

Tulare Local Healthcare District dba Tulare Regional Medical Center

Agenda Item: CFO Reports

Board Meeting Date: July 25, 2018

March, 2018, April, 2018, and May, 2018 Drafts of Internal Statements: Balance Sheets and Statements of Revenue and Expenses - **Notes and Disclaimer:**

The March, April, and May Statements were prepared based on the following facts:

There has not been a financial audit of the Tulare Local Health Care District dba Tulare Regional Medical Center's accounting books and records for the FYE June 30, 2017. As such, there are numerous items that we believe need to be adjusted to the FYE 6/30/17 financial statements, and these will need to be addressed in-depth at the time the District can afford to hire independent auditors and sufficient internal financial staff needed to prepare and perform an audit.

In the meantime, and in order to close the books and prepare a draft statement for the 9, 10, and 11 months ended March, 2018, April, 2018, and May, 2018 respectively (FYE 2018), we have attempted to identify adjustments that are allocable to the FYE 2017 statements, and simultaneously identify those items that appear to be allocable to the FYE 2018 statements.

The premise that we used to develop these draft statements was to, as best could be determined, adjust the respective Balance Sheet items for these months to the most appropriate supportable documentation, e.g., bank statement balances, gross accounts receivable and corresponding expected net collections, the latest Supplemental Payment program estimates, and accounts payable invoices or accruals for certain expenses.

As such, we are unable to make any conclusive representations as to the accuracy or completeness of the Tulare Local Health Care District dba Tulare Regional Medical Center March, 2018, April, 2018, and May, 2018 Draft Internal Financial Statements. The FYE's 2017 and FYE 2018 books and records must be further analyzed, reconciled, and stated in accordance with uniform and accepted accounting procedures, and audited by an independent financial auditor.

TULARE REGIONAL MEDICAL CENTER

Prepared: 7/21/2018

SUB-TOTAL

CASH IN	5/18	5/25	6/1	6/8	6/15	6/22	6/29	7/6	7/13	7/20	SINCE START-UP
Receipts	14,556	75,881	78,508	71,913	45,332	77,006	88,098	54,786	51,898	106,247	2,711,637
DSH Payment	0	0	0	0	0	(620,053)	0	0	0	0	(570,235)
Property Taxes	172,531	0	0	0	0	0	0	0	77,187	0	1,889,588
Property Rentals and Evolutions	0	2,034	0	0	0	0	0	0	0	22,263	99,609
Short Term Loans	0	100,000	0	0	0	0	(75,000)	0	0	0	322,285
Supplemental - AB 113 & 915	0	0	0	0	346,045	639,160	526,134	0	0	0	1,724,216
Supplemental - HQAF, Etc.	0	0	1,479,997	0	0	0	0	0	0	0	2,094,700
Other Extraordinary Receipts	275,000	0	0	0	0	0	0	0	0	0	309,139
Total Cash In	462,087	177,914	1,558,505	71,913	391,377	96,113	539,232	54,786	129,085	128,510	8,580,940

EXPENSES

Payroll & Related Expenses	257	121,447	22,203	106,011	41,213	111,511	69,846	109,061	0	93,794	2,081,597
Insurance	0	0	0	0	63,218	0	0	20,654	149,085	0	1,063,158
Utilities/Phone/Internet	4,176	55,093	40,050	50,000	4,299	64,057	37,223	0	4,604	80,301	901,923
Legal/ Bankruptcy Counsel	175,000	0	0	400,000	0	0	0	0	0	0	775,000
Consulting & Purchased Services	42,102	115,000	15,000	531,011	15,000	0	142,568	0	15,000	0	1,323,142
Physicians	0	0	0	0	0	0	0	0	0	0	0
Software Fees	0	0	0	0	0	0	0	0	0	0	42,583
Supplies	0	0	0	0	0	0	0	0	0	0	0
Leases and Rentals	7,852	0	17,488	0	0	0	0	12,325	0	0	108,793
Revenue Bonds	0	0	0	0	0	0	0	103,179	0	0	206,358
County of Tulare Revenue Bond	0	0	0	0	0	0	0	0	0	0	0
IGT Advances	0	0	0	0	0	0	0	0	0	0	443,483
Third Party Payments	0	0	0	0	48,026	0	0	0	0	0	48,026
Other	29,659	39,728	29,558	57,257	40,229	22,828	36,137	24,626	50,441	47,264	1,167,715
Total Expense	259,046	331,267	124,299	1,144,279	211,985	198,396	285,773	269,846	219,130	221,358	8,161,777

