

Hi-Desert Memorial Health Care District dba
Morongo Basin Healthcare District
BOARD OF DIRECTORS REGULAR MEETING MINUTES

April 28, 2016 at 5:30 p.m.

Convened at the District Offices

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 Sullivan, President
- Director Doyle, Vice President
- Director Cooper, Secretary
- Director Hoffman, Treasurer
- Director Avels

Administrative Staff:

- Jackie Combs, CEO
- Karen Graley, Board Clerk
- Patricia White, Controller
- Joe Ruddon, Director Business Operations
- Nora Maughan, Hi-Desert Family Health Clinics, Executive Director

Media:

- None present

Guests:

- Sandy Potts, Community Health Center board member and guest

CALL TO ORDER

Director Sullivan called the meeting to order at 5:31 p.m.

ROLL CALL

Karen Graley, Board Clerk, conducted roll call:

- Director Sullivan: present
- Director Doyle: present
- Director Cooper: present
- Director Hoffman: present
- Director Avels: present

OBSERVANCES

- Director Doyle read the healthcare District's mission, vision and core values statements.
- Director Hoffman led the Pledge of Allegiance.
- Director Sullivan read the public comments statement.

PUBLIC COMMENTS

Sandy Potts, board member Community Health Centers (CHC): Ms. Potts explained that one of the issues that came before the CHC board at last night's meeting was the temporary suspension of three service lines because of compliance with a technical issue. Ms. Potts was especially concerned about the suspension of the pain clinic and was told by staff that Dr. Seip could provide temporary support during the suspension. However, he cannot provide the same level of care as Dr. Asfaha at the clinic; he would refer patients to the hospital. She requested that the District explore options to intervene and provide uninterrupted care to pain management patients.



Director Sullivan explained that the Board of Directors could not take action at this meeting but indicated that it could be placed on the agenda for discussion.

APPROVAL OF MEETING AGENDA

Motion 16-23: Director Hoffman motioned to approve the meeting agenda as presented; motion was seconded by Director Cooper; 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, April 14, 2016

Motion 16-24: Director Doyle motioned to approve the consent agenda as amended; motion seconded by Director Avels; motion passed by unanimous vote; (correction: Motion 16-21 was made by Director Hoffman, not Director Doyle).

REPORTS

Review of Tenet Purchase Agreement, Jackie Combs, CEO

Ms. Combs referred the Directors to Tab 2 of the agenda packet for the Executive Summary of the Lease Agreement. This review is the first in the series of presentations.

- The Agreement is comprised of many volumes presenting two unique documents (1) the purchase of the equipment and (2) the lease agreement. This review addresses the lease agreement.
- Article 1: The District leases to the New Operator all properties except for the clinics and foundation assets, as well as items called out in the document. Director Doyle inquired about the monument property that was not included in the agreement; Ms. Combs said the attorneys are creating a side-letter (amendment) to add the monument property to the agreement.
 - ♦ There was discussion about the schedule of performance for year one and whether or not the local hospital is aware of what the Agreement states. Ms. Combs will follow up with HDMC leadership to ensure compliance with the Agreement.
 - ♦ The Agreement calls for \$32 million in capital purchases/improvement in the first three years. There was discussion about how to confirm that the purchases and application of monies has been done. Ms. Combs proposes to present the schedule to HDMC's CFO for discussion.
- Article 2: is a laundry list of definitions (not included in this review).
- Article 3: Rent and Additional Charges. Beginning the fourth year, the New Operator shall pay additional rent from Quality Assurance Funds; amount is calculated on the amount of the QAF monies received, providing a percentage of the total. The first additional payment will be October, 2019 and is projected to be \$1 million in QAF monies and \$2 million rent.
 - ♦ Director Hoffman requested a side-letter be added to the Agreement stating that "for the District to provide appropriate oversight, a schedule of the following requirements are presented," and list the specifics of the agreement.

Financial Report – March, 2016, Patricia White, Controller

Ms. Combs introduced the report explaining the background on bringing "Meditech Numbers" into Financial Edge, the current accounting program. The hospital sends an electronic trial balance for the month's activity. That spreadsheet averages 3,600 lines of data that must be translated from the



hospital's large chart of accounts into the District's smaller chart of accounts and Financial Edge. The report presented here is a clean incorporation of some of that data, but there is more to sort and import, therefore this report remains a "draft." The project is so large and encumbered with old data (i.e. contractual data from the 90's), that Ms. Combs contacted Tom Dingus, CPA, the District auditor, and asked for assistance in sorting through the process and data for translating the data correctly.

Ms. White will continue to work on the project and will provide an updated report at the next board meeting.

Ms. White presented a revised financial report for March, 2016. It reflects July through March data. Page 1 is summary for March and page 2 shows trending. Pages 3&4 are the supporting account detail.

Director Doyle asked about the significant overage of legal fees on page 2; Ms. Combs noted that it is all legal fees, attorneys, settlements, etc. and detailed information is on page 3 (specifically lines 5220 and 5221).

