

**Tulare Local Health Care District
Board of Directors Meeting Minutes
Wednesday, May 22, 2019 6:30 PM
869 North Cherry Street, Tulare CA 93274**

In attendance:	Kevin Northcraft	Sandra Ormonde	CEO, TLHCD
	Mike Jamaica	Dan Heckathorne	Interim CFO
	Senovia Gutierrez	Jason Howard	Legal Counsel
	Xavier Avila	Randy Dodd	Adventist Health
	Stephen Harrell		

1. Call to Order

Meeting called to order at 6:30 pm

2. Public Comment:

Jennifer Burcham

Jayne Presnell, Manager, Evolutions, announced that parking lot paving began Monday, with some interruptions by rain.

Will hopefully be finished by Monday. Jayne Presnell also asked the board if former TRMC employees would be recognized at the next meeting. Kevin Northcraft responded that a letter of recognition would be sent.

3. Announcements – Board

a. Introduction of Sandra Ormonde, TLHCD CEO

Kevin Northcraft introduced Sandra Ormonde who is the District CEO. Sandra has an engineering background, worked for the federal government, and is a Tulare native.

Mike Jamaica reported on the Life Hope event with Adventist Health in the hospital parking lot. People moved quickly with up to 400 people screened for dental, vision, blood pressure. The event was spearheaded by Dr. Urbina along with 6-7 dentists and eye doctors. The event opened at 7 am and people were lined up. Senovia Gutierrez added her thanks to the doctors and nurses that volunteered their time.

Kevin Northcraft reported that they have had 5 meetings to date regarding the 4 acres next to Evolutions. They have a signed map application and the City of Tulare has approved the left turn pocket analysis. On 6/24 the project will go before the planning commission and July 19 to the City Council.

Kevin Northcraft announced the bankruptcy plan was signed this morning and will be made public very soon.

Kevin Northcraft said he met with the Tulare Hospital Foundation and Adventist Health clarified their position regarding the Foundation.

Kevin Northcraft announced that the City will place signs on the four acres next to Evolutions indicating no truck parking. It should take the City 3 weeks to have the signs placed.

*item 7 was moved out of order

7. Discussion and Action on Medical Executive Committee recommendation to grant hospital privilege for physicians in accordance with the list of physicians provided - Abraham Betre, D.O.

Dr. Betre reported he asked the general medical staff to approve a merger with the Adventist Health Central Valley Network. 99% of the medical staff approved. OB will open 7/15. Dr. Betre expressed his appreciation for the amount of work Adventist Health has done towards opening. He announced the Leapfrog Survey awarded Adventist Health Hanford a B grade and Kaweah Delta Hospital a C grade. Dr. Betre is recommending credentialing 12 MD's, 1 ER doctor, 1 pathologist, and 1 physician's assistant.

Stephen Harrell asked with the District is still be asked for approval of hospital privileges. Randy Dodd explained that CMS approval is still not completed. They are waiting on certification.

Stephen Harrell moved to approve the recommendations of the MEC. Mike Jamaica seconded the motion. Approved 5-0.

4. Consent Agenda:

a. 04/24/19 Meeting Minutes

Stephen Harrell recommended the following corrections:

Correct the spelling of Rich Gianello's name in the attendance section

8 a. \$2 million spent for MRI

15 a. Construction trailer available for lease

With those corrections Stephen Harrell moved to accept the minutes as corrected.

Mike Jamaica seconded the motion. Approved 5-0.

b. RESOLUTION 870 DECLARING SUPPORT FOR THE GENERAL PLAN AMENDMENT AND ZONE CHANGE ON THE DISTRICT'S 4-ACRE PROPERTY EAST OF EVOLUTIONS

Kevin Northcraft moved to approve declaring support for Resolution 870.

Seconded by Senovia Gutierrez. Approved 5-0.

