



Mark Twain Health Care District

P.O. Box 95 (Effective Aug. 4, 2016)
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Special Meeting of the Board of Directors

Friday, December 16, 2016

7:30 am

Mark Twain Medical Center Classroom 2
San Andreas, CA

Approved Minutes

Mark Twain Health Care District Mission Statement

"Through community collaboration, we serve as the stewards of a community health system that ensures our residents have the dignity of access to care that provides high quality, professional and compassionate health care".

1. Call to order:

The meeting was called to order by President, Lin Reed at 7: 33am

2. Roll Call:

Present for roll call was Lin Reed, MBA OTR/L; Ken McInturf; Randy Smart, MD; Ann Radford, FNP and Susan Atkinson, MSW.

3. Approval of Agenda: Action

Mr. McInturf moved to approve the agenda. Dr. Smart seconded the motion and it passed 5-0.

4. Public Comment on matters not listed on the Agenda:

Hearing none.

5. Consent Agenda: Action

Dr. Smart moved to extract the September 2016 Financial Statements for further discussion. Ms. Radford moved to approve the remainder of the consent agenda. The second came from Ms. Atkinson and it passed 5-0.

- Un-Approved Regular Board Meeting Minutes for October 26, 2016,
- Un-Approved Special Board Meeting Minutes for November 4, 2016
- Un-Approved Special Board Meeting Minutes for November 15, 2016

- Un-Approved Special Board Meeting Minutes for November 29, 2016
- Approval of September 2016 Financial Statements

Dr. Smart: The District stopped paying for utilities (other than CPPA) in Sept. so approx. \$250K a year will be saved by the District.

Ms. Stout: Spoke to the tax amounts paid on the credit card. They were to avoid delinquent taxes against the District until the Assessor's Office could update the VS property to tax exempt status. To not pay the taxes would have held up the District's efforts to process VS Clinic property boundary line adjustments. Per the Assessor's Office the Butt Fire roll adjustments will be processed prior to other adjustments. Legally the Assessor's office has 4 years to make such adjustments and issue a refund.

Dr. Smart moved to approve the September Financial Statements. Mr. McInturf seconded the motion and it passed 5-0.

- Approval of October 2016 Financial Statements
- Correspondence
 - Ashlan Hilden-Thank you for iPad-Scholarship (10-26-2016)
 - Alyx Fairman-Thank you for iPad-Scholarship (10-31-2016)
 - Breanna Brumet-Thank you for iPad-Scholarship (10-21-2016)

6. New Business:

A. Audit Report - Year Ending June 30, 2016: Action

Ms. Reed introduced Rick Jackson of JWT & Associates, LLP, Certified Public Accountants. Mr. Jackson gave an overview of the District's Audited Financial Statements for June 30, 2016. He brought attention to the Opinion Section (pg. 6 of the report). In that section, it is in their opinion the financial statements "present fairly" in all material respects, the financial position of the District at June 30, 2016 and 2015, and the results of its operations and its cash flows for the years then ended, are in conformity with accounting principles generally accepted in the US.

Mr. Jackson: Mentioned the 50% minority interest (pg. 14 of the report) being the only change. The liabilities and income were about the same. Professional fees account for heavier expenses. On June 8, 2016, the District opted to give 90-day notice to MTMC, Corp. Board to cease payment on specific utilities.

Dr. Smart moved to approve the audit report as presented. Mr. McInturf provided a second and the motion passed 5-0.

B. California Health Care Foundation (CHCF)

- **Request for Proposal - Developing Rural Palliative Care Access in CA – Planning Grant:**

Ms. Atkinson: Finds a real need for palliative care in the area. This grant is for \$30K and would be divided between MTMC and Sierra Hospital. Since the grant is solely for the planning process, the Board may want to consider a future partnership and even to budget for sustainability. Catherine McCoy, CNO, Lonnie Smith, CMO and Bob Diehl, CEO have been involved in the process. The outcome of the application for the planning grant will be announced later today.