Difference	203,041	(153,352)	1,434,206	(1,072,366)	179,393	(102,283)	253,459	(215,060)	(90,045)	(92,848)	419,163
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Cash Balance Forward	278,060	124,707	1,558,913	486,547	665,940	563,657	817,116	602,056	512,011	419,163	
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NOTE: \$784,664 of Build America Bonds funds were received by the District in February, 2018 and were paid to Tulare County Tax Assessor. These have been removed from the report as these are not District funds.

Tulare Local Healthcare District dba Tulare Regional Medical Center

Agenda Item

Board Meeting Date: July 25, 2018

Title to Appear on Agenda: Financial Audit FYE 2017, FYE 2018, and FYE 2019 – Recommend for Approval: Award Financial Audit to JWT and Associates, LLP, CPA's

Brief Description: The District is required to have a financial audit of its books performed for each fiscal year.

Background and Details: Due to the September, Chapter 9 2017 Bankruptcy, the performance of the FYE 2017 audit was postponed. It is now time to have an audit completed for FYE 2017 and FYE 2018.

Formal Requests for Proposal were sent to 4 audit firms as follows:

Eide Bailly, LLP (Former Auditors for the District) – Declined to participate

Armanino, LLP (Former Auditors for the District) – Declined to participate

Moss Adams - No Response Received

JWT & Associates, LLP (Former Auditors for the District, then as TCA Partners) – Response Attached

Based on the responses (received or declined), we recommend that the District award the financial audit to JWT & Associates as outlined:

FYE 2017 \$27,500, plus Out of Pocket Expenses Capped at \$2,500

FYE 2018 \$25,500, plus Out of Pocket Expenses Capped at \$2,500

FYE 2019 \$15,000, plus Out of Pocket Expenses Capped at \$2,500

Other Out-Of-Scope Services As mutually agreed upon in advance; at Customary Hourly Rates

Exhibits: See attached Proposal

Recommended Action: To award the Financial Audit Services to JWT and Associates, LLP, CPA's, as outlined.

Proposal to Serve as Auditors

for

TULARE REGIONAL MEDICAL CENTER

June 30, 2017 through 2019

JWT & Associates, LLP
Certified Public Accountants

Contact

Rick Jackson, CPA
(559) 287-6591 or rjetcpa@aol.com

Audit Proposal for
Tulare Regional Medical Center
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JWT & Associates, LLP

A Certified Public Accountancy Limited Liability Partnership
1111 Herndon Avenue, Fresno, California 93720

Board of Directors
Tulare Regional Medical Center
Tulare, California

We appreciate the opportunity to serve the Tulare Regional Medical Center ("the District") as your independent financial auditors for the years ending June 30, 2017 through 2019. In a summary form, we feel we would be a unique choice as your independent auditors due to the following reasons:

- Healthcare auditing is our expertise. We specialize in Hospitals and Health Care Districts. Many of our district clients no longer operate a hospital and have chosen to lease the facilities to a management team. As such, we are very familiar your type of operations and accounting requirements and we audit several health care districts which are currently being managed by entities such as the Adventist and Dignity;
- In addition to audit services, we have in-depth knowledge of the reimbursement requirements which help in the financial audit process. We furthermore specialize in hospital-based rural health care clinics and have worked with you in the past in this regard to maximize your rates;
- We have close to 40 years experience in health care accounting for the financial transactions brought about by funding from general obligation bonds, revenue bonds, etc. and have worked with Gary Hicks, your financial consultant, for years in assisting healthcare entities in this funding and reporting process.
- We are well versed with the Chapter 9 bankruptcy process and have helped several of our healthcare district clients through this process over the years;

We have included information in this proposal which may be helpful in your selection process. Please feel free to call me at (559) 287-6591 or email me at rjctcpa@aol.com for questions.

