



AGENDA
CITY OF EL CENTRO
CITY COUNCIL
TUESDAY, MARCH 11, 2025

CITY HALL

SPECIAL MEETING
PUBLIC FORUM REGARDING TRANSFER OF HOSPITAL
PROPERTY TO IVHD

5:30 PM

CITY HALL
COUNCIL CHAMBERS
1275 MAIN STREET
EL CENTRO, CA 92243

This is a public forum regarding the City's proposed terms of transfer of the El Centro Regional Medical Center real estate and license to the Imperial Valley Healthcare District (IVHD).

The public may attend in person. See the instructions below regarding "Notice to the Public". Any member of the public is invited to submit public comments in advance of the meeting to be read at the meeting. All comments must be about the subject matter of this meeting. Please email your questions to CityClerk@cityofelcentro.org or call 760-337-4515 by 4:00 p.m. on March 11, 2025, if possible.

COUNCIL MEMBERS, STAFF AND THE PUBLIC MAY ATTEND VIA ZOOM.

To participate and make a public comment in person, via Zoom or telephone, please raise your hand, speak up and introduce yourself.

Join Zoom Meeting:

<https://us06web.zoom.us/j/4180375132?pwd=Rmo5UjZ1cWdyV1VoWUUhSZWp6R0tVZz09&omn=86006326140>

Optional dial-in number: 1 (669) 444-9171
Meeting ID: 418 037 5132 Passcode: 5iHJYM

Public comments via zoom are subject to the same time limits as those in person.

Mayor Pro-Tem and Council Members may be reached at (760) 336-8989

Mayor:		Interim City Manager: Daniel Paramo
Mayor Pro-Tem:	Sonia Carter	City Attorney: Elizabeth Martyn Evans
Council Members:	Sylvia Marroquin	City Clerk: Norma Wyles
	Claudia Camarena	
	Marty Ellett	

5:30 OPEN SESSION

ALL TIMES ARE APPROXIMATE AND MAY VARY:

CALL TO ORDER:

ROLL CALL BY CITY CLERK:

PLEDGE OF ALLEGIANCE:

INVOCATION:

NOTICE TO THE PUBLIC

Any person wishing to address the City Council on any matter on this agenda is asked to complete a "Speaker slip" and submit it to the City Clerk prior to the start of the meeting. Unless the Mayor Pro-Tem extends the time, there is a three-minute time limit for each comment. The decorum for comments is provided on 3-11-25 .

1. Any information provided in the "Speaker Slip" is voluntary and will be a public record.

PRESENTATIONS:

1. Background video regarding the City's role in ECRMC, AB 918, and current negotiations for the transfer of the City's real estate and license to IVHD.
2. Finance Presentation and Impact of Proposed City Payment.
3. Staff report regarding transfer of El Centro Regional Medical Center to IVHD.
4. Public Input/Comments.
5. City Council discussion and action on the City Term Sheet.

ADJOURNMENT:

The next regular City Council meeting will be on Tuesday, March 18, 2025, at 6:00 p.m.

Materials related to an item on this Agenda submitted to the City Council after distribution of the agenda packet will be available for public inspection at the Office of the City Clerk, 1275 Main Street, El Centro, California 92243, Monday-Friday during normal business hours.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, you should contact the office of the City Clerk at (760) 337-4515. Notification at least 48 hours prior to the meeting will enable the City to make reasonable arrangement to assure accessibility to this meeting.



City Council of the City of El Centro

1275 W. Main Street
El Centro, CA 92243

SUBMITTED

ACTION ITEM (ID # 2025-61)

Item: 1.

Meeting: 3/11/2025 5:30 PM

Department: City Clerk

Category: Presentation

Prepared by: Norma Wyles, City Clerk

Department Head:

DOC ID: 2025-61

Background video regarding the City's role in ECRMC, AB 918, and current negotiations for the transfer of the City's real estate and license to IVHD.

CITY MANAGER'S RECOMMENDATION:

Background video regarding the City's role in ECRMC, AB 918, and current negotiations for the transfer of the City's real estate and license to IVHD.

FISCAL IMPACT:

STRATEGIC PLANNING PROGRAM 2022-2027 RELATION:

DUE DILIGENCE CHECK FOR CONTRACTORS/CONSULTANTS: DID THE DEPARTMENT VERIFY CURRENT EL CENTRO BUSINESS LICENSE, CONTRACTOR'S LICENSE, REFERENCE CHECKS, INSURANCE, ETC.:

BACKGROUND:

DISCUSSION:

CONCLUSION:

ATTACHMENTS:

None



City Council of the City of El Centro

1275 W. Main Street
El Centro, CA 92243

SUBMITTED

ACTION ITEM (ID # 2025-62)

Item: 2.

Meeting: 3/11/2025 5:30 PM

Department: City Clerk

Category: Presentation

Prepared by: Norma Wyles, City Clerk

Department Head:

DOC ID: 2025-62

Finance Presentation and Impact of Proposed City Payment.

CITY MANAGER'S RECOMMENDATION:

Finance Presentation and Impact of Proposed City Payment.

