

Approve Agenda, Acceptance of Minutes:

- a. Board Meeting 05-23-2018
- b. Special Board Meeting 05-14-2018
- c. Special Board Meeting 05-30-2018

**Tulare Local Healthcare District
Board of Directors Meeting AGENDA
Wednesday, May 23, 2018 6:30 PM
City of Tulare Council Chambers
475 M Street, Tulare, CA**

MINUTES

In attendance:

Kevin Northcraft	President	Larry Blitz	Interim CEO
Mike Jamaica	Vice President	Dan Heckathorne	Interim CFO
Senovia Gutierrez	Secretary/Treasurer	Sandy Haskins	Interim CAO
Xavier J. Avila	Director	Riley Walter	Bankruptcy counsel
Stephen Harrell	Director	Todd Wynkoop	Interim Legal counsel
		Ben Nicholson	Interim Legal counsel

1. Call to Order:

Meeting called to order at 6:31 p.m.

2. Public Comment

Patty Drilling
Deanne Martin Soares
Bill Postlewaite

3. Approve Agenda, Acceptance of Minutes:

- a. Board Meeting 04-25-2018
- b. Special Board Meeting 04-20-2018
- c. Special Board Meeting 04-04-2018

Stephen Harrell moved to approved minutes listed above. Seconded by Senovia Gutierrez. Approved 5-0

4. Announcements – Board

Stephen Harrell announced he is speaking to citizens and would like to set up town halls in his district.

Mike Jamaica said the Board is diversified and is doing the best they can.

Senovia Gutierrez said she thinks the Board is doing a good job. They have spoken to politicians and wrote letters for the \$22 million request by Assemblyman Devon Mathis. The Board has spoken to the community and is looking for more opportunities and other options as soon as possible. Senovia thanked the media and citizens.

Xavier Avila said all information is in front of the Board. Thanked Deanne Martin-Soares and Patty Drilling for rooting out corruption. The District Attorney's investigation is the largest in Tulare County history. Xavier feels if the opportunity to get something done the Board needs to take it.

Kevin Northcraft said the reservation for the City Council chambers for Hospital Board meetings is expiring soon. Asked if the Board wanted to extend for another 6 months. No objection was voiced. Kevin said he will not reserve the room for 12/26/18 and will

recommend calling a special meeting in December if needed. Kevin announced he will be out of town on 7/25/18. He asked the other Board members to notify him if they will not be available for the meeting as well.

Discussion and Action regarding the District Issuing a Request For Proposal(RFP) For the purpose, of seeking organizations that are interested in Managing or Leasing the Hospital and the Clinics.

Kevin Northcraft said he had the greatest respect for CMC's offer to help and it was the most viable option. However, CMC clearly has priorities that preclude opening the hospital in the near future. There are other options out there. Of the average 80-90 ER visits TRMC experienced 25-30 were critical. It is necessary to meet those ER needs. For logistic, finance and human need it is important to see if there is an entity to open the hospital.

Larry Blitz said there is pressure to open the hospital by 10/18/18 by OSHPD. Wipfli is preparing a targeted RFP to look for management companies. They are setting very strict timelines. By Friday, 5/25/18 a letter will be prepared with a 6/5/18 timeline. Interviews will be conducted by an ad hoc committee comprised of Kevin Northcraft, Mike Jamaica, and one community member per Board member 6/10-6/17/18. Process to be completed by 6/30/18 with affirm selected by 7/1/18 prepared to open by 10/31/18.

Todd Wynkoop said there is nothing in the District by-laws that precludes the formation of the ad hoc committee by consensus of the Board. Confidentiality will be key and members of the ad hoc committee could be dismissed if confidentiality is broken.

Stephen Harrell recommended 3 members be selected by the Board. Xavier Avila felt 3 was too few and recommended 5. Senovia Gutierrez concurred that the committee should have 5 members.

Kevin Northcraft said timing for selection is critical. An alignment partner is key to assist opening and show confidence.

Larry Blitz said three non-profit companies and some for profit companies have expressed interest.

Toddy Wynkoop said appointments to the committee should be published on the hospital website. He recommended that each Board member pick someone from within their hospital district. Kevin Northcraft didn't like that idea. Stephen Harrell recommended the selection should be from the entire hospital district.

Xavier Avila made his selection for the ad hoc committee. He nominated Derek Jackson. Derek Jackson indicated he would serve if appointed.

Stephen Harrell said we need to open the hospital as soon as possible. He wants a good, quality hospital in four months.

Stephen Harrell moved to approve the RFP process. Senovia Gutierrez seconded. Approved 5-0.

5. Discussion and Action Items

- a. Recommendation to Approve Declaration of Surplus Equipment and Authorize Disposal and or Sale by Staff.

