



Regular Meeting of the Board of Directors

Wednesday July 26, 2017

7:30 am

**Mark Twain Medical Center Classroom 2
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 7:30am.

2. Roll Call:

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

3. Approval of Agenda: Action

Ms. Atkinson moved to approve the agenda. Ms. Sellick provided a second and it passed 4-0.

4. Swear in New Board Member- Talibah Al-Rafiq: Action:

President Reed presided over the swearing in of newly appointed, Talibah Al-Rafiq. After Ms. Rafiq completed the Oath of Office she took her seat to join the other Board members.

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

Hearing none.

6. Consent Agenda: Action

- Un-Approved Meeting Minutes for June 9, 2017 Special Board Meeting.
- Un-Approved Meeting Minutes for June 17, 2017 Special Board Meeting.
- Un-Approved Meeting Minutes for June 21, 2017 Special Board Meeting.

- Correspondence:
 - Coleen Inocencio: MTHCD – Ken McInturf Student Scholarship (CHS) Thank you (6-10-2017)

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

7. MTHCD Reports:

A. Presidents Report:

- **Association of California Health Care Districts (ACHD):**

Ms. Reed: Was pleased to announce the entire Board will be attending the annual ACHD conference in September. She had also signed up for a webinar and will report back to the Board.

Dr. Smart: ACHD has excellent training at a discounted rate because the District is a member.

Ms. Reed: CSDA is a larger association which represents all special districts. They work closely with ACHD to compliment training.

B. Executive Director Report:

- **BETA - Certificate of Coverage:**

Dr. Smart: Drew attention to the coverage provided for the Board (pkt. pg. 28-29).

- **Seismic Retrofit of Hospital:**

Dr. Smart: Reported he is making progress on getting more information regarding Seismic requirements that would affect the hospital. For now, all that is know is there will be requirements become effective in 2030 at an unknown cost.

- **Records Management:**

Dr. Smart: Reported he and Ms. Stout took part in a webinar on records management and retention. The two will be looking closer at how the District maintains records. The Secretary of State has guidelines for Special Districts to follow and provides a process. Some requirements are 7-years and some are 2-years i.e. travel records. Staff will be working on a records schedule to describe which records are kept and for how long.

- **Public Records Request:**

Dr. Smart: Staff will be reviewing and updating District Policy No. 19, Public Records Request. He cautioned email(s) and text(s) are all subject to public records requests and that texts don't disappear. Good rule of thumb is to only text or email what you are comfortable seeing on the front page of a newspaper.

- **ACHD Wellness Summit in Sacramento (July 13, 2017):**

Dr. Smart: The Wellness Summit was first of many, supported by Stanford and designed to collect information on (10k) patients for their data base in relation to health care status in the community.

Ms. Radford: Loved the exercises at each break. The lunch was great. Teacher endorsed exercises for kids is good however the teachers need to participate.

Ms. Atkinson: Thought the prevention was the best part of the Summit.

Ms. Radford, Ms. Atkinson, Ms. Sellick: Were pleased to see Dr. Smart do a presentation on Telehealth.

- **Update – MOB Sub Leases:**

Dr. Smart: Suggested the Board refer to the list of leases (pkt. pg. 44). Stockton Cardiology's lease will expire next month. Their Board has approved renewing the lease for 3 years at a 2% Consumer Price Index (CPI). District legal is preparing the extension.

Dr. Smart: Dignity now has a Real Estate Dept. and they want to extend the lease for 5 years at 3% Consumer Price Index (CPI) with the same rate as before. Dignity will prepare the document. The transaction is neutral with no money lost or made.

Dr. Smart: Expects to present both leases to the Board at the August meeting.

Dr. Smart and Ms. Stout: Attended the Local Agency Formation Commission of Calaveras County (LAFCo) meeting. On the agenda was information regarding special districts and the Little Hoover Commission. LAFCo Board remarked they had recently completed the MTHCD Sphere of Influence and it was very positive. The LAFCo Board didn't see any concern regarding the Little Hoover Commission for districts unless they have had no activity.

Ms. Reed: Anticipates the Little Hoover Commission board to have a new mix so a watchful eye needs to be continued.

Dr. Smart: Staff will stay on the forefront of the Little Hoover Commission because it won't be going away.

