

**DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE
MEETING MINUTES
October 10, 2017**

Meeting of the Finance, Administration, Real Estate and Legal Committee of the Desert Healthcare District was held in the Desert Healthcare District Conference Room, 2nd Floor, Palm Springs, CA

Attendance:

Members

Mark Matthews, Chairman/Treasurer
Director Les Zendle, MD

Absent

Staff

Herb K. Schultz, CEO
Chris Christensen, CFO
Donna Craig, Senior Program Officer
Mary Pannoni, Accounting/Admin Support
Alejandro Espinoza, Program Officer and Outreach Director
Andrea S. Hayles, Clerk to the Board

Community Members

Sid Rubenstein, Community Member
Arthur Shorr, Community Member

CALL TO ORDER

The meeting was called to order at 3:01 p.m. by Chairman Matthews.

APPROVAL OF AGENDA

Chairman Matthews asked for an approval of the agenda.

It was moved and seconded (Community Member Shorr, Director Zendle) to approve the agenda. Motion passed unanimously.

PUBLIC COMMENT

There were no public comments.

APPROVAL OF MINUTES

Submitted for approval:

1. Minutes – September 12, 2017

It was moved and seconded (Director Zendle, Community Member Shorr) to approve the minutes of September 12, 2017. Motion passed unanimously.

CEO REPORT – Herb K. Schultz, CEO explained that the first round of interviews has concluded for the open position of Chief Operating Officer with the second round of interviews commencing this week. The open position of Communication and Marketing Director interviews will begin next week, and the open Health Policy Analyst position proposal has been submitted to the California Endowment for review. Mr. Schultz explained the cvHIP marketing plan and collaborations with the City of Palm Springs. Mr. Schultz described the Hospital Governance and Oversight Committee has identified a consultant for the Desert Regional Medical Center hospital inspection. The draft proposal will be provided to Tenet and posted to the District’s website. Mr. Schultz outlined the legislatures new select committee on Delivery System Reform and Single Payer Healthcare.

CHIEF FINANCIAL OFFICER’S REPORT - LPMP Leasing Update

Chris Christensen, CFO provided an overview of his Report that included the open Chief Operation Officer position candidates and an update on marketing the Las Palmas Plaza vacancies.

FINANCIAL REPORTS

1. Financial Statements – The District’s and LPMP Financial Statements for September 2017 was reviewed.
2. Accounts Receivable Aging Summary – The September 2017 accounts receivable detail was reviewed.
3. Deposits – District – The District’s September 2017 deposits detail was reviewed.
4. Property Tax Receipts – District - The property tax receipts were reviewed.
5. Deposits – LPMP – The LPMP’s September 2017 deposit detail was reviewed.
6. Check Register – District - The September 2017 DHCD check register for the District was reviewed.
7. LPMP Check Register – The September 2017 LPMP check register was reviewed.
8. Credit Card – Detail of Expenditures -
9. RPP Update – The RPP update was reviewed.
10. Grant Payment Schedule - The grant payment schedule was reviewed.

It was moved and seconded (Director Zendle, Community Member Shorr,) to approve the September 2017 District Financial Reports - Items 1-10 and to forward to the Board for approval.

Motion passed unanimously.

PUBLIC COMMENT

There were no public comments.

OTHER MATTERS

1. Retirement Protection Plan 06/30/17 Reports – Informational
 - a. Actuarial Valuation Report 06/30/17
 - b. GASB Nos. 67 & 68 Disclosure of Pension Benefits Report 06/30/17

Chris Christensen, CFO explained that based on last year's Board decision, the board agreed to contribute \$3.4M to the investment account of the Retirement Protection Plan. Combined with the discount rate, this reduced the net pension liability from \$9M of the prior year to \$2.8M for this year. Mr. Christensen explained that the amounts are actuarial with \$5.3M currently in the investment account.

**It was moved and seconded (Director Zendle, Community Member Rubenstein) to forward to the Board the Retirement Protection Plan.
Motion passed unanimously.**

2. Craig Hartzheim – Moss Levy & Hartzheim – FY 2017 Audit Reports – Action
 - a. District RPP
 - b. Management Letter, Communication Letter, Internal Controls Report
 - c. District Audit Report
 - d. RPP Audit Report

Chris Christensen, CFO thanked and commended Moss Levy & Hartzheim and the audit team for their work during the audit.

Craig Hartzheim, Partner, provided an overview of the FY 2017 Audit Report with no significant findings. Director Matthews inquired on the Retirement Protection Program \$3.4M with a minor liability. Mr. Hartzheim explained that most government agencies do not usually prefund – other government agencies pay as you go and it depends on the discretionary monies. There are growing unfunded liability with more entities and discretionary funds. Mr. Christensen provided a handout for the 2014 and 2015 Statement of Cash Flow representing the changes for GASB-68.

Ezra Kaufman, District Resident, inquired on previous questions from community members regarding a change from year to year for 2014 to 2015 on cash payments to suppliers for goods and services further explaining that in 2016 to 2017 there is a fluctuation in the same cash flow line item. Mr. Hartzheim explained that the audit reports for years in question would be restated and presented at a future meeting with Mr. Christensen adding that there were no higher cash expenses.

**It was moved and seconded (Community Member Rubenstein, Community Member Shorr) to forward Craig Hartzheim – Moss Levy & Hartzheim – FY 2017 Audit Reports to the Board.
Motion passed unanimously.**

Recessed to the Finance, Administration, Real Estate and Legal Committee of the Desert Healthcare Foundation at 3:39 p.m.

It was moved and seconded (Community Member Rubenstein, Community Member Shorr) to recess the Finance, Administration, Real Estate and Legal Committee to the Desert Healthcare Foundation.

Reconvene of the Finance, Administration, Real Estate and Legal Committee of the Desert Healthcare District.

3. DRMC Capital Investment Review – Section 14.9 Lease Agreement

Herb K. Schultz, CEO explained there are concerns about outstanding issues with Section 14.9 and the work of District Staff as a team, and data has not been provided to date. Staff is working to obtain further information about the Tenet side of the lease and any additional items that should be performed as the lessor to the lessee.

Ezra Kaufman, District Resident inquired on the amount the District spent in capital improvements in the 3 years prior to the commencement of the lease. Chair Matthews recommends speaking with legal counsel and Staff to continue work on the capital improvements.

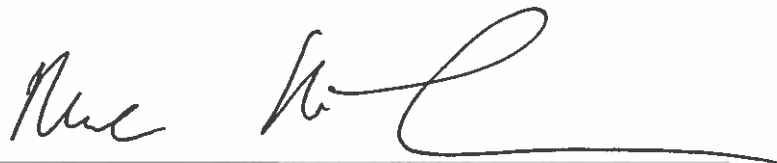
PUBLIC COMMENT

There were no public comments.

ADJOURNMENT

The meeting was adjourned at 3:54 p.m.

ATTEST:



Mark Matthews, Chairman Finance and Administration Committee/Treasurer
Desert Healthcare District Board of Directors