

**DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
February 28, 2017**

A Meeting of the Board of Directors of the Desert Healthcare District was held in the Arthur H. "Red" Motley Boardroom, Palm Springs, CA.

Attendance:

Members

Carole Rogers, RN – President
Kay Hazen – Vice-President/Secretary
Mark Matthews – Treasurer
Jennifer Wortham, Dr.PH - Director
Les Zendle, MD – Director

Absent

Staff

Herb K. Schultz, CEO
Chris Christensen, COO/CFO
Donna Craig, Chief Grants Officer
Alejandro Espinoza, Director Programs/Projects
Mary Pannoni, Accounting/Admin Support
Andrea S. Hayles, Clerk to the Board

Legal Counsel

Jeff Scott

Guests

Rich Ramhoff, Director of Marketing, DRMC
Michelle Finney, Interim CEO, DRMC
Rafael Gomez, Healthcare Consultant, Pacific Health Consulting Group

CALL TO ORDER

The meeting was called to order at 2:07 pm by President Rogers.

APPROVAL OF AGENDA

President Rogers asked for a motion to approve the agenda.

#17-09 MOTION WAS MADE by Director Matthews and seconded by Director Zendle to approve the agenda.

Motion passed unanimously.

Roll Call Vote:

**AYES 5 Director Zendle; Director Wortham; Director Matthews
 Vice-President Hazen; President Rogers**

NOES: 0
ABSTAIN:
ABSENT:
Motion Passed 5-0

President Carole Rogers introduced guest Michelle Finney, DRMC, Interim CEO. Ms. Rogers briefly described Ms. Finney's long-term role with Tenet Healthcare as the Market CEO of Coachella Valley. Ms. Rogers also expressed her eagerness to work with Ms. Finney as the new Interim CEO.

PUBLIC COMMENTS

None

CONSENT AGENDA

Submitted for approval:

1. BOARD MINUTES
 - a. Meeting of January 24, 2017
2. FINANCE & ADMINISTRATION
 - a. Consideration to approve District January 2017 Financial Statements

**#17-10 MOTION WAS MADE by Director Zendle and seconded by Director Matthews approve the Consent Agenda.
Motion passed unanimously.**

**#17-11 MOTION WAS MADE by Director Zendle and seconded by Director Rogers to Approve the District February 2017 Financial Statements.
Motion passed unanimously.**

NEW BUSINESS

1. Consideration to approve the Proposed Strategic Planning Process – Vision, Workplan & Timeline
 - a. Consideration to approve the Service Agreement for Pacific Health Consulting Group

Herb Schultz, CEO, illustrated the significant work of the Board on the 2017-2020 Strategic Planning and the Board's work with the principal leaders in the community. Mr. Schultz introduced Andrea S. Hayles as the new Special Assistant to the President/Board Relations Officer. Mr. Schultz further explained the proposed vision statement describing that the Board is taking the District in a new direction towards a larger audience, but in a public perspective it is not known; thus, more visibility is necessary.

Rafael Gomez, Healthcare Consultant, Pacific Health Group, described his organization's work and involvement with support and development of safety-net programs throughout California. Mr. Gomez detailed the structure of the work plans with Pacific Health Group and the upcoming strategic planning meetings explaining transparency infused by one year of work, in addition to other documents such as the market analysis and needs assessment. Specifics concerning the special meetings and advertisement for public participation were also detailed in the plan development.

Director Matthews inquired on the community forums and the Board's participation. Mr. Schultz clarified the meetings and activities of polling and conversations with Health Assessment & Research for Communities (HARC) to follow-up on the data, as well as the goals of the vision, and the personnel infrastructure necessary to accomplish the planning.

Vice-President Hazen explained that the process involves data, community needs input, and the consultant's role for success.

Director Wortham described the planning and development and the 3-year action plan to follow on the developments and implementation.

17-12 MOTION WAS MADE by Director Zendle and seconded by Director Matthews to Approve the Proposed Strategic Planning Process – Vision, Workplan & Timeline. Motion passed unanimously.

Roll Call Vote:

**AYES 5 Director Zendle; Director Wortham; Director Matthews
 Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

17-13 MOTION WAS MADE by Director Mathews and seconded by Director Zendle to Approve the Service Agreement for Pacific Health Consulting Group. Motion passed unanimously.

