

**DESERT HEALTHCARE DISTRICT  
BOARD OF DIRECTORS  
MEETING MINUTES  
September 26, 2017**

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A Meeting of the Board of Directors of the Desert Healthcare District was held in the Jerry Stergios Building – 2nd Floor, Palm Springs, CA.

**Attendance**

Members

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

Absent

Staff

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

Legal Counsel

Jeffrey G. Scott

Guests

Kenneth Sutherland, Senior Vice President Construction and Design, Tenet Health -  
*Telephonic*

**CALL TO ORDER**

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

**APPROVAL OF AGENDA**

President Rogers asked for a motion to approve the agenda.

**#17-87 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**

**PUBLIC COMMENTS**

Ezra Kaufman, District Resident provided an overview of his complaint concerning what he considers as the lessee noncompliance to capital Improvements that should have been made in the first three years of the lessor's agreement. Mr. Kaufman explained that when he requested Staff and Legal Counsel try to resolve the matter, he received the capital improvements list that do not specifically breakout the projects from 1997-2000. Mr. Kaufman requested the legal basis for the claim of noncompliance stating that the response has no legal basis for such a claim. Mr. Kaufman further requested that the Board refer the matter to outside counsel.

Herb K. Schultz, CEO explained a series of email communication between the CEO and Mr. Kaufman in coordination with Legal Counsel concerning District compliance. Additionally, Mr. Schultz acknowledged that the District conducted an exhaustive search of its records and did not locate a copy of the list of capital projects. Staff also inquired with Tenet and their legal advisors to search their records and Tenet was unable to provide any documentation. Mr. Kaufman was given copies of the detailed capital investment expenditures of over \$70M during the last 20 years.

**CONSENT AGENDA**

Submitted for approval:

1. BOARD MINUTES
  - a. Meeting of July 25, 2017
  - b. Special Board Meeting of August 9, 2017
  - c. Special Board Meeting of August 17, 2017

**#17-88 MOTION WAS MADE by Director Zendle and seconded by Director Wortham to approve the Consent Agenda pulling the August 9, 2017 Minutes. 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**

**#17-89 MOTION WAS MADE by Director Zendle and seconded by Director Matthews to approve the August 9, 2017 Minutes with a request by Director Zendle to correct – pages 18-20 removing a typo for 5 as an absent vote. All votes were unanimous. 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**

**#17-90 MOTION WAS MADE by Director Zendle and seconded by President Rogers to approve the July - August 2017 Financial Statements and Cure Cardiovascular Consultants Sublease Agreement with Dr. Bernstein.  
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**

**DESERT HEALTHCARE DISTRICT CEO REPORT**

1. Little Hoover Commission Report on Healthcare and Special Districts.
2. Association of Healthcare Districts, California Special Districts Association, and District Hospital Leadership Forum Efforts to Update Governing Statues.
3. Repeal/Replace Affordable Care Act (ACA).

Herb K. Schultz, CEO explained that the Chief Operating Officer and Communications & Marketing Director interviews are underway consistent with the Three-Year Strategic Plan. An RFP will be created and the rollover amount from last year's budget will be applied to the marketing of cvHIP and redesign of the website. Mr. Schultz outlined the Little Hoover Commission Report which concentrates on transparency and accountability of overall Districts and specifically Healthcare Districts as a representative on the Association of Healthcare District Healthcare Districts Law Subcommittee. Mr. Schultz provided an overview of the Graham-Cassidy American Healthcare Act (AHA) in opposition to the current Affordable Care Act (ACA). Other highlights included Ready Set Swim's new program for persons living with disabilities, and co-branding with Desert Regional Medical Center the Covered California Bus Tour stop on November 2 - weeks in advance of enrollment.

**DESERT REGIONAL MEDICAL CENTER CEO REPORT**

- Kenneth Sutherland, Senior Vice President Construction and Design, Tenet Health outlined his presentation on Desert Regional Medical Center's Seismic Status.
- Vice-President Hazen inquired if the Non-Structural Performance Category - NPC-5 and the 72-hour emergency water and sewer storage capacity by the 2030 requirement applies to

all existing or new buildings. Mr. Sutherland explained that the provision applies to any buildings operating beyond 2030.

