

**DESERT HEALTHCARE DISTRICT
BOARD OF DIRECTORS
MEETING MINUTES
October 24, 2017**

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
Mark Matthews – Treasurer
Dr. Les Zendle – Director

Absent

Jennifer Wortham, Dr.PH – Director

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

Mitch Blumberg, Vice-Chair, Governing Board, Desert Reginal Medical Center
Steve Brown, Special Assistant, Assemblymember Eduardo Garcia's Office
Michele Finney, CEO, Desert Regional Medical Center
Ezra Kaufman, District Resident
Brett Klein, Clinics Marketing Specialist, Eisenhower Medical Center
Jason Lind, Executive Vice President, Americas, CB Richard Ellis
Rich Ramhoff, Director of Marketing, Desert Regional Medical Center
Stephanie Salter, District Resident

CALL TO ORDER

The meeting was called to order at 2:05 p.m. by President Rogers.

APPROVAL OF AGENDA

President Rogers asked for a motion to approve the agenda.

#17-94 MOTION WAS MADE by Director Matthews and seconded by Director Zendle to approve the agenda.

Motion passed unanimously.

Roll Call Vote:

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

NOES: **0**

ABSTAIN:

ABSENT: **1** **Director Wortham**

Motion Passed 4-0

PUBLIC COMMENTS

Stephanie Salters, District Resident, provided an overview of a hospital incident that resulted in a sentinel or preventable death of a patient in the Trauma Unit due to an unsupervised ventilator. Because of the casualty, Ms. Salters explained that a monitor technician is now in place in the Unit 24/7; however, she is concerned that three units do not have the same technicians. Registered Nurses observe the monitors, but the nurses also tend to patients. Ms. Salters requested research from Michele Finney, CEO, Desert Regional Medical Center on other areas of the hospital that do not currently have monitor technicians.

CONSENT AGENDA

Submitted for approval:

1. BOARD MINUTES
 - a. Meeting of September 26, 2017
2. a. Consideration for approval of District September 2017 Financial Statements

#17-95 MOTION WAS MADE by Director Matthews and seconded by Director Zendle to approve the Consent Agenda.

Motion passed unanimously.

Roll Call Vote:

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

NOES: **0**

ABSTAIN:

ABSENT: **1** **Director Wortham**

DESERT HEALTHCARE DISTRICT CEO REPORT

Herb K. Schultz, CEO explained the upcoming Special Study Session of Board on the proposed expansion and funding to the East Valley scheduled for October 31 at 10 a.m. Mr. Schultz provided brief remarks about the Coachella Valley Health Information Portal (cvHIP) future marketing plan, and the District's intent to present further information to the public. The Chief Operating Officer final candidate selection will be made this week, and interviews are underway for the open Communications and Marketing Director. As the holidays approach, Mr. Schultz reported that, due to the holiday schedule, the November and December regular board meeting dates would change to November 28 and December 19. Mr. Schultz also highlighted President Trump's Executive Order

altering the ACA provisions and other changes that could have a negative impact on the communities the District and Foundation serves.

DESERT REGIONAL MEDICAL CENTER CEO REPORT

Michele Finney, CEO, Desert Regional Medical Center, provided an overview and update of the Emergency Department expansion; the Intervention and Neuro Program for the Radiology Department; remodeling the Pharmacy Department; construction on the elevators; operating room sterilizers; the duct cleaning project; IV pump purchases; remediation of the basement with the appropriate air quality report for inhabitability; and critical care unit water damage repairs. Ms. Finney detailed the Department of Public Health survey dated 10/12 in response to a complaint related to facility staffing. The outcome was unsubstantiated with no violations.

Vice-President Hazen requested that Desert Regional Medical Center add equipment, facility repair and upgrades to the capital expenditures and investment reports regularly provided to the District. Ms. Hazen further explained that routinely requesting the capital investment inventory assists in improving communications and reporting on an ongoing basis.

Vice-President Hazen also requested additional information regarding the two flooding incidents, particularly whether remediation provided a permanent solution. Ms. Finney explained that the sprinklers have been repaired, which was the source of the water in the basement and the critical care unit. During the downpour, the water overpowered the sump pumps, and since that time, two additional pumps have been installed.

Vice-President Hazen stated once more—for reporting purposes—that since the repairs were more than a remediation and the upstream costs were addressed, to include these types of projects to regularly reporting and tracking – both as a notice when they occur and as a part of the capital expense report. Ms. Hazen inquired if President Rogers and Director Zendle, Governing Board Members, Desert Regional Medical Center receive information regarding repairs, remediation, and capital and facility improvements at the governing board meetings. Director Zendle stated that the capital improvements list has not been discussed and suggested a standing agenda item of the Governing Board for the capital improvements or repairs at the monthly meetings.