Roll Call Vote:

**AYES 5 Director Zendle; Director Wortham; Director Matthews
 Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

2. Consideration to approve a legal counsel service agreement with Archer Norris to review the District's Conflict of Interest Policy, provide education on state law and regulations, and develop a policy/procedure for addressing potential issues.

Herb Schultz, CEO, detailed the priorities and the necessity of utilizing legal "special" counsel for reviewing and developing the policy and procedures with transparency and openness. Director Zendle further explained the need given the public and the presses

desire for candidness and accountability. Director Matthews detailed his consent for utilizing legal counsel for policy and procedure implementation.

17-14 MOTION WAS MADE by Vice-President Hazen and seconded by Director Matthews to Approve a Legal Counsel Service Agreement with Archer Norris to Review the District's Conflict of Interest Policy, Provide Education on State Law and Regulations, and Develop a Policy/Procedure for Addressing Potential Issues.

Motion passed unanimously.

3. Consideration to approve a revision to Policy #OP-07 to include the District's roles and responsibilities regarding Hospital Lease compliance.

Herb Schultz, CEO detailed a few of the misconceptions as it relates to the lease between Tenet and the District, which includes the District's roles and responsibilities. Mr. Schultz provided details concerning the Lease Compliance Summary as the basis of the District Board's responsibilities.

Jeff Scott, Esq., illustrated the emphasis on a remedy. Attorney Scott provided attendees with the 1997 Desert Hospital Transaction summary, which detailed the original pre-lease agreement. President Rogers inquired on documentation concerning conditions and repairs. Attorney Scott advised that there is no specific documentation and that the hospital should be maintained in good condition. Mr. Schultz explained that capital improvements is an ongoing process with the Ad Hoc Committee and further outlined the Lease Compliance Policy.

Vice-President Hazen supported expanding the policy and requested to incorporate specific monthly data for each month. Some months may not have changes, but other months might entail questions and concerns. Ms. Hazen suggested monthly reports including changes as a real-time notice instead of a year-end observation, including combining the annual basis requests and monthly reports. Also, Ms. Hazen noted that every quarter a walk-thru is incorporated as a regularly anticipated agenda item.

Director Zendle requested more clarity from the hospital's Governing Board to report back to the District Board. Director Matthews suggests that the Las Palmas Medical Plaza should be governed by the Committee structure to include the DRMC Board.

PUBLIC COMMENT:

Stephanie Salter, Retired DRMC employee, read the lease and Ms. Salter does not believe that a walk-thru of the facility is an adequate way to ensure compliance and explained the seismic issues have not been addressed by Tenet. Herb Schultz, CEO, explained that he has reached out to Ms. Salter's via email and has not received a response; however, Mr. Schultz stated that the issues are serious and he is concerned. Director Zendle detailed the ethics and compliance training he attended and he would like the public to speak up and report any compliance issues to the compliance officer of the hospital.

Ezra Kaufman, resides in the district and inquired about the Governance & Facilities Committee. Vice-President Hazen explained that the Committee is a Standing Committee within the Brown Act guidelines. Mr. Kaufman added that he deems that the walk-thru will not assist to catch compliance and HIPAA violations.

17-15 MOTION WAS MADE by Director Zendle and seconded by Director Rogers to Approve renaming Governing Board Committee to DRMC Governance and Facilities Committee.

Motion passed unanimously.

Roll Call Vote:

**AYES 5 Director Zendle; Director Wortham; Director Matthews
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

Rename Governing Board Committee to Governance and Facilities Committee. Amend the Desert Healthcare District's ByLaws to include the Governance and Facilities Committee as a Standing Committee.

17-16 MOTION WAS MADE by Director Hazen and seconded by Director Matthews to approve a revision to Policy #OP-07 to include the District's roles and responsibilities regarding Hospital Lease compliance.

Motion passed unanimously.

Roll Call Vote:

**AYES 5 Director Zendle; Director Wortham; Director Matthews
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

4. Consideration to approve a service agreement with Probolsky Research to perform polling of East Valley residents.

Herb Schultz, CEO, outlined the polling for the East Valley.

Director Wortham requested that the West Valley report is presented in a different manner with more measurements and information on the organization conducting the poll.

Director Zendle made a motion for approval, and Director Hazen suggested a withdrawal of the motion explaining the potential expansion of the boundaries and how the East Valley perceives their healthcare needs.