C. Corp. Board Report:

MTMC Board Report

July 26, 2017

1. The corporate board met June 27th and July 21st. The July 21st meeting was held at La Contenta and included a strategic planning retreat. Speakers from the California Hospital Association presented information pertinent to rural critical access hospitals.

2. The board welcomed a new member, Randy Ross, who replaces Cathy Medeiros. August 1st Randy will be the President and CEO of Mercy Hospital Folsom, a Dignity Health affiliate. He has 29 years of experience in health care management.
3. Renderings for the Angels Camp project were shared with the Board after the June meeting. The project budget is now \$ 7.5 million with 2.5 million coming from donations to the Foundation and 5 million from cash reserves.

Ms. Reed and Ms. Atkinson: Item 3 was not formally brought to the MTHCD Board for approval and should have been. They have made the Corp. Board and Bob Diehl aware that a report to the Corp Board is different than a formal request to the MTHCD Board. Other items that haven't been brought to the MTHCD Board are the clinics and CERNER project. The financials should have come to the Board and hasn't which would disclose that reserve funds are being used instead of a loan. The District owns 50% of the reversionary interest account which doesn't pay out until the end of the lease.

4. Dr. Jim Brennan, a urologist, has signed on with the hospital. A radiologist, Dr. Pardeep Atwal, started on 7/24/17.
5. EMCare is now able to perform EKGs which will assist with pre-surgery preparation.
6. Stockton Cardiology has agreed to provide a medical director for the Cardiac Rehabilitation program. The program currently has a waiting list of 32 patients.

Ms. Reed: The Corp. Board wasn't notified of item 7 so the MTHCD Board wasn't notified.

7. In late June, there was a malfunction of the humidity device in the AC unit in the operating room resulting in closure of the OR then partial operation for a wk. During this time, it was also discovered that the electrical system of the hospital is at maximum capacity. PG and E and a consultant are now working on assessing what steps would need to be taken to expand that as well as the cost. In addition, the AC system may need further replacement parts and/or repairs to upgrade the system. One option under consideration as a back-up in case of a re-occurrence is a mash unit temporary OR module for summer months when the AC system is at highest risk for malfunction.
8. The SOMA building OSHPD upgrades have been completed at an expense of about \$ 460,000. The IT system still has to be upgraded for OSHPD as well, at an additional cost. October is the projected timeline to open the new clinic site. This will expand services available in San Andreas.
9. Katherine McCoy presented the Quality report-scores continue to be high not only for a rural critical access hospital but within all of Dignity Health.
10. Nicki Stevens presented a comprehensive Community Health Needs Assessment (see hand out). Many community organizations were involved in the process to produce this valuable resource and will utilize it for funding applications and to help provide direction for program development in the County.

Dr. Smart: Th Community Needs Assessment is part of the strategic plan which is being planned for early 2018.

11. Financials for the month of June resulted in a positive EBITDA (earnings before interest, taxes, depreciation, and amortization) though missed budgeted EBITDA. June 30th was the end of the fiscal year for the MTMC Corporation. Yield, operating income, excess of revenues over expenses and EBITDA were all better than last (prior) fiscal year. AR (accounts receivable) days were less (better) than last fiscal year. However, patient revenues were 6% lower than last fiscal year due to a decrease in volume (clinics, hospital inpatient and surgeries). As previously reported to the HCD, a decrease in the number of physicians and providers significantly impacted volume. With the addition of new providers, specialists and mid-levels, volumes should grow. The addition of the swing bed program continues to be positive both financially and in meeting the needs of patients not yet ready for transfer/transition to a lesser level of care or home.

Submitted by: Lin Reed and Susan Atkinson

Chris Roberts: MTMC is a licensed Critical Access Hospital of 25 beds of which 12 could be used as "swing beds". Currently 2 beds are budgeted as "swing beds".

Mr. Diehl: His team was at a retreat at La Contenta to finish the final draft of their strategic plan with emphasis on four themes; 1. Out (patient) migration; 2. Service line growth; 3. Recruitment and retention for providers and 4. Reorganizing the Clinics. Steve Rousso (Wipfli LLP / HFS Consultants) has completed 2nd of 2 sessions regarding the clinics.

Mr. Diehl: Invites everyone to attend the July 27th Mother Lode Career Fair (in the classrooms 4-7pm). The push is on to recruit Medical Assistants so hours can be extended at the clinic(s).

