



Regular Meeting of the Board of Directors
Wednesday Aug 3, 2016
7:30-10:30a.m.
Mark Twain Medical Center Classroom 2
San Andreas, CA

Un-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:

The meeting was called to order by President Lin Reed at 7:30am.

2. Roll Call:

Present for roll call was Lin Reed, MBA OTR/L; Ken McInturf; Randy Smart, MD; Ann Radford, FNP; and Susan Atkinson, MSW.

3. Approval of Agenda: Action

Ms. Radford moved to accept the agenda. Dr. Smart gave a second and it passed 5-0.

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

A community member from Mokelumne Hill expressed concern that Dr. (Courtney) Virgilio had left her cardiology practice here at the MTMC.

Kevin Jones: Disappointed he wasn't able to obtain information on the fee structure and that the fees are paid without knowing what they are. He was also concerned that the assets may be depleted by the end of the lease (Dec.) 2019.

Lewis Steele would like to see the MTMC provide a CEO report as in the past.

5. Consent Agenda: Action

Dr. Smart requested page 18 of the financials be extracted from the consent agenda.

Ms. Radford moved to accept the rest of the consent agenda. Dr. smart gave a second and it passed 5-0.

A. Un-Approved Meeting Minutes of June 15, 2016:

B. Un-Approved Meeting Minutes of June 22, 2016:

C. Un-Approved Meeting Minutes of July 13, 2016:

D. Approval of May 2016 Financial Statements:

Dr. Smart: Concerned about the figures on the Statement of Revenues and Expenses (May 2016) regarding the Minority Interest in MTMC. His concern was regarding the \$5 million (+/-) lost in hospital operations over the last six months and a with a market share of 30% why is the other 70% of the community going elsewhere for service?

Ms. Reed echoed the concern as HFS (report) showed corporate allocation has increased, lower profits in the clinic and decreased revenue.

Chris Roberts, CFO addressed the questions as follows: The clinics are suffering from lack of reimbursement and the volume has decreased. Compliance issues need to be address and a plan is in place to overhaul the clinics. Some services are not offered at MTMC so patients are sent elsewhere which affects the market share. In comparing MTMC to Oak Valley they have more beds and less overhead, less staff.

Bob Diehl, CEO: the clinics have been reporting to him directly since the Chief Medical Officer (Dr. Allen) left. Some losses are one-time events and his staff will be revisiting the budget so money can be optimized.

Mr. McInturf isn't a fan of the scheduling appointments and would like to see the clinics available to the public all the time.

Firman Brown, Angels Camp: He brought community issues to the Chief Medical Officer and recommends the public be listened to going forward to know what the public needs and wants from their hospital.

Dr. Smart moved to approve the May Financials. Ms. Radford seconded the motion and it passed 5-0.

E. Correspondence:

- Common Ground Letter of Thanks for supporting the World Elder Abuse Awareness Day held on June 15, 2016 (6-22-2016)
- Shelby Mason, CHS Student, Thank you for iPad Scholarship (6-27-2016)
- Breanna Brumet, CHS Student, Thank you for iPad Scholarship (6-29-2016)

6. New Business:

7. Unfinished Business:

A. Quorum Health Proposal: Action

Mr. Doss referred to the Quorum proposal for an assessment to consider feasibility to go independent that was presented at the July 13, 2016 Board Meeting. He also brought attention to the fees of the proposal and asked general council to give his review of the proposal.

General Council Mike Dean: Has concerns about parts of the proposal that reflects Tennessee law instead of California law. Quorum doesn't really understand the relationship of the District, MTMC and the Corp. Board. The cost seems high. If the Board wants to enter into the agreement today he recommends they do so subject to Mr. Doss and general council's working with Quorum to resolve issues and concerns.

Mr. Doss recapped that a lot of the data had already been obtained with the HFS and Carl Gerlach reports.

Mr. Reed suggested the Quorum proposal be tabled, have the ad hoc committee and legal review it, try to get the cost down and bring it back to the next meeting.

Dr. Smart agreed as he wants clarity on the dissolution component as well as conflict of interest.

Ms. Radford would also like to see the proposal scaled down and bring it back to the Board.

Mr. Doss will work with Quorum on the rate, scope, deliverability plus boiler plate items i.e. insurance products and Tennessee law.

Mr. McInturf liked the approach but wondered about the starting/ending dates.

Ms. Atkinson questioned the travel costs, which are over and above the proposal cost, and would like to see them spelled out.

Dr. Smart moved to authorize council and Mr. Doss to negotiate terms and price of the Quorum proposal. Mr. McInturf seconded the motion and it passed 5-0.

B. Committee Report:

- **Ad Hoc Real Estate:**
 - **Valley Springs Project update:**
 - **Update on Financing**

Mr. Doss asked that this item be moved forward on the agenda to accommodate the speaker's time allocation. Mr. Doss introduced Gary Hicks as being well known and working on the VS Clinic USDA loan.

Mr. Hicks: On September 28, 2015 USDA approved the VS Clinic loan at a 30 yr. fixed interest rate of 3 5/8's for \$6,782 million. The interest rate will be no more than stated but could be lower if a lower rate prevails on the date the loan is executed. USDA opted to not award the construction loan so that will be let to another firm.

Mr. Hicks: Some of the conditions that would have to be met for the loan to proceed. If some of the requirements were to change USDA would have to be notified; approval of the District's share (purchase of the property) has been satisfied; start construction by September of this year; construction lender required; select firm to do the bonds; do the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) process required of non-profit 501(c) 3 organizations to get tax exempt status. The process includes a public hearing/notice inviting the public to give comments. A resolution is prepared that TEFRA hearing has occurred.

