

**DESERT HEALTHCARE DISTRICT
SPECIAL STUDY SESSION OF THE BOARD OF DIRECTORS
MEETING MINUTES
October 31, 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
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 of the Board

Legal Counsel

Jeffrey G. Scott

Guests

Assemblymember Eduardo Garcia, AD-56
Joey Acuna, Jr., Clinicas de Salud del Pueblo
Mitch Blumberg, Vice Chair, Desert Regional Medical Center
Claudia F. Galvez, Clinicas de Salud del Pueblo
Brett Klein, Marketing Specialist, Eisenhower
Jacqueline Lopez, Congressman Raul Ruiz Office
Silvia Paz, Building Healthy Communities Coachella Valley, California Endowment
Rich Ramhoff, Director of Marketing, Desert Regional Medical Center
Greg Rodriguez, Legislative Assistant, Supervisor V. Manuel Perez

CALL TO ORDER

The meeting was called to order at 10:01 a.m. by President Rogers.

Director Matthews joined the meeting at 10:03 a.m.

APPROVAL OF AGENDA

President Rogers asked for a motion to approve the agenda.

**#18-01 MOTION WAS MADE by Vice-President Hazen and seconded by Director Matthews to approve the agenda.
Motion passed unanimously.**

Roll Call Vote:

**AYES 5 Director Zendle; Director Matthews; Director Wortham
Vice-President Hazen; President Rogers**
NOES: 0
ABSTAIN:
ABSENT: 0
Motion Passed 5-0

PUBLIC COMMENTS

None

Topics: Update on Healthcare District Expansion in the Eastern Coachella Valley; AB 2414, LAFCO Process, and Application (Plan of Services); Use of Ad Valorem Tax Revenues; and Review of Potential Funding Streams.

Herb K. Schultz, CEO commenced the meeting by describing the materials related to the Study Session. Mr. Schultz also thanked the Ad Hoc Committee for their work and guidance. Mr. Schultz explained the Update on Healthcare District Expansion in the Eastern Coachella Valley that include the Objectives, Background, and Discussion. The major activities were detailed including state legislative consideration of AB 2414, the LAFCO Application and Plan of Services, the Board's Strategic Planning Sessions, East and West Valley Voter Surveys, Town Halls, Use of Ad Valorem Taxes, and Potential Funding Streams. The Timeline of AB 2414 and the District's actions throughout the process was also described.

Mr. Schultz introduced Assemblymember Eduardo Garcia, AD-56 and stated that the public is welcome to ask questions on the subject matter. Assemblymember Garcia explained that we are still in beginning phase of determining a viable funding source. The original intent was to expand the District and apply the resources in the east. LAFCO has no authority to decline the application and collectively, all would work together on the funding for the new expansion boundaries. No financial obligation was written into the legislation, but the first step was to identify the preliminary objectives, then explore the funding sources currently being discussed and move forward with the programs. The Assemblymember expressed his adamant opposition to the parcel tax that would hinder the expansion of the District.

President Rogers explained that she is eager to expand the District's boundaries and expanding would cost approximately \$9M per year. The Board could determine ways to fund the programs.

Director Matthews stated that he understands the concerns about the parcel tax and inquired how to provide services to underserved communities, populations with health disparities, and undocumented immigrants without some source of funding. Director Matthews also mentioned the facilities replacement fund, seismic issues, and current upgrades.

The Assemblymember stated that the objective of the Expansion would be for the purpose to apply the District's resources outside of the boundaries. Once the expansion takes place, then the District could discuss the healthcare needs for the entire area including infrastructure. The Assemblymember further explained the various mechanisms of funding that have been discussed by the Board such as the facilities lease, the hospital component in the short-term and long-term, and the facilities replacement fund. Throughout the state, one of the scrutinies of Special Healthcare Districts is that they are not performing their duties. Monies are accumulating, but the funds are not used for health care needs. The Assemblymember noted that an allocation of \$1M from the District for facility repairs would not make a substantial difference to the overall mission and vision. The Foundation has monies that are allocated to healthcare programs, and the expansion could be evolved around those programs. The County's obligations to the District provided a percentage of taxes to manage and oversee the hospital; therefore, the County's allocation of funding could be repurposed. The County does not have the legal obligation to provide the annual funding. The County now has a more significant role and could potentially state that they do not want to fund \$5M but instead \$3M. The Assemblymember wrote the bill in good faith knowing that LAFCO could not deny the application with no legal authority. Once the voters approved the expansion, if there are no taxes presented, then we could assess the District to fund the east. The Assemblymember explained the lawsuit that challenged the illegal use of funds outside of the boundaries stating that if there are no healthcare nexuses outside the boundaries.

