

**DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE
MEETING MINUTES
March 13, 2018**

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
Les Zendle, MD, President

Absent

Jennifer Wortham, DrPH, Director
Sid Rubenstein, Community Member
Donna Craig, Senior Program Officer
Alejandro Espinoza, Program Officer and
Outreach Director

Staff

Herb K. Schultz, CEO
Lisa Houston, COO
Chris Christensen, CFO
Mary Pannoni, Accounting/Admin Support
Andrea S. Hayles, Clerk to the Board

Community Members

Arthur Shorr, Community Member

CALL TO ORDER

The meeting was called to order at 3:00 p.m. by Chair Matthews.

APPROVAL OF AGENDA

It was moved and seconded (President Zendle, Community Member Shorr) to approve the agenda.

PUBLIC COMMENT

None

APPROVAL OF MINUTES

Submitted for approval:

1. Minutes – January 9, 2018

It was moved and seconded (Chair Matthews, Community Member Shorr) to approve the minutes of January 9, 2018. Motion passed unanimously.

CEO REPORT – Herb K. Schultz, CEO, explained the budgeted items for a communications and marketing brochure and Spanish translation services.

CHIEF FINANCIAL OFFICER’S REPORT - LPMP Leasing Update

Chris Christensen, CFO, provided an overview of the Chief Financial Officer Report that included the LPMP lease update that contains 3 vacancies and Mr. Christensen is researching agencies to assist with the occupancies. Mr. Christensen also explained that Palmtree Clinical has commenced its tenant improvements.

FINANCIAL REPORTS

1. Financial Statements – The District’s and LPMP Financial Statements for January and February 2018 was reviewed.
2. Accounts Receivable Aging Summary – The January and February 2018 accounts receivable detail was reviewed.
3. Deposits – District – The District’s January and February 2018 deposits detail was reviewed.
4. Property Tax Receipts – District - The property tax receipts were reviewed.
5. Deposits – LPMP – The LPMP’s January and February 2018 deposit detail was reviewed.
6. Check Register – District - The January and February 2018 check register were reviewed.
7. LPMP Check Register – The January and February 2018 LPMP check register was reviewed.
8. Credit Card – Detail of Expenditures – The January and February 2018 credit card expenditures were reviewed.
9. Retirement Protection Plan (RPP) Update – The RPP update was reviewed.
10. Grants Payment Schedule - The grants payment schedule was reviewed.

It was moved and seconded (Chair Matthews, President Zendle) to approve the January and February 2018 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. Highmark Capital Investment Reports - Bob Adams

Chair Matthews introduced Bob Adams, CFA, Highmark Capital Investment Reports. Mr. Adams gave an overview of the Desert Healthcare District Hospital Retirement Plan Investment Review from November 30, 2017 to December 30, 2017.

Chris Christensen, CFO stated that the value of the Retirement Plan is \$5.4M. The participant balance is \$4.8M.

2. Park Imperial Ground Sublease Sale Proposal - Brad Yochum

Chris Christensen, CFO explained that the District was bequeathed a land lease for 98-years of a 51-unit condo complex located at Vista Chino and Via Miraleste. The sublease is currently owned by Mr. Brad Yochum – purchased in 2002 and the income received is \$300 per year per homeowner with a \$750 per month payment from Mr. Yochum to the District totaling \$9k. Mr. Yochum currently has an outstanding balance of \$8k – 11 months in arrears.

Brad Yochum, the current owner of the sub-lease, presented his offer to sell the sublease stating that he would like to sell the complex to assist with his son's college education and move forward on other business ventures.

Community Member Shorr inquired if there are any units in arrears with Mr. Yochum explaining that all units are paid-to-date except for three.

Mr. Christensen explained that in 2008 a proposal of \$100k was presented to the F&A Committee and Board of Directors that was rejected by the District.

Chair Matthews described his concerns of purchasing the sublease and the District potentially dealing with homeowners wanting to buy the land. Chair Matthews also requested the purchase terms of the original sublease that was purchased.

It was moved and seconded (Chair Matthews, President Zendle) to deny the Park Imperial Ground Sublease Sale Proposal and if the sublease sale proposal is brought forward again, the Committee requests a review of the original purchase terms of the sublease.

3. LPMP Lease Terms – Suite 1W 101 – Pathway Pharmaceuticals, Inc.

Chris Christensen, CFO, explained that the lease was approved in December 2017 and Pathways Pharmaceuticals requested tenant improvements. Five years ago, during the lease renewal, there was a fixed rate for the first three years and an increase for years four and five. The current terms of Pathway Pharmaceuticals, Inc. 5-year lease at \$1.56 per square foot.

It was moved and seconded (Chair Matthews, Community Member Shorr) to approve the Tenant Improvements of \$10,640 and disapprove the request for the first 3 years fixed for Suite 1W 101 – Pathway Pharmaceuticals, Inc.

