

**Tulare Local Healthcare District
Board of Directors Meeting Minutes
Wednesday, February 27, 2019 6:30 PM
TRMC Administrative Offices
869 North Cherry Street, Tulare CA 93274**

In attendance:

Kevin Northcraft	Dan Heckathorne	Wipfli
Mike Jamaica	Rich Gianello	Wipfli
Senovia Gutierrez	Todd Wynkoop	Legal Counsel
Stephen Harrell	Ben Nicholson	Legal Counsel
Xavier Avila (absent)	Riley Walter	Bk.Counsel
	Randy Dodd	Adventist Health

1. Call to Order

Meeting called to order at 6:30 pm

2. Public Comment:

Paul Atlas

3. Announcements – Board

Mike Jamaica wanted to thank the City of Tulare for the line of credit to the hospital district.

Kevin Northcraft wanted to remind Board members and district staff that form 700 is due April 1, 2019. He also advised the board and district staff that the law firm of Lozano Smith sent Brown Act updates.

4. Consent Agenda:

- a. 01/23/2019 Meeting Minutes
- b. 02/06/2019 Meeting Minutes

Stephen Harrell requested that the January 23rd minutes be amended on item 13 to reflect that 1843 be changed to 1433. He requested that on the 2/6 minutes item 6 reflect 8 pilates chairs and 1 recumbent bike.

Mike Jamaica moved to approve the 1/23/19 and 2/6/19 minutes with the corrections made by Stephen Harrell. Senovia Gutierrez seconded the motion. Approved 4-0.

5. Tulare Hospital Foundation Update

Marmie Fidler made the report as Jan Smith was attending the inaugural Hospital Foundation Cancer Support Group meeting. Marmie Fidler reported that Rosemary Hancock is a new Foundation board member. The Foundation will be having an event on 5/4 and 5/5/19 in conjunction with Life Hope Mission and Adventist Health. The Proud to Wear Pink/Real Men Wear Pink event will be held on 7/13/19 at the Veteran's Memorial Building.

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

Derek Jackson reported that due to a three-pay period month there will be no rent payment this month. He reported that gym membership is up more than 100 memberships and members are up more than 200 members. Annual contracts renewed is up. Silver Sneakers program is being implemented. Monthly revenue will be sent directly to the Board.

7. Discussion and Potential Action regarding Evolutions Parking Lot

Mike Lane, EVO management spoke regarding the Evolutions parking lot. Estimates to repair the entire parking lot are between \$400,000 - \$500,000. The worst section is near the west entrance. Mike Lane sketched a replacement proposal for those worst sections. Three bids will be obtained for replacement of the worst sections. Mike Lane estimated it could cost between \$60,000 - \$70,000. For 2 ½" asphalt that should last 20 years.

8. Adventist Health and Staff Updates

Hospital Services update – Randy Dodd, President
Randy Dodd reported that February was a very busy month. One day of the month they saw 90 patients in the ER. The average is 72 visits per day. Average daily census of admitted patients is 10. They are getting more specialists, physicians, and nurses. 20 elective surgeries were performed in February. Patients are being transferred that require higher patient acuity or. Adventist Health will be partnering with Life Hope Missions for dental, vision, and medical screenings in a tent in the parking lot. The application for change of licensing is waiting on the Board of Pharmacy.

9. 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 that 99 physicians are credentialed. 29 more have requested credentials: 6 ER physicians, 4 internal medicine physicians, and 19 surgeons.

Stephen Harrell move to approve the recommendation from the MEC to grant hospital privileges to the physicians on the attached list. Senovia Gutierrez seconded the motion. Approved 4-0.

10. Discussion and Action to Approve Surgical On-Call Agreement

a. Thomas R. Scherer, D.O., INC. (Group)

The contract with the surgical group will be effective upon signing. They will receive \$1000 per diem until 1/2020. Dr. Scherer is on the medical staff in Hanford.

Jennifer Burcham provided public comment.

Mike Jamaica moved to approve the contract. Stephen Harrell seconded the motion. Motion approved 4-0.

11. Update on execution of definitive documents related to transaction with Adventist Health Systems West including lease related to the real property commonly known as the Tulare Regional Medical Center and the Asset Purchase Agreement covering the

purchase of District tangible personal property by Adventist Health.

Todd Wynkoop reported that the lease is posted and agreed to. The asset purchase agreement is not yet completed. The APA will include equipment and supplies purchased. It will be amended to include equipment in the warehouse, pharmaceuticals, and medical supplies.

12. Interim General Counsel and Bankruptcy Counsel Public Litigation Update

Todd Wynkoop reported that he and Ben Nicholson attended their first board meeting one year ago. 1 year ago the district was involved in 40 litigations, liens were on all district property, and they had 58 bankruptcy claims. Today the liens have been removed, HCCA claims are gone, long term financing has been leveraged, and the hospital is open. On March 15 they will landlords with no legal disputes except the bankruptcy. Acute care needs will be taken care of by the tenant and there is no longer a risk the hospital will close.

Ben Nicholson reported that there are 37-45 litigations pending. 7 are ongoing, 25 are done or dismissed, and 5 are settled in principal

Todd Wynkoop said there has been \$3 million in costs to settle cases.

Riley Walter reported that the bankruptcy is not done. He will focus on the challenges ahead. The district needs to close the Adventist Health deal. He is sorting out 1,100 contracts. 259 claims have been files. File objections won't be filed until the plan is approved. He is working with Rich Gianello and the bond trustees on agreements to reinstate a better credit rating. The plan includes a disclosure statement, what needs to be done to resolve, and claims broken into class. The disclosure is ready and will be approved in 45 days. There will be a hearing of confirmation 60 days after the effective date, then payments start. He hopes to have the disclosure statement in April, confirmation in July, and a final decree in 7-8 months.

