

APPENDIX A

Policy and Procedure Guidelines for Grants

I. Policy:

The purpose of Redbud Health Care District includes the promotion of actions to provide health care services in the community. The Redbud Health Care District shall from time to time make grants to health care programs that promote the purpose of the District to enhance the provision of adequate health services to residents of the District.

Any grants made by the District are discretionary. All grant approvals shall be one-time only, and shall not create priority consideration for grantees as to any future grant funds. Decisions shall be subject to availability of District funds.

II. Procedure:

A. Scope of Grants

Grant proposals will be considered by the District based on the following:

1. The grantee shall be a nonprofit health care organization or public agency providing health care services.
2. The grantee shall be within and serving residents of the District or providing a program that will serve the residents of the District.
3. Grant funds will be used to assist grantees for the following purposes: (i) to enhance or supplement existing programs of the grantee; or (ii) to add “start-up funds” for new programs that are capable of continuing operation with stable funding from other sources.
4. Grants will be considered for any program which directly or indirectly enhances the health care of residents of the District.
5. The amount of the grant will be based on the funds available to the District for such purposes at the time of the grant approval.

6. Each grant proposal approved will have a designated grant period within which the grantee may use the grant funds for an approved grant proposal and submit to the District the reports specified in Paragraph II.E.
7. Failure by a grantee to spend grant funds within the approved grant period shall result in the reversion to the District of all unspent grant funds. In addition, the District shall have the right to recoup any grant funds that are expended by a grantee in violation of the conditions of the Grant Agreement between the District and the grantee (the “Grant Agreement”).
8. The District shall not utilize grant funds to conduct or support any service of a hospital or health care provider that competes with services of St. Helena Hospital Clear Lake (SHCL) or its affiliates within the District by providing services, including the provision of hospital services, home health services or any other services, that are substantially similar to services provided by SHCL or their affiliates within the District.

B. Criteria For Grants

The criteria for making decisions on grants shall be the following:

1. Whether the grant will be used to, directly or indirectly, provide health care services to the residents of the District.
2. Whether the grantee and/or the grant program is integrated with the public and private provider network within the community.
3. Whether the grant will be used to supplement or provide operating support for the provision of health care services, as opposed to use for capital costs.
4. Whether the grantee has other sources of funding (grant and operational) available for the grant program.
5. Whether the grantee has or can develop stable sources of future funding in order to sustain the grant program in future years without further grants from the District.
6. Whether the grant will be used to conduct or support a service of a Hospital or health care provider that competes with services of SHCL or its affiliates within the District.

C. Requirements for Grantees

All grantees shall submit a written Request for Assistance (“RFA”) to the District. The RFA shall be reviewed by the District to determine whether it provides the information listed in Paragraph II.C., and the grantee shall be notified if additional information is required. The RFA shall include:

1. Background and basic information as to the grantee, including:
 - a. A brief description of the grantee’s organization including a list of the grantee’s directors and officers and an organization chart of the grantee showing all affiliates and the internal management structure of the grantee.
 - b. A list of all affiliates of the grantee. For purposes of this Policy and Procedure, “affiliate” includes (i) a corporation that directly (or indirectly through one or more intermediaries) controls, is controlled by or is under common control with the grantee (such as a subsidiary, parent or sister corporation) and (ii) any partnership in which the grantee, or any affiliate of the grantee, is a partner.
 - c. A list of all affiliations with for-profit entities, if any. “Affiliation” means an association or working relationship between the grantee and for-profit entity for the provision of services by, for or on behalf of the grantee. An affiliation shall not include donations and other voluntary contributions (monetary or in-kind) to the grantee, or the provision of routine support services, such as utilities, purchase of routine supplies, banking or financial services by commercial banks or lenders, accounting or legal services, or commercial leases of space or equipment.
2. A brief description of the programs of the grantee.
3. A description of the program proposed by the grantee for District Assistance, including the proposed grant period.
4. The goals and objectives of the grant program during the grant period.
5. The budget of operational and capital costs for the program for the year preceding (if applicable) and during the grant period.

6. The amount of grant funds requested.
7. The specific uses of grant funds (capital and operational).
8. The timetable for the payment and use of grant funds and any anticipated changes or events in the grant program during the grant period.
9. A copy of the grantee's most recent independent audit (including management letters) and IRS Form 990 (or equivalent documents).