4. LPMP Lease Terms – Suite 1E 201-203 – Palmtree Clinical Research

Chris Christensen, CFO, described the commencement date of February 1, 2018 but due to construction delays with the tenant improvements, Palmtree Clinical Research is requesting an extension to May 1.

It was moved and seconded (President Zendle, Chair Matthews) to approve the LPMP Lease Terms – Suite 1E 201-203 – Palmtree Clinical Research.

5. Truss Repair – Suite 1E 201-203

Chris Christensen, CFO, explained the truss repair requirements for suite 1E 201-203 is a function of the landlord versus the tenant with estimated costs of \$5,800 to repair.

It was moved and seconded (President Zendle, Community Member Shorr) to approve the Truss Repair – Suite 1E 201-203

6. NEOPB, Ready, Set, Swim, and Ready, Set, Swim Jr. Programs Update

Lisa Houston, COO, provided an update on the NEOPB, Ready, Set, Swim, and Ready, Set Swim Jr. Programs as it relates to the Strategic Plan personnel changes. Mrs. Houston further explained that the current employee Vanessa Smith will move forward as the coordinator of the program replacing Alejandro Espinoza as he fulfills his role as Program Officer and Outreach Director. There are no impacts to the budget.

It was moved and seconded (President Zendle, Chair Matthews) to approve the NEOPB, Ready, Set, Swim, and Ready, Set, Swim Jr. Programs

7. District Audit Reports – FY15 & FY16 (Restated)

Chris Christensen, CFO, explained that the statement of cash flows requires adjusting due to the accrual incorrectly reflected in Cash Payments to Employees for Services on the Statement of Cash Flows that was reclassified accordingly – noting that District Resident Ezra Kaufman brought the line item to the attention of the District. Chair Matthews inquired whether the auditors have been notified. The matter has been presented to the District auditors. Chair Matthews thanked Mr. Kaufman for his due diligence.

Public Comment

Ezra Kaufman, District Resident, explained that Mr. Christensen answered his questions on what appeared to be year to year differences in the cash flow statements, but the other operating revenues of \$3.1M in 2013 is much higher than the previous years. Mr. Christensen explained via email to Mr. Kaufman's public records request that other

operating revenues can be more or less from year to year and other revenues in 2013 included \$1M received from the Avery Trust for Pulmonary support. Mr. Kaufman stated that he was not confident that the item is other operating revenue, and from what operation would the Avery Trust funds derive. Each time monies are received from a grantor the monies are booked and received from a grantor with Mr. Christensen explaining that the Avery Trust is not a grantor, but inherited and received from an individual.

District Staff will review the matter and bring back to the next Committee meeting.

8. Ticket Distribution Policy

Herb K. Schultz, CEO, described the Ticket Distribution Policy as it relates to various events with representation from the District.

President Zendle explained that the donation of tickets is to the District and not the individual Board Member.

Chairman Matthews stated that if a Board Member wanted to participate and attend for example the Film Festival, the tickets would be expensive and the appropriate disclosures are necessary such as publications to the website.

It was moved and seconded (President Zendle, Community Member Short) to approve the Ticket Distribution Policy and forward to the Board for approval.

9. Expansion Funding

Herb K. Schultz, CEO, explained the Expansion and LAFCO Process concerning Special Board Meetings, Addendum to the Application forwarded to LAFCO, and other details of the District expansion with a LAFCO hearing date of April 26.

President Zendle inquired at what point the District would make the expansion monies a liability with Chris Christensen, CFO explaining that the commitment is to the Foundation. Mr. Christensen asked if the monies would be booked now or at the time the expansion occurs – a matter for the Board to determine. Chair Matthews supports the expansion but feels there is not enough money and the funding is being diluted from the west. Seismic issues for 2030 is a concern as the District expands and any seismic issues may be solved in the east. Chair Matthews is also concerned about bankrupting the District.

PUBLIC COMMENT

Ezra Kaufman, District Resident, explained that he determined the expansion is 7.5 cents to the dollar of \$4M to fund the District Expansion after 2 years of searching for funding. What are the implications to the District if the Expansion moves forward with only 7.5 cents to the dollar year after year?

ADJOURNMENT TO DESERT HEALTHCARE DISTRICT FINANCE & ADMINISTRATION FOUNDATION COMMITTEE MEETING AT 4:42 P.M.

ADJOURNMENT TO CLOSED SESSION 4:48 P.M.

CONVENE TO CLOSED SESSION OF THE DESERT HEALTHCARE DISTRICT FINANCE & ADMINISTRATION COMMITTEE


1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 Property: Commercial Property located at 1080 N. Indian Canyon Drive, Palm Springs Parties: District and To Be Determined. Under Negotiation: Price and Terms

REPORT AFTER CLOSED SESSION

The F&A Committee in closed session discussed the Commercial Property located at 1080 N. Indian Canyon Drive, Palm Springs, and took no action.

ADJOURNMENT

The meeting was adjourned at 5:30 p.m.

ATTEST: 

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