

**Tulare Local Healthcare District
Board of Directors Meeting
Minutes
Wednesday, March 27, 2019 6:30 PM**

In Attendance:

Kevin Northcraft	Dan Heckathorne	Wipfli
Mike Jamaica	Rich Gianello	Wipfli
Senovia Gutierrez	Todd Wynkoop	Legal Counsel
Xavier Avila	Jared Gordon	Legal Counsel
Stephen Harrell	Riley Walter	Bk Counsel
	Randy Dodd	Adventist Health

1. Call to Order

Meeting called to order at 6:30 pm

2. Public Comment:

No public comment

3. Announcements – Board

Xavier Avila thanked the legal staff, fellow Board members, Wipfli, Adventist Health, and the public for the achievements of the last year. Senovia Gutierrez thanked the community for staying together – Tulare Strong. Kevin Northcraft thanked the community for voting in increasing percentages to support the District. The bankruptcy plan should be finalized this year and the District is getting its own staff on board. He also thanked Adventist Health. Mike Jamaica said the Board has come a long way. He said the Board has had sleepless nights wondering who will be the District’s partner. He thanked the help received from Wipfli, McCormick Barstow, Riley Walter, and Adventist Health.

4. Consent Agenda:

a. **02/27/19 Meeting Minutes** b. **03/14/19 Meeting Minutes**

The minutes were not in the first packet received by Board members, but were online for review. Stephen Harrell moved to approve both minutes. Senovia Gutierrez seconded the motion. Approved 5-0.

5. Tulare Hospital Foundation Update

a. Presentation - Jan Smith

No report as Jan Smith was not in attendance.

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

Derek Jackson reported that the rent for the month of February is \$20,802.65. He reported that Evolutions is looking at health insurance for their full-time employees. Membership is up a little.

Jayne Presnell reported on the used equipment. She thanked Stephen Harrell for marketing the equipment. She contacted a company in Fresno that did not want the equipment. A member had a friend opening a gym in Bakersfield. He wants to purchase the equipment for \$1500. The Silver Sneakers program gives full price membership for seniors. 13 seniors signed up through the Humana Network. Anthem Blue Cross and AARP are starting their own program. Paying members are switching to Silver Sneakers. The gym is only reimbursed if the senior shows up.

7. Report of Contract with JAPM INC. dba Armstrong Property Management to provide property management services for Tulare Local Healthcare District non-acute hospital campus real properties.

Todd Wynkoop reported that the contract is complete and published on the website. Dan Heckathorne said Armstrong Property Management will be paid a flat fee of 2%. They will manage 2 properties. Jayne Presnell asked if Evolutions was included. Todd Wynkoop said no.

8. Discussion and Update regarding Evolutions Parking Lot

Dan Heckathorne reported he met with EVO Management. Mike Lane, EVO, helped with the RFP and drew the design. They hope to have the proposals to the Board in April for approval and the work done by the end of May.

Temporary fills of the potholes have been done. Stephen Harrell suggested adding wet cement to the gravel.

9. Adventist Health and Staff Updates

a. Hospital Services update – Randy Dodd, President

Randy Dodd reported that the ER daily visits were:

October	66
November	67
December	70
January	70
February	72
March	78

The average daily census was:

October	8
November	10
December	10
January	11
February	10
March	9

The increase in emergency room visits is due to a late flu and respiratory virus season. The 10,000th patient was seen on March 8. 11,004 patients have been seen so far. They need specialists and OB in place. It is hoped to open OB in July. The main reason for transfers is cardio, neuro, and GI. The change of ownership took place March 15. It needs to be formalized and accepted. California Dept of Health in Bakersfield has approved the change of ownership. The State CDPH still needs to approve. Kevin Northcraft said the start of the lease was March 15. Randy Dodd reported they hope to have the sleep lab open before July 15th. He has asked Adventist Health in Roseville for an initial ask of \$5 million for imaging equipment. \$22 million of surgical equipment is needed. Xavier Avila will represent Tulare on the governing board.

10. Resolution 867 to declare certain Tulare Local Healthcare District tangible real property as surplus property

Todd Wynkoop said the resolution is needed to declare surplus property. Xavier Avila moved to approve as amended. Senovia Gutierrez seconded the motion. Approved 5-0.