Mr. Schultz reiterated that he is requesting the Board to adopt a service agreement Probolsky Research, the company's prior work with the District, and what was accomplished in the past. It was also explained that the polling would be made via telephone calls.

Director Zendle expressed concerns as to why Director Wortham does not want to move forward with the vote. Director Wortham explained that she does not believe it is the best approach. President Rogers and Vice-President Hazen will revisit the poll with Staff and follow up accordingly with further recommendations.

17-17 MOTION WAS MADE by Dr. Zendle and seconded by Director Matthews to Approve the Service Agreement with Probolsky Research to perform polling of East Valley residents.

Motion did not pass unanimously.

Roll Call Vote:

**AYES 4 Director Zendle; Director Matthews
Vice-President Hazen; President Rogers**

NOES: 1 Director Wortham

ABSTAIN:

ABSENT:

5. Consideration to approve a service agreement with Premier Inc. to update the Market Analysis with 2015 and seasonality data.

Mr. Schultz explained the service agreement detailing that the District's request for updated 2015 data with seasonal adjustments for peak times of the year.

17-18 MOTION WAS MADE by Director Matthews and seconded by Vice-President Hazen to Approve the Service Agreement with Premier Inc to update the Market Analysis with 2015 and seasonality data.

Motion passed unanimously.

Roll Call Vote:

**AYES 5 Director Zendle; Director Wortham; Director Matthews
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

COMMITTEE REPORTS

1. **Program Committee**

Vice-President Hazen explained that the grant reports are included in the packets and all status reports have been reviewed. Ms. Hazen also welcomed Director Wortham to the Committee.

2. **FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE**

Draft minutes of meeting February 14, 2017, COO Report, Las Palmas Medical Plaza Rental Update.

Director Zendle reported that the meeting minutes are included in the packet and are self-explanatory for all to review.

a. **Consideration to approve amended Policy #Op-11 Professional Services to include CEO execution authority up to \$5,000**

Director Zendle detailed that the items were approved by the Finance Committee and is now passed on to the Board for recommendation further explaining that a signatory up to \$5,000 would not require the approval of the Finance Committee.

Director Wortham inquired if the item is listed in the by-laws and emphasized that in Mr. Schultz's position a higher amount is more appropriate and in line with the budget.

Mr. Schultz reiterated that all budgeted and non-budgeted items are transparent for the board reviews. Chris Christensen, CFO remarked that the District is ensuring that the Board is within the guidelines of the budget, and that professional services has exceeded the budgeted limit this year.

Vice-President Hazen added that the issue is a signature authority matter and not a professional services issue. Preferring to look at the signature authority item to ensure it is at an appropriate level and bring back the policy.

Mr. Schultz reiterated that in the context of the budget, the CEO has signatory authority over the contract and authority up to \$5,000. All budgeting is along the lines of Strategic Planning, which will potentially change the by-laws.

17-19 NO MOTION WAS MADE and the Board will reconvene discussing the amended Policy #Op-11 Professional Services to include CEO execution authority up to \$5,000.

b. **Consideration to approve proposed assignment of Lease for West Pacific Medical Laboratory at LPMP.**

Director Matthews explained that West Pacific has been sold and bought by a new entity and is requesting an assignment of the lease.

Vice-President Hazen inquired if there was consideration of a new lease as opposed to an assignment of the lease, which was not considered.

Attorney Scott explained that there are assignment provisions in the lease.

**17-20 MOTION WAS MADE by Dr. Zendle and seconded Director Matthews to Approve Proposed Assignment of Lease for West Pacific Medical Laboratory at LPMP.
Motion passed unanimously.**

Roll Call Vote:

**AYES 5 Director Zendle; Director Wortham; Director Matthews
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

- c. Consideration to approve proposed Lease Extension – Quest Diagnostics at LPMP.

Chris detailed the 3% increase over the next 9 years and other relevant details of the lease extension.

**17-21 MOTION WAS MADE by Director Wortham and seconded Director Zendle to Approve Proposed Lease Extension – Quest Diagnostics at LPMP.
Motion passed unanimously.**

Roll Call Vote:

**AYES 5 Director Zendle; Director Wortham; Director Matthews
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

- d. Consideration to approve proposed Lease Extension, Assignment & Sublease – Milauskas Eye Institute.

