sums like \$5,000. They have a grant procedure for larger amounts. The vote was 2-2 and the motion failed.
5. In a related financial procedures incident, Board member Gregory Lemmons, who has since resigned, was able to withdraw funds from the District's account. This issue was covered in the Contra Costa Times on April 4 (see Attachment 4). Legitimate questions raised by Board member Frank Manske at the April 7 Board meeting were brushed aside by the Chair. It is not simply the question of access to District funds, but the concern that Chair Ellis tried to replace some of the money. While well intended, this speaks to a lack of understanding that the potential misuse of taxpayer dollars would be a crime. Although this situation went on longer than it should have, Chair Ellis did eventually notify the DA and Board member Manske filed a police report. See Attachment 5.
6. The District continues to engage John Muir Health/Mt. Diablo Community Health Fund in a series of disputes. A sampling of recent communications can be found in Attachment 6. These exchanges are consuming legal and staff time and are counterproductive to any efforts to forward the mission of advancing community health benefits.

CONCLUSION

We acknowledge that the process for dissolution of the District is complex, lengthy, and potentially politically-charged. However, we urge the Commission to move forward with the requisite study and planning without delay. District revenues can, and should, be redirected to purposes that are responsive to community needs, rather than continuing to be used in support of a government agency structure whose primary purpose is to perpetuate its own existence. In the current economic climate of diminished resources, District residents deserve better than what the Mt. Diablo Health Care District can provide through use of property tax revenues.

We will be pleased to answer any questions regarding this letter. Thank you in advance for your consideration of this matter.

Sincerely,



Kris Hunt
Executive Director

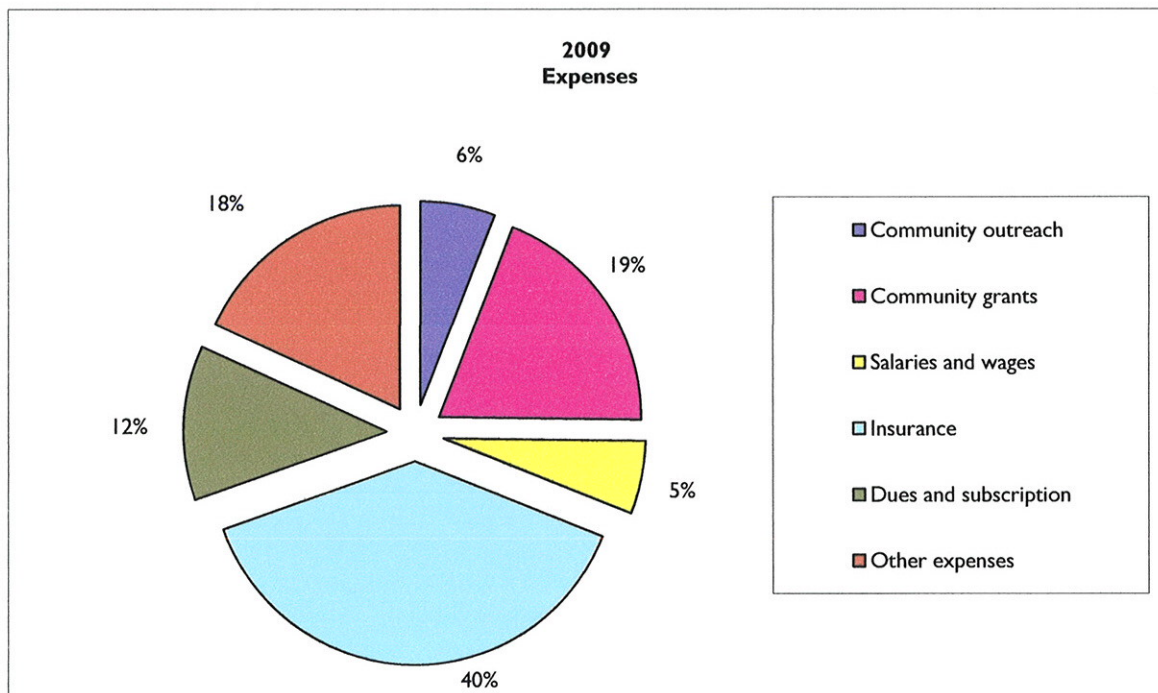
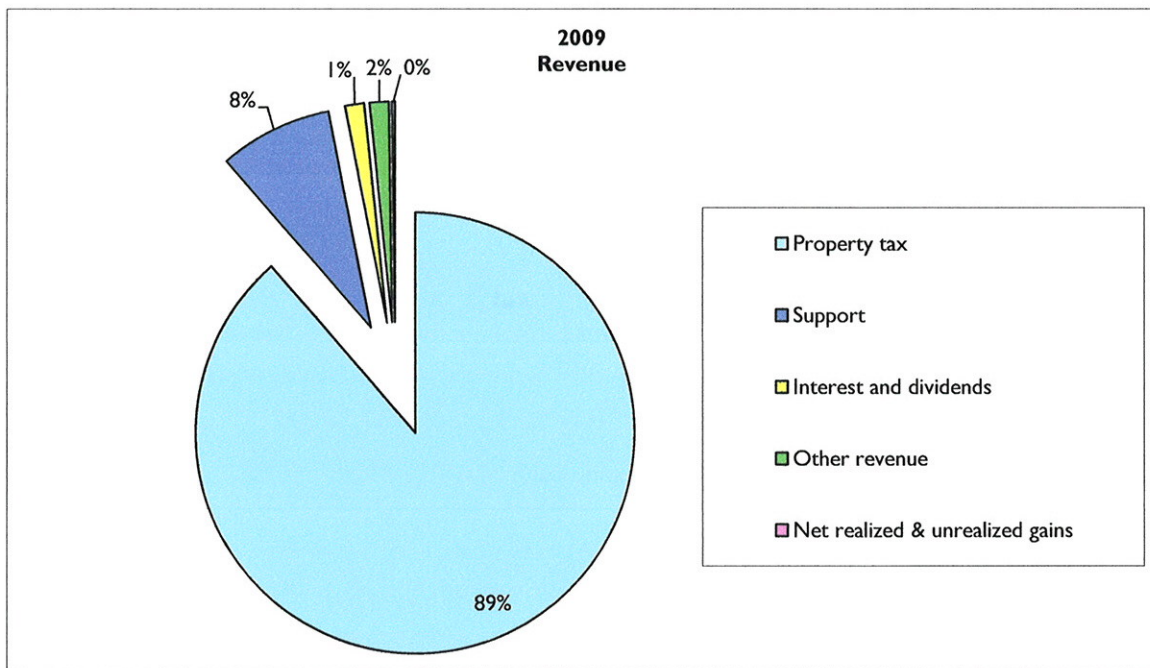
Attachments:

1. 2009 District Expense and Income Distribution.
2. 2011 District Budget and year-to-date expenses
3. Retiree Health and Dental Unfunded liability as of December 31, 2008
4. Contra Costa Times article April 4, 2011.
5. Letters related to Gregory Lemmons
6. Letters related to John Muir/District issues
7. Contra Costa Grand Jury Report No. 0101 dated 2000-2001
8. Contra Costa Grand Jury Report No. 0309 dated 2002-2003
9. Contra Costa Grand Jury Report No. 0806 dated 2007-2008

cc: Grace Ellis, Chair MDHCD
Contra Costa Grand Jury
Contra Costa Times

**MT. DIABLO HEALTH CARE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2009**

The District's major sources of revenue are from property taxes and support from John Muir Health at 89% and 8% of the total revenue respectively. The major expenses for 2009 are insurance and community grant distributions at 40% and 19%, respectively.



