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Meeting of the Board of Directors
Wednesday January 24, 2018
7:30 am
Mark Twain Medical Center Classroom 2
768 Mountain Ranch Rd,
San Andreas, CA

Approved Minutes

Mark Twain Health Care District Mission Statement

"Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care".

1. Call to order:

President, Lin Reed called the meeting to order at 7:33am. With the passing of Bob Campana she showed gratitude for his 33 years of serving on the District Board. He was a part of the 1989 negotiations for the current lease and often discussed that process and outcome with great pride. In 2015 he received the Golden Health Lifetime Achievement Award. "We have great medical staff", Campana said, "I don't know what else you need for success.....dedication maybe." Bob will be sorely missed.

2. Roll Call:

Present for roll call was Lin Reed, MBA OTR/L; Ann Radford, FNP; Susan Atkinson, MSW; Debbie Sellick, CMP and Talibah Al-Rafiq.

3. Approval of Agenda: Action

Ms. Atkinson moved to approve the agenda and referenced the updated attachments sent on Jan. 23, 2018. Ms. Radford provided her second and the motion passed 5-0. The updated attachments (agenda item 6) included; the final Fair Market Value Report by VMG Health; final resolutions (2018-01 and 2018-02) which included the final Dignity Health Term Sheets.

4. Public Comment on matters not listed on the Agenda:

Ms. Crane: Attend the women's march on Sat. wherein she met a lady that has used the MTMC psychiatry telehealth for years.

5. Consent Agenda: Action

- Un-Approved Meeting Minutes - November 29, 2017 Board Meeting.
- Un-Approved Meeting Minutes - December 11, 2017 Board Meeting
- Un-Approved Meeting Minutes - December 13, 2017 Board Meeting
- Un-Approved Meeting Minutes - December 18, 2017 Board Meeting
- Un-Approved Meeting Minutes - January 19, 2018 Special Board Meeting
- Un-Approved Finance Committee Meeting Minutes – December 6, 2017

Ms. Al-Rafiq moved to approve the Consent Agenda. Ms. Atkinson provided her second and the motion passed 5-0.

6. New Business:

Ms. Reed: Provided a history on how the District arrived at the agenda item of New Business stating; the process started some 4 years ago when the District engaged in negotiations with Dignity creating the 6th amendment to the current lease; the thought was the 6th amendment would serve as a template for a future lease with Dignity Health; that didn't happen but it did start the process to establish a relationship with Dignity Health; Dr. Peter Oliver was the chair, Daymon Doss, Ex. Dir. alongside District legal, Mike Dean; on the Dignity team was Karl Silberstein and Craig Cannizzo, legal; a lot of ground work was set for a new lease and how to unwind the old lease; Dr. Oliver left the Board and Dr. Smart joined the team. Gary Spaugh came out of retirement as he had been a vital part of the 1989 St. Joseph's lease along with Bob Campana; everyone thought the lease was done in June of 2016, but the public attended Board meetings with questions like how do you know this is the best for MTMC? maybe the Board should consider running the hospital independently; the prior studies were too general; the interaction with the public prompted a Request For Proposal (RFP) being sent out prompting interaction with other possible partners (Sutter, Kaiser and Adventist); Adventist Health answered the RFP and spent several months in negotiations with the District then they left the process; Dignity was still open to re-enter discussions and was committed to be at the table and respectful of the developments thus far; the Board entered into a Non-Disclosure Agreement (NDA) with Dignity Health and draft term-sheets were developed. She is proud of the years of work and effort by all, bringing us to today and giving us, the end result we can all be proud of.

- **Fair Market Value Report – VMG Health, LLC:**

Dr. Smart: The public that attended the Dec. 11, 13 & 19th Board meetings can attest to the term-sheet changing along the way. Since the term-sheet calls for the transfer of 49% of its assets to Dignity Health it is necessary to present a fair market value assessment to the public (Health and Safety Code 32121). A 2016 report wasn't current, and some details of the term-sheets had changed. The 2016 author was contacted to prepare an updated version, but he wasn't able to accomplish the task. A new assessment was ordered from VMG Health in Dallas, TX. Because of the time constraints VMG worked the weekend to meet the District's deadline and produced a phenomenal report which the District received and distributed (see Updated Attachment - pkt. pg. 23). No action is required.

Ms. Reed: Called for discussion or questions. There was no further discussion or public comments.

- **Resolutions 2018-01 and 2019-02:**

Dr. Smart: The following resolutions are necessary to put the Dignity Health proposal on the June 5th election ballot for the public to vote on.

Mike Peterson, Archer Norris, District Counsel: The resolutions do not need to be read.

Ms. Radford: Stated (per District Counsel) she would be abstaining from commenting and voting on the resolutions because she is a Mark Twain Medical Center employee.