FISCAL IMPACT:

STRATEGIC PLANNING PROGRAM 2022-2027 RELATION:

DUE DILIGENCE CHECK FOR CONTRACTORS/CONSULTANTS: DID THE DEPARTMENT VERIFY CURRENT EL CENTRO BUSINESS LICENSE, CONTRACTOR'S LICENSE, REFERENCE CHECKES, INSURANCE, ETC.:

BACKGROUND:

DISCUSSION:

CONCLUSION:

ATTACHMENTS:

None



City Council of the City of El Centro

1275 W. Main Street
El Centro, CA 92243

SUBMITTED

ACTION ITEM (ID # 2025-65)

Item: 3.

Meeting: 3/11/2025 5:30 PM

Department: City Manager

Category: Presentation

Prepared by: Norma Wyles, City Clerk

Department Head: Daniel Paramo

DOC ID: 2025-65

Staff report regarding transfer of El Centro Regional Medical Center to IVHD.

CITY MANAGER'S RECOMMENDATION:

Approve the transfer in a manner fiscally sound for the City of El Centro.

FISCAL IMPACT:

Providing \$5M to IVHD from City reserves will impact the City's ability to provide pay increases as well as to maintain and replace buildings and provide programs; in exchange, it will end any City involvement with the Hospital.

STRATEGIC PLANNING PROGRAM 2022-2027 RELATION:

DUE DILIGENCE CHECK FOR CONTRACTORS/CONSULTANTS: DID THE DEPARTMENT VERIFY CURRENT EL CENTRO BUSINESS LICENSE, CONTRACTOR'S LICENSE, REFERENCE CHECKS, INSURANCE, ETC.:

BACKGROUND:

I served on the Board of PMH for approximately ten (10) years and now am the Interim City Manager. This has given me perspective on the current situation.

To summarize, the City of El Centro has never provided funding to the Hospital. At the time, the Municipal Hospital District was formed, and according to that Act, the City of El Centro did not provide a separate source of revenue for the District, but intended for it to rely on revenues to operate. As healthcare has become more expensive, and given the demographics of the Imperial Valley, that has become problematic. The "payor mix" in the Valley is largely Medicare and Medi-Cal patients, for whom federal and state reimbursement is low. Those can often seek healthcare elsewhere. Pioneers faced the same issues, as does IVHD.

ECRMC is efficiently managed and operated with strategic financial planning. However, the cost of care continues to escalate and there is debt of approximately \$7M/year for seismic retrofit. There are duplicate services between Pioneers (now IVHD) and El Centro.

The City acknowledges that ECRMC has debt for distress hospital loans, as does PMHD. The City also acknowledges that ECRMC has substantial debt (\$123M) for the bonds issues to finance seismic compliance. IVHD's facilities acquired from PMHD are not seismically compliant, and the cost of such compliance – if it even is possible given the design of the building – is at least \$250-300M.

IVHD was formed based upon studies which indicated that merger could increase Medicare reimbursement by bringing together two acute care hospitals within 12 miles of each other and by creating economy of sale and elimination of duplication. The problem for

the City of El Centro is not the concept but the details of the merger.

DISCUSSION:

It is not correct that IVHD is acquiring ECRMC for \$1. IVHD is proposing that the City of El Centro gift \$5 million dollars and up to \$1.5 million in closing costs for a total of \$6.5 million, or they will not go forward to include ECRMC in a Countywide Healthcare District. That is the subject of this hearing. One caveat, however: in response to the public hearing, and based on its “deadline” for the City of El Centro to act without public input, IVHD’s general counsel has indicated that it now will not necessarily agree to a decision made by the Council as a result of this public meeting.

The City and ECRMC have fully cooperated with IVHD, paying for an appraisal (\$138,000) and making all ECRMC books and records available. Consultants retained by IVHD advised IVHD that they needed to seek large amounts of cash from the City of El Centro in order for IVHD to transfer. This was not part of the requirements of AB 918. IVHD’s initial offer – attached here – mandated up to \$10 million dollars from the City of El Centro. That offer was made public on November 5, 2024.

Negotiations have been impacted by private discussions between the IVHD Board President and the City’s former Mayor, leading to gaps in information being shared with City Council, offers made without Council authorization, knowledge or understanding, and an unclear picture of the financial impact of the transaction on the City. (See Exhibit 1 attached). Further inaccuracies were presented regarding the City’s responsibility for ECRMC debt. For these reasons, the City of El Centro has required that all contact with IVHD be through attorneys and that the entire Council participate in the important decision to be made. The final step in that decision is public input.

To be clear: the City of El Centro does not belong in the healthcare business. It supports healthcare within the City of El Centro (as shown by the formation of a Municipal Hospital District) and within the Imperial Valley. It would be nonsensical for IVHD to walk away from the transaction when the clear purpose of the legislation forming it is to create a Countywide Healthcare District. We have come a long way from the original IVHD demand and agree on all portions of the terms except the \$5M. The City agrees to the \$1.5M in closing costs, which is typical for this type of transaction.

The Interim Finance Director and Financial Consultant, Andy Heath, has presented the impact on the City of a \$5 million dollar payment.

CONCLUSION:

It is up to the City Council to weigh city's needs for healthcare along with other programs.

ATTACHMENTS:

1. Exhibit 1 - Censure Request Final 3.4.25
2. IVHD initial terms
3. Redline - Term Sheet (City of El Centro Offer February 10 2025)

MEMORANDUM

TO: Mayor Tomas Oliva

FROM: Council Member Claudia M. Camarena

CC: Mayor Pro Tem Carter, Council Members Marroquin and Ellett

RE: **Written Complaint and Request for Investigation and Consideration for Censure of Mayor Tomas Oliva Pursuant to City Norms and Procedures Section XVII Censure Policy**

I begin this memorandum by stating, to the best of my knowledge, nothing therein violates the mandates listed within the Brown Act.