Director Zendle and Chris Christensen, CFO provided details on the lease extension. Attorney Scott explained that the District wants to ensure that the financials of the Institute with the Delaware LLC are appropriate and recommends inviting a representative from the Institute to the next Finance Committee meeting to answer any questions and concerns, but consistency is the goal.

Mr. Christensen suggests approval of the lease assignment with a 1-year duration remaining on the lease and discuss the new lease in the near future.

17-22 MOTION WAS MADE by Vice-President Hazen and seconded by President Rogers to Approve Proposed Lease Assignment for the 1-Year Duration of the Lease – Milauskas Eye Institute.

Motion passed unanimously.

Roll Call Vote:

**AYES 5 Director Zendle; Director Wortham; Director Matthews
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

- e. Consideration to approve the job description & salary range for Special Assistant to the CEO/Board Relations Officer.

Vice-President Hazen recommended using the policy in the future for new hires prior to engagement with a Board first, then position approval.

Mr. Schultz explained that Steve Brown, the former Executive Assistant and Board Liaison, retired and it is important to progress forward promptly. A salary survey in the future will be completed in accordance with the Strategic Plan.

Ms. Hazen further stated that she recognizes the circumstances, but the Job Description and Salary Range should be approved per District policy prior to an offer of employment.

**17-23 MOTION WAS MADE by Dr. Zendle and seconded by Director Matthews to Approve Job Description & Salary Range for Special Assistant to the CEO/Board Relations Officer.
Motion passed unanimously.**

Roll Call Vote:

**AYES 5 Director Zendle; Director Wortham; Director Matthews
Vice-President Hazen; President Rogers**

NOES: 0

ABSTAIN:

ABSENT:

Motion Passed 5-0

AD HOC COMMITTEES

Ad Hoc Hospital Future Planning

Vice-President Hazen and Herb Schultz, CEO, detailed that the committee will work with Tenet on any outstanding items and forge ahead.

Ad Hoc Strategic Planning Committee

Herb Schultz, CEO, explained a slight change to the Strategic Planning Committee's vision. Vice-President Hazen stated the Ad Hoc Committee is ending now that the Plan has been developed.

Ad Hoc District Expansion Committee

Herb Schultz, CEO, stated that there will be a meeting planned in the coming week with Committee members - President Rogers and Director Matthews.

Ad Hoc Mental Health Committee

Committee has not met but the direction of prioritizing mental health services and programs is being incorporated into the Strategic Planning process. President Rogers recommends suspending the Committee until the long-term plans are finalized.

OLD BUSINESS

None

LEGAL COUNSEL COMMENTS & REPORTS

Next month, Attorney Scott will detail changes to the law related to voting on the record as it relates to public meetings.

DIRECTORS' COMMENTS & REPORTS

President Rogers expressed her enthusiasm about AB2014 - single-payer plan and its effect on the Affordable Care Act. Herb Schultz, CEO, explained that staff is working on a comprehensive policy (federal, state, local) agenda as a part of the Strategic Planning Process.

Director Zendle welcomed Michelle Finney, Tenet Market CEO and Interim CEO of DRMC to the meeting expressing his concerns about the role of the Governing Board in running the hospital and the layers between the CEO's and his compassion for the quality of healthcare at DRMC. Vice-President Hazen requested a briefing from Ms. Finney to understand the shift in leadership.

President Rogers provided all in attendance with an overview of the hospital's vision and values. Director Matthews recommended a public forum since the governing board is in the dark regarding the former DRMC CEO's removal.

Director Wortham desired a better understanding of the District expansion and how it would apply to the hospital lease. Director Wortham also requests a legal opinion such as what provisions of the current lease are affected.

DRMC GOVERNING BOARD DIRECTORS' REPORT – President Rogers and Director Zendle

Director Zendle recommended a presentation of the mission, vision, and values of DRMC detailing the engagement strategies, capital, supported charities, and community impact at the March meeting.

INFORMATIONAL ITEMS

None

CEO Report

Herb Schultz, CEO, explained that are no additional items for the CEO report.

ADJOURNMENT

The meeting was adjourned at 5:21 p.m.

ATTEST:



Kay Hazen, Vice-President/Secretary
Desert Healthcare District Board of Directors

Minutes respectfully submitted by Andrea S. Hayles, Clerk to the Board