Rick Jackson

Managing Partner
JWT & Associates, LLP

BACKGROUND OF JWT & ASSOCIATES, LLP

History and Requested Information - JWT & Associates, LLP is a healthcare audit and reimbursement firm based out of Fresno, California. We differ from other audit firms for two main reasons: (1) we only service healthcare entities; and (2) the firm only has partner level personnel who come on-site to perform the fieldwork for an audit. There are no employees or junior staff. Many of our partners and associates have been in the industry for close to 40 years. Most of our partners and associates began their healthcare audit experience with national firms such as Ernst & Young, Deloitte, KPMG, and others several years ago. We currently have a staff of 15 partners and associates located in the Fresno office and other associates outside this office.

The firm began taking shape in 1988 when Rick Jackson left the audit staff of Ernst & Young and began his own health care practice. Shortly thereafter, he was joined by other healthcare professionals and the firm has continued to steadily grow since then. The firm has come through several name changes as partners have been added over the years. In addition, there are several other associated firms that have sprung from the original firm to meet certain healthcare client needs. All of these firms are associates and all can combine to meet your specific healthcare needs.

In addition to financial audits, we have extensive knowledge in areas such as revenue cycle, Medicare and Medicaid reimbursement, single audits, pension requirements, and various other healthcare financial areas such as feasibility studies, budgeting, etc.

We currently serve close to 100 healthcare entities. Our audits are comprised of approximately 50% non-profits, 45% district and other governmental hospitals, and 5% for-profits. We know and adhere to FASB, GASB and AICPA requirements as they relate to healthcare and have developed many contacts within these organizations over the years and call upon them as healthcare issues arise. In addition we are members of HFMA and various other healthcare associations throughout the nation and the State of California. We stay current on many other legislative actions and proposals as they pertain to various healthcare matters such as meaningful use, QAF, disproportionate share and other supplemental programs.

Over the years, we have performed thousands of healthcare audits for hundreds of healthcare entities. Examples of healthcare entities we have serviced over the past 40 years are presented in Exhibit A.

References are provided in Exhibit B. We have provided five references in the event you wish to discuss our services and expertise with others in healthcare.

SUMMARY OF PROPOSED AUDIT FEES

Certification - As the managing partner of JWT & Associates, LLP, Rick Jackson is entitled to represent the firm, is empowered to submit the bid, and is authorized to sign a contract with the listed entities below requiring an audit.

Professional Rates - Our fees are based upon an estimate of total hours to perform the audits extended by the hourly rates for individuals assigned to the engagement. Hourly rates range from \$125 to \$250 for specific partners and associates, and on the type of audit service required. Rates have been discounted to the lowest partner level for purposes of this proposal.

Audit fees - Based upon the scope of the audit and our knowledge and understanding of healthcare facilities, we would propose the following discounted fee structure for professional audit services:

Audit of the Tulare Regional Medical Center for the year ended June 30, 2017	\$27,500
Audit of the Tulare Regional Medical Center for the year ended June 30, 2018	\$25,500

Future Fees - As to June 30, 2019, if we follow other Adventist models, most likely only the District will need an audit of "District transactions" as the operations of the hospital will be the responsibility of Adventist. The District however, will continue to transact business as owners of the facility, as property tax recipients and as continued debt borrowers such as with the general obligation bonds. An audit solely of this nature, without much of normal hospital transactions, would most likely not exceed \$15,000.

Expenses - All travel and out-of-pocket expenses will be billed separately and should not exceed \$2,500 per year for each of the District's three audits.

Other Services - In addition we would be prepared to offer other services as needed. Other technical and/or management consulting services required of any of our partners, related to the scope of audit services, needed throughout the year are treated by us as a continuation of the audit and are not billed. Additional services if requested and performed outside the scope of the audit and other services defined above would be based upon our customary hourly rate and would be discussed with you prior to performing any work.