It is with deep anguish that I pen this complaint requesting the investigation of the serious possible violations of City of El Centro policy and law committed by Mayor Tomas Oliva during the course of his simultaneous positions of Mayor and negotiator for the City of El Centro in relation to the proposed sale of El Centro Regional Medical Center (ECRMC) hospital (property & license) to the Imperial Valley Health District (IVHD) as referenced in Assembly Bill 918.

As a new council member entering a seasoned negotiation amongst the two forementioned entities, it is vital that I receive and understand the foundation of said negotiations as well as the funding sources in which a substantial cash settlement has been identified by the Mayor as “available” and “not affecting” the City of El Centro budgets for the maintenance of the City’s responsibilities and its’ employees. The information is necessary for me to make an educated decision when required to vote on said negotiation. Unfortunately, since my tenure began with the city council, I immediately recognized that the Mayor treats the administration of the city i as if the model were Elected Mayor/Council instead of what the model actually is which is a City Council/City Manager operation. Mayor Oliva consistently and repeatedly makes independent decisions and withholds information from the council, denying the council a voice or opportunity to provide input necessary to vote on matters a council member is required/requested to vote on. I have notified Mayor Oliva of said observation with no correction and/or explanation of said behavior occurring. The mayor has independently determined the terms of the negotiation by presenting what the offer will be without an opportunity for discussion.

Since my term began in December 2024, two other council members and I have repeatedly requested supportive detailed financial documentation as to the monetary figures Mayor Oliva has presented in closed session regarding the amount of monies being offered to IVHD without the ability to confirm the numbers and reasoning he was presenting. Our requests were to no avail. The mayor has not provided the council or the other member of the negotiating subcommittee with information regarding the said transaction. Mayor Oliva instead instructed me to read the ECRMC Orientation Binder and that I would find all the information to assist me understand the negotiations there. I complied and found that the Binder did not educate me on the matter with the exception of Article III Board of Trustees Section 3.01 Powers and Duties which states, “The Board of Trustees is a public agency separate and apart from the city council of the City of El Centro, and *neither is responsible for the debts or liabilities of the other nor are the employees of the Hospital employees of the City of El Centro*”. I believe Mayor Oliva has provided false information to council in an attempt to get the city to commit an amount of money that it

cannot afford. The mayor's actions appear to support an outside agency more than the City he represents.

Mayor Oliva has repeatedly given assurance that politicians at the Senate and/or Assembly level have given their word that they will "fight to have the hospital distress loan written off as a grant" or that "the city will receive some sort of compensation for the payout being given (to IVHD)". However, when I have pressed the Mayor for a written guarantee/confirmation of said bargaining tools, either I have been ignored or none have come to fruition leaving me with the conclusion that either 1) good faith negotiations are absent and/or 2) the information being given to us as a council may be fabricated in order to arrive at a conclusion which may be financial detrimental to the City of El Centro if taken into consideration during negotiations. I have repeatedly stated those are promises and not guaranteed projections of payments from the offices he has mentioned.

Nothing in the following examples violates the confidentiality provisions of the Brown Act to the extent of my knowledge. Therefore, I respectfully request that the confidential examples be investigated. Mayor Oliva has consistently exceeded his authority by negotiating privately with IVHD Board Member Katie Burnworth. Mayor Oliva has denied requests for information and public input/notification to residents in regards to proposed negotiation offers while continuously conversing with IVHD at the expense and detriment of the city he was elected to serve and represent. Mayor Oliva has advocated for IVHD more than he has advocated in the best interest of the City of El Centro. On Wednesday, February 26, 2024, the El Centro City Council was presented with a confidential draft "Asset Transfer Offer". Upon review, the council voted 2-2-1 to not approve until an opportunity was provided to residents to provide input and respond to questions/concerns they may have due to the large, proposed payout being offered. Mayor Oliva became upset and then stated, "if we did not approve the offer that night that he was told by Ms. Burnworth the deal would be off." I asked the Mayor when he knew of this statement and he stated he had been informed before he entered into our meeting. I asked why he had not informed us to which he replied he just had. Mayor Oliva then left the meeting (due to another meeting) but in that time took it upon himself to contact IVHD and share the decision made in closed session not to approve the offer. The mayor has provided information to others outside of the city and not to council members. The mayor refuses to allow the public an opportunity to review and provide input regarding said negotiations.

Violation of the Brown Act

Government Code Section 54963 states that a person may not disclose confidential information that has been acquired by being present in a closed session, unless authorized by the Council. Being part of the negotiating subcommittee does not exempt him from the above mentioned requirements.

The penalty for violation of the closed session provisions of the Brown Act may include censure.

