

SPECIAL BOARD MEETING

Tulare Local Health Care District
Special Board of Directors Meeting Minutes
Tuesday, August 27, 2019 6:30 PM
869 North Cherry Street, Tulare, CA 93274

In attendance

Kevin Northcraft - President, District 4
Mike Jamaica - Vice President, District 2
Senovia Gutierrez - Secretary, District 3
Xavier Avila - Director, District 5
Stephen Harrell - Treasurer, District 1
Dan Heckathorne - Interim CFO (Remotely)

Sandra Ormonde - CEO, TLHCD
Randy Dodd - President, AH
Jason Howard - Legal Counsel
Riley Walter - Legal Counsel
Jayne Presnell - Evolutions

1. Call to Order

Kevin Northcraft called the meeting called to order at 6:37 pm.

2. Public Comment

None

3. Announcements - Board

Xavier - Would like to highlight 3 items. One being the opening of the hospital, second the bankruptcy plan being approved, and the third was the first baby being born. The next big task is the tower completion.

Kevin - Along with Mike attended the court dates leading up the bankruptcy approval. There was a lot of cooperation from the creditors. Lisa Dillion sent an article about an earthquake in Ridgecrest to Kevin. They spent 72 million retrofitting their hospital and all the pipes broke. The state is requiring all the small hospitals to spend 10s and 100s of millions of dollars. We are in a very low earthquake area. We need to talk to our legislators about this one size fits all regulations.

Senovia - Completing the towers is a task we need to face, but with the community's support it is possible. It will be difficult but not impossible.

Mike - Mentioned Sandra was also at the bankruptcy court dates. Everyone played a role in making it happen. The community, the board, citizens group, valley voice, and anyone else who helped along the way. It was a big victory.

4. FYE 2020 Budget Study Session

Sandra - Presented the FYE June 30, 2020 Operating Budget PowerPoint. See attached.

Dan - Presented the Statement of Revenues, Expenses, and Changes in Net Position & the Statement of Cash Flows. See attached.

Questions asked during reviews included:

- Adventist Health agreed to advance the capital expenditures. Do we know the amount and will we be able to pay that off in the 5 years? Dan will confirm. Sandra said that amount will appear in the budget.
- If/what inventory can be stored in the Tower basement to minimize storage cost elsewhere? There are multiple stipulations regarding what can be put into the basement for insurance purposes. We can't have combustibles including the cardboard. We need to look at the feasibility of it. Sandra will confirm.
- Check VA lease to see what repairs we are responsible for versus what lessee should handle. Sandra will review lease.
- What amount is currently in bond reserve? Sandra will research.

Kevin provided a list of suggestions, below, to improve our situation.

- Evolutions is a 10 million dollar investment. If we receive 500k a year in income it's only a 5% return. We are getting less than 2% right now. We need to look to improve this. We may need to hire someone to analyze this situation and see how we can increase the income.
- We need to look at our monthly storage costs. We may need to downsize or look at using the tower basement as storage.
- Is there any potential grant money coming in? Dan said there will be some coming in, but it is drying up.
- Need to cut back on consulting fees. Sandra is working with Teresa to see if David could fill in.
- Continue to work on sale of properties.

5. Financials Review

Postponed

6. Adjournment

Next regular meeting scheduled for 6:30 pm on Wednesday, August 28, 2019.



Senovia Gutierrez, Secretary