OUR GENERAL AUDIT APPROACH

Professional Standards - Our audit for the District will be conducted in accordance with generally accepted auditing standards approved by the American Institute of Certified Public Accountants (AICPA) and in accordance with generally accepted accounting principles (GAAP) as set forth by our profession. In addition, the audit of the District will adhere to the State Controller's minimum audit requirements for California special districts.

We conform to the latest industry and governmental pronouncements issued by the FASB, the GASB, the OMB, and other professional and regulatory agencies. We also adhere to the latest AICPA's audit and accounting guides for healthcare organizations and non-profit organizations.

Audit Timeline - The audit would begin as early as possible in an effort to plan the audit and resolve any accounting or reimbursement issues at the earliest time. Year end field work would begin upon notification of the close of the District's accounting records for the year. The following outlines our approach and basic timetable to your District's June 30 year end financial audit:

- July - Initial planning of the audit for the District.
- August/Sept - Year end field work testing account balances and transactions, accompanied by several other operational and analytical tests.
- October - Review of draft financial statements and review any audit adjustments and compliance findings with management and with the Board of Directors and then final presentation.

We are aware of the District's timetables and key dates in meeting certain financing deadlines and will adhere to this timeline.

Healthcare Risk Areas - We have been involved in the audits of healthcare entities since the late 1970's. Beginning with that period and moving forward through the years, we have had to deal with Medicare changes (Cost-Based reimbursement, TEFRA, PPS, APC's, etc.) in healthcare reimbursement and the auditing issues which have arose as a result of those changes. We have experienced similar changes in Medicaid programs from cost-based programs to DRG's, contracted rates and managed care programs. In addition, we understand meaningful use, QAF programs, and other federal and state supplemental reimbursement programs. We have an in-depth understanding of RHC's (all types) and the risk involved in the reimbursement of RHC's, both with Medicare and Medi-Cal. These areas affect contractual allowances which is one of the major risk areas of hospital operations. We understand this area well and will ensure that they are reported fairly:

Another significant risk area for District's which do not operate a hospital, is understanding the continuing operations of a Hospital. The operations of a hospital can be difficult to grasp and so as a new board, we will be glad to share healthcare information with the District's board in and effort to help educate them, if requested, as it pertains to financial transactions at Tulare Regional Medical Center.

OUR GENERAL AUDIT APPROACH - continued

Initial Audit Planning - We believe that a smooth engagement is based upon the early identification and resolution of reporting and accounting issues. Upon our selection, we would begin the planning phase of our audit almost immediately by identifying accounting issues in a timely manner in order to resolve any issues as quickly as possible.

In planning the audit, we consider the methods in which the District gathers and compiles accounting information such as internal controls, segregation of duties, the use of automated systems, etc. Such methods influence the design of the accounting system and the nature of the internal accounting control procedures. The extent to which the information processing is used in significant accounting applications will influence the nature, timing and extent of our audit procedures. During this phase, various "walkthroughs" of systems will be analyzed.

Based on our findings in the audit planning phase, we will analyze internal controls and may elect to sample transactions in patient billing, receipts, general disbursements and payroll. In addition, during the year end audit fieldwork, if we discover certain errors in transactions, we most likely will then alter our program and expand testing in that area.

Audit Program Development - Our evaluation of the issues which arise during our planning phase will determine the nature, timing and extent of our audit procedures for specific transactions and accounts. In developing the audit program, our aim will be to:

- Provide a complete audit program for all financial statement amounts;
- Eliminate redundant procedures;
- Use procedures for more than one purpose;
- Provide for review and analysis of balances and their relationships to other accounts.

Audit Program Execution and Reporting - During this stage of our audits, we will perform the test of year end balances. We understand that a change in auditors can lead to a degree of apprehension. We believe that this transition will be very smooth and beneficial due to our 40 years of experience in conducting thousands of healthcare audits. We will work with management so that there will be minimal disruption of the day-to-day operations. In our engagements we try to utilize schedules and information that clients have already prepared somewhere within their system to close their year end. This work is then supplemented with schedules which we, ourselves, prepare. All of our schedules are electronic in form and are available for client use by e-mail, fax or other form of correspondence.