Annual Budget to Actual

January through March 31, 2011

	Approved 2011	Thru March, 2011
	Budget	Expenditures/Accruals
Resources:		
Recurring Annual Resources		
5100 · ContraCostaProperty Tax Revenue	239,000	
5120 · Subsidy from System	25,000	
5400 · Interest Income	2,000	0
Total recurring Annual Resources	266,000	0
Carryforward Available Amounts from 2010	unknown	unknown
Available Resources	266,000	0
Expense & Application of Resources		
6068 · Directors		
6060 · Medical Insurance	40,000	14,218
6065.1 B/M Grace Ellis Stipend	0	0
6065.8 B/M Frank Manske Stipend	3,600	200
6065.9 B/M Gregory Lemmens	3,600	400
6066.1 B/M Roy Larkin Stipend	3,600	400
6066.3 B/M Nick Adler Stipend	3,600	0
Total 6068 · Directors	54,400	15,218
6064 · Administration(*Mandated)		
6015 · Bank Service Charges	100	0
6050 · Legal Fees	2,000	2,239
6051 · Cash Over and Short	0	3,475
6100 · Supplies	1,000	0
6075 · Purchased Services	1,100	0
6045 · Postage	340	0
6010 · Accounting/Bookkeeping	6,000	4,155
6088 · Employee Wages	6,000	2,636
608X · Payroll Expense Including Taxes	0	1,028
6085 · *Staff Support	0	0
6030 · *Directors & Officer Insurance	9,000	2,250
6053 · *Liability Insurance	1,135	284
6073 · *Audit Fees - Annual	11,500	113
6066 · *Election Costs - fund	0	0
Total 6064 · Administration(*Mandated)	38,175	16,180
6034 · Organization Dues		
6035 · LAFCO .	150	0
6036 · ACHD	9,550	0
Total 6034 · Organization Dues	9,700	0
6090 · Community Action		
Contingent Community Action Funding	83,725	0
6091 · CPR ANYTIME	80,000	75,173
Total 6090 · Community Action	163,725	75,173
Total Expense & Applied Resources	266,000	106,570
Net Resources Available for Operations and Projects	0	-106,570

MT. DIABLO HEALTH CARE DISTRICT
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

NOTE 4: LIFETIME HEALTH INSURANCE BENEFITS

The District sponsors a single-employer defined benefit post retirement health care plan (the "Plan") that covers the Board of Directors. The Plan will provide medical and dental insurance. The medical plans are provided by California Public Employees Retirement System. The District's consulting actuary determines the actuarial present value of the accrued post retirement cost. The amount that is determined is the result of applying actuarial assumptions to adjust the accrued post retirement cost to reflect the time value of money and the probability of payment between the valuation date and the expected date of payment. The most recent actuarial report is as of December 31, 2008.

Directors of the District who have served twelve (12) years on the Board and who took office prior to January 1, 1995 are eligible for lifetime benefits at the District's expense. The plan is noncontributory. The District invested funds for its post retirement health care plan in an amount equal to \$50,000 for 1998 and \$50,000 for 1999. The funds are held at Morgan Stanley Smith Barney. The current balance at December 31, 2009 is \$106,612, with \$7,351 held in Money Market Funds and \$99,261 held in Certificate of Deposits. These funds are included in the Statement of Net Assets and the Governmental Fund Statement.

The more significant assumptions underlying the actuarial computations included in the most recent actuarial report are as follows:

Rate of investment return	5.5%
Eligibility	Directors with twelve (12) years on the Board and who took office prior to January 1, 1995
Life expectancy of participants	The 1983 Group Annuity Mortality Table

There is currently one active board member who is eligible for benefits but has not yet retired. One retired board member is receiving benefits. The remaining board members are not eligible to participate in the Plan.

The following table sets forth the Plan's funded status reconciled with certain assets that are included in the District's statement of net assets at December 31, 2009:

Unfunded accumulated post-retirement benefit obligation:

Accrued post-retirement cost	\$ 733,798
Unrecognized net gain	<u>(82,893)</u>
Unfunded accumulated post-retirement benefit obligation	<u>\$ 650,905</u>

MT. DIABLO HEALTH CARE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009

NOTE 4: LIFETIME HEALTH INSURANCE BENEFITS (Continued)

Net periodic post-retirement benefit cost for 2008 included the following components:

Service cost—benefits attributed to service during the period	\$ 7,603
Interest cost on accumulated post retirement benefit obligation	34,045
Actual return on plan assets	(19,483)
Net amortization	<u>(14,658)</u>
Net periodic post-retirement benefit cost	<u>\$ 7,507</u>

For measurement purposes, a five (5) percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2008. The health care cost trend rate assumption has a significant effect on the amounts reported.

The weighted average discount rate used in determining the accumulated post retirement benefit obligation was 5.5 percent. The District is not subject to federal income taxes on plan assets.

SCHEDULE OF FUNDING PROGRESS
 (As of the most recent actuarial report for the year ended December 31, 2008)

Year Ending	Annual Post Retirement Health Benefit (PRHB) Cost	Unfunded Net PRHB Obligation
2008	\$ 7,507	\$ 733,798
2007	\$ (33,746)	\$ 726,291
2006	\$ 174,462	\$ 760,037

http://www.contracostatimes.com/ci_17770843

Concord health district board member accused of embezzling tax money

By Sandy Kleffman
Contra Costa Times

Posted: 04/04/2011 04:36:49 PM PDT

Updated: 04/04/2011 05:53:23 PM PDT

Pleasant Hill police are investigating whether a former health care district board member embezzled more than \$3,300 in public funds with a district debit card.

Gregory Lemmons Sr. resigned from the Mt. Diablo Health Care District board shortly after board chairwoman Grace Ellis learned about the missing money.

The accusations have renewed calls by critics to have the district disbanded and raised questions about whether adequate controls are in place to protect taxpayers money.

The district collects about \$265,000 in property taxes annually from Central Contra Costa residents.

"There's obviously some very odd things going on here," said Kris Hunt, executive director of the Contra Costa Taxpayers Association. "There should have been safeguards that precluded this from happening."

Hunt questioned why a board member would have a debit card that enabled him to personally remove cash, apparently with no controls.

She added that the taxpayers association will join three previous Contra Costa County grand juries in seeking the district's dissolution.

Ellis said she did not know that Lemmons had a district debit card, nor did she know how he got it.

Board members will work with their auditor to ensure that district assets are protected, she said. "We were lucky in that more wasn't taken, that we caught it."

Ellis contends that the district, which no longer runs a hospital but has trained several thousand high

school students to do CPR and engaged in other activities, significantly benefits the community and

should remain in place.

Lemmons, 60, a self-employed business consultant, was sworn into office Dec. 11 without going through an election because he was the only candidate.

He could not be reached for comment about the accusations.

On Feb. 7, Wells Fargo Bank notified Ellis that Lemmons allegedly withdrew \$175 from the district account with a debit card.

Ellis said she called Lemmons, and he told her that he was ill and could not meet with her at that time.

"I called four more times with no answer, sent an e-mail and a letter "... with no response," Ellis wrote in a letter to him a few weeks later.

Ellis said she met with Lemmons on March 3 and that he repaid \$150, saying that was all he had. Ellis decided to put \$25 of her own money into the district account to make up for the missing funds, then requested and received Lemmon's resignation.

"I find that my life circumstances have changed," Lemmons wrote in his resignation letter, not mentioning the incident.

The next day, Ellis said, she learned about additional withdrawals that Lemmons is suspected of making but failed to tell her about.

He is accused of making two withdrawals on Feb. 5, one for \$350 and the other for \$2,200, and two withdrawals on Feb. 6, one for \$250 and the other for \$500, she said.

On March 15, Ellis asked Contra Costa County District Attorney Mark Peterson to investigate. She noted in her letter to him that she had contacted several of Lemmons' relatives in an unsuccessful attempt to have the missing money replaced.

One relative said that Lemmons was "very depressed because he was unemployed for a long time; he had been living in his truck, and had used the funds he took for an apartment," she wrote.

Ellis' letter was referred to the Pleasant Hill Police Department, which is investigating, Lt. Dan Connelly said.

The incident has made board member Frank Manske concerned about whether the district has adequate protections for its money. The only way money should be disbursed, he said, is by check with two signatures required, which is standard for government agencies.

He also said that he did not know Lemmons had a debit card and did not know how he obtained it. Neither Manske nor Ellis have one.

"We have a lot of money in bank accounts, so I'm nervous that we don't have the proper controls on it now," Manske said. The district's most recent audit showed that it had \$432,000 in cash at the end of 2009, he said.