13. Discussion related to process to establish Tulare Local Healthcare District Fiscal Year 2020 Budget

Todd Wynkoop said projections need to be separated because of privilege due to the bankruptcy. Dan Heckathorne and Rich Gianello reported the fiscal year for 2020 will begin 7/1. With an approved budget, and financial statements they can start the budget in May or June of 2019.

14. Discussion and Update to Draft of Phase 2 Capital Projects (Post Hospital Opening)

Dan Heckathorne reported that Phase 2 capital projects began last month. Since the last report they have the determined the third set of chillers have no possibility of repair. That has added to the draft projection. It increases the projected budget by \$800,000 to \$6 million.

15. Recommend the following Capital Project for Board Approval:

- a. Chiller Replacement and Installation Labor & Delivery Service area (2 chillers) and SPD Service area (1 chiller)

See attached report

Tyler Gillman reported that the chiller impacts ICU sterile processing, and labor and delivery. 2 units are 25 years old and these units usually have a 20 year life span. The control systems are obsolete and refrigerant is leaking. Parts for repair and no longer made. The refrigerant the units use will be phased out in 2020. He obtained 3 bids for turn key installation. 2 bids were

of limited scope, 1 was a full bid. The chillers are 1 40 ton and 2 60 ton. Kevin Northcraft noted that public sector bidding process was not used. Todd Wynkoop said they are a public agency. Jennifer Burcham provided public comment. Stephen Harrell moved to replace the chiller in the 90's tower for \$680,000 by New England. Motion approved 3-1, with Senovia Gutierrez in dissent.

16. Discussion and Action to Approve Property Management Services Contract

An RFP for property management services was prepared by the city but received no response. The former property management provider refused further service. Louis Limas of Prime Properties said he would provide services for 6% of the rent. Stephen Harrell said the District is responsible for the Pathology Lab and the VA clinic. Evolutions has their own employee to provide property management services. Dan Heckathorne recommended the District move forward with Prime Properties. Todd Wynkoop will look at the agreement. Kevin Northcraft said without a property manager, Wipfli will provide the service for \$300 per hour. Kevin Northcraft moved to use Prime Property Management. Mike Jamaica seconded the motion. Approved 3-1, with Senovia Gutierrez dissenting.

17. Chief Financial Officer Report:

Review and Recommend the following for Board Approval:

- a. **October and November, 2018 Internal Financial Statements**
See attached
- b. **Hospital Operations, AH- Internal Financial Statements for November 30, 2018 and December 31, 2018**
See attached
- c. **TLHCD Financial Audit Report - Presentation and Approval of FYE's June 30, 2018 and June 30, 2017 – Rick Jackson, C.P.A., JWT and Associates, LLP**
See attached
Rick Jackson reported on the audit and was available for questions. Mike Jamaica moved to accept the audit. Senovia Gutierrez seconded the motion. Approved 4-0
- d. **TLHCD Information Technology (I/T) Transition Plans and Needs**
Dan Heckathorne reported there is a need to migrate and maintain. Adventist Health has access to patient records. The district financial records are accessible for audits. No action needed. Working on a plan for IT.
- e. **Accounts Payable Update – TLHCD**
See attached. Dan Heckathorne said he will no longer submit.
- f. **Cash Report Update – TLHCD**
See attached

18. Discussion and Approval for Renewal of Lease between Heiskell Ranches (for the Mineral King Laboratory) and Tulare Local Health Care District.

Sandy Haskins negotiated a 3-year extension until Adventist Health assumes operation. Stephen Harrell moved to approve the renewal of the lease and Mike Jamaica seconded the motion. Approved 4-0.

19. Update and discussion for Lease of Non-Hospital District Real Properties to Adventist Health

Adventist Health needs to lease contiguous properties: IT building on Gem, Foundation building on Cherry, and the construction trailer. Fair market valuation will be made by the committee, attorneys, and staff. Leases will be brought to the Board. Consensus was given to proceed.

20. Discussion and Action on amendment to purchase sale agreement related to the 4 acres of unimproved land at 1425 E. Prosperity Avenue.

A letter was received from the city that stated State law requires Tribal consultation for 90 days. This extends the process for 6 months. The initial escrow did not extend the necessary length. Kevin Northcraft moved to add an addendum to the agreement to extend the escrow no later than September 16, 2019. Senovia Gutierrez seconded the motion. Approved 4-0.

21. Discussion and Action to Declare Surplus Property

See attached list

One item will be sold – Fuji film processor and remaining items will be declared surplus and scrapped.

Mike Jamaica moved to declare the property surplus. Stephen Harrell seconded the motion. Approved 4-0.

22. Suspend open session – recess to closed session

23. 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
 - ii. *Zulim v. TRMC et al.*, Tulare County Superior Court, Case No. 274358
 - iii. *First Source Solutions v. TRMC*, U.S. Eastern District of California, Case No. 1:15-cv-01136
 - iv. *Dominguez v. TRMC*, Tulare County Superior Court, Medical Malpractice Case.
 - v. *Calderon v. TRMC*, Tulare County Superior Court, Medical Malpractice Case.
- 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 and Action on public employee appointment of Chief Executive Officer (*pursuant to Govt. code § 54957*)
- e. End closed session

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

Nothing to report

Adjournment *Next regular meeting scheduled for 6:30 PM on Wednesday March 27, 2019 at Allied Building Conference Room 2.*