We will comment on the adequacy of the client's system of internal controls. Should a material weakness be noted during our fieldwork, we will immediately notify appropriate management. We will then work with management in estimating the financial impact of the noted weakness, establishing the necessary controls, and ensuring that they are functioning.

OUR GENERAL AUDIT APPROACH - continued

We recognize that the Board of Directors and management have a critical responsibility to the District. Therefore, we will remain in contact with the Board, appropriate committee members and management members, if considered necessary, throughout the engagement and will be available to comment on the District's operations as well as our experience will allow.

In addition to the audited financial statements, a Board Report (or Management Letter) may be provided upon the conclusion of the audit which typically covers three areas: (1) Accounting controls, efficiencies and ideas for improvements in the operations of the District; (2) General healthcare educational issues; and (3) Statistical trends and operational ratios of the District as they compare to peer healthcare entities who operations are similar to those of the District.

ORGANIZATION OF ENGAGEMENT PERSONNEL

<i>Professional</i>	<i>Role in the Audit Process of the District</i>
Rick Jackson	Partner in charge of the District's audit.
Jeremy Ware	Associate who would assist in the District's audit.
Kelly Maldonado	Associate in charge of revenue cycle reviews.
Jerrel Tucker	Associate who would assist in District's audit.

RESUMES OF KEY PERSONNEL

Brief partner resumes are presented for your review of the partners and associates who may be assigned to your audit starting with Rick Jackson who will be the partner-in-charge of the District's audit process throughout the duration of the engagement.

Rick Jackson - Rick is a licensed CPA in California and an audit partner with the firm and will be the lead partner in charge of the audit. Briefly, his experience follows:

Over 40 years of experience in both healthcare audits, reimbursement and consulting work, in over 300 different healthcare facilities performing over 3,000 health care audits;

Is often called upon by others across the nation to express his opinion on current healthcare issues as they arise within the scope of a healthcare audit;

Is the lead researcher for healthcare audit issues conducted by the firm and is involved in on-going consulting for several of the facilities in areas such as reimbursement, appeals, financing plans; tax and operational issues.

Has prepared over 500 Medicare/Medicaid cost reports and has been involved in several regulatory appeals, special projects, feasibility studies, budgets and other healthcare related engagements for the firm's healthcare clients;

Has had over eight years of experience as an Ernst & Young audit manager and consultant in the healthcare industry.

Rick is a graduate of Brigham Young University and a member of several professional societies.

Jeremy Ware - Jeremy is a licensed CPA in California and an associate with the firm and is responsible for several healthcare audits. A brief outline of his experience follows:

Close to 20 years as an auditor within the healthcare industry. Responsibilities include areas such as financial auditing and reporting, tax returns for non-profits (forms 990, etc.), physician recruitment audits, contract negotiations, grant administration, internal controls and system conversions.

Several years of experience as an auditor with the firm of Deloitte in the Austin, Texas office dealing with a variety of entities.

Jeremy received his Bachelor of Science in Accountancy from Brigham Young University and a Master of Accountancy, also from Brigham Young University. He is a member of several professional societies.

RESUMES OF KEY PERSONNEL - continued

Kelly Maldonado - Kelly is a professional healthcare individual who operates her own patient billing service and an associate of the firm and will be responsible for part of the audit fieldwork dealing with revenue cycle and patient billing reimbursement. A brief outline of her experience follows:

Close to 35 years of experience in healthcare operations and related entities. Her patient billing business has been involved in the patient billing operations of several hospitals, RHC's (all types) and FQHC's within California, working as a part of their management teams.

Kelly is a "hands on" professional who works with the health care entity's patient billing and revenue cycle personnel in helping them solve issues, identify problems, training of staff and even "rolls up her sleeves" to assist them in the billing functions. She completely understands the daily operations of health care entities and their billing needs;

Her responsibilities over the years have included advanced revenue cycle management, patient billing services and lost charge recoveries due to billing issues. She has extensive experience in networking and computer based programs and in multiple healthcare patient billing applications;

Jerrel Tucker - Jerrel is a CPA and an associate with the firm and would be responsible for a portion of the audit fieldwork of the District. A brief outline of his experience follows:

Close to 40 years of experience in healthcare and related entities, with a specialty in health care audit engagements and related health care pension audits.