Manske said he also is troubled that Ellis learned about the missing money in early February but did not tell him until mid-March. Ellis said she tried to call a closed-door meeting with the board March 3 to discuss the matter, but Manske objected, saying the public had not received proper notice.

This was not the first time that the district's disbursement procedures have generated controversy.

In August, Ellis sent her colleagues a memo saying that she had notified the district's CPA, auditor and bank director that she would have the only valid signature on checks because four checks needed to be mailed, the district would be fined late fees, and she had tried unsuccessfully for several days to reach then-board member Dr. Michael Baker, a busy trauma surgeon at John Muir Medical Center in Walnut Creek, for a second signature.

Ellis took the action after Baker and Manske, who at the time formed a majority on the then-three-member board, voted to dissolve the district, saying it no longer served a purpose.

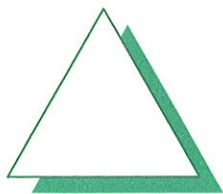
She responded that at least four votes were needed to dissolve the district. She then did not schedule additional meetings until new board members were seated who supported its existence.

Ellis said this week that having her name as the only valid signature on checks was a temporary measure until the new members were sworn in, and that two signatures are now required.

The health care district has had a convoluted history since it was formed in 1948 to oversee the construction and operation of then-Mt. Diablo Medical Center in Concord.

In 1997, the board merged the hospital with the private John Muir system, giving up control of the facility and much of its power.

If the district dissolved, its property tax money would continue to be collected. The money remaining after meeting the district's obligations would be redistributed to other tax-supported agencies.
Contact Sandy Kleffman at 925-943-8249.



MT. DIABLO HEALTH CARE DISTRICT

We are dedicated to serving our community by promoting wellness through education, advocacy and collaboration.

Contra Costa County District Attorney
Mark Peterson
900 Martinez, CA

March 15, 2011

Regarding: Unauthorized Withdrawal of Public Funds

Dear Mark:

It is with sadness that I am reporting the withdrawal of Public Funds by Gregory B. Lemmons, from the Mt. Diablo Health Care District Funds. Gregory was installed as a new Director in December 2010. He was elected to Vice Chairman in January of 2010.

I have tried to have the funds replaced by:

- Contacting his daughter - Rashany G. Lemmons @2180 Blackfield Dr. Concord, CA 94520
- His previous wife – Sandra Lemmons @ 2180 Blackfield Dr. Concord, CA 94520
- His son – Gregory B. Lemmons Esq. / Lord Bertram, PC@ 250 Montgomery St. #1200 San Francisco, CA 94104
- Sandra Lemmons called me to say the family did not have the funds.

Sandra Lemmons stated that he was very depressed because he was unemployed for a long time; he had been living in his truck, and had used the funds he took for an apartment @ 225 Coggins Dr. Pleasant Hill, CA 94523

I am enclosing letters to Gregory Lemmons for 2/16/2011, 2/16/2011 and 3/4/2011.

His resignation and



MT. DIABLO HEALTH CARE DISTRICT

5 withdrawal copies from the Wells Fargo Bank and his CV of previous employment.

We have recently moved and our new phone has not been installed.

We are at 1800 Sutter Street # 385 Concord, CA 94520

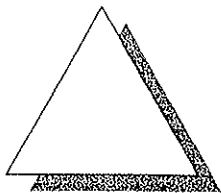
Sadly,
Grace Ellis, Chairman
925-682-0737
gellis616@sbcglobal.net



MT. DIABLO HEALTH CARE DISTRICT

1800 Sutter Street #385 Concord, CA 94520

www.MTDIABLOHEALTHCAREDISTRICT.CA.GOV



MT. DIABLO HEALTH CARE DISTRICT

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Gregory B. Lemmons
225 Coggins Dr.
Pleasant Hill, CA 94523

March 4, 2011

Regarding: Unauthorized Withdrawal of Public Funds

Gregory:

On December 11, 2010 you were sworn into the office of Director of the Mt. Diablo Health Care District. You swore to uphold the laws of the State of California and the United States.

On February 3rd 2011 you signed a document regarding the Duties and Responsibilities of a Director.

On February 4th, 2011 you began to withdraw taxpayers' funds set aside to promote wellness in the community, for your own use.

When I called you on the 7th you told me you were ill and you could not meet with me then.

I called 4 more times with no answer, sent an E-mail and a letter...with no response.

I called your son in San Francisco, who said he would contact you. At that time I was only aware of the \$175 withdrawal. You did call, and met with me on March 3rd, and gave me \$150, 00 and said that was all you had. I added \$25.00 of my funds thinking the incident would be closed, provided you gave me your resignation, which you did.

When I made the deposit on March 4th, the Bank Officer asked about the rest of the withdrawals. You had withdrawn;

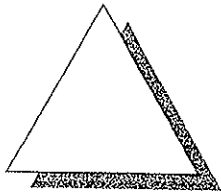
\$350.00 February 5, 2011

\$2200.00 February 5, 2011

\$250.00 February 6, 2011

\$500.00 February 6, 2011

All major withdrawals were made from a Pleasant Hill Branch of Wells Fargo.

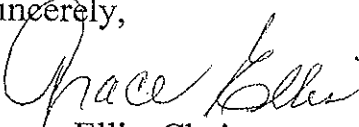


MT. DIABLO HEALTH CARE DISTRICT

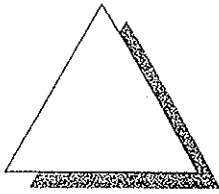
When we met you never indicated that you had withdrawn more.

These funds must be replaced by March 15th 2011. You leave me no choice.....

Sincerely,


Grace Ellis, Chairman

1800 Sutter St. #385 Concord, CA 94520
Phone: (925) 674-2456
www.MTDIABLOHEALTHCAREDISTRICT.CA.GOV



MT. DIABLO HEALTH CARE DISTRICT

We are dedicated to serving our community by promoting wellness through education, advocacy and collaboration.

Gregory Lemmons
225 Coggins Dr.
Pleasant Hill, CA 94523

February 16, 2011

Regarding: Mt. Diablo Health Care District Bank Account

Dear Gregory:

It has come to my attention that you have withdrawn funds from the Wells Fargo Bank Account of the Mt. Diablo Health Care District:

02/04/11 Withdrawal \$150.00
02/02/11 Withdrawal 20.00
01/24/11 Withdrawal 5.00

You have used the Districts account to cash and buy a Cashiers check.

You were not authorized to withdraw funds from the account.

I removed your name as a signer of checks and the account is on red alert. All funds must be replaced immediately as these are public funds. You have put the District in a difficult position.

Please contact me immediately.


Grace Ellis, Chairman
925-682-0737
gellis616@sbcglobal.net

**JOHN MUIR/MT. DIABLO COMMUNITY HEALTH FUND***John Muir Health***MEMORANDUM**

TO: Board of Directors
FROM: Gladys Grassini, Chairman
DATE: March 14, 2011
SUBJECT: Health Care District Complaints & Response from John Muir Health

In January Grace Ellis, Chairman of the Mt. Diablo Health Care District Board, wrote two letters of complaint to Ken Anderson, President and Chief Executive Officer for John Muir Health, dated January 22nd and 29th, which are attached to this memo. I leave it up to Board members to read and interpret the content and intent of Grace Ellis' letters.

I did not share these letters with the Community Health Fund Board in January when I became aware of them because they were not addressed or sent to me directly; I received notice of them from Ken Anderson who faxed copies to me and to Grace Caliendo. It was clear from the letters that Grace Ellis expected John Muir Health administration, not the Community Health Fund Board, to respond to her complaints.

On March 10th, I received the attached copy of Ken Anderson's written response to Grace Ellis' letters, which I am sharing with the Board. Without going into too much detail, Ken's letter makes several points clear from John Muir Health's standpoint: (1) it is up to the District Board to comply with its Brown Act obligations by making sure only two of its members attend confidential meetings of the CHF; and (2) the CHF Board acted appropriately in its deliberations leading to the approval of recent Bylaw amendments, including term limits.