Consistently Exceeding the Duties of the position of Mayor

As previously mentioned and based on my personal observation, Mayor Oliva operates the role of Mayor in an authoritarian manner. The City of El Centro has a Council-Manager form of government as there is no elected mayor position. Section IV of the Norms and Procedures states, "the Mayor and Mayor pro Tempore are peers of and serve at the pleasure of the other council members". I have frequently observed the mayor conduct council meetings in a manner where information is not shared

but instead an expectation to agree and continue is projected. I have brought this up to the mayor twice during closed session to no avail. My interpretation is that fellow council members may be intimidated by what may be interpreted as possible retaliatory action based on his position and perceived power. When acting as the spokesperson for the Council, Mayor Oliva has represented his own views and not those of the Council. The best example is in negotiations regarding the transfer of ECRMC to IVHD. Although the city is represented by attorneys, the mayor directly communicates with the chair of IVHD despite a recent email instructing council members to allow the attorneys to communicate exclusively. Mayor Oliva does not allow dissent in violation of Norms and Procedures VI (5) – “any council members shall have the right to express dissent from or protest to any proposed action of the City Council”. Section VI (9) states the city council will allow everyone’s opinion to be heard and respected”. Norms and Procedures Section V “Duties” Section D states in part, “the affirmative votes of at least three members of the Council shall be required in order for the City council to take action on an item of business or in making or approving any order for the payment of money”.

Please note there is a legitimate fear of retaliation held by council members for requesting this investigation. This fear is substantiated by the phone call made on Friday, February 28, 2025, to a council member stating any actions made against him will have consequences.

I respectfully request that this matter be referred for investigation. While the investigation is pending, I request the following actions be taken:

- The Council abolishes the negotiating subcommittee so that any negotiations include the entire El Centro City Council
- That the mayor temporarily steps aside from his position as mayor and his committee assignments, including ECRMC, through the conclusion of the investigation and Council action on it. This request is aligned with action taken by a previous council member to protect the integrity of the investigation as well as the continued negotiations. Under the City rules and as the prior mayor, Council Member Sylvia Marroquin will serve as the interim mayor during the investigation.
- That the mayor step aside from his committee assignments through the conclusion of the investigation. This request is aligned with action taken by a previous council member to protect the integrity of the investigation as well as the continued negotiations.
- That the mayor does not represent the City in any functions, including, but not limited to, out of town travel until the investigation has concluded.

Exhibit 1

THE IMPERIAL VALLEY HEALTHCARE DISTRICT

President

Katherine Burnworth

Vice-President

Laura Goodsell

Treasurer

Donald W. Medart Jr.

Secretary

Arturo Proctor

Trustee

Enola Berker

Trustee

Rodolfo Valdez

Trustee

James Garcia

Support for the IVHD

(AB918)

Tomas Virgen

**NOTICE OF SPECIAL MEETING
1275 MAIN STREET
EL CENTRO, CALIFORNIA 92243**

Tuesday, November 5, 2024

**THE BOARD OF DIRECTORS OF IMPERIAL VALLEY HEALTHCARE DISTRICT
WILL CONDUCT A
SPECIAL MEETING**

**THE SPECIAL MEETING WILL BEGIN AT
6:00 P.M.**

**AT THE DISTRICT'S OFFICES LOCATED AT:
601 Heber Avenue
Calexico, CA 92231**

ZOOM LINK:

<https://zoom.us/j/6109475788?pwd=VkMvMUxIT2trVFRxcUVtRXVJK3pqZz09&omn=92140730416>

Meeting ID# 610 947 5788 Passcode: 569753

Dial In: 1 (669) 900-9128

AGENDA

- 1. CALL TO ORDER**
- 2. ROLL CALL-DETERMINATION OF QUORUM**
- 3. PLEDGE OF ALLEGIANCE**
- 4. PUBLIC COMMENTS:**

At this time the Board will hear comments on any agenda item. If any person wishes to be heard, he or she shall stand; address the president, identify self, and state the subject for comment. Time limit for each speaker is 3 minutes (if a speaker wishes to speak on multiple items, the speaker will get 4 minutes total across all items). A total of 15 minutes shall be allocated for each item for all members of the public. The board may find it necessary to limit the total time allowable for all public comments on items not appearing on the agenda at anyone one meeting to one hour.

5. CLOSED SESSION

- a. **CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (Gov. Code 54956.9(d)(1))**
Pioneers Memorial Healthcare District v. Imperial Valley Healthcare District
Imperial County Superior Court Case No. ECU003473

REPORT OUT OF CLOSED SESSION

6. ITEMS FOR DISCUSSION, EVALUATION, AND POSSIBLE APPROVAL

- a. **Discussion and Action to Approve Term Sheet dated November 5, 2024, for Delivery to the City of El Centro and El Centro Regional Medical Center, Finalizing IVHD's Terms for Acquisition of Hospital as Required by AB 918 (Health & Safety Code § 32499.6(c)(4)(A))**

7. ITEMS FOR FUTURE AGENDA:

This item is placed on the agenda to enable the Board to identify and schedule future items for discussion at upcoming meetings and/or identify press release opportunities.

8. ADJOURNMENT:

- a. Regular and Special Board meetings will be held as determined by the IVHD Board.
- b. The next regular meeting of the Board will be held on November 14, 2024.
- c. The agenda package and material related to an agenda item submitted after the packets distribution to the Board is available for public review in the entrance area of the office where the Board meeting will take place.

POSTING STATEMENT

A copy of the agenda was posted November 1, 2024, at 601 Heber Avenue, Calexico, California 92231 at 5:00 p.m. and other locations throughout the IVHD consistent with California law. Disclosable public records and writings related to an agenda item distributed to all or a majority of the Board, including such records and written distributed less than 24 hours prior to this meeting are available for public inspection at the District Administrative Office where the IVHD meeting will take place.