7. Unfinished Business:

A. LAFCO MSR-SOI Final Report - John Benoit: Action

Ms. Reed: The LAFCO MSR-SOI was tabled at the last meeting so legal could review. Legal has finished and the report is ready for the Board's consideration. The report is due to go public in Jan. or Feb of 2017.

Mr. McInturf moved to approve. Ms. Radford provided a second and passed 5-0.

8. MTHCD Reports:

A. Executive Director's Report:

Larry Blitz: Has been with the District for two weeks and has received a warm reception. He has attended the Quorum and many other meetings. He has scheduled Calaveras County Governmental Agency meetings for early, 2017.

Mr. McInturf: Welcome!

B. President's Report:

Ms. Reed: Drew attention to the ACHD information in the Board pkt. She and newly elected Board member, Debbie Sellick, plan to attend the Feb. 2-3, 2017 Leadership Academy training in Sacramento. Mr. Blitz also plans to attend.

Several Board members have attended and thought the conference was very worthwhile.

9. Committee Reports:

A. Ad Hoc Real Estate:

- **Update on Valley Springs Clinic:**

- **Opinion of Probable Costs:**

Dr. Smart: Referenced the Opinion of Probable Cost (OPC) (pkt. pg. 100-101) which Mr. Krieg prepares to track the costs and overruns of the project. It will change and expand as the project advances showing what has been spent and the projected total of \$7.7million. So far \$1.1million has been spent. The USDA loan is to fund the cost overruns (figures in red).

Mr. Krieg: There hasn't been much changed since Jan.

Mr. Van Lieshout: It is generally accurate and will be taken to the next step to breakout contract amounts.

The ad-hoc Real Estate Committee will be seeking details and making changes as needed. Mr. Van Lieshout attends each meeting.

- **Project Manager's New Time-Line**

Dr. Smart: Referenced the Project Time-line (pkt. pg.103) as having been prepared by Mr. Van Lieshout. It depicts milestone events that must be accomplished by the Sept. 2017 USDA Loan deadline. Sept. isn't very far off so it is a tight timeline.

- **Project Manager's Contract: Action**

Dr. Smart: The first contract was signed with Mr. Van Lieshout a year ago. He has been pleased with Mr. Van Lieshout's exceptional work ethic. Some of the money for the project must come from contingent monies. There is a risk that these expenses will not be USDA approved and not reimbursed.

Mr. Van Lieshout: The contract on this agenda is moving forward with the 10K sq. ft. medical center for Valley Springs. The planning/development/pre-construction services portion of the contract is based on 1% of the \$4.4million project cost (\$44K). The second phase is construction/project management services at 3% of the \$4.4million project cost (\$132K).

Dr. Smart: Recommends the Board consider the first phase of the contract for 1% of the \$4.4million and to do the second part (3%) later.

Dr. Smart moved to approve the first phase of the contract for the 1% (\$44K). Mr. McInturf provided a second and the motion passed 5-0.

- **Aspen St Architects Contract: Action**

Dr. Smart: The contract is for the design phase of a 10K sq. ft. building. The District only pays for the work done and as it's done. Legal has given the ok. USDA still must approve so it will be the District's money spent until the loan is available.

Mr. Reed: Requested review of a cash-flow report for the next finance committee meeting.

Ms. Radford moved to approve the contract. Ms. Atkinson provided a second and the motion passed 5-0.

- **Review of Updated Schematic: Action**

Dr. Smart: Led a tour of the (current) VS Clinic in which Mr. McInturf, Mr. Van Lieshout and Mr. Blitz as well as Aspen Street staff attended to look at the current work flow. The VS Clinic is currently being housed in approx. 5k sq. ft. and includes a dental component.

Mr. Morgan: The project was a 2 story 19k sq. ft. building. The idea was not to redesign the building but to make changes that fit the current needs keeping the utilities etc. the same. This schematic has 8,500 sq. ft. on the lower level.

Mr. Van Lieshout: The exam rooms will go from (current) 5 to expand to 15.

Mr. Morgan: Parking could be cut back as a cost savings and to make room for future building(s) however he recommends doing the grading in preparation for the future.