1400 Treat Boulevard
Walnut Creek, CA 94597-2142

A not-for-profit organization

March 9, 2011

Grace Ellis
Mt. Diablo Health Care District
P.O. Box 5929
Concord, California 94524

Dear Grace:

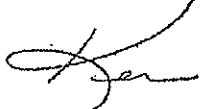
Thank you for your letters of January 22 and January 29 concerning the Community Health Fund Board. I understand your Brown Act concerns are a continuation of the issues you took to the Contra Costa District Attorney, which were rejected by the District Attorney in June of last year. I understand you believe there are new circumstances warranting renewal of your concerns. I suggest that you take those concerns to the Board of the CHF. You are mistaken in your belief that sole corporate member status creates some legal role for the Health System in the operations of the CHF Board of Directors. CHF, through its Board and subject to its bylaws, controls and is responsible for how its meetings are held. I, or the Health System itself, may have views concerning the best way to operate the CHF, but neither sole corporate member status nor the merger agreement confer any role for the Health System in CHF Board meeting operations.

My own view is consistent, I believe, with what the District Attorney told you in response to your letter. The District Board was meeting its Brown Act obligations when only two of its elected members attended confidential meetings of the CHF. If the CHF Board wishes to review certain grant proposals confidentially, it will be up to the District Board members to comply with their Brown Act obligations by making sure only two of its elected members attend closed meetings.

You also suggest that the Health System is somehow responsible as sole corporate member, or responsible pursuant to the merger agreement, for your assertions that the CHF Board did not process its Bylaw amendment on Board term limits correctly. Again, this is not a matter within the purview of the Health System based on its status as sole corporate member. Moreover, while the merger agreement sets forth the Health System's role in providing final approval of Bylaw amendments, the Health System is not responsible for the CHF Board's proposed Bylaw changes or the processing of amendments for approval. While your concerns about the term limit provisions are not within the purview of the Health System, I can share with you my belief that the Bylaw amendment was properly processed and appropriately accounts for the role of the District in the Board appointments process.

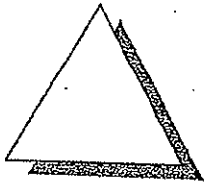
Thank you for bringing your concerns to my attention. I am confident that the CHF Board can continue to consider and address your concerns appropriately.

Very truly yours,



J. Kendall Anderson
President and Chief Executive Officer

Bcc Nancy Olson, SVP & General Counsel
Gladys Grasini, CHF Board Chair
Grace Caliendo, CHF Executive Director



MT. DIABLO HEALTH CARE DISTRICT

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Ken Anderson
1400 Treat Blvd
Walnut Creek, CA 945

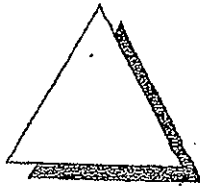
January 29, 2011

Regarding: The Brown Act.

Dear Ken:

John Muir/Mt. Diablo Community Health Fund has violated the Merger Agreement and John Muir Health, as sole member, is responsible:

1. Neither the John Muir Foundation nor the Mt. Diablo Health Care District were given the opportunity to review and pass on the new Bylaws before they were given to John Muir Health for final approval rendering the appointing bodies irrelevant.
 - The District is not able to comply with the "*succession of members*" because we are elected and subject to the electorate.
2. At the January 26th meeting of the John Muir/Mt. Diablo Community Health Fund; the Vice Chairman, Tom Noble stated that "Study Sessions of the Board would never be public as long as he was on the Board." "The Brown Act is the problem of the District not CHF". The Chairman, Gladys Grassini agreed.
 - This is a violation of the Merger Agreement
 - A violation of the Laws of the State of California/ The Ralph M. Brown Act.
 - A violation of the John Muir/Mt. Diablo Community Health Fund Bylaws.



MT. DIABLO HEALTH CARE DISTRICT

Your attorneys made it clear;


ARTICLE II CORPORATE STATUS & BROWN ACT

Section 2.1

"When the district appoints three or more of its members to serve on the CHF Board, the full Board meeting must be noticed and held publicly as an accommodation to the Brown Act's coverage of the District, not because the Brown Act is applicable to CHF itself." ... but... some members have decided their interpretation of the law is more correct and refuse to acknowledge the definition of a "meeting" according to Section 54952.2 of the Brown Act and use euphuisms i.e. "Study Session or Confidential Meeting".

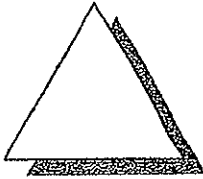
This will be placed on our February 3rd agenda and then referred to the proper authorities.

Sincerely,



Grace Ellis, Chairman

Office 2550 Almond Ave. Suite #1 Concord, CA
Mail: P.O. Box 5929 Concord, CA 94524
Phone: (925) 674-2456 Fax (925) 674-2123
www.MTDIABLOHEALTHCAREDISTRICT.CA.GOV



MT. DIABLO HEALTH CARE DISTRICT

We are dedicated to serving our community by promoting wellness through education, advocacy and collaboration.

Ken Anderson
1400 Treat Blvd
Walnut Creek, CA 945

Regarding: Grace Caliendo and the Brown Act.
January 22, 2011

Dear Ken:

I find this very disturbing!

John Muir Health is the "sole member" of the John Muir/Mt. Diablo Community Health Fund, as such; you are responsible for the conduct of that corporation in keeping the Merger Agreement/Community Benefit Agreement.

The attorneys you hired made it clear in:

ARTICLE II

CORPORATE STATUS & BROWN ACT

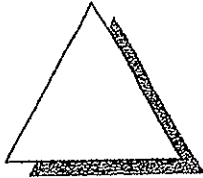
Section 2.1 "When the district appoints three or more of its members to serve on the CHF Board, the full Board meetings must be noticed and held publicly as an accommodation to the Brown Act's coverage of the District, not because the Brown Act is applicable to CHF itself."

Not only does the Ralph M. Brown Act call for Open Public Meetings with Agendas posted, it also defines "meetings".

Section 54952.2 of the Brown Act states:

"(a) As used in this chapter "meeting" includes any congregation of a majority of the members of a legislative body at the same time and place to hear, discuss, or deliberate upon any item that is within the subject matter jurisdiction of the legislative body or the local agency to which it pertains."

Therefore, "Study Sessions" not being defined are illegal.



MT. DIABLO HEALTH CARE DISTRICT

The Mt. Diablo Health Care District Board has 3 Directors and 2 appointees assigned to the John Muir/Mt. Diablo Community Health Fund Board.

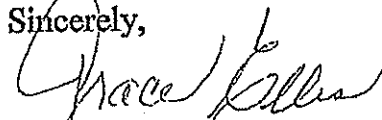
The "NEW" reason to avoid the law is; the meeting is "Confidential".

The Brown Act does not recognize "Study Sessions" or "Confidential Meetings"

At our last "Study Session" Gregory Lemmon a new District Board Member (not appointed to John Muir/Mt. Diablo Community Health Fund Board) was denied admission even though we now have 3 Directors appointed to that Board which should be public according to the law!!

As the "sole member" John Muir Health becomes liable for violations to the Merger Agreement.

Sincerely,



Grace Ellis, Chairman

Office 2550 Almond Ave. Suite #1 Concord, CA
Mail: P.O. Box 5929 Concord, CA 94524
Phone: (925) 674-2456 Fax (925) 674-2123
www.MTDIABLOHEALTHCAREDISTRICT.CA.GOV



CONTRA COSTA COUNTY
Office of the District Attorney

Robert J. Kochly
District Attorney



June 7, 2010

Grace Ellis
Secretary/Treasurer
Mt. Diablo Health Care District
1718 Via del Verdes
Concord, CA 94521

RE: John Muir/Mt. Diablo Community Health Fund Board

Dear Ms. Ellis:

Thank you for your letter of March 1, 2010 regarding potential Brown Act violations of the John Muir/Mt. Diablo Community Health Fund Board (hereinafter referred to as the "Board"). I forwarded your letter to the Board and received the enclosed response from the Board's counsel. It appears from my review of the Board's bylaws that the Brown Act applies only in specific circumstances when three or more Mt. Diablo Health Care District Board members serve on the Community Health Fund Board, which is not presently the case. Similarly, it appears that no laws were violated involving teleconferencing by the Board.

I hope this provides some clarification for you and the Board.

