

Hi-Desert Memorial Health Care District dba
Morongo Basin Healthcare District
BOARD OF DIRECTORS REGULAR MEETING MINUTES
March 9, 2017 at 5:30 p.m.

6530 La Contenta Road, Suite 100, Yucca Valley CA 92284 | 760.820.9229

- **Mission Statement:** To improve the health and wellness of the communities we serve.
- **Vision:** A healthy Morongo Basin.
- **Core Values:** Commitment, Collaboration, Accountability, Dignity, Integrity.

Board of Directors:

- Director Doyle, President
- Director Armstrong, Vice President
- Director Sullivan, Secretary
- Director Hoffman, Treasurer
- Director Markel-Greenhouse

Administrative Staff:

- Jackie Combs, CEO
- Joe Ruddon, Director Business Development
- Cindy Schmall, Director Operations
- Patricia White, Controller

Guests:

- Tom Dingas, Dingas | Zarecor and Associates
- Susan Madavan
- Ron Stewart
- Cindy Schmall
- Kurt Schauppner, Desert Trail reporter

CALL TO ORDER

Director Doyle called the meeting to order at 5:30 p.m.

ROLL CALL

Joe Ruddon, Board Clerk, conducted roll call:

- Director Doyle: present
- Director Armstrong: present
- Director Hoffman: present
- Director Sullivan: present
- Director Greenhouse: present

OBSERVANCES

Director Armstrong read the mission, vision and core value statements.

Director Greenhouse led the assembly in the pledge to the American flag.

APPROVAL OF MEETING AGENDA

Motion 17-18: Director Sullivan motioned to approve the meeting agenda as presented; motion seconded by Director Armstrong; motion passed by unanimous vote.

APPROVAL OF CONSENT AGENDA

The Consent Agenda presented the following items for approval:

- Minutes: Regular Meeting of the Board of Directors, February 23, 2017
- Minutes: Special Meeting of the Board of Directors, March 2, 2017
- Policy: IM-237 Remote Access Policy (*revised*)
- Policy: HR-237 Cardiopulmonary Resuscitation Education (*revised*)



- Policy: HR-200 Hospital Bill Discounts (*retired*)
- Policy: HR-202 Cashier Services (*retired*)
- Policy: HR-204 Student Nursing Loans (*retired*)
- Policy: HR-235 Wage Option Employees (*retired*)

Motion 17-19: Director Sullivan motioned to approve the consent agenda as presented; motion seconded by Director Greenhouse; motion passed by unanimous vote.

PRESENTATION

AUDITED FINANCIAL REPORT FOR 2015, Tom Dingas, CPA

Mr. Dingas presented the District's audited financial report for fiscal year 2015. Reviewing the written document, Mr. Dingas presented the following information and responded to questions:

- Director Hoffman inquired as to where there is mention of the Foundation's financials. Mr. Dingas pointed out that there is mention on page 8.
- Mr. Dingas led the board through a review of the financial statement on page 3 indicating that this is a single year presentation. For future audited financial statements, they will be comparative with two prior years.
- Operating Revenues were \$7.7 million. He indicated that the District's assets include more than one year's operating money. Director Doyle clarified that the audit includes both the District and Community Health Center, all operations and fifteen days of hospital operations from July 2015.
- Mr. Dingas pointed out the current liability reflected in the balance sheet. The debt refers to the Joshua Basin Water Board's projected debt which is reimbursed on an annual basis by Tenet. He indicated that the District has a strong balance sheet with no significant debt.
- Mr. Dingas then discussed clinic operations and the Tenet lease and operations expenses (page 5). The Operating Loss of \$155,000 should be positive going forward. He stated the "big picture" for the Board's takeaway is that the District is in a very good place. He pointed out that Hi-Desert Medical Center is now operating without community subsidy. The annual Tenet lease payments assist the District with operations and help further programs and services that benefit the overall health and wellness of the community.
- Director Doyle stated that Fair Market Value was paid for the lease transaction and over the course of the contract the District gains \$7.5 million. Mr. Dingas concurred, cash flow is strong.
- Mr. Dingas pointed out summary pages (page 8) as District background and lease arrangements, investment risk portfolio (page 11), prepaid water treatment plant (page 15) and details of the sale of the hospital operations (page 17).
- Referring the Board to page 25, he noted there is one finding related to a number of audit-required adjustments due to the less-than-smooth transition from hospital to District. This reflects personnel, new systems, software and one-time purchases involved in the transition. He restated that the District is in a good place now. Director Doyle asked if these issues are now resolved. Mr. Dingas answered in the affirmative.
- Director Doyle thanked Mr. Dingas for his report.

