

**DESERT HEALTHCARE DISTRICT  
SPECIAL MEETING OF THE BOARD OF DIRECTORS  
MEETING MINUTES  
February 19, 2018**

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A Meeting of the Board of Directors of the Desert Healthcare District was held in the Jerry Stergios Building – 1<sup>2</sup> Floor, Palm Springs, CA.

**Attendance**

Members

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

Absent

Staff

Herb K. Schultz, CEO  
Lisa Houston, COO  
Chris Christensen, CFO  
Donna Craig, Senior Program Officer  
Alejandro Espinoza, Program Officer and Outreach Director  
Michele McKinney, Communications and Marketing Director  
Andrea S. Hayles, Clerk to the Board

Legal Counsel

Jeffrey G. Scott

Guests

Carl Baker, Director, Legal Affairs, DAP  
Mitch Blumberg, Chair, Governing Board of Directors, Desert Regional Medical Center  
Karen Borja, Director Community Affairs, Planned Parenthood, PSW  
Steve Brown, Special Assistant, Assemblymember Eduardo Garcia  
Sergio, Carranza, Executive Director, Pueblo El Nido  
Debbie Espinosa, CEO, FIND Food Bank  
Linda Evans, Mayor, La Quinta; Chief Strategy Officer, Desert Market Hospitals, Tenet  
Erica Felci, Government Projects Manager, CVAG  
Sherry Finke, Development Specialist, CV Rescue Mission  
Kevin Fitzgerald, Reporter, Coachella Valley Independent  
Neftali Galarza, Trustee, CVUSD  
Bea Gonzalez, ASES Coordinator, CVUSD  
Ezra Kaufman, District Resident  
Ricardo Loretta, Executive Director, Dr. Carreon Foundation  
Mariela Magana, Resident, Coachella  
Monique Maldonado, Latino Commission  
Charles L. Maynard, City Manager, Desert Hot Springs  
Lisa Michelle, Path of Life Ministries



thanked the Ad Hoc Committee on New Providers, Facilities, Programs, and Services for their effort and guidance; elected officials; community members; and staff of Desert Healthcare District/Foundation.

Herb K. Schultz, CEO, Desert Healthcare District acknowledged Councilmember Joe McKee, City of Desert Hot Springs; Councilmember Russell Betts, City of Desert Hot Springs; and Steve Brown, Councilmember, City of Coachella. Mr. Schultz also thanked the community and staff.

Mr. Schultz provided an overview of the Board of Directors Discussion and Consideration of Expansion Funding that included AB 2414 Goals/Objectives, Current Implementation Status, Existing/Ongoing Funding Sources of the District and Foundation, and Examples of Potential Options.

Director Hazen, Chair, Ad Hoc Committee on New Providers, Facilities, Programs, and Services highlighted the background summary that includes the discussions and efforts on potential funding sources, explaining the Committee's synopsis for two funding sources – Check the Box/Self-Funded Approach and Conditional Approval/Combination of Public and Private Sources Approach. Director Hazen also explained that the Board would not continue with the expansion without additional funding, and prior dialogue of a scenario vote for expansion with an implementation to follow once an additional funding source was identified. Reiterating the vision of a broader Coachella Valley to add new services and funding. Director Matthews that serves on the Committee agreed and supports Director Hazen's position.

The Ad Hoc Committee's recommendation for funding is Option 2 – Conditional Approval/Combination of Public and Private Sources of a minimum of \$4M per year for programs and services.

Vice-President Rogers thanked Directors Hazen and Matthews for their forward-thinking approach to the challenging work on the funding options and tackling such an enormity of tasks with the future of the District, explaining that the two Directors have held the longest terms on the Board with the most experience. Vice-President Rogers requested a clarification on Option 2 concerning the various approaches to funding and inquired on the barriers of obtaining the letter from the County to send to LAFCO.