Sincerely,

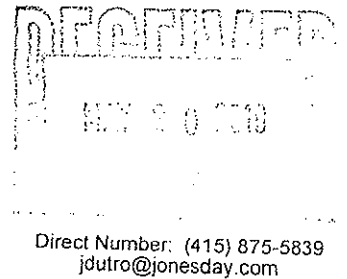
ROBERT J. KOCHLY
District Attorney

Steven C. Bolen
Deputy District Attorney

cc: James R. Dutro
Joan Weber

JONES DAY

555 CALIFORNIA STREET, 26TH FLOOR • SAN FRANCISCO, CALIFORNIA 94104
TELEPHONE: (415) 626-3939 • FACSIMILE: (415) 875-5700



May 18, 2010

Steven C. Bolen, Deputy District Attorney
Contra Costa County
Office of the District Attorney
Special Operations Division
800 Ward Street, Fourth Floor
P.O. Box 670
Martinez, California 94553

Re: John Muir/Mt. Diablo Community Health Fund

Dear Mr. Bolen:

We are counsel to the John Muir/Mt. Diablo Community Health Fund (“CHF”) and have been asked to respond to your letter of March 8, 2010 to Grace Caliendo, enclosing Ms. Ellis’ March 1, 2010 letter to Mr. Kochly, and to the March 19, 2010 letter to Mr. Kochly from Joan Weber that you sent to us on March 24. We very much appreciate the opportunity to comment on both letters. We will address the Brown Act’s application to the study sessions and the issue of the teleconferences for Board meetings. Copies of CHF’s Bylaws and Grantmaking Policies and Procedures are enclosed.

The Brown Act Does Not Apply to CHF

The John Muir/Mt. Diablo Community Health Fund is a nonprofit public benefit corporation. As such, and as its Bylaws provide, it is a private entity not encompassed by the Brown Act because it does not receive funds from a local agency and does not exercise authority delegated to it by an elected legislative body. See Government Code section 54951.

It is, however, possible that the Brown Act could apply to meetings of the CHF Board if three or more of the members of the Mt. Diablo Health Care District (the “District”) board serve on the CHF Board and are in attendance at a CHF Board meeting. As the CHF Bylaws explain:

“Corporate Status Brown Act

The Community Health Fund as a California nonprofit public benefit corporation is a private entity not encompassed by the Brown Act. The District appoints five of the ten members of the CHF Board of Directors. *When the district appoints three or more of its members to serve on the CHF Board, the full Board meetings must be noticed and held publicly as an*

Steven C. Bolen, Deputy District Attorney
May 18, 2010
Page 2

accommodation to the Brown Act's coverage of the District, not because the Brown Act is applicable to the CHF itself."

Importantly, at the time of the events in question, only one member of the District Board - Grace Ellis - served on the CHF Board. As a result, the Brown Act did not (and does not) apply to meetings of the CHF Board.

Grant Making and Study Sessions

The specific purpose of the CHF is to support the charitable activities of John Muir Health through, among other things, the making of grants. CHF's "Approved Grantmaking Policies & Procedures" contemplate that study sessions will be confidential and will be used to gather information about potential grants:

"Confidentiality Approved 8/5/98 & Updated 9/13/06

It is the policy of the Board that grantmaking study sessions and meetings with applying organizations shall be strictly confidential. The Board of Directors has sole authority for approving all grants awarded in board meetings that are opened to the public."

"Grantmaking Procedures Approved 9/13/06

It is the policy of the Board that study sessions will be utilized to discuss proposals with all board members participating in discussing issues, sharing their points of view, and participating in meetings with representatives of applying organizations. CHF staff will facilitate this process from start to finish:

- Staff will compile and summarize requests for funding, including identifying issues to focus on and their recommendations for next steps, all of which board members will discuss during a study session.
- Staff will prepare board members and the applying organizations for joint meetings.
- Staff and board members will compile notes from the meetings to discuss in a study session that ends with an outline of additional information that the full board needs to make an informed decision about each request for funding.
- Staff will prepare the written report and summaries of all proposals submitted for the board agenda that includes staff's recommendations for action, which the board will discuss and vote to accept or reject during a board meeting."

Steven C. Bolen, Deputy District Attorney
May 18, 2010
Page 3

The Study Sessions

We do not believe that the January 13, 2010 study session described in Ms. Ellis' letter is covered by the Brown Act. As we have explained above, meetings of the CHF Board are not covered by the Brown Act because, at present, only one current District board member serves on the CHF Board. The same is true for the study sessions.

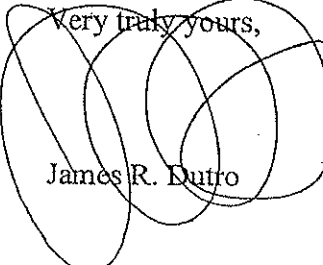
CHF regrets that the circumstances involving Ms. Ellis' husband do not permit her to attend all of the study sessions that she would like to attend. Nevertheless, the purpose of the study sessions is compromised by the attendance of Ms. Ellis' husband who unfortunately needs her direct supervision.

Teleconference Issues

Because the Brown Act does not cover either meetings of the CHF Board or CHF study sessions, we believe that the Chairperson, Gladys Grassini, correctly applied the letter of the bylaws. The bylaws provide that the sole reason for participation in Board meetings by conference telephone is to establish a quorum. Participation in meetings by telephone conference shall only be allowed upon agreement of the Board members present, and only focused on agenda items for which the absent director has written information.

We regret any misunderstanding with Ms. Ellis concerning the logistics of the teleconference. We can only say that her letter does clearly state that she requested appearance in the January 13th study session by teleconference and did so for that study session. We do not believe that any confusion about her continued participation by teleconference in the January 13th board meeting rises to the level of a legal violation.

The CHF Board is very sympathetic to Ms. Weber's and Ms. Ellis' personal circumstances. The Board is in the process of considering changes to its bylaws with respect to governance matters generally. As part of that process, the Board may consider modifying its Bylaws with respect to teleconference participation at Board meetings when presence in person is not practical.

Very truly yours,

James R. Dutro

cc: Nancy Olson, Esq.

CONTRA COSTA COUNTY GRAND JURY
2000-2001

REPORT NO. 0101

Mt. Diablo Health Care District

BACKGROUND

Mt. Diablo Health Care District (District), previously called Mt. Diablo Hospital District, was chartered November 26, 1948, by the California State Legislature. It operated under the powers granted in the California Health and Safety Code 32121. The District purchased a hospital built from a home on East Street in Concord in 1952. In 1960, the District constructed Concord Community Hospital. This hospital was expanded in 1980 and the name changed to Mt. Diablo Medical Center.

A Community Benefit Agreement dated August 6, 1996, was jointly drawn between Mt. Diablo Health Care District and John Muir Medical Center, a private non-profit organization. Subject to the approval of the voters, the parties agreed to merge the facilities of Mt. Diablo Medical Center with those of John Muir Medical Center to form John Muir-Mt. Diablo Health System (System). A referendum election was held November 5, 1996, on Measure MM to approve the merger. It was approved by the voters. Assets and liabilities of Mt. Diablo Medical Center were transferred to the System in January 1997. The agreement is subject to renewal in 2049.

As a part of the Community Benefit Agreement, John Muir-Mt. Diablo Community Health Benefit Corporation (Corporation) was founded. The Corporation is funded by John Muir-Mt. Diablo Health System with \$1,000,000 per year for grants and up to \$200,000 for administrative costs. The Corporation is a private, non-profit institution and not a public agency. The general objective of the Corporation is to address unmet health needs, within the meaning of SB697, for the area served by the System. Mt. Diablo Health Care District does not direct the Corporation's functions nor financially contribute to it.

FINDINGS

1. Currently, Mt. Diablo Health Care District does not operate any health care facility nor provide assistance in the operation of health facilities nor any other medical services to its constituents.
2. In the Community Benefit Agreement, Mt. Diablo Health Care District has limited identified duties. These are:
 - a. To perpetuate itself as the body to reclaim the assets the District transferred in the merger, should that merger fail.
 - b. To approve payments from two small pension funds to former District employees even though the merged System processes requests and payments.

c. To nominate five members to the board of the John Muir-Mt. Diablo Community Health Benefit Corporation. With only one exception, the District Board has nominated its own members.

d. To accept or reject, but not nominate, half of the sixteen John Muir-Mt. Diablo Health System Directors; the eight required to reside or have their principal place of business within the District boundaries. No rejections have been exercised to date.