Dr. Smart: Some changes include toilet being added; 3 in-take counters; Set up as 5 pods; Keep universal size for exam room and have one cast room; PT and specialty space is now deleted.

Mr. Radford: As a provider is pleased with the progress. What about behavioral health?

Mr. Morgan: Behavioral health and other needs will be re-defined as the project proceeds.

Ms. Atkinson: Pleased the gender-neutral space was provided even though it is not code.

Dr. Smart: If schematic is approved he will add a narrative and call Gary Hicks so it can go to USDA by Jan.

Dr. Smart moved to approve the schematic. Mr. McInturf seconded the motion and it passed 5-0.

- **Residence – 1934 N. Hwy 26, Valley Springs, CA 95252**

- **Appraisal to Determine Value:**

Dr. Smart: An appraisal isn't required but gives the Board information to the value of the home owned by the District. The appraisal (pkt. pages 110-118) shows a value of \$300k (pkt. pg. 112). The home is 40 yrs. old and in need of work i.e.: new roof. There is no urgency to sell as it isn't budget critical.

Mr. McInturf: Concerned about upkeep and the District not wanting to be landlords.

- **Declare Residence as Surplus Property:** Per Local Health Care District Law. The District is authorized to sell, lease, or otherwise dispose of real property if it is no longer required for the purposes of the District:

- **Resolution 2016 – 02: Action**

Ms. Reed: Can see value in selling to buffer the non-budget items i.e.: Quorum Assessment and the VS Clinic upfront-expenses not yet covered by the USDA loan.

Ms. Radford: Sees value in selling for the extra revenue and is concerned for landlord issues presented to staff.

Ms. Atkinson: Prefers waiting to sell at a higher value thinking the District controls the property and the clinic will enhance the property value as compared to selling and having a neighbor or business reflecting badly on the clinic.

Mr. Van Lieshout: There is no impact on the clinic. It is a matter of rent vs heartache and if the District wants to be a landlord.

Mr. McInturf moved and Dr. Smart seconded to refer this item back to the ad-hoc Real Estate Committee for further review. The motion passed 5-0.

B. Ad-Hoc Lease Evaluation Committee:.....Ms. Reed / Dr. Smart

- Dignity Health – Mark Twain Medical Center Relationship:
- Update on Quorum Assessment:

Ms. Reed: There hasn't been any recent meetings however a lot is pending on the Quorum Assessment that was due in Dec. Now it looks like the assessment will be available to the ad-hoc Lease Evaluation Committee sometime in Jan. Quorum staff was on site two days last week and have completed their interviews. Ms. Reed thanked Bob Diehl, CEO for his assistance.

C. Ad-Hoc Personnel Committee:

- **Proposal for Legal Services:**

- **Colin Coffey – Archer/Norris A Professional Law Corp:**

- **Consider for General / Special Counsel Services: Action**

Ms. Reed: The District was informed earlier in the year that General Council, Mike Dean of Myers/Nave had planned to retire in early 2017. It has been a busy few months for her and Ms. Atkinson as they interviewed possible firms to represent the District in a general and special capacity. It was determined the current needs for the District were to have a firm that was strong in health care districts and a firm that specializes in transition. Colin Coffey of Archer/Norris performs general and special legal services. He also has a working relationship with Gerry Hinkley of Pillsbury, Winthrop, Shaw, Pittman LLP if additional special services are required. Attention was mentioned of the accomplishments for both firms (pkt. pg.123-182).

Mr. Coffey: Finished law school in 1989 and has spent 30 years in health care districts. He also gave an example of working with Gerry Hinkley. He does not require a retainer.

Dr. Smart: Will a waiver be needed for conflict of interest concerning Dignity Health?

Mr. Coffey: Waivers would be considered case by case but he didn't see the need considering prior experiences.

Dr. Smart moved for the chair to proceed with an engagement letter for general and special council for Mr. Coffey's services of Archer/Norris. Mr. McInturf seconded the motion and it passed 5-0.