President Zendle conveyed that he is not in favor of a parcel tax and described his questions about Option 2 and exploring the various funding mechanisms.

#### **PUBLIC COMMENTS**

President Zendle read public comments received via email from Rick Mesa, Executive Director, Ranch Recovery; Thomi Clinton, Executive Director, Transgender Community Coalition; Ezra Kaufman, District Resident; and Stephanie Salter, RN, District Resident that included the following:

Rick Mesa, Executive Director, Ranch Recovery - I think it is time to expand the Districts influence to include the East Valley. If it was up to a vote, and if I were eligible to vote, I would vote yes. The expansion could have a great positive impact on a large number of people and organizations in need of support with numerous health care issues.

Thomi Clinton, Executive Director, Transgender Community Coalition - I believe RAP goes to Blyth. That side of the valley is not only economically disadvantage but also oppressed by the powers that be that keep them that way.

Stephanie Salters, RN, District Resident - What is source of money. Cost to tax payers. Who's receiving money? Ultimate goals for expansion? New Hospital for Tenet?

Ezra Kaufman, District Resident - Under no circumstances should the funding for an expanded Desert Healthcare District derive from Reserve Fund assets. That fund is maintained to fulfill the obligations of the District regarding facility replacement and contingency operation of Desert Regional Medical Center.

Such funding would be of questionable legality and would limit the District's ability to define and maintain health care services in the Coachella Valley.

Using any of the Reserve Fund to finance District expansion will diminish the District's independence and enhance the efforts of Desert Regional Medical Center's lessee, Tenet Healthcare, to extend its lease beyond the current term. Expansion of the Desert Healthcare District should never lead to any extension or expansion of the District's contract with Tenet Healthcare.

For the twenty years of its tenancy of Desert Regional, Tenet Healthcare has failed to meet the stated objectives of its lease agreement with the District. Tenet operates under a business model that precludes it from consistently placing the interests of hospital patients and District residents above those of financial stakeholders.

Locally, Desert Regional is a low-quality healthcare facility as measured by federal, state, and independent monitoring agencies. It has been assessed several significant financial penalties for placing patients in "immediate jeopardy". The Centers for Medicare & Medicaid Services gives Desert Regional its lowest one-star rating.

Nationally, Tenet Healthcare hospitals' average rating from the Centers for Medicare & Medicaid Services is 2.29 stars, significantly lower than the national average of 3.15. During its tenancy of Desert Regional, Tenet has been subject to corporate compliance and non-prosecution agreements resulting from its improper behavior, paying more than \$1 billion in settlements.

The District has not materially benefited from participation in any regional healthcare system developed by Tenet Healthcare. Perversely, Tenet Healthcare's regional market power has extracted monopoly profits from services delivered at Desert Regional (and its operations in La Quinta). Desert Regional may represent the single largest engine of economic inequality in the Coachella Valley.

Through expansion and annexation, the Desert Healthcare District seeks to increase access to quality health care in the eastern Coachella Valley. That access should not be purchased, even in part, by prolonging Tenet Healthcare's regimen of clinically inferior, overpriced hospital services for

any longer than is currently contractually required.

#### **PUBLIC COMMENTS**

Stephanie Salter, RN, District Resident is concerned about removing funds from the Facilities Replacement Fund due to the current seismic issues at Desert Regional Medical Center. Mrs. Salters is also concerned about using monies from the west to fund the east.

Ricardo Lorretta, Executive Director, Dr. Carreon Foundation and RAP Foundation, Board Member stated that the needs east of Cook Street are necessary and applauded those present working to provide the appropriate healthcare and other services.

Joe McKee, Councilmember, Desert Hot Springs, Co-Chair, Homelessness Committee, thanked the District for the homelessness initiative collective fund and support over the last five years for grants to increase the number of doctors in the Valley. Mr. McKee also explained that one-third of the population is paying \$6M and two-thirds of the population is paying \$4M. As a representative of Desert Hot Springs, Mr. McKee expressed concerns with the existing monies and how it will be used in the future with the additional funding from the District – adding that Desert Hot Springs supports the inclusion of expansion to the entire East Valley.