5. Evolutions Wellness Center Update – Evolutions Oversight Committee and EVO Management Company

Derek Jackson reported that payments have been made. A rental check in the amount of \$16,856.49 will be sent to the District. EVO management is working with Sandra Ormonde to determine who is paying what. Towels were ordered. A worker's comp adjustment was made. Lights are being changed to LED. Membership rose last month from 6,079 – 6,085.

6. Adventist Health and Staff Updates

a. Hospital Services update – Randy Dodd, President

Randy Dodd reported that the Life Hope Center provided a remarkable couple of days. Only a handful of homeless people were in attendance. Most attendees were working people lacking health insurance. \$500,000 in equipment was used. The next date for the event will be one year from this year's event. One family drove from Los Angeles for services. 2 patients were evaluated and sent to the ER with elevated blood pressure. \$200,000 in care was provided.

7/15/19 is the target date to open the OB. Construction in that department will be completed by the end of June. Altura and Family Healthcare Network are scheduling patients for follow up. Both are providing OB's.

A change of ownership celebration is being planned. Randy thanked the Board for the hand off and for being good stewards of the hospital.

15,000 visits to the ER have been made to date. 75-76 patients are being seen each day. 200 surgeries have been performed. The sleep lab is scheduled to open in August, 2019. Mammography is coming. Adventist Health has made a \$2 million investment in an MRI.

Kevin Northcraft asked if the number of beds has increased. Randy Dodd responded that the census is flat. Randy Dodd reported that specialists on call are needed. Cardio/Ortho will elevate the number of patients in the August daily census. OB will add patients. Stephen Harrell reported that three family practice doctors would like to work at the hospital.

8. Discussion and Action to Approve the following Capital Projects:

a. Services for Exit Signage and Exit Plan (NPC2) with Kluger Architects

Sandra Ormonde reported that Brian Sullivan is the construction manager and inspector of record. A plan needs to be approved by December, 2019. Jason Howard indicated he had just seen the plan today. He was concerned with the 12% per year late payment.

Kevin Northcraft asked if they were doing the design or inspections and doing work. Sandra Ormonde responded this is design only. A special meeting will be called for other approvals.

Stephen Harrell asked if the work is Adventist Health responsibility. Sandra responded that this is seismic work and the agreement was clear cut that the responsibility is the District's.

Kevin Northcraft said the work has been budgeted for and the District is under a time constraint. He would like to see a complete list of what's completed and what needs to be done. Sandra responded that the finance department has already begun compiling that list. She has been going through invoices to confirm they are the responsibility of the District. Upgrades are the responsibility of Adventist Health.

Dan Heckathorne said one item had been paid without Board approval because it had to be done because of regulatory requirements. That item will be brought back to the Board for approval.

Stephen Harrell asked if the item should be continued. Kevin Northcraft and Dan Heckathorne indicated that the approval must be made tonight because items must be completed by Thanksgiving in order to apply for an extension. The architect indicated that because of OSHPD approval and work stoppages failure to approve could jeopardize the project. The architect would then need to charge late payments.

Xavier Avila said if the item is not funded the hospital will close. He then moved to approve with a provision to include attorney review. Mike Jamaica seconded the motion.

Senovia Gutierrez asked if more bids should be obtained. Sandra Ormonde responded that would take too long to bring them up to speed. Kevin Northcraft said professional service bids are not required. Stephen Harrell asked why the Board is just getting this recommendation now. Dan Heckathorne responded that they got from OSHPD last week. Sandra Ormonde said the 2030 extension depends on getting this project done this year.

Board vote 3-2 with Senovia Gutierrez and Stephen Harrell opposing.

9. Chief Executive Officer Report:

a. Initial Activities

Sandra Ormonde reported she's been working on capital projects. Chillers are going up and landscape maintenance is starting. She reported she has met with insurers and they advised making a change mid-stream would be a lot of work. Rates are in line and our insurer is known for their expertise. Kevin Northcraft said the District needs to evaluate options to reduce costs.

Sandra reported that she has conducted interviews for an executive assistant. She opened the position back up to include additional financial duties. The district has many requests for reports like the IRS bond reissues. Work on surplus inventory is continuing to stay in compliance with Inspector of Record. She is additionally planning for audit, bankruptcy, review of leases, cashflow projects, meeting with attorneys and EVO. Lots of timelines turn into costs if not met.