Vice-President Hazen inquired on the status of the east tower elevator which is in the early stage of repair. Ms. Finney explained that the architects are in the process of working on the drawings and timeline.

Stephanie Salters, District Resident, shared information and concern that a physician was off duty for two days for the first time in 12 years. As a result, a physician was flown in from another state to provide coverage, but the staff was not made aware of the orders. Ms. Salters questioned why the hospital acquired a physician from North Dakota without the appropriate credentials and communication to staff.

Ezra Kaufman, District Resident, raised a concern regarding clinical laboratory services costs per test at Desert Regional Medical Center being significantly higher than other hospitals in the Valley.

DESERT REGIONAL MEDICAL CENTER GOVERNING BOARD OF DIRECTORS REPORT

Director Zendle explained that the most recent DRMC governing board meeting was partly educating the Governing Board on annual compliance training issues and the importance as a reminder to the Governing Board and Staff that there are compliance rules, whistleblower rules, reporting rules, and policies. Other aspects of the meeting were related to credentialing and quality reports. President Rogers added that the hospital's new Business Plan aligns with the District's priorities.

Stephanie Salters, District Resident, distributed the contact information of Eric Creer, Public Records Coordinator, California Department of Public Health (CDPH). Ms. Salters explained that CDPH has a list of 251 survey findings of deficiencies and performance at Desert Regional Medical Center. Ms. Salters recommended that a data dump of the findings should be requested from CDPH for public knowledge.

INFORMATIONAL ITEMS

None

COMMITTEE REPORTS

1. PROGRAM COMMITTEE – No September Meeting

Vice-President Hazen explained that as the District begins implementation of the 3 Year Strategic Plan, organizational adjustments are being made to transition the committee structure. Staff will outline the specifics under New Business.

2. FINANCE, ADMINISTRATION, REAL ESTATE, AND LEGAL COMMITTEE - Director Matthews

- a. Draft Minutes of October 10, 2017
- b. CFO Report & Las Palmas Leasing Update
- c. Retirement Protection Plan 06/30/2017
- d. Consideration to approve FYE 06/30/2017 Audit Reports: Management Report & Communication Letter, Internal Controls Report, and Audit Reports for the Desert Healthcare District & Desert Hospital Retirement Protection Plan.
F&A Committee approved October 10, 2017

Director Matthews provided an overview of the Draft Minutes, CFO Report, the Las Palmas Leasing Update, the Retirement Protection Plan, and the FYE 06/30/17 Audit Reports.

President Rogers inquired on FY 16-17 stating administrative expenses of \$2M, which is approximately 29% of revenue although the average for non-profits is 20%. Chris Christensen, CFO, explained that based on audit purposes the \$2M of interest in the investment account is considered revenue but is offset by the unrealized loss on the investment. The administrative expenses also include non-cash items such as depreciation and the costs of the retirement protection plan.

Vice-President Hazen stated that trying to compute a percentage of administrative overhead for a government agency as one would for a non-profit agency, using the audit report could be confusing and unclear. It might be helpful to review the financial statement with operating revenue and operating expense percentages for a more precise representation. Vice President

Hazen supports identifying a percentage as well as a best practice benchmark and publishing the details to the website.

President Rogers inquired on the \$47M in the Notes to Financial Statements in the Audit Report concerning the lease agreement provisions and the District's responsibility for operating and maintaining the hospital.

Vice-President Hazen explained that the amount was provided by Steve Valentine, Vice President of Strategic Healthcare Management Consulting, Premier Inc. who conducted the District's market analysis.

Director Matthews explained that the estimate was performed as a financial placeholder in the event the lease is terminated.

Ezra Kaufman, District Resident, distributed to the Board the Statement of Cash Flows for 2013-2014. The statement illustrates a \$9M cash. Mr. Kaufman considers inaccurate.

Chris Christensen, CFO requested that Mr. Kaufman summarize his public request in writing so that the District can respond. Mr. Kaufman stated that his request is to postpone approval of the audited financials until Staff and the auditors reevaluate and reconsider the financials.

President Rogers explained that the firm that conducted the audit is credible including the audited financials. Vice-President Hazen explained that she would like to understand further the issues Mr. Kaufman has presented.

#17-96 MOTION WAS MADE by Director Matthews and seconded by Director Zendle to approve the FYE 06/30/2017 Audit Reports.

Motion passed unanimously.

Roll Call Vote:

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

NOES: 0

ABSTAIN:

ABSENT: 1 Director Wortham

3. HOSPITAL GOVERNANCE AND OVERSIGHT COMMITTEE
 - a. Report of October 23, 2017 Meeting
 - b. Consideration to approve the proposed CBRE draft contract – Facility Condition Assessment

Director Zendle explained the specifics of the CB Richard Ellis (CBRE) draft contract for Desert Regional Medical Center hospital inspection with a recommendation to the Board for approval. Once the report is complete in December it will be presented to Desert Regional Medical

Center’s Governing Board for review, then the District’s Board. Herb K. Schultz, CEO explained that the Report is not proprietary, and the public will have full access.