Has been the in-charge auditor for several healthcare audits for our clients over the past several years;

Has had several years experience with the national CPA firm of Ernst & Young in the audit department.

Has been a CFO of a large privately-owned healthcare company and is well-versed in issues at the CFO level.

Jerrel received his degree in accounting from California State University - Fresno and is a member of several professional societies.

EXHIBIT A

LIST OF HEALTH CARE ENTITIES SERVED BOTH PAST AND PRESENT

Exhibit A
Tulare Regional Medical Center
Listing of Health Care Entities Served Both Past and Present

Over the past several years, we have been involved with these listed hospitals either with audit services or reimbursement and other special services (list is not all-inclusive)

Alameda Health Care District
Alta Health Care District
Apple Valley Christen Center
Avanti Health System
Bear Valley Community Hospital
Catalina Island Medical Center
Central Valley Specialty Hospital
Children's Hospital of Central California
Chowchilla Health Care District
Clovis Community Medical Center
Coast Plaza Hospital
Cobre Valley Regional Medical Center
Colorado River Medical Center
Colusa Regional Medical Center
Community Hospital of Huntington Park
Community Regional Medical Center
Corcoran Health Care District
Del Puerto Healthcare District
Eastern Plumas Health Care District
East Los Angeles Doctors Hospital
El Centro Regional Medical Center
Exeter Memorial Hospital
Fairchild Medical Center
Frank R. Howard Foundation
Fresno Surgical Hospital
Fresno Heart and Surgical Hospital
Glenn Medical Center
Hazel Hawkins Memorial Hospital (San Benito Health Care District)
Healdsburg Health Care District
Hi Desert Health Care District
John C Fremont Health Care District
Kaweah Delta Health Care District
Kern Valley Health Care District
Kingsburg Tri-Counties Health Care District
Klickitat Valley Health Services
La Paz Regional Hospital
Lindsay Health Care District

Lompoc Valley Health Care District
Madera Community Hospital
Mark Twain Health Care District
Mee Memorial Hospital
Memorial Hospital of Gardena
Memorial Hospital - Sheridan
Mendocino Coast Health Care District
Mercy Medical Center - Merced
Modoc Medical Center
Oak Valley Health Care District
Palm Drive Health Care District
Petaluma Health Care District
Pioneers Memorial Health Care District
Progressive Hospital
Ridgecrest Regional Hospital
Saint Agnes Medical Center
Salinas Valley Memorial Health Care District
San Geronimo Health Care District
Selma Health Care District
Seneca Health Care District
Shasta Regional Medical Center
Sierra Kings Health Care District
Sierra View Health Care District
Soledad Community Health Care District
Southern Inyo Health Care District
St Rose Hospital
Summit Healthcare Association
Surprise Valley Health Care District
Tehachapi Valley Health Care District
Thousand Oaks Surgical Hospital
Trinity Hospital
Tulare Regional Medical Center
Tuolumne General Hospital
Victor Valley Global Medical Center
West Contra Costa Health Care District
Westside Health Care District
White Mountain Regional Medical Center

EXHIBIT B
REFERENCES

Exhibit B
Tulare Regional Medical Center
References

Company Name	Lompoc Valley Medical Center (H/C District)
Address	1515 East Ocean Avenue
City, State, Zip Code	Lompoc, California 93436
Contact Person	Wayne Mills, CFO
Telephone Number	(805) 737-3300
Auditor	Rick Jackson

Company Name	Hazel Hawkins Memorial Hospital (H/C District)
Address	911 Sunset Drive
City, State, Zip Code	Hollister, California 95023
Contact Person	Mark Robinson, CFO
Telephone Number	(831) 637-5711
Auditor	Rick Jackson

Company Name	Westside Health Care District
Address	119 Adkisson Way
City, State, Zip Code	Taft, California 93268
Contact Person	Gerry Starr, CEO
Telephone Number	(661) 765-7234
Auditor	Rick Jackson