3. Mt. Diablo Health Care District Board members are compensated with a \$100 stipend for each Board or Committee meeting they attend up to a maximum of \$500 each month. Board member stipend compensation in 1999 averaged \$3160 per member.

4. After 12 years of service on the Mt. Diablo Health Care District Board, the Directors become entitled to lifetime post retirement benefits: medical, dental and life insurance funded out of the District's tax revenues. As of this writing, all current Board members will qualify for these lifetime benefits which had an annual cost of \$70,205 (1999 audit report).

5. The following financial statistics were included in the Mt. Diablo Health Care District's calendar year 1999 audit report performed by Brokstein & Rosen, Certified Public Accountants, Walnut Creek, CA.

Income 1999

\$137,910 From property taxes

11,838 Interest on reserves

25,000 Annual subsidy from the John Muir-Mt. Diablo Health System

\$174,748 Total Income

=====

Distribution of Funds 1999

\$112,509 Board Operating Expense

10,000 Community Support

142 Miscellaneous

\$122,651 Total Expenditures

52,097 Cash and Reserves

\$174,748 Total Distribution

=====

6. Board elections are held every two years and the District is responsible for the associated costs. There was no election in 1999 and, therefore, no election costs. In 1998, election costs were \$53,474. In 1999, even without election costs, money spent to maintain Mt. Diablo Health Care District Board of Directors was 91.7% of the total expenditures. Expenditures made to maintain the Board include office expense, professional fees, stipends, travel, health and life insurance, and retirement.

7. At year end 1999, the financial assets of Mt. Diablo Health Care District were \$437,568 of which \$199,396 were reserves for Board members' post retirement benefits.

8. Mt. Diablo Health Care District Board has established contact with Los Medanos Community Hospital District and West County Health Care District. A Joint Powers Agreement "to develop regional health education and planning programs" has been discussed. No conclusive actions on this initiative have been taken.

9. According to Government Code, dissolution of the Mt. Diablo Health Care District is subject to approval of the Local Agency Formation Commission of Contra Costa County (LAFCO). Application for LAFCO approval can be made either by a resolution adopted by an affected agency, which would include the County, or by a petition signed by a requisite number of residents of the District.

10. California Government Code 57450 and 57451 address the effects of the dissolution of a special district such as Mt. Diablo Health Care District. Upon dissolution, the successor agency would be the city in the affected area whose assessed valuation is the greatest. Based on Fiscal Year 2000 Assessors rolls, the City of Concord would become that agency and would assume all the duties and contractual obligations of the District. LAFCO could impose conditions. Dissolution will require an election to get the approval of the constituents of the District.

11. When the Mt. Diablo Health Care District is dissolved, taxes would not necessarily be reduced. That portion of tax revenues allocated to the District would be distributed over the County ad valorem expenditures.

CONCLUSIONS

1. The Mt. Diablo Health Care District receives property taxes which are largely used to support the expense of the District Directors and their current and retirement benefits.

2. With little success, Mt. Diablo Health Care District Directors have been searching since the merger for some tangible health related activity to perform. The community health services they are considering are already being provided by other organizations such as: The John Muir-Mt. Diablo Community Health Benefit Corporation, The John Muir-Mt. Diablo Health Network and the Community Health Institute.

3. The original purpose of Mt. Diablo Health Care District of providing and operating a hospital is no longer justification for continuation of the District.

4. Substantial financial resources intended for health related activities are not being utilized for these activities.

RECOMMENDATIONS

The 2000-2001 Contra Costa County Grand Jury recommends that:

1. Mt. Diablo Health Care District be dissolved.

2. Dissolution of Mt. Diablo Health Care District be initiated by each of the following: Board of Directors of the Mt. Diablo Health Care District; Contra Costa County Board of Supervisors, and Local Agency Formation Commission of Contra Costa County.

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[GRAND JURY INDEX](#)

CONTRA COSTA COUNTY GRAND JURY
2002-2003

REPORT NO. 0309

Where Have All The Hospitals Gone?

TO: Contra Costa County Board of Supervisors
Contra Costa Local Agency Formation Commission
Los Medanos Community Healthcare District
Mt. Diablo Health Care District
West County Health Care District

BACKGROUND

Contra Costa County has three hospital districts now called "Healthcare Districts" (Los Medanos Community Healthcare District, Mt. Diablo Health Care District and West County Health Care District). All three Healthcare Districts were originally formed to oversee hospitals and their staffs and to provide community medical services. The Contra Costa County Civil Grand Jury has investigated the three districts and found that other organizations now oversee the community hospitals that the districts once owned and operated themselves. Although the Healthcare Districts have lost their original responsibilities, they remain in existence at taxpayer expense.

FINDINGS

1. All three Healthcare Districts were forced to lease or merge their hospitals due to bankruptcy or threat of financial insolvency. After filing for bankruptcy, Los Medanos Hospital District leased its hospital facility to Contra Costa County; West County Hospital District leased its hospital to Tenet Health Care, a for-profit corporation, and Mt. Diablo Hospital District merged with John Muir Medical Center, a private non-profit hospital group. After giving up control of their hospitals, the three districts were renamed "healthcare" districts.
2. Today, none of the three Healthcare Districts provides direct hospital, physician, nurse, or emergency medical services.
3. Budgeted Revenues and Expenses for 2003 are as follows:

	<u>Mt. Diablo</u>	<u>West County</u>	<u>Los Medanos</u>
<u>Budgeted 2003 revenues:</u>	\$206,744	\$2,300,000	\$1,663,000
<u>Budgeted 2003 expenses:</u>			
Director expenses	97,233	121,996	12,000
Legal fees & services	68,500	369,238	56,000
Election expense, annualized	30,495	32,479	10,525
Bond & bankruptcy obligations			1,388,000

Salaries & benefits	<i>unavailable</i>	153,869	18,000
Other expenses	2,700	446,640	39,000
Community support	<u>500</u>	<u>895,000</u>	<u>130,000</u>
Total expenses*	\$199,428	\$2,019,222	\$1,653,525

4. **Total expenses differed from districts' budgets due to annualized 2002 election costs. Since elections are held every two years, this cost was split in two to be consistent with the other expense categories.*
5. The majority of the Healthcare Districts' annual revenues are used to pay for the districts' own administrative and operating expenses. These include fees paid to lawyers and accountants, election costs, board stipends, staff salaries, medical, dental and pension benefits and past bills owed for bankruptcy and bond repayment.
6. In 2003, the budgeted legal fees and services alone in the three Healthcare Districts amount to \$493,738.
7. In recent years after obligations were paid, any remaining funds were used to award community support grants to local health programs as well as build up financial reserves. For example:
 - a. Los Medanos has provided a grant to a local dental clinic to purchase two dental chairs and gives ongoing financial aid to a childhood eyeglass program. The board members are discussing involvement in a community educational program on obesity.
 - b. In its 2003 budget, West County provides a contribution of \$600,000 to a local clinic primarily funded by state and federal monies.
 - c. Mt. Diablo allots \$500 to community health services in its 2003 budget.
8. The Healthcare Districts' boards of directors act as property managers, bond/bankruptcy administrators and grant allocators. They operate as foundations for the small percentage of discretionary funds remaining in their budgets.
9. The Contra Costa County Health Services Department has responsibility for assessing healthcare needs within the County. It is also responsible for managing the medical facilities run by the County and for administering the County's healthcare programs.
10. The offices of the Contra Costa County Auditor/Controller and Treasurer manage the County's finances, i.e., collect county revenues and pay county expenses and liabilities.
11. The Contra Costa County Local Agency Formation Commission (LAFCO) is responsible for studying special districts and recommending dissolution when local districts become unnecessary or obsolete. Dissolution may also be initiated by a special district itself or by petition of the citizens of the district. A vote of the public is then required to complete the process.
12. The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, which contains local agency formation commission law, provides for the designation of a Successor Agency whose sole purpose is to wind up the affairs of a dissolved district.