NOTICE In compliance with the Americans with Disabilities Act, any individuals requesting special accommodations to attend and/or participate in District Board meetings may contact the district at (760)357-6522. Notifications 48 hours prior to the meeting will enable the district to make reasonable accommodations.

IMPERIAL VALLEY HEALTHCARE DISTRICT

November 5, 2024

El Centro Regional Medical Center
City of El Centro

Re: **Asset Transfer Offer**

To Whom It May Concern:

On behalf of Imperial Valley Healthcare District, a California healthcare district (“**IVHD**”), I am pleased to submit the attached term sheet (the “**Term Sheet**”) summarizing IVHD’s offer (the “**Offer**”) to acquire from El Centro Regional Medical Center, a municipal hospital (“**ECRMC**”), and the City of El Centro, a California municipality (the “**City**,” and together with ECRMC, individually a “**Seller**” and collectively, “**Sellers**”, and together with IVHD, each a “**Party**”, and together, “**Parties**”), all of the Sellers’ assets and liabilities of the El Centro Regional Medical Center, a municipal hospital of the City that provides healthcare services to the Imperial Valley in California through its 161 bed acute-care medical center and multiple outpatient centers (each a “**Center**” and collectively, the “**El Centro Healthcare Establishment**”). The potential acquisition of the assets and liabilities of the El Centro Healthcare Establishment shall be referred to as the “**Transaction**”. This Offer finalizes IVHD’s terms for the Transaction as required by California Assembly Bill No. 918.

The specific terms of the Offer are set forth in the Term Sheet. The Term Sheet reflects IVHD’s offer only and when signed by IVHD and each Seller shall be deemed to reflect the intention of the Parties, but for the avoidance of doubt neither the Term Sheet nor its acceptance shall give rise to any legally binding or enforceable obligation on any Party, except with regard to the provisions of the Term Sheet under the heading “PART TWO – BINDING PROVISIONS.” No contract or agreement providing for the potential Transaction shall be deemed to exist between IVHD and the Sellers or any of their affiliates unless and until definitive transaction documents shall have been executed and delivered by the Parties.

Very Truly Yours,

Katherine Burnworth
President
Imperial Valley Healthcare District

IMPERIAL VALLEY HEALTHCARE DISTRICT

TERM SHEET

PART ONE - NONBINDING PROVISIONS

The following provisions of this Term Sheet (collectively, the “**Nonbinding Provisions**”) reflect the Parties’ mutual understanding of the matters described in them, but each Party acknowledges that neither the Nonbinding Provisions nor any prior or subsequent course of conduct or dealing among the Parties is intended to create or constitute any legally binding obligation between IVHD and the Sellers, and neither IVHD nor the Sellers shall have any liability to the other Party with respect to the Nonbinding Provisions. Whether or not a fully integrated, definitive agreement (the “**Definitive Agreement**”), and other related documents, are prepared, authorized, executed or delivered by the Parties, no Party to this Term Sheet shall have any liability to any other Party to this Term Sheet based upon, arising from or relating to the Nonbinding Provisions.

Basic Transaction:	IVHD will acquire all of the assets (the “ Assets ”) and liabilities (the “ Liabilities ”) of the El Centro Healthcare Establishment at the closing of the proposed Transaction (the “ Closing ”).
Principal Transaction Economic Terms	At the Closing, IVHD will purchase the Assets, net of the Liabilities, for a price of One Dollar (\$1). At the Closing, the Assets shall include at least Ten Million Dollars (\$10,000,000) of cash-on-hand (subject to potential adjustment as described below, the “ Target Cash Amount ”), and the Liabilities shall not include more than Twenty-Three Million Dollars (\$23,000,000) of Specified Payables (the “ Target Specified Payables Amount ”). To the extent the Assets at Closing include cash that is less than the Target Cash Amount, the City shall pay to IVHD an amount of cash at Closing equal to such shortfall. To the extent the Liabilities at Closing include Specified Payables that are greater than the Target Specified Payables Amount, the City shall pay to IVHD an amount of cash at Closing equal to such excess. Within 120 days after the Closing, the Parties shall endeavor to confirm the actual cash included in the Assets and the actual amount of Specified Payables included in the Liabilities, and to the extent any adjustments at Closing were insufficient to ensure that IVHD received sufficient cash at Closing to achieve the Target Cash Amount and the Target Specified Payables Amount, the City shall make a supplemental payment to IVHD to achieve such target amounts. For purposes of this Term Sheet, “ Specified Payables ” means the sum of the following amounts from the El Centro Healthcare Establishment’s balance sheet calculated in a manner consistent with the historical accounting practices of the El Centro Healthcare Establishment: (i) Accounts Payable and Accrued Expenses, <i>plus</i> (ii) Accrued Compensation and Benefits. In the event that the El Centro Healthcare Establishment receives any supplemental payments prior to the Closing Date that were forecasted (in the forecast provided to IVHD on October 28, 2024, dated September 28, 2024) to be received on or after the Closing Date (a “ Specified Pre-Closing Supplemental Payment ”), the Target Cash Amount shall be increased by the amount of the Specified Pre-Closing Supplemental Payment.