D. Grant Conditions

1. Basic Grant Conditions. All grantees shall agree to the following basic conditions for receiving a District grant:
 - a. Maintain nonprofit or public agency status (as applicable) during the grant period.
 - b. Maintain tax-exempt status, (if applicable).
 - c. Maintain all required governmental licenses, permits and approvals for the grant program.
 - d. Maintain the grant program in the manner described by the grantee and approved by the District Board.
 - e. Submit basic corporate and operating documents (such as articles of incorporation and bylaws, IRS form 990, independent audit, licenses, etc.) upon request of the District for the purpose of verifying the continuing eligibility and qualifications of the grantee for the grant.
 - f. Maintain and adhere to policies prohibiting the grantee, in the provision of its services to the public and in its employment practices, from discriminating on such grounds as are set forth, and are applicable to the grantee, in the Unruh Civil Rights Act, the California Fair Employment and Housing Act and in other governmental laws and regulations applicable to the grantee.
 - g. Submit reports to the District as specified in Paragraph II.E.

2. Special Grant Conditions. Based on the type of grantee, the nature of the grant program or other factors pertinent to a grant proposal, the District may impose special conditions for a grant.
3. Termination. Grants shall be subject to early termination by the District, as follows:
 - a. At any time, in the event the grantee, or any director, officer or management-level employee of the grantee, is indicted or is otherwise the subject of any governmental criminal investigation or enforcement action related to the operations of the grantee (whether or not related to the grant or the grant program).
 - b. Upon receipt of information that a grantee, or any director, officer or management-level employee of the grantee, is the subject of any governmental civil investigation or enforcement action, or of any published or other public report alleging or finding any impropriety related to the operations of the grantee (whether or not related to the grant or the grant program), the District may terminate the grant on thirty (30) days' notice , subject to first requesting the grantee to respond to the allegations or findings, such as requesting written information from the grantee or holding a public meeting to review the allegations or findings.
 - c. Upon any filing of bankruptcy by the grantee or any appointment of a receiver of the grantee.
 - d. Upon any change in ownership of the grantee.

E. Reporting Obligations.

The grantee shall submit reports to the District containing information pertaining to the grant and the grant program. As a minimum, an annual report and a final report (if different than an annual report) will be required. In addition, depending upon the grant funding level and/or complexity of the grant, the Board may require interim reports. The information contained in the reports shall include, without limitation:

1. The use of the grant funds.

2. The status of the grant program, including services provided.
3. The financial performance of the grant program.
4. The progress of the grantee in meeting grant programs goals and objectives.
5. A certification signed by the chief executive officer or other executive officer of the grantee certifying compliance during the reporting period by the grantee with the terms of the Grant Agreement between the grantee and the District.

F. Grant Approvals

1. The review of RFAs will be the responsibility of the District Board.
 - a. RFAs may be considered at any meeting of the Board. The Board's posted agenda will list each specific grant proposal to be considered by the Board.
 - b. The Board's agenda package shall include the RFA (see Paragraph II.C).
 - c. An applicant for a grant may be required to attend the Board meeting to answer questions regarding the grant proposal.
 - d. No grant proposal shall be approved by the District if any District Board Member (or any immediate family member of a District Board Member):
 - (i) has an ownership interest (including debt) in the grantee;
 - (ii) is an officer or director of the grantee;
 - (iii) is a paid consultant to the grantee; or
 - (iv) has any other financial or business relationship with the grantee that would prohibit the District from making a grant under applicable law. Prior to consideration of any grant proposal by the District Board, each District Board Member shall disclose any financial relationship that the District Board Member (or his/her immediate family members) has with the grantee. This Paragraph II.F. 1.d. shall not prevent

the District Board from approving a grant proposal presented by a grantee that has a financial relationship with the District.

2. The decision to approve an RFA will be made by the District Board of Directors.
3. Upon Preparation of the Grant Agreement, the President and Secretary shall be authorized to execute the Grant Agreement and grant check.
4. Upon approval a Grant Agreement shall be prepared based on the RFA and Board recommendations.

President, Board of Directors

Date