Company Name	Cobre Valley Regional Medical Center
Address	5880 South Hospital Drive
City, State, Zip Code	Globe, Arizona
Contact Person	Neal Jensen, CEO
Telephone Number	(928) 425-3261
Auditor	Rick Jackson

Company Name	Kern Valley Health Care District
Address	6412 Laurel Avenue
City, State, Zip Code	Mt. Mesa, California 93240
Contact Person	Chet Beedle, CFO
Telephone Number	(760) 379-2681
Auditor	Rick Jackson

Company Name	La Paz Regional Hospital
Address	1200 Mohave Road
City, State, Zip Code	Parker, Arizona
Contact Person	Carl Flanagan
Telephone Number	(928) 669-9201
Auditor	Rick Jackson

Tulare Local Healthcare District dba Tulare Regional Medical Center

Agenda Item

Board Meeting Date: July 25, 2018

Title to Appear on Agenda:

District Insurance Coverages Renewal and Approval: Crime and Fiduciary Liability Coverages Effective August 1, 2017 with Chubb/Federal Insurance Company (via Marsh and McLennan Agency, TLHCD Broker), with Extension to 9/1/18

Brief Description:

It is time to renew the District's Crime and Fiduciary Liability Insurance Coverages effective August 1, 2018.

Background and Details:

The District's Insurance Brokers, Marsh and McLennan Insurance Agency, have worked with the District throughout the bankruptcy to ensure that appropriate insurance coverages have been maintained and coverages kept in place. Over the past few months, they have worked with the Interim Executive Team to obtain renewal quotes for these programs.

M & M has prepared a Summary Schedule of Insurance for these coverages, which provides a summary of the Policy Descriptions, Insurance Carrier(s), Dates of Coverage(s), Effective Dates, and the Premium amounts. The Schedule also provides a comparison to previous Premium amounts along with any relevant changes from the current year to the renewal year.

Note: There will need to be a change in Insurance providers for the renewal, so the existing policies with the same terms and conditions will need to be extended until September 1, 2018, at a cost of \$\$619 for the Fiduciary Coverage and \$338 for the Crime Coverage

Exhibits:

See Attached Schedule of Coverages

Recommended Action:

That the Board approve extension of the current coverages until September 1, 2018 as outlined.

Tulare Local Healthcare District

COVERAGE	CARRIER	POLICY #	8/1/2017 - 2018 PREMIUM	POLICY LIMITS	COMMENTS / NOTES
Fiduciary	Chubb / Federal Insurance Company	82243338	\$ 7,552	<p>Each Fiduciary Claim: \$ 5,000,000</p> <p>All Defense Costs and Settlement Fees on account of All Settlement Program Notices: \$ 100,000</p> <p>Each Policy Period \$ 5,000,000</p> <p>Retention: Fiduciary \$ 25,000</p> <p>Voluntary Settlement Program Coverage \$ -</p> <p>Pending or Prior Date: 9/1/2011</p>	<p>*Claims Made Policy - 1 year Extended Reporting Period (ERP) is available at 150% of Annualized Premium for the expiring policy period. Additional Premium would be \$11,328</p> <p>*Chubb is not renewing and has offered the following: - Extending the policy 30 days to find alternate coverage; additional premium for extension is \$619</p>
Crime	Chubb / Federal Insurance Company	82434689	\$ 4,117	<p>Employee Theft \$ 500,000</p> <p>Premises Coverage \$ 500,000</p> <p>In Transit \$ 500,000</p> <p>Forgery \$ 500,000</p> <p>Computer Fraud \$ 500,000</p> <p>Funds Transfer Fraud \$ 500,000</p> <p>Money Orders and Counterfeit Currency Fraud \$ 500,000</p> <p>Credit Card Fraud \$ 500,000</p> <p>Client Coverage \$ 100,000</p> <p>Social Engineering \$ 50,000</p> <p>Retention: All Except \$ 5,000 Social Engineering \$ 10,000</p>	<p>*Chubb is not renewing and has offered the following: - Extending the policy 30 days to find alternate coverage; additional premium for extension is \$338</p>