- Vice-President Hazen inquired on the current status of all of the buildings and if Tenet is working on a plan of corrective action. Mr. Sutherland explained that there are 22 buildings with separate ratings illustrated on the presentation with the regulatory area seismic OSHPD noncompliant requirements. NPC-3, NPC-4 and NPC-5 categories must be compliant by 2030, and no plan is currently in place to make the corrections.
- Michele Finney detailed the services and allowable usages located in the East Tower – a 4-story building that will be difficult to keep operational and perform the seismic upgrades further explaining that the seismic upgrading is driven by outpatient services and patients are not allowed to reside in a noncompliant seismic area.
- President Rogers inquired on anticipated increase or decrease in utilization and whether there is a timeline for a plan of development. Ms. Finney explained that with the current onboarding and the new strategic plan a new set of analytics is in-progress.
- Director Wortham inquired on the length of time for displacement. Mr. Sutherland stated with the full seismic upgrades the Tower would be out of service for 12 to 18 months.
- Director Zendle expressed optimism that Desert Regional Medical Center will exam the needs for psychiatric beds throughout the Valley.
- Director Matthews inquired if the NPC-5 - 72-hour emergency water and sewer storage capabilities are planned in the 12-18 months seismic upgrades plan. Mr. Sutherland explained that the NPC-5 water and sewage would be included in the plan.
- Director Wortham questioned whether upgrades would require a stoppage of services. Mr. Sutherland explained that there would be a limited shutdown and a buildout at an adjacent building – all preplanned work.
- Director Hazen requested the Board provide Staff direction to work on the cost estimates and distinct options that are incorporated into the work of consultants Kaufman Hall for a sizeable facility plan.
- Michele Finney, CEO, Desert Regional Medical Center (DRMC) reported that on September 7, notification was provided indicating that during the time the permanent transformer was rebuilt by Southern California Edison (SCE), the temporary transformer supplied by SCE failed. As a result of the outage, DRMC's three separate emergency generators were activated. Ms. Finney further explained a switch tripped when the transformer failed, resulting in temporary loss of power to the East Tower for approximately 10 minutes with no patient outcome concerns. The air handlers also went offline that provides cooling throughout the building. The appropriate notifications were provided to OSHPD, CDPH, and Riverside Emergency Services Command Center with DRMC placed on internal triage. DRMC was previously in the planning phase with SCE to install the new transformer that was locally delivered. SCE began installing the new transformer at approximately 3 a.m. the same day of the outage with completion on Saturday for full power restoration. While the power was restored, inclement weather resulted in water damage to the basement – a nonpatient area with Business Office personnel. The Business Office was temporarily relocated under the direction of Ashley Vertuno, HICS Trained On-Call Administrator, and the Business Office will eventually permanently relocate to the El Mirador building. A restoration company was immediately contacted for remediation of the basement. Due to the inclement weather, the sump pumps were not strong enough to withhold severe

weather, but are now functional. Additional updates from Ms. Finney included the laboratory full day 3-year inspection for laboratory standards with a recommendation to the facility for continued accreditation and other accolades of obstetrics and the residency program. 31 additional critical care beds were purchased and are currently in service; on 09/28, the facility started the replacement of an Interventional radiology room; on 10/08, the Sinatra 1 elevator replacement will commence requiring 12-18 weeks of completion with the Sinatra 5 elevator beginning thereafter. Lastly, in early November the duct cleaning project will be completed.

#### **PUBLIC COMMENTS**

Ezra Kauffman, District Resident, inquired on the most recent testing of the emergency power due to partial failure. Michele Finney, CEO, Desert Regional Medical Center explained that the hospital is under regulations to test the generators at regular intervals – once per week; however, Ms. Finney will verify. The ranges for full load tests are designed to ensure that the generators are functioning properly. Both generators operated appropriately during the power failure. Transformers feed electricity to the building, and emergency generators pick up the load in the result of a transformer failure. Mr. Kauffman questioned where the failure was in the system with Ms. Finney once more explaining the failure of the system was due to the SCE transformer.

#### **DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS REPORT**

President Rogers explained that Director Zendle was unable to attend the last meeting and Michele Finney, CEO, Desert Regional Medical Center covered most of the activity. Ms. Rogers explained that other capital projects are in-progress with the fire sprinkler project completed in Dec. 2018. Due to criminal activity, the hospital received a bid and submitted a letter requesting the city council approve on-site law enforcement.

#### **INFORMATIONAL ITEMS**

None

#### **COMMITTEE REPORTS**

1. PROGRAM COMMITTEE – No September Meeting
2. FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE - Director Matthews
  - a. Draft Minutes of September 12, 2017
  - b. CFO Report & Las Palmas Leasing Update
  - c. Investment Report – Highmark Capital Management

Director Matthews explained the details of the September 12 Meeting, Minutes, CFO Report, LPMP lease update, and the Highmark Capital Management Investment Report.

3. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE

Director Zendle explained that the last meeting was held on July 24. The Committee is working with the impending hospital inspection and Herb K. Schultz, CEO is in search of a consultant to

assist with the inspection. Two organizations have been identified for recommendations to the Committee.

**4. AD HOC COMMITTEE - NEW PROVIDERS, FACILITIES, PROGRAMS & SERVICES**

Director Matthews provided an overview of the last Ad Hoc Committee and Herb K. Schultz, CEO stated that the Committee is continuing to work with Kaufman Hall consultants and Tenet on fact-finding for more information on the LAFCO process and progress.

**OLD BUSINESS**

**West Valley Homelessness Initiative Update**

- Donna Craig, Senior Program Officer, provided an overview of the West Valley Homelessness Initiative collective fund matches to the Navigation Plan to date and the two collaborative MOU's with Coachella Valley Association of Governments (CVAG) and the City of Palm Springs. The cities of Rancho Mirage and Indian Wells elected not to fund CVAG directly with Indian Wells voting to support Coachella Valley Rescue Mission. Rancho Mirage redirected their funds to Path of Life Ministries, the operators of the Navigation Program.
- Director Zendle inquired on the pending \$206,000 set aside to match the cities of Rancho Mirage and Indian Wells. Mr. Schultz explained that Staff is brainstorming ideas for short and long-term matches from other cities.