10. Chief Financial Officer Report:

Dan Heckathorne reported that a complex audit is coming.

- a. March, 2019 and April, 2019 Internal Financial Statements (to be distributed)
See attached
- b. AH Financial Statement Update
See attached
- c. TLHCD Information Technology (I/T) Transition Data Storage Plans and Needs

Dan Heckathorne reported the District needs to archive data housed on old hospital systems. He met with Randy Dodd, Tom, IT person, Sandra Ormonde, and Theresa (Wipfli). It is not an option to wait to begin. The current system does not meet Adventist Health security system. Tom Grove is a consultant that is working with both the District and Adventist Health. He will lead on the transition process. The hospital is operating on old District hardware. Adventist Health wants their staff to access on their network. The current server cannot meet requirements. It is necessary to get the data out and onto a system without high costs and accessible to Adventist Health. The District needs access for medical records requests and financial records. The current fee is \$11-12,000 to get data out. Dan has met with archiving vendor, Mind's Eye. He has met with Adventist Health to look at costs. The District and Adventist Health will share costs of extraction and Mind's Eye costs. Adventist Health will respond to requests for medical records.

Kevin Northcraft asked if the request for \$325,000 was a one-time cost. Dan Heckathorne responded that Adventist Health will pay half, the District will owe \$131,000. Kevin then asked what if the District did nothing? Dan responded that the District is driven by laws. The District is still not out of the hospital business, although winding down. The District must retain all records required by state and federal agencies. Jason Howard indicated there are legal requirements for records retention with sanctions if not followed. Dan indicated that extraction costs are estimates and archival are fixed costs. Jason Howard asked who the contract is with. Kevin Northcraft asked that the contracts be sent to Jason Howard. Senovia Gutierrez asked why Adventist Health is not paying the total cost. Dan Heckathorne indicated the District's costs had been reduced to \$131,000. Adventist Health does not have the need for the data.

Xavier Avila moved that the TLHCD information Technology Transition Data Storage Plan be approved. Mike Jamaica seconded the motion.

Stephen Harrell asked if there was a contract. Dan Heckathorne said there is a draft contract with Mind's Eye. Siemens, Next Gen, and MS4 estimated hourly rates. Tom Grove will be working with them. Adventist Health indicated they will also sign. Kevin Northcraft said the Board can approve the deal points of the contract and send it to the attorney to look at.

Motion approved 4-1 with Senovia Gutierrez dissenting.

Discussion and Action to Approve Plan

- d. Cash Report Update – TLHCD; City of Tulare Line of Credit Update (verbal)
See report
- e. Medicare Bad Debts Recovery – Discussion
This is an informational item to let the Board know the District was approached by a consulting firm that does Medicare bad debt recovery. There is a significant opportunity for recovery. Dan Heckathorne will bring back a contract next month for the Board to review.
- f. **Accounts Receivable Management Agreement - Discussion and Action to Approve Agreement**

Dan Heckathorne advised this is to approve continuing the agreement with Kings Collection Agency in Fresno. This would be for old bills. There is a potential for \$5 million in recovery.

Jennifer Burcham offered public comment.

Jason Howard asked if this was a time sensitive item as there is no indemnification. Dan Heckathorne responded that the indemnification is mutual, but will send an email to them to address concerns.

Xavier Avila moved to approve the Accounts Receivable Management Agreement subject to attorney review. Kevin Northcraft seconded the motion. Motion passed 4-1 with Senovia Gutierrez in dissent.

11. Discussion and Action regarding Rental of District Real Properties to Adventist Health West – Terms to be presented at meeting

- a. Foundation Building – 906 Cherry Street, Tulare, CA
- b. I/T Department – 935 and 937 Gem Street, Tulare, CA

Jason Howard reported that Todd Wynkoop spoke with the appraiser. Fair market value numbers will be received next week. Dan Heckathorne will bring back to the Board retroactive to March 15, 2019.