CONCLUSIONS

1. The three Healthcare Districts should not continue in their present form.

2. Even though the three Healthcare Districts do not directly provide any healthcare services, they have publicly tried to justify their continued existence by claiming that they are "needed" healthcare providers under local control.
3. Instead of being directly involved in managing and overseeing healthcare programs, the Healthcare Districts' boards of directors function as real estate trusts, bond/bankruptcy administrators and grant allocators.
4. Following dissolution, the Contra Costa County Health Services Department can oversee each healthcare district's grant allocations.
5. Following dissolution, the Contra Costa County Auditor/Controller and Treasurer can assume administration and management of the financial obligations of each district.

RECOMMENDATIONS

The 2002-2003 Contra Costa County Civil Grand Jury recommends that:

1. The Contra Costa County Board of Supervisors and LAFCO initiate steps to dissolve the three Healthcare Districts.
2. For the purpose of winding up the affairs of the Healthcare Districts, Contra Costa County be named as the Successor Agency.
3. All taxes collected after dissolution of the Healthcare Districts be directed to existing healthcare programs in the communities in which the monies originated.

[2002-2003 INDEX](#)
[GRAND JURY INDEX](#)

**Contact: Jerry R. Holcombe
Foreperson
(925) 957-5879**

SHOULD THE MT. DIABLO HEALTH CARE DISTRICT BE DISSOLVED?

The Sixty-Year-Old Agency Has Outlived Its Usefulness

SUMMARY

For the past four years, the Mt. Diablo Health Care District has spent virtually none of its revenue on health-related services for district residents. Instead, the district's board of directors dedicated nearly all of the \$1.2 million in property tax revenue generated since 2004 to administrative expenses. Expenses included legal fees, election costs, insurance premiums, post-retirement costs, professional fees, and board member stipends.

The district has not provided hospital, physician or emergency medical services of any kind since 1996. Facing financial insolvency at that time, Mt. Diablo Hospital merged with John Muir Medical Center in Walnut Creek. Since 1996, the former Mt. Diablo Hospital has served as the Concord campus of John Muir Health.

While the Mt. Diablo Health Care District continues to receive annual property tax revenues, its role is limited to the delivery by volunteers of health-related services such as blood pressure screenings and educational brochures to the public.

The Contra Costa County Grand Jury concludes that the evidence does not support the continued self-perpetuation of the health care district. The grand jury believes the Mt. Diablo Health Care District should immediately begin the steps to dissolve the district.

The complete report is available on the Contra Costa County Grand Jury website:
www.cc-courts.org/grandjury

CONTRA COSTA COUNTY GRAND JURY REPORT 0806

SHOULD THE MT. DIABLO HEALTH CARE DISTRICT BE DISSOLVED?

The Sixty-Year-Old Agency Has Outlived Its Usefulness

TO: Board of Directors, Mt. Diablo Health Care District

BACKGROUND

In June 2003, the Contra Costa County Grand Jury investigated and reported on three health care districts, including the Mt. Diablo Health Care District (District). Grand Jury Report 0309 concluded that the Mt. Diablo District was no longer fulfilling a useful mission and recommended that it be dissolved.

The District, the county Board of Supervisors, and the Local Agency Formation Commission (LAFCO) rejected the recommendation. Detailed responses from all three agencies to the recommendation are included as part of Grand Jury Report 0401, pages 43-64. Reports 0309 and 0401 are available on the Contra Costa Grand Jury website: www.cc-courts/org/grandjury

Five years have passed, and the District remains in existence, supported almost entirely by property taxes. This Grand Jury investigated the District again to determine whether there is good reason to justify its continued existence.

FINDINGS

1. The District was formed in 1948, and in the early 1950's, acquired the Concord Community Hospital, later known as Mt. Diablo Medical Center. The District owned and operated the hospital until 1996.
2. The District boundaries encompass the cities of Concord, Martinez, portions of Lafayette and Pleasant Hill, and adjacent unincorporated areas.
3. The District is governed by a five-member Board of Directors (Board) elected by the voters within the District.
4. In 1996, under threat of financial insolvency, the District transferred the Mt. Diablo Medical Center and all related property and assets to John Muir Medical Center (now John Muir Health), a private, non-profit corporation. Mt. Diablo Medical Center is now operated as the Concord Campus of John Muir Health.

5. Since 1996, the District has not owned or operated a hospital and has not provided hospital, physician or emergency medical services of any kind.
6. The District has not had permanent, full-time employees for many years. In March of 2008, a part-time clerical employee was hired. The 2008 budget for this employee is \$12,000. Board members have performed all District administrative tasks, and some Board members have been occasional volunteers disseminating health-related information and services in the community. John Muir Health provides the District with office, meeting, and conference space.
7. The primary source of District income comes from property taxes levied on District homeowners and businesses. The District also receives an annual \$25,000 subsidy from John Muir Health.
8. The District's total annual revenues are as follows:

<u>Year</u>	<u>Property Tax Revenue</u>	<u>Total Revenue</u>
2004	\$203,594	\$236,783
2005	223,369	266,869
2006	255,649	296,638
2007*	241,000	266,200
2008*	241,000	<u>266,000</u>
Total five-year revenue:		\$1,322,490**

*Budgeted

**Total revenues include miscellaneous income; e.g., interest earnings

9. District administrative and operating expenses have consumed nearly all of its revenues over the past four years. Expenses have included the cost of elections, legal and audit fees, Board member stipends, and the premiums for medical and dental insurance provided to current and retired directors. A percentage of expense summary, based on audited financial statements, follows:

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Post-Retirement Costs	0%	0%	46%

Election Costs	40%	0%	24%
Insurance	17%	45%	14%
Professional Fees	4%	20%	0%
Legal Fees	27%	16%	9%
Director Stipends	5%	7%	0%
Other Expenses	7%	12%	7%
Total:	100%	100%	100%

10. In 2004, 2005, and 2006, the District did not spend any of its total revenues to provide or advance health care for the District's taxpayers or residents. The District spent 100% of its total revenues for administrative and operating expenses.
11. Budget projections and unaudited accounting statements for a part of 2007 reveal a similar pattern as that shown for 2004-2006; no money was spent for health care.
12. Some District board members participated in volunteer activities during 2004-2007 at no cost to the District. For example, volunteers distributed health-related brochures and conducted blood pressure screenings. They offered such services a half dozen times in 2007 at community activities such as farmers' markets. District director volunteers also promoted an anti-truancy program for local students.
13. The District claims credit for a single \$5000 donation in 2007 to the nursing program at California State University East Bay. The purpose was a scholarship. The donation was not a budget item, but represented re-directed funds that reportedly had been set aside for a director's stipend.
14. The scholarship donation is the only expenditure the District has made for a health-related purpose since 1996.
15. On February 8, 2008, the District's Board adopted a budget for calendar year 2008. The budget contains a line item allocating \$70,000 to "community

Activities.” No specific activities or projects were approved at the time the budget was adopted.

16. The parties to the 1996 agreement between the District and John Muir Health continue to perform their obligations pursuant to their agreement.
17. John Muir Health created a Community Health Fund pursuant to the agreement, to which it has made contributions of \$1 million annually intended for community grants to improve public health.
18. The District contends that under the terms of the 1996 agreement with John Muir Health, it has continuing responsibilities. For example, the agreement provides that certain defaults by John Muir Health would result in termination of the agreement and permit the District to recover assets from John Muir Health, including the Mt. Diablo Medical Center building and property transferred by the District in 1996.
19. There is no suggestion by the District in the public record, including the District’s submissions to LAFCO, that there is any reasonably foreseeable possibility of default by John Muir Health under the 1996 agreement that would trigger the rights reserved by the District to recover the hospital. John Muir Health recently began a major addition to its Concord campus, an event that makes such a default highly unlikely.
20. The District controls neither the board of directors of John Muir Health nor the Community Health Fund established through the 1996 merger agreement.
21. The District and John Muir Health are currently negotiating another agreement. This proposal would establish a conduit to provide grant funds to the District to be passed through the District to selected organizations. A one-year agreement is likely. The District would incur administrative expenses in its role as a conduit for the grants.
22. As part of the arrangements to secure the grant contract with John Muir Health, the District’s 2008 budget line item entitled “Community Activities” was increased from \$70,000 to \$130,000, effective May 1, 2008. The District

also has plans to hire a part-time executive director to administer the anticipated grant program. A new budget line item, also effective May 1, 2008, allocates \$39,996 for a “CEO/Administrator.” As of that date, the District had not created a job description for the new position.