The Declaration of Surplus Equipment extended the definition adding a chemistry analyzer, not on the original declaration.

Stephen Harrell moved to approve with Xavier Avila seconding the motion. Approved 5-0.

- b. Discussion on Leasing Agreements for Evolutions

Stephen Harrell asked that the item be pulled

- c. Approval of revised Legal Services Agreement with McCormick, Barstow, Sheppard, Wayte & Carruth to continue current representation, but to designate Todd Wynkoop as Interim General Counsel in lieu of Timothy Thompson

Xavier Avila moved to revise the legal services agreement. Seconded by Senovia Gutierrez. Revision passed 5-0.

- d. Approval of Legal Services Agreement with Procopio, Cory, Hargreaves & Savitch, LLP.

Todd Wynkoop advised that Procopio, Cory, Hargreaves & Savitch would issue an opinion letter from their firm to use tax revenues for income. Procopio offered an advisory opinion regarding future tax revenues for \$10-15,000. If the Board opts for a formal opinion from the firm, the liability for the decision shifts from the Board to the firm. Xavier Avila moved to approve the legal services agreement. Stephen Harrell seconded the motion. In discussion Senovia Gutierrez expressed concern that the District was spending more money on more people. Todd Wynkoop indicated he did not ask his firm if they could help. Kevin Northcraft indicated that the legal decision could result in millions to the District so \$10-15,000 did not seem like too much. Board vote called, vote was 4-1 with Senovia Gutierrez in dissent.

6. Chief Executive Officer Up-Date

1. Charity Care Discussion

Larry Blitz has had 2 meetings with attorneys from Fresno representing 3 people that did not receive charity care advice. They are working out a solution without financial deficit to the District.

2. HERSA Conversation HRSA Grant Opportunities

Representative Nunes is connecting with federal agencies. HERSA said there are no grants for operations. HERSA regulates clinics and offers grants for telemedicine.

3. Capitol Hill Discussions
Larry Blitz reported that he met with the offices of Senators Dianne Feinstein and Kamala Harris as well Representative Devin Nunes. Larry Blitz indicated he is in contact with Rep. Nunes office on a daily basis.
4. Rural Health Clinic Update
Meetings are scheduled in the next two weeks
5. Devin Mathis Follow Up
Supplemental appropriations Prime and IGT dollars are not being received.
6. Business plan
Business plan created and given to the Legislature on time
7. Mineral King Lab Update
85% of the business has been brought back
8. Special Legislative Audit
Audit should be concluded by mid-September
9. Accounts Receivable Funding Update
Two firms have backed out. Received bids from other bids wanting 18% which is unconscionable
10. Pharmacy Update
Received notification that the hospital needed to get rid of their drugs in four days in order to maintain the pharmacy license. Wipfli called all over the State to find a hospital to buy the drugs. Adventist Hanford stepped up and purchased the drugs for \$275,000.

Kevin Northcraft recommended that policy updates be given to the community members that volunteered to assist.

Larry Blitz was asked what the ramifications with OSHPD will be if the hospital is not opened by 10/29/18. Larry said Rich Gianello is attempting to contact OSHPD every day. Xavier Avila said that supports the RFP process. Larry Blitz said HCCA did not do a MediCal audit. This has caused the State to withhold millions of dollars. Larry Blitz said Senator Fuller's office is assisting in this effort. Xavier Avila recommended that he also contact State Senator Andy Vidak's office.

7. Chief Financial Officer

Recommendation: Review and recommend the following to the Board for approval: Draft December, 2017 Financial Statement and related comments, Balance Sheet and Statement of Revenue and Expenses (Will be presented at Board Meetings)

1. Revenue Cycle Update
2. Accounts Receivable - Net Collectible Valuation Update
3. Payable Update
4. Supplemental Payment Recoveries Update
5. Cash Report Update, including near term projections.

6. State Audit - Update on the Auditors program and plan.

See attached financial reports

8. Tulare Hospital Foundation Update

Jan Smith reported that the Foundation extended the 30 day loan to June 30, 2018 and added \$100,000. She praised the community effort to write letters in support of Assemblyman Devon Mathis request for \$22 million for the District in the State Budget request. She urged everyone to continue writing Sacramento.

9. EVO Management Company update – Evolutions Wellness Center

Derek Jackson said Evolutions made payroll and repairs and presented the Board with a check for \$2033.56. Jayne Presnell reported on the Silver Sneakers program operated by Trevinity Health. She indicated Evolutions would receive \$3 per visit up to \$24 a month for Silver Sneakers members. It is a separate membership and attendance would need to be tracked. There are 941 eligible members for Silver Sneakers. 1 could not absorb the loss of income for the program.