Mr. Diehl: Welcomed Talibah to the District Board.

8. Committee Reports:

A. Ad Hoc Personnel Committee:

○ Paschal-Roth Contract:

Dr. Smart: Paschal-Roth is the public relations firm that presented at the June Board meeting. The contract was submitted for three months. It was thought the contract should be closer to a year at \$3,500/mon. so will be revised, sent to legal and presented for signature. The contract includes a 30-day out clause.

○ Employment – Policy Guidelines:

Dr. Smart: The District is in need of an employee handbook so has contacted Noel Caughman (Archer Norris) for assistance. Once the draft is ready it will be sent to the Ad Hoc Personnel Committee for review and then be presented to the Board at the August meeting.

B. Finance Committee:

- **Correction to Depreciation Schedule:**

Ms. Atkinson: There needed to be a correction on the depreciation schedule dating back to 2016 (pkt. pg. 36 line 16) which was favorable to the District but will not change the budget.

Mr. Krieg: It reflects the assets the District owns. The spread sheet had an error and wasn't caught until this year. He will forward a depreciation list to the Finance Committee.

- **Search for New Auditor for 2018: Action:**

Ms. Atkinson: Bearing in mind the length of time it has been since reviewing possible auditing firms it was thought an RFP should be sent out.

Ms. Radford moved to prepare and send out an RFP to auditing firms. Ms. Atkinson provided her second and the motion passed 5-0.

- **Proposal for Financial Risk Assessment: Action:**

Dr. Smart: Considering the District's assets are on the table in multiple projects, lease negotiations and applying for a USDA loan an independent risk assessment RFP has been prepared and sent to 5 firms of which 4 have shown interest. The replies to the RFP will be directed to the Finance Committee for review and consideration as it is a non-budgeted item. Finance Committee will report their findings to the Board.

Ms. Reed: A financial assessment is critical since so much is at stake. It is tax payers money. The District needs to be good stewards and wants to stay transparent.

Ms. Sellick moved to proceed with the process. Ms. Radford provided her second and the motion passed 5-0.

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

Mr. Krieg: explained the investment income (pkt. pg. 36 line 5) changes as investments mature.

Dr. Smart: Provided the history (approx.) \$1 million was in cash reserves a 0% interest. Some 3-4 years ago the Board moved to partner with Umpqua Bank in low risk bonds that were very conservative through Evan Hershey which improved the income only slightly. Mr. Hershey left Umpqua Investments and his replacement is Oregon-based and non-responsive. The Finance Committee is looking into the District's investment policy and considering a different bank/investment affiliation. It was recommended at the Finance Committee the District consider Local Agency Investment Fund (LAIF) which provides the opportunity to participate in a major portfolio, that invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office investment staff at no additional cost to the taxpayer.

- **Property Tax Payment and Reimbursement:**

Ms. Atkinson: The District bought property in Valley Springs that should be tax exempt. Since the Assessor's office has not changed the tax rolls to tax exempt status the District had to pay taxes to avoid holding up the VS Clinic project. Those funds will be refunded (could take up to 4 years) but not until the Assessor's Office completes the roll correction. Normally the process would go much quicker however the Butte Fire parcel(s) have taken precedence. Staff will monitor the progress and get an email to confirm the status.

Ms. Sellick moved to approve the June Financials. Ms. Al-Rafiq provided a second and the motion passed 5-0.

C. Ad Hoc Lease Committee:

- **Update on Quorum Assessment:**

Ms. Reed: The Ad Hoc Lease Committee is working with Quorum to finalize the draft assessment. Quorum will prepare an executive summary that can be presented outside of closed session.

- **Update on Lease, Evaluation and Negotiations:**

Ms. Reed: The Ad Hoc Lease Committee will be meeting with Dignity on August 16. The meeting is structured not as a negotiating meeting but to introduce Ms. Atkinson as the new member and to give her clarity where the team is at this time. October is the target date to do town hall meetings, MTMC employee staff meetings, medical staff meetings putting all the proposals on the table for consideration.

Dr. Smart: If the Board decides to go independent no vote is required. If the Board does not go independent his timeline (working backwards from the June 5, 2018 Primary) includes some 57 action items. He anticipates Oct./Nov being busy. It is the most important event that has happened to this community and this Board in 60 years.