Ms. Crane: Referencing Ms. Reed's serving on the District Board for 12 years stated institutional memory is critical to good decisions being made.

Ms. Stevens: Reflected on the objectives (Updated Attachment - pkt. pg. 3) and the commitment to continue with Dignity Health. She thanked everyone involved for their dedication and acknowledged the emotional blessing with Bob Campana being recognized.

Ms. Toepel: Echoed Ms. Stevens' remarks reflecting on her own observation of the process for the last 2 years.

Dr. Smart: The Board was formed in 1946 and managed the only hospital in Calaveras County. In 1989 the hospital had financial trouble and joined St. Joseph's in Stockton which became CHW then as we know it today Dignity Health. Dignity is a reputable and stable organization that benefits this County by \$35million per year in payroll alone. Given a 30-year lease that equates to \$1billion. The agreement also gives the District the ability to do more in the community i.e.; build clinic(s) and meet other health needs for children and the community.

Ms. Atkinson: Wished she had kept track of the many hours spent to get to this agreement. She recognized and thanked the major players in the building of the lease i.e.; Karl Silberstein, Gary Spaug, Bob Diehl, Dr. Smart, Mike Peterson and especially the Board President, Ms. Reed.

Ms. Reed: Thanked Ms. Atkinson for joining the Lease Review Committee in-progress and for all the hours she has devoted to the process.

- **Resolution 2018 – 1: Action by Roll Call Vote:**

- **Resolution to Approve Terms for a New Lease and Related Agreements with Dignity Health:**

Ms. Reed called for public comments: There were no public comments.

Ms. Atkinson made a motion to approve Resolution 2018-01. Ms. Sellick provided her second followed by a roll call vote of: Ayes: Ms. Atkinson, Ms. Sellick, Ms. Al-Rafiq and Ms. Reed. Noes: None. Absent: None. Abstain: Ms. Radford.

- **Resolution 2018 – 02: Action by Roll Call Vote:**

- **Call for June 5, 2018 Ballot Measure Election and Consolidation:**

Ms. Reed called for public comments. There were no public comments.

Ms. Al-Rafiq made a motion to approve Resolution 2018-02. Ms. Atkinson provided her second followed by a roll call vote of: Ayes: Ms. Atkinson, Ms. Sellick, Ms. Al-Rafiq and Ms. Reed. Noes: None. Absent: None. Abstain: Ms. Radford.

Dr. Smart: This Resolution (2018-02) requests the Calaveras County Board of Supervisors place the Dignity Health Agreement on the June 5th ballot for voter consideration per Election Code (1002). However, the challenge is not completed until we educate the public and the voters ratify with a majority vote. While the Board may appear to be blasé the reality is they cannot encourage a vote(s). Their job is to educate the public on what this means to Calaveras County. He intends to continue his speaking engagements throughout the County. He thanked the doctors, A-Team, employees and Dignity Health for their patience while adequate time was extended to do this very important process.

7. MTHCD Reports:

A. Presidents Report

- Association of California Health Care Districts (ACHD):

Ms. Reed: Referred to the ACHD information in the Board pkt. She is on the ACHD Education and Governance Committee. ACHD is partnering with CSDA to enhance webinars. There is a better outcome for both agencies when they merge.

Mike Peterson, Archer Norris: Excused himself from the meeting.

B. Executive Director Report:

- Strategic Planning Meeting – March 2018

Dr. Smart: Plans are being made to have a strategic planning meeting all-day Fri. March 9th and half-day Sat. March 10th. He and Facilitator, Walter Kopp are working on the agenda. When the agenda is set he will meet with Board members, individually, to discuss the part they'll play in the training. Aspen Street Architects in Angels Camp has graciously offered their conference room for the occasion.

- **USDA Distance Learning Grant:**

Dr. Smart: Just had a meeting with the parties involved with the grant. The District and MTMC each get \$50k (total \$100k) to spend on equipment. The District plans to allocate their funds to the VS Clinic.

C. Corp. Board Report

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Ms. Reed: Reported the Corp Board met yesterday, and they had received \$3.5million in provider fees so making up some ground though still behind in budget. Performance for revenue is better than last fiscal year. The clinics are increasing with the addition of doctors and mid-levels. The in-patient census is at budget for Dec. and exceeding budget so far in Jan. Surgery is the area of focus for revenue. A surgeon has been hired but don't expect him until May due to credentialing and licensing because he's from out of state. The MOB (SOMA building) is ready to open but waiting OSHPD approval.