Joseph Soares reported that the lease of 15 treadmills with Marlin has gone unpaid. Marlin has asked to renew the lease. Joseph Soares recommended the lease with Marlin be canceled. If Evolutions does not buy-out or re-lease they will pick up the equipment. The equipment is 13-14 years old, so you can't get parts. In order to keep up with technology he is recommending replacement of 15 treadmills plus 25 new pieces of equipment at a cost of \$5081 a month plus \$20,000 in installation.

Todd Wynkoop will review the management agreement to see if Board action is required

10. Suspend open session – recess to closed session 8:18 p.m.

Closed Session:

- a. Conference with Interim Legal Counsel – Existing litigation (Government Code 54956.9)
 1. *In re Tulare Local Healthcare District dba Tulare Regional Medical Center*, -United States Bankruptcy Court Eastern District of California Case No. 17-13797
 2. *HCCA v. Tulare Local Healthcare District, and Counterclaim*, U.S. Bankruptcy Court Eastern District of California Adv. Proc. No. 17-01095 – B
 3. Consideration of Settlement in Matter of *TRMC Medical Staff v. Tulare Local Healthcare District, HCCA et al*; Tulare Case No. 264227
 4. *Anderson v. Gupta, et al*, Tulare Superior Case No. VCU 267737; *Brooks v. TRMC, et al.*, Tulare Superior Case No. VCU266862; *Cabrera v. TRMC, et. al.*, Tulare Superior Court Case No. VCU 268660; *Dominguez et al. v. TRMC et al*, Tulare Superior Court Case No. VCU272496; *Griesbach v. TRMC et al*, Tulare Superior Court Case No. VCU270010; *Ibarra v. TRMC et. al.*, Tulare Superior Court Case No. VCU 270010; *Metcalf v. TRMC et al*, Tulare Superior Court Case No. VCI252446; *Opper et al v. TRMC et al*, Tulare Superior Court Case No. VCU263554; *Torrez II, et al. v. TRMC et al.*, VCU268786

- b. Negotiations for Interim Financing
- c. Conference with Interim Legal Counsel – Initiation of Litigation (Gov. Code § 1 matter.
- d. Report from and Instructions to designated real estate negotiators regarding Tulare Regional Medical Center.
- e. Discussion of property lease, Hillman Clinic 1062 S K Street Tulare, West Street Clinic 325 N West St Tulare, Earlimart Clinic 398 S Church Street Earlimart, Woman Pavilion 1437 East Prosperity Ave Tulare, Mineral King Lab-Medical Imaging 880 East Merritt Ave #107 #108 Tulare.

11. Adjourn closed session, reconvene open session – Public report of action taken in closed session (if necessary) pursuant to Government Code 54957.1

Kevin Northcraft reported that during tonight's closed session the Board approved by a unanimous vote setting the TRMC Medical Staff v. Tulare Local Healthcare District, HCCA et al. Because the other parties have not executed the agreement, the Board cannot disclose the specifics of the settlement or release the agreement. As soon as the other parties execute the agreement the Board will do so.

Adjournment *Next regular meeting scheduled for 6:30 PM on Wednesday, June 20, 2018 at the Tulare City Council Chambers*

Minutes
Tulare Local Healthcare District
Board of Directors Special Meeting Monday, May 14, 2018 at 6:00 PM
Allied Building- 869 N. Cherry St., Tulare, CA

Tulare Local Healthcare District Board Members:

Kevin Northcraft	President	District 4
Mike Jamaica	Vice President	District 2
Senovia Gutierrez	Secretary/Treasurer	District 3
Xavier J. Avila	Director	District 5
Stephen Harrell	Director	District 1

1. Call to Order:

2. Public Comment:

3. Recommendation to approve staff to seek a short-term loan of up to \$500,000 and approval to take a Promissory Note related to the loan.

Motion made by Xavier Avila and seconded by Senovia Gutierrez. Motion approved 5-0

4. Recommendation to approve lease revisions with Heiskell Ranches regarding 800 E Merritt Ave.
No action taken

5. Recommendation to approve declaration of surplus equipment and authorize sale by staff.
Motion made by Xavier Avila and seconded by Stephen Harrell. Motion approved 5-0

6. Recommendation to declare pharmaceuticals as surplus and sell pharmaceutical supplies as required by state agency.

Motion made by Xavier Avila and seconded by Stephen Harrell. Motion approved 5-0

7. Recommendation to approve broker's listing agreement for leasing of vacant property at Evolutions facility

Motion made by Senovia Gutierrez and seconded by Mike Jamaica. Motion approved 5-0

8. Suspend open session – recess to closed session

9. Closed Session:

- a. Conference with Interim Legal Counsel – Existing litigation (Government Code 54956.9)