ACTION ITEM

AUDITED FINANCIAL REPORT

Director Doyle asked for a motion to accept the audited financial report for fiscal year 2015.

- **Motion 17-20:** Motion by Director Hoffman to accept the audited financial report for fiscal year 2015; second by Director Armstrong; motion passed by unanimous vote.

RESOLUTION 17-03

Ms. Combs presented the action item for consideration.

- **Motion 17-21:** Motion by Director Sullivan to approve Resolution 17-03 to appoint authority to Jackie Combs, CEO, to execute documents related to the CalTrans 5310 grant application; second by Director Greenhouse; motion passed by a 4:1 vote with Director Hoffman voting against the motion.

Discussion followed the motion wherein Director Hoffman recommended language be added with regards to the approved level of financial authority as defined in District policy. While the Directors concurred with Director Hoffman's proposal, the approval of resolution 17-03 was required for the timely submission of the CalTrans grant. The motion to approve the Resolution was passed as presented.

RESOLUTION 17-04

Ms. Combs presented the action item for consideration. In light of the grant requirement documenting the CEO's authority, Staff proposed Resolution 17-04 as prudent for timely submission of future grants. Based on the discussion presented relative to Resolution 17-03, the motion to approve Resolution 17-04 was deferred back to Staff for the inclusion of the requested language.

REPORTS

MORONGO BASIN HEALTHCARE DISTRICT UPDATE, Jackie Combs, CEO

Ms. Combs referred the Directors to Tab 4 in the agenda packet and provided the following additional information:

- Ms. Combs referenced her written report under tab 4 in the agenda packet; she entertained questions; the board had no questions.
- **Human Resources Report:** Ms. Combs asked Ms. Schmall to present the quarterly report for human resources statistics for second quarter: October –December 2016. The board had no questions regarding the data presented; Director Doyle thanked Ms. Schmall for her report.

CALENDAR REVIEW AND COORDINATION

The calendars for the Board of Directors were reviewed and coordinated.

- No changes presented.

DIRECTOR COMMENTS

- **Director Greenhouse:** Thoroughly understandable audit report; thank you for input.

- Director Sullivan: Good meeting in terms of audit report. He underscored that since we made our transition with only a clerk and CEO, the District has experienced a lot of growth and catching up. He was pleased the audit report was positive and reflective of commitment and good work by staff. Future reports will hopefully also be positive. Compliments to staff who have come on board since then. We have acquired stellar folks in other departments as well. The entire organization is running really well. We really have a great team.
- Director Hoffman: When you take the hill, you only take it once.
- Director Armstrong: I've sat through a lot of these type of audit reports. I thought Mr. Dingas did a good job presenting the audit and staff did a great job. It was monumental and he did a stellar job.
- Director Doyle: We have been well prepared by both PK White and Jackie Combs in terms of what to expect with this audit. It made tonight go smoothly; we can point to an improvement over last year and the hospital stuff. This says a lot about the quality of our financial processes considering all of the disruption and complexities of splitting from the hospital. PK, you have done a stellar job in preparing for the audit. Adele is not an easy act to follow and you have proven yourself. She then thanked Mr. Schauppner for being here to cover the health of our community.

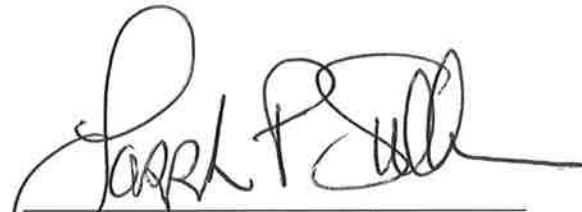
MEETING ADJOURNMENT

Director Doyle adjourned the meeting at 6:24 p.m.

Board meeting minutes recorded by J. Riddon.



Marge Doyle, President



Joseph Sullivan, Secretary