23. The District’s revised budget, as of May 1, 2008, calls for a total annual operating budget of \$328,300. Anticipated 2008 revenues remain unchanged, at \$266,200.

24. The Contra Costa County Local Agency Formation Commission (LAFCO) is responsible for studying special districts and the services they provide. LAFCO accomplishes this by completing periodic Municipal Services Reviews (MSR). Typically, the MSR process is completed every five years for special districts such as the Mt. Diablo Health Care District.

25. In August 2007, LAFCO completed its MSR for the District. While it did not recommend dissolution of the District, LAFCO recognized that additional scrutiny was warranted and directed the District to provide it with an interim report in 2008 on its activities and expenditures.

26. Dissolution of the District may be initiated by either Board action or a petition of District voters.

27. Upon dissolution, the District’s rights and obligations, both existing and contingent, would have to be taken over by another agency.

28. The District has never adopted a plan for its dissolution, nor has the Board ever proposed a study of how to accomplish the District’s dissolution.

CONCLUSIONS

1. Since the last Grand Jury report in 2003, the District has not contributed any significant financial support to benefit the health and welfare of its residents. It has collected and spent over \$1.3 million of taxpayer money, virtually all of

which was used to pay for administrative and operating expenses--to perpetuate the District's existence.

2. The proposed grant donation agreement between the District and John Muir Health, which is likely to result in new administrative costs, including the salary and benefits of new staff, will not benefit the District. The District's 2008 budget allocations for staff expense and its "Community Activities" appear to be unrealistic, especially since budgeted 2008 expenses exceed anticipated revenues by \$62,000 (23%).
3. During the course of its investigation, the Grand Jury did not find any instances of malfeasance, and does not imply that any such culpability exists. Volunteer activities are commendable, but they do not require the cachet of a government agency.
4. Public officials who preside over obsolete organizations like the Mt. Diablo Health Care District need to act responsibly and provide for the agency's demise, including the orderly and efficient transfer of assets to, and assumption of liabilities by, successor agencies.

RECOMMENDATIONS

The 2007-2008 Contra Costa County Grand Jury recommends that:

1. Within six months of this report, the District's Board of Directors drafts a written plan for the dissolution of the District. The dissolution plan should include:
 - a. A detailed task list, including time estimates for completion, of all steps required to complete the dissolution in an orderly and efficient manner.
 - b. Identification of problems related to District obligations to provide health insurance benefits to present and former District Board members, and recommended solutions to those problems.
 - c. Identification of all possible future events that likely would be necessary to create either rights in, or obligations of, the District under the 1996 agreement with John Muir Health or any other long-term contracts.
 - d. Evaluations of other public agencies that are qualified to act as successors to the District in connection with any possible future events or transactions, and corresponding rights and obligations.
2. Within six months of this report, the District submits the dissolution plan to LAFCO as part of the report required by that agency during the District's 2007 Municipal Services Review.

REQUIRED RESPONSES

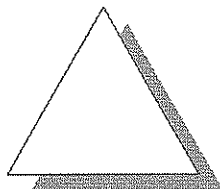
Findings:

Mt. Diablo Health Care District: 1 through 28

REQUIRED RESPONSES

Recommendations:

Mt. Diablo Health Care District: 1 and 2

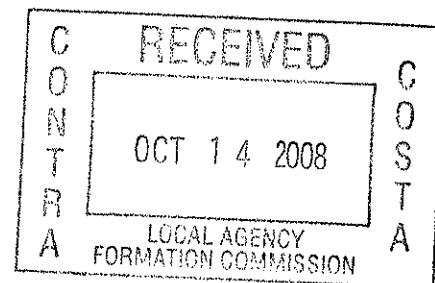


MT. DIABLO HEALTH CARE DISTRICT

We are dedicated to serving our community by promoting wellness through education, advocacy and collaboration.

October 9, 2008

Contra Costa Local Agency Forming Commission
 Lou Ann Texeira / Executive Officer
 651 Pine Street, Sixth Floor
 Martinez, CA 94553-1229



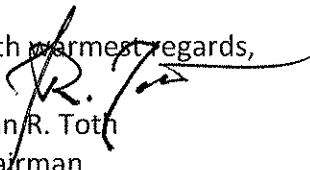
Dear Mrs. Texeira,

For approximately 10 years now the Mt Diablo Health Care District Board for a multiplicity of reasons has been a sterile body bearing no fruit. This past January I was elected chairman and wishing to augment sufficient funds to make meaningful grant funding possible I asked John Muir Health CEO, Ken Anderson if we might form a public/private partnership as the District not only lacked financial resources, but the administrative professional support as well. The John Muir Health Board agreed to provide some assistance in mentoring in the development of our community benefit health grant program. Judy Murphy was indispensable in this regard in directing us in how we might construct our own guidelines; as well as defining the process and pitfalls of grant making. All members of our board took an active part. Working together we have been able to help our communities that are in much need of assistance; and still make our own grant making decisions.

As we come to the completion of the mentoring process and JMH's assistance we would like to provide you with the following update outlining the grant recipients and appropriations of funds to each, as we near the completion of our first cycle of grant making. Report update for second cycle grant making for 2008 will be in November 2008.

As per your letter dated July 14, 2008 to Grace Ellis and pursuant to Government Code and the determinations adopted by LAFCO; your request for an annual update regarding the District's progress on supporting programs and services that specifically address healthcare issues and needs identified in the Contra Costa County's countywide healthcare assessment is enclosed. As per our agreement a report from the District in August would have been less informative as many of the determinations made by our board were made in late August 2008. I graciously appreciate your indulgence. Please see appropriations report enclosed.

With warmest regards,


 John R. Toth
 Chairman

Mt. Diablo Health Care District Board
 Concord, CA 94520

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 (925) 674-2456 WWW.MTDIABLOHEALTHCAREDISTRICT.CA.GOV
 P.O. BOX 5929 CONCORD, CA 94524

TO: Lou Ann Texeira/LAFCO
FROM: Chairman Toth
DATE: October 9, 2008
SUBJECT: Appropriations of JMH & MDHCD Funds for 1st Cycle Grants

In August the District Board approved 7 grants in the District's 1st community Benefit Health Grant Program for 2008. These grants totaled \$126,000 and were funded with \$84,000 in JMH funds given for the District's grant program and \$42,000 in District funds set aside for granting in 2008. After completing this 1st grant cycle the District Board has \$85,000 left to grant in 2008, which is made up of \$56,600 in JMH funds and \$28,400 in MDHCD funds.

The attached chart summarizes the grants previously approved by the Board, JMH and MDHCD funds that combine to fund each grant, and the combined balance of funds available for granting by year-end.

-Approved a grant to Jewish Family & Children's Services in the amount of \$15,000 funded with \$10,000 in JMH funds and \$5,000 in MDHCD funds.

-Approved a grant to La Clinica de La Raza in the amount of \$50,000 funded with \$33,300 in JMH and \$16,700 in MDHCD funds.

-Approved a grant to Senior Helpline Services in the amount of \$5,000 funded with \$3,300 in JMH funds and \$1,700 in MDHCD funds.

-Approved a grant to Monument Crisis Center in the amount of \$10,000 funded with \$6,700 in JMH funds and \$3,300 in MDHCD funds.

-Approved a grant to Rehabilitation Services of Northern California in the amount of \$20,000 funded with \$13,400 in JMH funds and \$6,600 in MDHCD funds.

-Approved a grant to the Contra Costa Jewish Community Center in the amount of \$5,000 funded with \$3,300 in JMH funds and \$1,700 in MDHCD funds.

-Approved a grant to Cal-State East Bay in the amount of \$21,000 with \$14,000 in JMH funds and \$7,000 in MDHCD funds, for nursing scholarships.