Steve Brown, Special Assistant, Assemblymember Eduardo Garcia, explained the funds do not belong to the east or west valley, it is the county's funds with no assessment in the west valley, and no one individual is paying for the expansion; therefore, it is necessary to spread the assessments to where the need is necessary. Mr. Brown also stated that the Valley is fortunate to have a special district and Option 2 meets the need of LAFCO for conditional approval for the entire valley, requesting that Director Hazen explain the west valley tax assessment.

Karen Borja, Director Community Affairs, Planned Parenthood, PSW, disclosed the locations of their health centers in Rancho Mirage and Coachella describing the differences in gaps of services for reproductive healthcare. Ms. Borja added that Option 1 is also important as the North Shore continues to experience more growth and investments.

Russell Betts, Councilmember, Desert Hot Springs, stated that as a resident of the west side, he is inquiring on the share of funding that is diluted, and it is his responsibility to ensure the funding is not diluted - using more than the existing stakeholder monies. While creating one district with the One Coachella Valley approach makes matters easier, Councilmember Betts stated that a self-funded District would protect the existing stakeholder's funds.

Jennie Rayner, Executive Director, ACT for MS stated that the agency services everyone in the Coachella Valley with multiple sclerosis, and the District is preparing for what many nonprofits have already accomplished to support ACT for MS and other organizations in the east. Ms. Rayner further explained that ACT for MS services have grown by 66%.

Gary Rotto, Senior Vice-President of Government and Public Affairs, Borrego Health thanked the Board and Staff describing the numerous meeting with the District and Borrego as a key community partner in the Valley supporting the annexation concept of the expansion.

Linda Evans, Chief Strategy Officer, Desert Market Hospitals, Tenet, representing Michele Finney, CEO, Desert Regional Medical Center and Gary Honts, CEO, JFK Memorial Hospital, described Tenet's commitment to the Coachella Valley and the current partnership and services. Ms. Evans read aloud and provided verbal statements from Ms. Finney and Mr. Honts support early-on of AB 2414 to enhance the health of the region.

Heather Verikona, Founding Director, Lift to Rise, explained the organizations role acknowledging the health challenges and an equitable distribution of services and resources throughout the Valley.

Bea Gonzalez, ASES Coordinator, CVUSD, thanked the Board for the conversation on the east valley expansion explaining equality for the entire Valley and the willingness for support where necessary, describing that residents in the east not just going to simply take services in the east, but services are being taken away. There is a disconnect between the east and the west and more dialogue is necessary to make connections.

Neftali Galarza, Trustee, CVUSD, explained that the majority the east does not have transportation services and were not able to attend the meeting stating that an expansion of services is necessary for equitable distribution of services throughout the Valley.

Sheila Thorton, CEO, One Future Coachella Valley, explained her support of the expansion and funding. One Future Coachella Valley has attracted external dollars of \$15M over the years for students with a unified approach for matters in common for maximum effect that will be a critical piece of the work of the Board.

Linda Evans, Mayor, La Quinta, stated that the City Council has not had a formal discussion on the healthcare district – a request made to CEO Herb Schultz explain that now is the time to educate the expanded area councils and the current districts city councils. Mayor Evans does not support a parcel tax nor do the residents in her area detailing new upcoming legislation that may prevent local entities from adding on to future tax dollars going forward, which would be a challenge for cities with the rising costs of insurance, and public safety costs. Mayor Evans supports the expansion and will work to assist to find ways for funding.

Marcia Ramirez, Health Specialist, Lideres Campesinas, expressed her support for health for all including transportation for low-income families and the necessity of assistance to east valley residents.

Maria, 21-year Resident, City of Coachella explained that farmworkers that do not have access to healthcare. Maria inquired about the timing of funding, and once funding is available, explained that there should be a resolution of long-term and short-term goals working with other partnerships such as Kaiser.