11. Discussion and Action on definitive documents related to transaction with Adventist Health Systems West including:

- a. Amended Management Services Agreement by and between Tulare Local Healthcare District and Adventist Health Tulare.
Xavier Avila moved to approve the amendment. Mike Jamaica seconded the motion. Senovia Gutierrez asked for more time to review. Kevin Northcraft moved to table letter A until the next meeting. Senovia Gutierrez seconded the motion. Approved 4-0-1 with Xavier Avila abstaining.
- b. Amendment No. 1 to Lease dated February 12, 2019, by and between Tulare Local Healthcare District and Adventist Health Tulare for real property commonly referred to as Tulare Regional Medical Center.
Stephen Harrell moved to approve amendment no. 1 to the lease. Mike Jamaica seconded the motion. Approved 5-0.
- c. Amendment No. 1 to Asset Purchase Agreement dated March 15, 2019, by and between Tulare Local Healthcare District and Adventist Health System/West related the purchase/sale of certain tangible personal property of the District.
Mike Jamaica moved to approve amendment no. 1 to the asset purchase agreement. Stephen Harrell seconded the motion. Approved 5-0.

12. Discussion and Action on Resolution 868 and the Transition Services Agreement by and Between Tulare Local Healthcare District and Adventist Health Tulare with regard to the provision of services by and between Tulare Local Healthcare District and Adventist Health Tulare.

Stephen Harrell moved to approve Resolution 868 with meeting date and approval of the agreement. Kevin Northcraft seconded the motion. Approved 5-0.

13. Update and Discussion Re: TRMC/Contracts Status Related to the Bankruptcy

a. Bankruptcy Attorney - Riley Walter

Riley Walter reported that the district is a party to 1100-1300 contracts. These contracts need to be evaluated, then assumed, rejected, or assigned to Adventist Health. Many of the contracts have been assigned to Adventist Health with no cure costs. The bankruptcy is moving closer to a disclosure statement and the plan should be ready for approval by the next Board meeting for submission to the Court. Dan Heckathorne reported that 600-700 contracts have expired.

14. District Operational and Activities Review Update for past 17 months a. Rich Gianello, Partner, Wipfli CPA's and Consultants

Rich Gianello asked to defer this item to the next meeting.

15. Chief Financial Officer Report:

Review and Recommend the following for Board Approval:

- a. January and February 2019 Internal Financial Statements (to be distributed)
See attached
- b. Hospital Operations, AH- Internal Financial Statements for December 31, 2018 and January 31, 2019 (to be distributed)
See attached
- c. TLHCD Information Technology (I/T) Transition Plans and Needs - Discussion and Action to approve Budget
Dan Heckathorne said they have prepared an assessment of what the District will need to get an office. The projected budget is \$68,000 for one year then \$30,000. Kevin Northcraft said new people will be on board in May and he would like to allow their input. Dan Heckathorne will bring back this item next month. There is a need to store historical data. It will cost approximately \$200,000 to download and store. Dan Heckathorne will provide recommendations next month.
- d. Cash Report Update – TLHCD; City of Tulare Line of Credit Update (verbal)
Since 2/27/19 the District has borrowed \$6 million for routine expenditures paying bonds, and attorneys. Wipfli has not received payment for 1/19/19 and 2/19/19. Medicare is requesting a \$283,000 payment or they will withhold reimbursement to Adventist Health. Mike Jamaica moved to approve the financial statements. Senovia Gutierrez seconded the motion. Approved 5-0.

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

Stephen Harrell reported two inquiries for office space have been received. One has not gotten back to him and Kingsview has not submitted a proposal.

Kevin Northcraft reported that the District has received calls but no offers for the four properties at the medical plaza.

Dan Heckathorne reported they are disconnecting utilities, taking care of vandalism, and hiring landscapers.

17. Suspend open session – recess to closed session at 8:07 pm

18. Closed session

- a. Conference with Interim Legal Counsel- Existing litigation (*pursuant to Ca. Govt. Code § 54956.9*)
 - i. *In re Tulare Local Healthcare District dba Tulare Regional Medical Center*
--United States Bankruptcy Court Eastern District of California Case No. 17-13797
- b. Conference with Interim Legal Counsel – Initiation of Litigation (*pursuant to Ca. Govt. Code § 54956.9*).
- c. Instructions to designated representative, Kevin Northcraft, related to real property at 1425 E. Prosperity Avenue commonly known as Evolutions.
- d. Discussion regarding future operation and possible disposition of Mineral King (Forensic/Toxicology) Lab (*pursuant to Govt. code § 54962*)
- e. Discussion and Action on public employee appointment of Chief Executive Officer
(*pursuant to Govt. code § 54957*)
- f. End closed session

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

Nothing to report

20. Adjournment - Next regular meeting scheduled for 6:30 PM on Wednesday April 24, 2019 at Allied Building Conference Room 2.