	In addition to the above, on July 1 and January 1 of each year, commencing within July 1, 2025 and January 1, 2026 as the first two payment dates, and continuing until IVHD receives the first payment under a voter approved funding mechanism, the City shall make cash payments to IVHD of Two Million Dollars (\$2,000,000). If at any time within the two (2) years after the Closing Date (the “Cash Period”), the El Centro Healthcare Establishment’s cash on hand is less than Five Million Dollars (\$5,000,000) (the “Required Cash Amount”), the City shall promptly make a cash payment to IVHD to bring IVHD’s cash on hand up to the Required Cash Amount. In no event shall the City be obligated during the Cash Period to fund more than Fifteen Million Dollars (\$15,000,000) in cash shortfalls.
Definitive Documentation:	The Parties intend promptly to begin negotiating to reach a written Definitive Agreement which would contain such representations, warranties, conditions and agreements that are customary for acquisitions of medical facilities of this nature.
Indemnification:	The Definitive Agreement shall contain customary representations and warranties for the acquisition of a medical facility of this nature. The Parties shall cooperate to attempt to procure a representations and warranties insurance policy (a “ RWI Policy ”) to serve as the primary source of recovery for breaches of the representations and warranties. The City shall be responsible for the full policy premium and any retention under such a policy. Other than in the case of fraud, IVHD’s sole recourse for a breach of any representations and warranties (after the retention has been satisfied) shall be from the RWI Policy.

PART TWO - BINDING PROVISIONS.

In consideration of the significant costs to be borne by IVHD in pursuing this proposed Transaction, upon execution by IVHD and the Sellers of this Term Sheet or counterparts thereof, the following provisions of this Term Sheet (collectively, the “**Binding Provisions**”) shall constitute the legally binding and enforceable agreement of IVHD and the Sellers.

Definitive Agreement:	IVHD and its counsel shall prepare the initial draft of the Definitive Agreement.
Access:	Sellers shall provide IVHD and its advisors access to Sellers’ facilities, books, and records (including financial and accounting) related to the El Centro Healthcare Establishment during normal business hours and shall cause its officers, employees, attorneys, accountants, consultants, advisers, and other agents and representatives (collectively, “ Representatives ”) to cooperate fully with IVHD and its Representatives in connection with IVHD’s due diligence review of the El Centro Healthcare Establishment and its assets, contracts, liabilities, operations, records and other aspects of the El Centro Healthcare Establishment.

Conduct of Business:	Unless and until the Definitive Agreement has been duly executed and delivered by each of the Parties or the Binding Provisions have been terminated as provided for under the heading "Termination" below, Sellers shall notify IVHD, in advance, of any conduct of the El Centro Healthcare Establishment outside of the ordinary course of business and of any extraordinary transactions proposed to be engaged in by the Sellers related to the El Centro Healthcare Establishment.
Costs:	Each Party shall be responsible for and bear all of its own fees, costs and expenses incurred at any time in connection with pursuing or consummating the proposed Transaction; <i>provided, however</i> , that in the event the Transaction closes, the City shall be responsible for paying One Million Five Hundred Thousand Dollars (\$1,500,000) of IVHD's expenses associated with the Transaction.
Governing Law:	The Binding Provisions shall be governed by and construed in accordance with the laws of the State of California.
Entire Agreement:	The Binding Provisions constitute the entire agreement among the Parties, superseding all prior oral or written agreements, understandings, representations and warranties, and courses of conduct and dealing among the Parties on the subject matter hereof. The Binding Provisions may be amended or modified only by a writing executed by each Party.
Termination:	The Binding Provisions shall automatically terminate on the 90 th day following the signing of this Term Sheet, or upon exchange of signed writing by any of the Parties terminating the Transaction, whichever is sooner. Upon termination of the Binding Provisions, the Parties shall have no further obligations hereunder, except for those obligations provided for under the headings "Costs," "Governing Law" and "Entire Agreement," which shall survive any such termination.

[Remainder of page intentionally left blank]

Please sign and date this Term Sheet in the space provided below to confirm the mutual agreements set forth in the Binding Provisions and return a signed copy to the undersigned.

Very truly yours,

IMPERIAL VALLEY HEALTHCARE
DISTRICT

By: _____
Name: Katherine Burnworth
Title: President

Acknowledged and agreed as to the Binding Provisions:

EL CENTRO REGIONAL MEDICAL
CENTER

By: _____
Name:
Title:

Date: _____

CITY OF EL CENTRO

By: _____
Name:
Title:

Date: _____

TERM SHEET

PART ONE - NONBINDING PROVISIONS

The following provisions of this Term Sheet (collectively, the “**Nonbinding Provisions**”) reflect the Parties’ mutual understanding of the matters described in them, but each Party acknowledges that neither the Nonbinding Provisions nor any prior or subsequent course of conduct or dealing among the Parties is intended to create or constitute any legally binding obligation between IVHD and the Sellers, and neither IVHD nor the Sellers shall have any liability to the other Party with respect to the Nonbinding Provisions. Whether or not a fully integrated, definitive agreement (the “**Definitive Agreement**”), and other related documents, are prepared, authorized, executed or delivered by the Parties, no Party to this Term Sheet shall have any liability to any other Party to this Term Sheet based upon, arising from or relating to the Nonbinding Provisions.