Director Hazen exited the call at 3:20 p.m.

**NEW BUSINESS**

1. Grant #887 One Future Coachella Valley (formerly Coachella Valley Economic Development) – *Mental Health Career Pathways* – Consideration to approve a 12-month no cost grant extension through September 30, 2018.

Donna Craig, Senior Program Officer explained the Coachella Valley Economic Development 12 month no cost grant extension through September 30, 2018.

Kim McNulty, Vice President explained the program, the positive aspects of the program, and the group leader's mental health nurse practitioner program.

**#17-91 MOTION WAS MADE by Director Zendle and seconded by Director Matthews to approve Grant #887 One Future Coachella Valley (formerly Coachella Valley Economic Development) – *Mental Health Career Pathways* 12-month no cost grant extension through September 30, 2018.**

**Motion passed unanimously.**

**Roll Call Vote:**

**AYES            4    Director Zendle; Director Wortham; Director Matthews;  
                             President Rogers**

**NOES:            0**

**ABSTAIN:**  
**ABSENT: 1 Vice-President Hazen**  
**Motion Passed 4-0**

2. Grant #947 Coachella Valley Volunteers in Medicine – *Primary Healthcare & Support Services to District Residents* – Consideration to approve the amount of \$121,500.

Donna Craig, Senior Program Officer provided an explanation and overview of Volunteers in Medicine Primary Healthcare & Support Services to District Resident grant.

**#17-92 MOTION WAS MADE by Director Matthews and seconded by Director Wortham to approve Grant #947 Coachella Valley Volunteers in Medicine – *Primary Healthcare & Support Services to District Residents* in the amount of \$121,500**  
**Motion passed unanimously.**

**Roll Call Vote:**  
**AYES 4 Director Zendle; Director Wortham; Director Matthews;**  
**President Rogers**

**NOES: 0**  
**ABSTAIN:**  
**ABSENT: 1 Vice-President Hazen**  
**Motion Passed 4-0**

3. Grant #948 Pegasus Hippo Therapy – *Equine Therapy for District Residents – All Ages, All Disabilities*: \$93,829.

Donna Craig, Senior Program Officer, provided an overview of Pegasus Hippo Therapy and introduced Robin Montgomery, Executive Director, and Chase Berke, COO, Operations presented a short presentation with a summary of the program.

**#17-93 MOTION WAS MADE by Director Zendle and seconded by President Rogers to approve Grant #948 Pegasus Hippo Therapy – *Equine Therapy for District Residents – All Ages, All Disabilities* in the amount of \$93,829.**  
**Motion passed unanimously.**

**Roll Call Vote:**  
**AYES 4 Director Zendle; Director Wortham; Director Matthews;**  
**President Rogers**

**NOES: 0**  
**ABSTAIN:**  
**ABSENT: 1 Vice-President Hazen**  
**Motion Passed 4-0**

**LEGAL COUNSEL COMMENTS & REPORTS**

Jeff Scott, Legal Counsel, reported on two bills of interest for the 2017 session. Attorney Scott noted that last week SB 522 (Glazer) was gutted and amended to dissolve the Board of Directors of the Contra Costa Healthcare District and have the Contra Costa Board of Supervisors assign a new Board. The bill includes some findings and declarations which explain the need for the bill, and it illustrates the swift and dramatic power of the legislature. The other bill SB 496 (Cannella) was passed and signed earlier this year by the Governor. The bill provides that design professionals (architects and engineers) in public construction contracts have no duty to defend claims against public agencies, even in cases where the design professionals are at fault. The author of the bill was the only Republican to vote for the gas tax bill. The Governor and the majority party needed his vote to pass the bill.

**DIRECTORS' COMMENTS & REPORTS**

President Rogers provided a report on the Association of California Healthcare District Annual Conference that included lessons learned, Little Hoover Commission recommendations, recent legislation, and a website link for the California Hospital Association Behavioral Health Care Symposium, and an overview of acute care inpatient psychiatric bed distribution.

**ADJOURNMENT TO DESERT HEALTHCARE FOUNDATION BOARD OF DIRECTORS MEETING – 3:46 P.M.**

**ADJOURNMENT TO EXECUTIVE SESSION – 4:19 P.M.**

**RECESSED TO EXECUTIVE SESSION**

**CONVENE TO CLOSED SESSION OF THE DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS**

**REPORT AFTER CLOSED SESSION**

The Board in closed session took unanimous action to direct Counsel to work with the Ad Hoc CEO Contract Committee to prepare a new Employment Contract to be brought to the full Board for consideration at the next regular meeting.

**ADJOURNMENT**

The meeting adjourned at 5:17 p.m.

ATTEST: Carole Rogers  
Carole Rogers, President  
Desert Healthcare District Board of Directors

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