Page 5 is Transportation and includes the Meditech data because it was "clean" data, not mixed with hospital-specific data. The signed grant contract was received and the revenue back-dated to December 2015. The revenue matches paid expenses that qualify for reimbursement.

INVESTMENTS: Page 6 is for March activity. Ms. Combs inquired about RBC fees and discovered an error that will be reimbursed by RBC. The fee for this quarter is a quarterly service fee for managing the money (\$3,000/month). Page 7 is trending. As of today, we have a balance of \$2 million.

CHC REPORT: Staff has agreed that from this time forward, the CHC financial report will be presented with District financial reports rather than separated under Nora Maughan's monthly report. These CHC reports do not include the Meditech data; staff is in process to translate the Meditech data into the CHC format. Page 11 through 13 includes statistical data such as clinic payor mix.

Director Doyle asked about the number of visits for Dr. Asfaha relative to the pain clinic; the report shows 81 patients per month.

FOUNDATION: Staff will finish the District and Clinic data incorporation before addressing the foundation's accounts to bring them into the District's format.

HANDOUT: Ms. White introduced a handout reflecting Meditech data only that is not blended with District numbers. The next report will show a consolidated report. Also in the report is the "check register" listing disbursed checks. The active work now turns to Balance Sheet accounts. A schedule has been defined to keep Staff on track to be ready for the year-end audit.

Morongo Basin Healthcare District Update, Jackie Combs, CEO

Ms. Combs provided the following verbal report:

- Local Fundraising Requests. Staff received a request for a Boys and Girls fundraiser. Ms. Combs asked for direction on how to proceed with such opportunities. Director Doyle suggested Staff budget an amount for this level of community support. Director Avels suggested we be conservative in how we disburse District's monies at this time, but said she would like to be made aware of similar opportunities. She suggested we be caring but cautious because we have



unknown liabilities for now; once we are confident of our financial status, then we can be more responsive. Director Sullivan suggested that consideration be given case-by-case and include how the project reflects improving health and wellness.

- Meaningful Use: Tenet agreed that MBHD will do the reporting; our attorney has contacted a specialized expert for Meaningful Use to assist with the self-reporting.
- State Audit for California. We have received reimbursement for the State's underpayment for the Continuing Care Center patients; a check was received for \$212,000.
- The CHC governing board is excited about joining the District's Budget Workshop on May 19.
- Foundation reorganization meeting is scheduled for June. Staff is planning on a short meeting with snacks, no dinner. Purpose of the meeting is to determine frequency of meetings, bylaw changes, how to manage responsibilities such as the rose garden, etc.
- Jackie Combs, Dean Moore and Joe Ruddon are scheduled to meet with Desert Healthcare District regarding what we have done for community engagement.
- A handout was distributed. Based on HRSA's report for public centered government, the document clearly states how the relationship between the District and the clinics should work. Director Doyle referred to the definition of the co-applicant relationship which states that the District and CHC boards work collectively on behalf of the clinics. By law, the District board is responsible for financial and personnel policies.

CALENDAR REVIEW AND COORDINATION

The calendar for the Board of Directors was reviewed and coordinated:

- The next regular meeting of the Board of Directors is Thursday, May 12 at 5:30 p.m.
- Budget workshop, May 19 at 4:00 p.m.

AGENDA ITEMS

- Scope of Services update (pain clinic services)
- Closed session: trade secrets

DIRECTOR COMMENTS

Director Avels: Welcomed Joe Ruddon; she is really pleased Sandy Potts came to speak tonight and said she is looking forward to having meetings with the CHC board. Ms. Combs advised that Staff is planning a joint meeting in June to discuss the co-applicant agreement. Director Avels thanked Ms. White for a great report.

Director Doyle: Thanked Sandy Potts for coming to the meeting both as a patient and a board member. It's important that we work together and are collaborative for the success of the clinics and our patients. She welcomed Joe Ruddon to the team.

Director Hoffman: no comments offered.

Director Cooper: Thanked Ms. White for the concise financial report, stating it was very easy to understand; she welcomed Joe Ruddon to Staff.

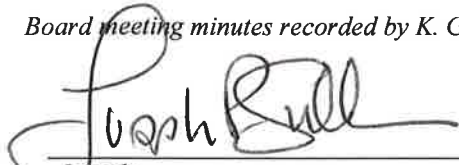


Director Sullivan: Welcomed Joe Ruddon, saying he had been sorry to see him leave and is glad that he's back. Director Sullivan thanked Ms. Combs for the first installment about the Agreement, noting that it is helpful. He also thanked Director Doyle for the HRSA research and that it is important to defining the board's relationship with clinics.

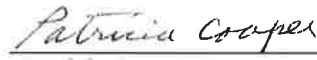
MEETING ADJOURNMENT

Director Sullivan adjourned the meeting at 7:40 p.m.

Board meeting minutes recorded by K. Graley, Board Clerk.



Joseph Sullivan, President



Patricia Cooper, Secretary