Basic Transaction:	IVHD will acquire all of the assets (the “ Assets ”) and assume all of the liabilities (the “ Liabilities ”) of the El Centro Healthcare Establishment at the closing of the proposed Transaction (the “ Closing ”).
Principal Transaction Economic Terms:	At the Closing, IVHD will acquire the Assets and assume all Liabilities of the El Centro Healthcare Establishment, including all assets and liabilities of the pension plans, for a price of One Dollar (\$1). Prior to the Closing, ECRMC will use commercially reasonable efforts to maintain <u>at least Five Million Dollars (\$5,000,000) of</u> cash on hand, and payables at levels consistent with past practices. For the avoidance of doubt, the El Centro Healthcare Establishment assets transferred at Closing include: (i) the four residential properties owned by the City on the street behind ECRMC; and (2) the clinic property at 385 Main Street, El Centro. In addition to the above, and in exchange for a full and complete release <u>by IVHD</u> of the City, ECRMC, and their respective managers and affiliates of all claims and liabilities other than obligations under the definitive transaction documents, the City and ECRMC will transfer the Assets of the El Centro Healthcare Establishment and the City shall make a <u>one-time</u> cash payment to IVHD of Five Million Dollars (\$5,000,000) upon Closing. The definitive transaction documents will contain covenants requiring that all of the foregoing funds only be used to fund operations at the El Centro Healthcare Establishment, <u>and in no event will the City be required to pay any amount in excess of the above referenced cash payment, plus the expenses referenced below. This one-time payment is intended to support healthcare for City residents.</u> Prior to Closing, ECRMC shall enter into a three year (the “Line Period”) line of credit agreement for \$15M that will remain in place following the Closing (the “LOC”). The LOC shall have a balance of \$0 at Closing. <u>The City will not guarantee, co-sign, or in any way be responsible for the LOC.</u> The City will cooperate with IVHD, both prior to and after the Closing, in IVHD’s proposed county-wide tax measure, which must be on the ballot in 2026 or sooner. Notwithstanding the foregoing, the City is not responsible for funding the costs of the county-wide tax measure or for the outcome of the vote. The terms of the Transaction will not change in the event that the

	county-wide tax measure does not pass and such county-wide tax measure shall not be a condition to closing of the Transaction. At Closing, ECRMC will terminate its employees and IVHD will offer to employ all of the terminated ECRMC employees effective immediately as of the Closing Date, at compensation levels consistent with what each employee received immediately pre-Closing. At or prior to closing, IVHD will establish or make available a private retirement plan for participation by the transferred employees.
Closing Conditions	Among other customary conditions to Closing, at the Closing, the Assets must include at least Five Million Dollars (\$5,000,000) of cash-on-hand (subject to potential adjustment as described below, the “Cash Amount”), and the Liabilities shall not include more than Twenty-Nine Million Dollars (\$29,000,000) of Specified Payables (the “Specified Payables Amount”). For purposes of this Term Sheet, “Specified Payables” means the sum of the following amounts from the El Centro Healthcare Establishment’s, <u>calculated from ECRMC’s</u> balance sheet calculated and in a manner consistent with the historical accounting practices of the El Centro Healthcare Establishment: (i) Accounts Payable and Accrued Expenses, plus (ii) Accrued Compensation and Benefits <u>ECRMC: accounts payable, accrued expenses, and accrued compensation (not including accrued benefits).</u>
Definitive Documentation:	The Parties intend promptly to begin negotiating to reach a written Definitive Agreement which would contain representations, warranties, conditions and agreements that are customary for acquisitions of medical facilities of this nature. No Party will be obligated to indemnify another Party (but, for the avoidance of doubt, as is customary in transactions of this nature, IVHD shall not be required to close the transaction in the event of a material breach of the representations and warranties prior to Closing). The Parties will not attempt to procure a representations and warranties insurance policy in connection with the Transaction. The Definitive Agreement will contain non-disclosure and non-disparagement provisions.
Regulatory Approvals:	The transfer of material hospital licenses will be a prerequisite to consummating the Transaction. IVHD will be responsible for paying any necessary regulatory filing fees.
Operating Commitment:	IVHD will use best efforts to operate ECRMC as a general acute care hospital for ten years post-Closing.
Bond Commitment:	The City on behalf of the El Centro Financing Authority will use commercially reasonable efforts to effect a transfer of the bond obligations to IVHD on the same terms and conditions. ECRMC will transfer any remaining bond proceeds to IVHD. <u>All necessary consents, including that of</u> Preston Hollow’s consent <u>Hollow,</u> to the transfer of the bond obligations to IVHD on the same terms and conditions will be a prerequisite to the City consummating the Transaction.

PART TWO - BINDING PROVISIONS.

In consideration of the significant costs to be borne by the Parties in pursuing this proposed Transaction, upon execution by IVHD and the Sellers of this Term Sheet or counterparts thereof, the following provisions of this Term Sheet (collectively, the “**Binding Provisions**”) shall constitute the legally binding and enforceable agreement of IVHD and the Sellers.