Lisa Michele, Path of Life Ministries, explained the work of Path of Life Ministries with low-income vulnerable populations and their support of the expansion and appreciation of the work of the Board to create the opportunity.

Sergio, Carranza, Executive Director, Pueblo El Nido, detailed that he has been working in Coachella Valley for 18-years and understands the concerns of the community. Eastern Coachella Valley is the largest area that provides \$500M in revenue in farmworker communities. The Board has an opportunity to make history through a cohesive way – not east versus west but a unified approach for sustainability of sources of funding with a local campaign. Mr. Carranza also explained that more healthcare forums are necessary for new public policy to reallocate taxes coming into the Coachella Valley.

Charles Maynard, City Manager, Desert Hot Springs clarified that Desert Hot Springs is in complete support of the expansion but wants to ensure the funding paid by those in the east is used to help fund the east. Instead of spending current monies look at long-term revenue explaining that a certain percentage of Desert Hot Springs residents live below the poverty level or received government assistance, and funding should be secured before draining the current resources.

President Zendle made a motion in support of Option 1 but modifying the amount to a minimum \$300,000 per year for 20 years – a total of \$6,000,000. President Zendle explained that the \$300,000 would be designated from non-property tax funds and non-hospital replacement funds. The goal is for LAFCO to approve the funding methodology, move forward with the election to achieve equal funding over time by obtaining additional funds from Option 2 with some funding sooner and other funding over several years. The District is committed to achieving a minimum of \$4,000,000 per year similar to the west Valley contributions. After the election, if the vote passes, the Board will add two other Members from the east explaining that 40% of the residents east of Cook Street obtain health services in the west.

Director Wortham stated that the after-expense earnings for hospitals in the Valley exceeds wells of over \$100M. Examining how wealth is redistributed throughout the Valley, including the how residents are cared for, the gaps in services, and the current financial burdens of the state, county, cities such as retirement plans, the District should explore the current revenue being generated from facilities throughout the Coachella Valley and partner with those entities to ensure residents receive the appropriate services. Director Wortham fully supports and endorses this approach with ways to leverage choices from Option 2 but commencing to build those bridges and seek support using existing funds.

Vice-President Rogers expressed her agreement with Director Wortham stating that there are underserved populations in the East Valley and the District needs to ensure equity of funding and moving forward towards the future.

Director Matthews will not support inadequate funding of Option 1 - \$300k since the District is expanding to the most sizable portion of diversity in the Valley with individuals and families that need the most assistance. Director Matthews supports the expansion, but to suggest \$300k for a minimum of 10-years does not bring about the work that has already been completed by the Ad Hoc Committee. Further, it is a disservice to the east to self-fund \$300k per year for 20-years since the Foundation is using its existing grant program to feed those services. Director Matthews will not support the motion as it is not a long-term solution.

Director Hazen stated that moving in the direction of Option 1 takes the pressure off the County to participate in funding and this option simply relieves some of the pressure. However, Director Hazen expressed her support for the expansion, but the District can do more and can do better.

**#18-26 MOTION WAS MADE by President Zendle and seconded by Director Wortham to approve Option 1 with a minimum of \$300,000 per year for 20-years (totaling \$6,000,000) designated from non-property tax funds and non-hospital replacement funds with the goal of achieving equity and equality.**

**Motion passed.**

**Roll Call Vote:**

**AYES                    3   Director Wortham; Vice-President Rogers; President Zendle**

**NOES:                    2   Director Matthews; Director Hazen**

**ABSTAIN:**

**ABSENT:                0**

**Motion Passed 3-2**

**ADJOURNMENT**

The meeting adjourned at 3:48 p.m.

ATTEST:  \_\_\_\_\_  
Carole Rogers, Vice-President/Secretary  
Desert Healthcare District Board of Directors

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