Director Matthews stated that the revenue would be \$3M and he has no issue voting for monies outside of the District. The reallocation of funds from the County is not the best option, but there are other choices such as increments and development in the future, including the County reclaiming the District. Building a hospital requires at least a billion dollars that would require everyone's vote. The Assemblymember indicated that he has not heard voters or west valley politicians voice concern about the reallocation of funds, including at the Districts Townhalls and Forums – recommending that the District work collectively to meet with members of the community. Herb K. Schultz, CEO, mentioned that he had heard concerns from elected officials and community members.

Vice-President Hazen stated that she and the Assemblymember agreed that it was best for this area to have a Special Healthcare District as opposed to the County reclaiming the District to maximize the assets. It is an opportunity to do more than less with the District's efforts to determine additional funding. The Strategic Plan is based on a One Coachella Valley model that includes a process for facilities, programs, and services to help identify the deliverables and additive for what the District could look like. The long-term will increase access and expand facilities, programs, and services, improve access, and have a collective impact. The Assemblymember stated this is an opportunity to move forward, but merely checking a box for voting dismisses the point to work with the stakeholders and elevate the strategic fund.

Director Zendle requested clarity and origin of the facilities replacement fund. Mr. Schultz referred everyone to the Sources of Funds Facilities Replacement Fund (FRF) handout that Chris Christensen, CFO will detail. Chris Christensen, CFO explained the components that make up the FRF that includes sources and amounts.

Director Wortham expressed concern about the change in the allocation of funds without going through the voters. The Foundation has monies and ways to leverage the current structure for the benefit of the east. Director Wortham will not support a property tax or take monies away from current needed services. The District has sufficient funds with its Foundation and partnerships. Vice-President Hazen explained that the LAFCO application has an option for the continuation of what the District is currently accomplishing to match funds that the District has placed in the Foundation, which are nonrestrictive for the short term.

The Assemblymember explained again that LAFCO has no options and they cannot decline the application. If the District focuses on the accomplishments for Expansion, LAFCO may determine that the achievements are not enough and more may be necessary.

Director Wortham conveyed concerns with the current lease structure and the implications to the Valley and the District to expand services. The current operator of the lease will apply to the expanded District. The District is unable to build clinics and accomplish other goals without the support of the current lease operator as the District. The Assemblymember explained that it is a contractual decision between the District and Tenet to ensure that medically underserved communities are not hindered. The Assemblymember indicated that there are no statues or laws that limit the District from spending revenue outside the District if there is a nexus. President Rogers requested that the Board decide the appropriate course of action.

Vice-President Hazen stated that the Board could direct Staff to work with LAFCO on the specifics necessary to consider the application complete and move the application forward.

Greg Rodriguez, Legislative Assistant, Supervisor V. Manuel Perez stated that the Supervisor has no desire to take monies away from the District. The decision is up to the Board, and everyone is aware of the Supervisor's stance. Mr. Rodriguez indicated that the Supervisor spoke with the County CEO, George Johnson concerning why the District's application could not be accepted as is with a list of possible funding sources.

Vice-President Hazen requested the item be placed on the November Agenda to identify completion of the LAFCO application. Herb K. Schultz, CEO explained the timeline to bring the Board and others current, including the LAFCO application's list of financial resources.

Vice-President Hazen thanked the Assemblymember and stated that she has spent 15-years on the issue and has faith that it will happen with the promise of an expanded District that includes programs and services.

ADJOURNMENT

The meeting adjourned at 11:29 p.m.

ATTEST: _____


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