Dr. Smart, Ms. Reed: Dignity has notified the District they plan to do more publicity in the Community. Locally they are more general but she expects to see more local branding.

D. Ad Hoc Real Estate:

- **Update on Valley Springs Clinic:**

- **Opinion of Probable Costs:**

Mr. Krieg: Nothing new to report.

- **New Exterior Elevations:**

Dr. Smart: Thanked Ms. Atkinson and Mr. McInturf for their participation at the Ad Hoc Real Estate meetings to develop a new rendering that adds some stone, a column and overhang/drive thru, window coverings, better color theme. Aspen Street Architect couldn't provide a cost difference (if any) at this time. From here it goes to the County Planning Dept. as a formality because there was no change in the footprint.

Dr. Smart: The VS area was a ranchette sprawl but the local dignitaries and real estate agents see the VS Clinic as the anchor of the new development of VS. Locals and new arrivals are being told of some 400 new homes to be built and they will have health care.

Ms. Al-Rafiq: Pleased the new rendering fits the VS motif.

- **CCWD Concept Application Extension:**

Dr. Smart: Housekeeping item to extend the concept approval for another year.

- **Operational Business Model:**

Dr. Smart: USDA will be looking at an Operational Business Model for the VS Clinic Project. Currently the District has a commitment letter from the MTMC Corp. Board for \$20k month. The letter needs to be reevaluated and more like \$32-35k/month. Mr. Diehl will discuss with the Corp. Board.

Dr. Smart: Yes the District could pick up the \$7-8k/month shortfall but USDA would have to approve.

Mr. Diehl: The Commitment letter was based on MTMC currently renting a space in VS at \$2.35 sq. ft. Looking at current comps of \$2-4.00 sq. ft. and to compare with Angels camp he is willing to sharpen his pencil.

Dr. Smart: The square footage is not that of a warehouse it is state-of-the-art. It is turn key. The facility is designed to transfer from primary care to specialty care for women's health, pediatric making it work more. He suggested going to see the Patterson Health Care District Clinic which has buildout options.

- **Update on Rental Home / Property:**

Dr. Smart: Staff was authorized to fix up the rental (\$50-\$60k) however as a public agency cannot exceed \$25k without going through a bidding process

- **Property Management Contract:**

Dr. Smart: Legal blessed Kirk Stout as the property manager who can maintain the property and do maintenance. Repairs are going well and the roof could be on before it rains. Other items will be done so long as they don't exceed the \$25k.

- **Public Contracting Law:**

Dr. Smart: The law is complicated so the District needs a Public Works Policy. After staff reviews the policy (from legal) it will be brought to the Board for consideration.

9. Board Comment and Request for Future Agenda Items:

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

Ms. Radford: will be doing student sports physicals today at CHS. She's looking forward to it because the kids are great.

Ms. Sellick: Because of all the deaths in sports volunteers do EKGs for ages 12-25. It's a great screening to save lives.

Dr. Smart: good idea to put AED's in all the schools.

Ms. Reed: Valley Health Care District did it and installed AED's in telephone booths. Maybe Ms. Sellick would like to be on the Committee. There is an app for your phone to find AED's in your area.

Mr. Garcia (audience): The liability has caused a problem to install the AED's in all the bank branches. The way around it was to have each manager certified in CPR and AED.

Ms. Radford: At the Arnold Clinic, the AED is checked every day.

10. Next Meeting:

A. The next meeting will not be August 23 but will be **August 30, 2017.**

11. Closed Session:

Ms. Reed: Moved the Board into Closed Session at 9:24am. Item "B" was discussed first so Ms. Radford could participate.

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.; Adventist Health. Under negotiations: Price and Terms of Lease.

Ms. Radford excused herself from Closed Session (item "A")

B. Conference with Real Property Negotiators, (Govt. Code section 54956.8).
Property: San Andreas Medical Office Building 704 Mt. Ranch Road, San Andreas, CA; Agency Negotiator: Lin Reed, President Chair of the Board. Under Negotiation: Price and terms of lease.

12. Reconvene to Open Session:

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

No reportable action was taken:

13. Adjournment: Action:

Ms. Atkinson moved to adjourn the meeting at 10:21am. Ms. Sellick provided a second and the motion passed 4-0.



Lin Reed, President