President Rogers inquired of CBRE concerning any conflicts with Desert Regional Medical Center. Jason Lind, of CBRE, indicated there are no conflicts of interest or current work between CBRE and Desert Regional Medical Center.

Vice-President Hazen stated that a conditions report is a considerable step forward in planning and preparations for facility and programs, and services strategies which accompany the work of consultants Kaufman Hall.

Director Zendle stated that the District should have been performing the inspections to ensure lease compliance and the condition of the hospital; however, a policy is now in place.

Ezra Kaufman, District Resident, inquired on the reasoning and difference of the ordinary course of business for the CBRE contract, and the assembly of the Ad Hoc Committee in private meetings for the Kaufman Hall consultants structural and nonstructural characteristics of the hospital.

President Rogers explained, and Vice-President Hazen reiterated that the work of CBRE and Kaufman Hall is not duplicative and CBRE’s report is important information on the condition of the facilities to inform planning for future facilities. The facility condition report will be similar to all other reports and analysis that have been provided as a part of the process and will be available to the public.

#17-97 MOTION WAS MADE by Director Zendle and seconded by Director Matthews to approve the proposed CBRE draft contract – Facility Condition Assessment. Motion passed unanimously.

Roll Call Vote:

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

NOES: 0

ABSTAIN:

ABSENT: 1 Director Wortham

4. AD HOC COMMITTEE - NEW PROVIDERS, FACILITIES, PROGRAMS & SERVICES
 - a. Study Session on East Valley Expansion and Funding 10/31/2017 at 10 a.m.

Herb K. Schultz, CEO explained his upcoming meeting with Supervisor V. Manuel Perez to discuss funding and funding options for the East Valley expansion. Mr. Schultz detailed the

behavioral health are interactive with full community input and flexible structure. President Rogers recapped the priorities of the Strategic Plan referencing the crisis in homelessness and behavioral health and the board's approval of a homelessness and behavioral health consultant to assist in moving forward with the development of a process such as proposals for coordinated efforts. President Rogers noted Supervisor Perez's upcoming Mental Health Roundtable and advised the District to participate and highlight the District's role in tackling behavioral health.

Vice-President Hazen explained that the Board could provide the Advisory Committee with directives from the Strategic Plan. As content experts, the Advisory Committee will have a proactive approach and reactive advancement of the grant-making program. Ms. Hazen recommended positioning the Committee as task teams or several tasks teams representing content experts in the four strategic areas. Direct staff in a new structure to develop task teams as necessary in the strategic planning areas and report back in the form of a RFP, initiative, collective fund, or another established directive. Strong facilitation and leadership is necessary for forming the task teams, and addressing the primary care and behavioral health development of action plans when addressing participants at Supervisor Perez's Mental Health Roundtable on November 3. Director Zendle prefers the term tasks teams as opposed to advisory.

Director Matthews supported the concept but inquired about the three strategic priorities, and the amount of money that will be expended among the three priorities. Mr. Schultz outlined the three strategic priorities – New Providers, Facilities, Programs, and Services; One Coachella Valley; and Community Health and Wellness. Mr. Schultz also explained Staff's role and efforts in developing the implementation plan that accompanies the Strategic Plan. Director Matthews suggested commencing the implementation with the primary care and behavioral health priorities.

Director Zendle suggested tabling the issue until the language is more detailed and moving in the direction with the removal of the Program Committee and formation of the task teams.

Staff was asked to produce an implementation plan with well-defined timelines, a commencement date, tasks team development, and oversight. Additionally, Staff was asked to work with legal counsel on any revisions needed to the bylaws related to changes in the standing committee.

LEGAL COUNSEL COMMENTS & REPORTS

None

DIRECTORS' COMMENTS & REPORTS

President Rogers explained the details of a self-evaluation web link Legal Counsel will distribute to the Board for assessing performance and responsibilities.

ADJOURNMENT TO DESERT HEALTHCARE FOUNDATION BOARD OF DIRECTORS MEETING at 4:05 p.m.

RECONVENE TO DESERT HEALTHCARE DISTRICT BOARD OF DIRECTORS MEETING

ADJOURNMENT TO EXECUTIVE SESSION

RECESSED TO EXECUTIVE SESSION

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

REPORT AFTER CLOSED SESSION

The Board heard a report on the potential of New Providers, Facilities, Programs and Services and took no action.

ADJOURNMENT

The meeting adjourned at 5:17 p.m.

ATTEST: _____

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

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