- **Gerry Hinkley – Pillsbury, Winthrop, Shaw, Pittman LLP:**

- **Consider for Special Counsel Services: Action**

Ms. Reed: While Mr. Coffey and his firm would be able to handle most special services there may be times when additional special services are required. On those occasions the ad-hoc Personnel Committee would recommend that Mr. Coffey be assisted by Gerry Hinkley. She has had experience with Gerry Hinkley and knows him as a deal-maker not a deal-breaker. He is highly recommended by HFS. While he is from the LA area he would bill the District from their Sacramento office for any services provided. He does not require a retainer.

Dr. Smart moved for the chair to proceed with an engagement letter for special council for Mr. Hinkley of Pillsbury, Winthrop, Shaw, Pittman LLP. Ms. Radford seconded the motion and it passed 5-0.

10. Board Comment and Request for Future Agenda Items:

Ms. Radford: The next meeting for the Golden Health Awards will be Jan. 4th.

Mr. Diehl: The Angels Camp Clinic is coming along. The Foundation Board will be meeting in January to review the development in relation to the land. The next MTMC Corp Board meeting will be in Jan. 2017.

Ms. Reed: Since Mr. McInturf's is retiring and this is his last meeting the District will need to appoint a replacement for him to the MTMC Corp Board.

11. Next Meeting:

A. January 25, 2017

12. Swear in Newly Elected Board Members:.....Ms. Reed

A. Dr. Smart, Ms. Atkinson, Debbie Sellick

Ms. Reed: Officiated the swearing in ceremony. Re-elected Dr. Smart and Ms. Atkinson (4-yr terms) as well as newly elected Debbie Sellick (2-yr. term) took the Oath of Office. Then Ms. Reed presented the newly elected members to the Board with a big welcome.

13. Recognize Ken McInturf For His Years of Service:

Ms. Reed with Dave Woodhams presented Mr. McInturf a plaque for his service to the community depicting his years at MTHCD (2001-2016); MTMC Corp Board (2012-2016) and at the Calaveras Senior Center since it's inception (1992).

Ms. Radford presented Mr. McInturf a US flag that had flown over the MTMC campus in appreciation of his years of military service and for his devotion to the hospital.

Ms. Reed presented Mr. McInturf a certificate of appreciation for his devotion to the District's Student Scholarship Program and heretofore the program will be named the Mark Twain Health Care District - Ken McInturf - Student Scholarship Program.

Mr. McInturf: It has been his honor to serve because it has been lots of fun. There was a time the District didn't have a phone, address, office or a secretary and now we do. There are a lot of things happening in the District and he appreciates Ms. Reed for stepping up to the challenge. Mr. McInturf looked about the room and thanked different individuals for their part in the progress that has been made. It has been a real honor and he plans to stay on the ad-hoc Real Estate Committee with Dr. Smart, the Foundation Board and the (Calaveras) Senior Center.

Ms. Reed: The Board will be moving into closed session however everyone is invited to return at 11:30am to help celebrate Mr. McInturf's retirement.

14. Closed Session:Ms. Reed

Conference with Real Property Negotiators (Govt. Code section 54956.8).
Property: Mark Twain Medical Center, 768 Mt. Ranch Road, San Andreas, CA.
Agency negotiators: Lin Reed. Negotiating party: Mark Twain Medical Center, Inc.; Dignity Health, Inc. Under negotiations: Price and Terms of Lease.

The Board moved into closed session at 9:36am. Ms. Radford excused herself but plans to return for the 11:30 send-off for Mr. McInturf. Mr. McInturf excused himself as the newly retired Board member but plans to return for the send-off.

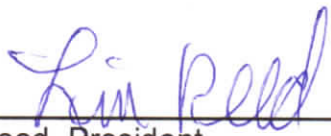
15. Reconvene to Open Session:

A. Report of Action taken (if any) in Closed Session:

The Board moved back into open session at 10:48am stating there was no reportable action taken.

16. Adjournment:

Dr. Smart moved to adjourn the meeting seconded by Ms. Atkinson. The meeting was adjourned at 10:48am by a vote of 3-0. Newly elected Board member Debbie Sellick had excused herself prior to the closed session.



Lin Reed, President