Definitive Agreement:	The City and its counsel shall prepare the initial draft of the Definitive Agreement.
Access:	Each Party ECRMC and IVHD shall provide the to each other Party and its <u>each other's</u> advisors access to its facilities, books, and records (including financial and accounting) related to the Transaction during normal business hours and shall cause its officers, employees, attorneys, accountants, consultants, advisers, and other agents and representatives (collectively, “ Representatives ”) to cooperate fully with the other Party and its Representatives.
Conduct of Business:	Unless and until the Definitive Agreement has been duly executed and delivered by each of the Parties or the Binding Provisions have been terminated as provided for under the heading “Termination” below, each Party shall notify the other, in advance, of any conduct outside of the ordinary course of business and of any extraordinary transactions proposed to be engaged in by such Party.
Costs:	Each Party shall be responsible for and bear all of its own fees, costs and expenses incurred at any time in connection with pursuing or consummating the proposed Transaction; <i>provided, however</i> , that in the event the Transaction closes, the City shall be responsible for paying One Million Five Hundred Thousand Dollars (\$1,500,000) of IVHD’s reasonable, documented expenses associated with the Transaction; and <i>provided further</i> that the City shall not reimburse IVHD for any costs or expenses related to any representations and warranties insurance policy, including policy premiums or attorney or other professional fees associated with any such policy.
Governing Law:	The Binding Provisions shall be governed by and construed in accordance with the laws of the State of California.
Non-Disparagement:	No Party shall, whether in writing or orally, malign, denigrate or disparage another Party, or any of its current or former directors, officers, employees, partners, members, agents or representatives, with respect to any of their respective past or present activities associated with the El Centro Healthcare Establishment (including the negotiation of this Transaction), or otherwise publish (whether in writing or orally) statements that tend to portray any of the aforementioned parties in an unfavorable light with respect to any of their respective past or present activities associated with the El Centro Healthcare Establishment (including the negotiation of this Transaction). Notwithstanding the foregoing, nothing in these Binding Provisions shall preclude any party from responding accurately and fully to any request for information or disclosure of documents if required by law, court order,

	subpoena or other legal process, in any criminal, civil, or regulatory proceeding or investigation, or in any legal dispute between the parties. In addition, nothing in this provision or these Binding Provisions is intended to prohibit or restrain the parties in any manner from making disclosures that are protected under the whistleblower provisions of federal or state law or regulation.
Press Releases:	No Party hereto shall release, publish, or otherwise make available to the public in any manner whatsoever any information or announcement regarding the Transaction without the prior written consent of the Sellers and IVHD, except for information and filings reasonably necessary to be directed to governmental agencies to fully and lawfully effect the transactions herein contemplated or required in connection with securities and other laws.
Entire Agreement:	The Binding Provisions constitute the entire agreement among the Parties, superseding all prior oral or written agreements, understandings, representations and warranties, and courses of conduct and dealing among the Parties on the subject matter hereof. The Binding Provisions may be amended or modified only by a writing executed by each Party.
Termination:	The Binding Provisions shall automatically terminate on the 90 th day following the signing of this Term Sheet, or upon exchange of signed writing by any of the Parties terminating the Transaction, whichever is sooner. Upon termination of the Binding Provisions, the Parties shall have no further obligations hereunder, except for those obligations provided for under the headings “Costs,” “Governing Law” and “Entire Agreement,” which shall survive any such termination.

Please sign and date this Term Sheet in the space provided below to confirm the mutual agreements set forth in the Binding Provisions and return a signed copy to the undersigned.

Very truly yours,

IMPERIAL VALLEY HEALTHCARE
DISTRICT

By: _____
Name: Katherine Burnworth
Title: President

Acknowledged and agreed as to the Binding Provisions:

CITY OF EL CENTRO

By: _____
Name: _____
Title: _____
Date: _____



City Council of the City of El Centro

1275 W. Main Street
El Centro, CA 92243

SUBMITTED

ACTION ITEM (ID # 2025-63)

Item: 4.

Meeting: 3/11/2025 5:30 PM

Department: City Clerk

Category: Presentation

Prepared by: Norma Wyles, City Clerk

Department Head:

DOC ID: 2025-63

Public Input/Comments.

CITY MANAGER'S RECOMMENDATION:

Public Input/Comments.

FISCAL IMPACT:

STRATEGIC PLANNING PROGRAM 2022-2027 RELATION:

DUE DILIGENCE CHECK FOR CONTRACTORS/CONSULTANTS: DID THE DEPARTMENT VERIFY CURRENT EL CENTRO BUSINESS LICENSE, CONTRACTOR'S LICENSE, REFERENCE CHECKES, INSURANCE, ETC.:

BACKGROUND:

DISCUSSION:

CONCLUSION:

ATTACHMENTS:

None



City Council of the City of El Centro

1275 W. Main Street
El Centro, CA 92243

SUBMITTED

ACTION ITEM (ID # 2025-64)

Item: 5.

Meeting: 3/11/2025 5:30 PM

Department: City Clerk

Category: Presentation

Prepared by: Norma Wyles, City Clerk

Department Head:

DOC ID: 2025-64

City Council discussion and action on the City Term Sheet.

CITY MANAGER'S RECOMMENDATION:

City Council discussion and action on the City Term Sheet.

FISCAL IMPACT:

STRATEGIC PLANNING PROGRAM 2022-2027 RELATION:

DUE DILIGENCE CHECK FOR CONTRACTORS/CONSULTANTS: DID THE DEPARTMENT VERIFY CURRENT EL CENTRO BUSINESS LICENSE, CONTRACTOR'S LICENSE, REFERENCE CHECKES, INSURANCE, ETC.:

BACKGROUND:

DISCUSSION:

CONCLUSION:

ATTACHMENTS:

None