Mr. Hicks; One key component for the USDA loan is to have a lease agreement with the MTMC Corp. and a management agreement with Dignity Health.

Mr. Hicks expects there will be no USDA concern if the District decides to reduce the square footage of the building.

8. MTHCD Reports:

A. Executive Director Report:

Mr. Doss: As Mr. Hicks mentioned the USDA loan is based on a lease from the MTMC Corp to proceed with the VS Clinic Project.

Bob Diehl, CEO: Asks the question where do we want to be in three years? He wants to find a way to have an MOU to proceed with the lease (for the VS Clinic Project).

Dr. Smart questioned the project start date? Mr. Hicks suggested a six to nine-month delay would be considered by USDA. Due to the funding from Congress he doesn't recommend postponing a year. He suggested preparing a good case for the delay. Mr. Hicks indicated USDA likes community based projects so is very interested in this project. He referred to the project as the "poster child" example.

- **LAFCo MSR Plan – August 15, 2016:**

Mr. Doss: The District belongs to the Local Agency Formation Commission (LAFCo) which is a countywide commission, required in each California county. A District can be called on to do a Municipal Service Review (MSR) as often as each five years (or as needed). On behalf of the District Mr. Doss will be doing a 6pm presentation at the LAFCO meeting on August 15, 2016. The meeting will be held in the Calaveras Board of Supervisors Chambers at the Government Center.

B. Presidents Report:

Ms. Reed: Saw it as a big problem that the cardiologist stopped seeing patients and that services are not happening in the clinics.

Ms. Reed: Encouraged the Board to check out the ACHD web page for upcoming events.

Ms. Reed: CSDA and LAFCo have combined services and will be providing training. See Ms. Stout if you'd like to attend.

Mr. Doss: ACHD has been instrumental in the promotion of design build. It could be something to consider for the VS Clinic Project even though it wouldn't apply to prevailing wage.

C. Ad Hoc Personnel Committee:

Ms. Reed: The Ad Hoc Personnel Committee met yesterday and will meet again in two weeks.

D. MTMC Corp Board:

Bob Diehl, CEO: Recapped the things that have been taking place; he's aware the District used to get a monthly CEO report; he has been working on finance, productivity and getting the numbers for people with patient hours and how to nail that down. Chris (Roberts CFO) and JR (Krieg Controller) have been meeting with departments focusing on productivity. The numbers will show it is working when it is right; the employee town hall meetings have been restarted; in his experiences with some 30-40 other hospitals he sees the MTMC culture as "positive"; he sees the challenges and has encouraged the directors and managers to attend round-table meetings in Sacramento (imaging just attended); he has worked with independent, small and large systems and understands when Crop. is down your neck. It can be good to be part of a larger system; he has seen great scores around the nursing staff; more doctors are needed; he sees the next step as moving forward by getting the Angels Camp Clinic square footage to a workable size.

9. Committee Report:

A. Ad Hoc Real Estate:

- Valley Springs Project update
 - **Update on Financing:**

Note: See section 7. B. for the Valley Springs Project Update on Financing

- **Project Manager Report:**

Pat Van Lieshout: The Calaveras County Planning Commission approved the project on June 9, 2016. The site plan is done but won't be submitted until the project is ready to proceed The schematic has been approved by the Board members. There's a possibility the square footage of the building will be reduced but that should be a non-event to the County or USDA. Mr. Doss explained the square footage for the building had been increased by the (then) Chief of Medical Staff. The general consensus is the square footage should be reduced to proceed forward with the project.

Pat Van Lieshout: The 14 (+/-) acres purchased for the VS Clinic Project consists of multiple parcels. A boundary line adjustment was prepared to separate the home and outbuildings from the VS Clinic project property. The boundary line adjustment is ready for recording. Mr. Doss stated the Grant Deed will be signed and notarized today.

o **OPC Budget:**

B. Ad Hoc Lease Evaluation Committee:

Ms. Reed: There has been no meeting since the last Board meeting.

• **Dignity Health – Mark Twain Relationship:**

Mr. Doss: The Non-Disclosure Agreement expires on August 8 however there is still opportunities to meet. Reference was made to review the July 15th Enterprise story.

• **Enterprise Article July 15, 2016**

C. Physician Education Forum Update: July 14, 2016

Dr. Smart: The dinner was perfect; the speaker (Dr. Pamela T. Prescott) was also but attendance was low. The low attendance is a first as the last four forums were well attended. Future forums will take into consideration RSVP is a thing of the past and that staff was probably on vacation this month.

10. Board Comment and Request for Future Agenda Items:

11. Closed Session:Mr. Doss

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

CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION
Potential initiation of litigation pursuant to paragraph (4) of subdivision (d)
Section 54956.9: One (1) Case.

The Board moved into closed session at 9:57am.

12. Reconvene to Open Session:

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

At 10:36am the Board moved back into open session stating there was no reportable action.

13. Next Meeting:

Wednesday, Aug 24, 2016

Anticipating it might take some time for the Quorum proposal to be brought back to the Board there was discussion on moving the Board meeting to August 31st. Hearing a consensus the proposal would be available in time the meeting will remain August 24th.

Ms. Reed thanked the audience for attending and for their comments.

14. Adjournment:

Mr. McInturf moved to adjourn the meeting at 10:36am. Ms. Radford seconded the motion and it passed by a 5-0 vote.