12. Update on rental and status of District real properties – Steve Harrell

- a. Update status of properties

Stephen Harrell met with Kingsview people regarding the District properties at 793, 795, and 799 Cherry. They would like to buy all three buildings and would like them inspected. Adventist Health is not interested in the properties. It was suggested that they be appraised again. Xavier Avila suggested others may be interested in purchasing. Stephen Harrell responded that they are not on the market, the District was approached by Kingsview. Xavier recommending selling to the highest bidder. Kevin Northcraft asked if there was a consensus to market with a broker. No consensus was reached. Stephen Harrell will continue to work with Kingsview.

Jennifer Burcham offered public comment.

13. Discussion and Action on Resolution 871 Declaring as Surplus Property Certain Medical and Non-Medical Equipment and Supplies

- a. See attached listing(s) of surplus property

Sandra Ormonde reported this is movable equipment and Adventist Health is not interested. Items will be disposed of at fair market value.

Kevin Northcraft asked if the prices listed are purchase prices. Dan Heckathorne responded that they were.

Senovia Gutierrez asked if they don't know the actual price of the items listed. Sandra Ormonde responded that they were in the range of fair market value.

Mike Jamaica moved to approve Resolution 871 declaring the property surplus. Xavier Avila seconded the motion. Approved 5-0.

14. Discussion and Action to Approve Sale of Earlimart Clinic Building to Adventist Health Tulare.

Todd Wynkoop did not provide numbers for the sale. Will be on the next agenda.

15. Suspend open session – recess to closed session

Recess to closed session at 8:57 pm

16. Closed session

- a. Discussion and Action: regarding Action to Approve Request for Adventist Health to Fund Various Capital Expenditures
- b. Discussion and Action Re: Arbitrage Rebate Calculation Services for District's Bonds
- c. Conference with Interim Legal Counsel- Existing litigation (*pursuant to Ca. Govt. Code § 54956.9*)
- i. *Tulare Local Health Care District v. Bruce R. Greene, et al*, Superior Court for the State of California for Tulare County Case No. 278333
 - ii. *In re Tulare Local Healthcare District dba Tulare Regional Medical Center* --United States Bankruptcy Court Eastern District of California Case No. 17-13797 – To Consider Bankruptcy Alternatives
 - iii. Update on existing Medical Malpractice Litigation Matters: *Ibarra v. Tulare Regional Medical Center et al*; *Cabrera v. Tulare Regional Medical Center et al.*; *Calderon v. Tulare Regional Medical Center et al.*

- d. Instructions to designated representative, Kevin Northcraft, related to real property at 1425 E. Prosperity Avenue commonly known as Evolutions (*pursuant to Ca. Govt. Code § 54956.8*).
- e. Instructions to designated representative, Kevin Northcraft, related to 4 acres real property contiguous to, but not a part of the real property at 1425 E. Prosperity Avenue commonly known as Evolutions (*pursuant to Ca. Govt. Code § 54956.8*).
- f. Instructions to designated representative, Kevin Northcraft, related to real property at 398 South Street, Earlimart, CA 93218, commonly known as Earlimart Clinic Building and Earlimart property (ground) Lease (*pursuant to Ca. Govt. Code § 54956.8*).
- g. Instructions to designated representative, Kevin Northcraft, related to real property at 922 N. Cherry Street, Tulare, CA 93274, commonly known as Dr. Evans' former office (*pursuant to Ca. Govt. Code § 54956.8*)
- h. Discussion and Action on public employee matter (*pursuant to Govt. code § 54957*)
- i. Discussion and Action on public employee appointment of Executive Assistant (*pursuant to Govt. code § 54957*)
- j. End closed session

17. Reconvene Open Session – Public report of action taken in closed session (if necessary) pursuant to Government Code 54957.1

Nothing to report

18. Adjournment - Next regular meeting scheduled for 6:30 PM on Wednesday June 26, 2019 at Allied Building Conference Room 2.