Ms. Atkinson: She, Ms. Reed and Dave Woodhams sit on the Corp. Board. Staffing is up, and 3 contracts have been added i.e. Dr. Anderson, Dr. Greenfeld and Dr. Brennan; Occupation Therapy did 18 exams for law enforcement; PET and CT scans are up; there is still a shortage of materials to make the IV containers due to the hurricane in Puerto Rico; Ms. McCoy reported the MTMC was 5th in the Dignity line-up for Medical Care Employee Score; Mr. Van Boening, stated the Dignity Health and Catholic Health Initiatives (CHI) agreement is pending a signature from the CA Attorney General's Office. They expect a smooth shift when merging with CHI and are excited about CHI's experience with Rural Health Clinics.

Mr. Diehl: Spoke of nurses having fun competing for communication responsiveness kudos. He replied to getting telehealth services at the Arnold clinic as they did receive a grant for equipment so need to see how many can be set up per the money.

8. Committee Reports:

A. Finance Committee:

Ms. Atkinson: The Finance Committee has been busy rewriting policy for reimbursement and policy for investments; the Committee plans to have a community member to serve on the Finance Committee by the April or May meeting.

Mr. Krieg: No major changes in the Nov. (pkt. pg. 71) or Dec. (pkt. pg. 86) financial statements There is a \$14.6million balance in the minority interest account.

- **Recommendation for Approval of November 2017 Financial Statements: Action**

Ms. Radford moved to approve the Nov. 2017 Financial Statements. Ms. Sellick provide her second and the motion passed 5-0.

- **Recommendation for Approval of December 2017 Financial Statements: Action**

Ms. Sellick moved to approve the Dec. 2017 Financial Statements. Ms. Atkinson provided her second and the motion passed 5-0.

- **Audit Report - JWT & Associates, LLP, CPA, (2017): Action**

Rick Jackson: Congratulated the Board on their vote for the Dignity Health Agreement. He has been impressed with Dignity based on his audit experience (40 yrs.) and travels throughout the state. Concerning the 2017 audit he referenced page 5 and 6 of the report (pkt. pg.108 &109) stating the Minutes – January 24, 2018 MTHCD Board Meeting – Approved Feb. 28, 2018

audit report has a clean opinion. Provider fees were approved and will be seen in the minority interest account; the liabilities are about the same. Page 10 (pkt. pg. 113) of the report states standard notes and page 17 (pkt. pg.120) lists Note J – reflecting subsequent events.

Ms. Atkinson moved to approve the 2017 Audit Report. Ms. Al-Rafiq provided her second and the motion passed 5-0.

Dr. Smart: Staff will forward audit reports to the County Auditor's Office and USDA for the VS loan.

C. Ad Hoc Lease Committee:

Ms. Reed: One might think the Lease Committee's work is done however it has more to do and will continue to meet weekly.

Ms. Al-Rafiq: Thanked the Lease Committee for all they had done for the Board.

D. Ad Hoc Grants Committee:

o **Update on Grant Applications and Sponsorships:**

Ms. Radford: Ms. Sellick just joined the Grants Committee and they will be ramping up for an early Feb. start to the application process. They expect a closing date for applications in early March.

E. Ad Hoc Real Estate:

• **Update on Valley Springs Clinic:**

o Aspen Street Architect:

Dr. Smart: Jan. 9th there was a very productive meeting with USDA and everything is on track for the VS Clinic loan. It was decided the committee will meet with the architects regularly (twice a month). USDA needs to know who will be running the VS Clinic by March.

o **Opinion of Probable Costs:**

Mr. Krieg: Referenced a \$400 change in the report for this month.

9. Board Comment and Request for Future Agenda Items:

A. Announcements of Interest to the Board or the Public:

Ms. Al-Rafiq: Clean-up of the Valley Springs house is completed, and the Board will be discussing a possible tenant at the Feb. Board meeting.

Dr. Smart: The Board will get to review a draft lease with the Child Advocacy Program (Resource Connection) at the Feb. Board Meeting.

10. Next Meeting:

A. February 28, 2018

11. Closed Session:

A. Conference with Real Property Negotiators (Govt. Code section 54956.8). Property: Mark Twain Medical Center, 768 Mt. Ranch Road, San Andreas, CA. Agency Negotiator: Lin Reed, President Chair of the Board. Negotiating parties: Mark Twain Medical Center, Inc.; Dignity Health, Inc.; Under negotiations: Price and Terms of Lease.

Ms. Reed: Announced there was no need for a Closed Session.

12. Reconvene to Open Session:

There was no Closed Session.

A. Report of Action taken (if any) in Closed Session:

There was no Closed Session thus nothing to report.

13. Adjournment: Action:

Ms. Atkinson moved to adjourn the meeting at 8:47am. In addition, she invited interested parties to remain for picture taking. Ms. Radford provided her second and the motion passed 5-0.



Ann Radford, Secretary