- i. *In re Tulare Local Healthcare District dba Tulare Regional Medical Center* -- United States Bankruptcy Court Eastern District of California Case No. 17-13797
- ii. *HCCA v. Tulare Local Healthcare District*, and Counterclaim, U.S. Bankruptcy Court Eastern District of California Adv. Proc. No. 17-01095 – B
- iii. *Greisbch v. TRMC et al.*; Tulare County Superior Court, CasNo. VCU270010
- iv. *Cabrera v. TRMC et al.*, Tulare County Superior Court, Case No. VCU268660

- b. Consideration of Settlement of *TRMC Medical Staff v. Tulare Local Healthcare District, HCCA et al*; Tulare Case No. 264227
- c. Conference with Interim Legal Counsel – Initiation of Litigation (Gov. Code § 1 matter.
- d. Conference with designated Real Estate Negotiators related to Tulare Regional Medical Center
- e. Negotiations for Interim Financing

10. **Adjourn closed session, reconvene open session – Public report of action taken in closed session (if necessary) pursuant to Government Code 54957.1**
Nothing to report

11. **Adjournment**

Next regular meeting scheduled for 6:30 PM on Wednesday, May 23, 2018 at the Tulare City Council Chambers

Tulare Local Healthcare District
Board of Directors Meeting SPECIAL BOARD MEETING MINUTES
Wednesday May 30, 2018
TRMC Administrative Offices (Annex Lab Building, 2nd Floor)

In attendance:

Kevin Northcraft	President	Larry Blitz	Interim CEO
Mike Jamaica	Vice President	Dan Heckathorne	Interim CFO
Senovia Gutierrez	Secretary/Treasurer	Todd Wynkoop	Legal Counsel
Xavier J. Avila	Director	Patrick Hale	Legal Intern
Stephen Harrell	Director		

Call to Order:

Meeting called to order at 8:01 p.m.

Announcements:

Kevin Northcraft announced that the District has received 2 proposals to lease the physical therapy space in Evolutions

Public Comment:

Paul Atlas
Jennifer Burcham
Patty Drilling
Melissa Waters
Courtney Waters
Ken Nunes
Victor Gonzalez

Consideration of lease of new fitness and ancillary equipment for Evolutions Fitness Wellness Center to replace existing equipment as listed on attached proposals.

Kevin Northcraft said Stephen Harrell asked that this item be considered first on the agenda

Jayne Presnell reported that the equipment slated for replacement is 13-14 years old and it is difficult to get replacement parts. She feels members have been lost due to the age of the equipment.

Kevin Northcraft said the new equipment will be a substantial improvement and EVO Management is supportive. Kevin said that all gym equipment is not being replaced. Kevin asked Jayne if Evolutions will market the new equipment when received.

Paul Atlas said the gym is self-sustaining, but not if the equipment is not purchased. He feels membership will go down.

Xavier Avila said it is a business decision for the gym.

Derek Jackson reported that the EVO Oversight Committee voted to approve the replacement.

Stephen Harrell commented that if the membership of Evolutions went to 8,000 – 9,000 members the gym would make \$1 million dollars a year profit.

Jayne Presnell reported that the amount includes leasing the equipment and a one time wiring fee for data and tv. Both lease agreements have a \$1 buy out at 60 months.

Xavier Avila moved that the new fitness and ancillary equipment lease be approved. Senovia Gutierrez seconded the motion. Approved 5-0

Consideration of final appointment of Special Committee to Review and Report Recommendations on Respondents to Request for Proposal/Request for Information related to the operation and potential lease of Tulare Regional Medical Center

Larry Blitz reported that four targeted entities received the RFP. If no responses are received then the target area will be widened and “for profit” entities will be added. Larry Blitz confirmed that all four entities are working on a response. Todd Wynkoop said as lead negotiator with Community Medical Center they requested an addendum. Todd will work with Larry Blitz on the addendum.

Xavier Avila asked if it is necessary to add “acute care” hospital to the RFP. Todd Wynkoop advised that the contract will assure that TRMC will remain an acute care hospital. Adding the language can limit responses.

Larry Blitz reported that the ad hoc committee will set up interview with the Board and the public. Questions may be asked at that time.

Kevin Northcraft read the following statement on the appointment of the special committee:

“The President pursuant to the authority of Article V, Section 3 of the Tulare Local Healthcare District Bylaws with the approval of the Board hereby appoints the following individuals to a Special Committee for the limited purpose of evaluating responses to the request for proposal, on approval by the Board at its May 23, 2018 regular Board Meeting, for proposal arrangement for operating the TLHD hospital and clinics, including the members designated below.”

Stephen Harrell nominated Ed Henry
Mike Jamaica nominated Victor Gonzalez
Senovia Gutierrez nominated Jennifer Burcham
Xavier Avila nominated Derek Jackson
Kevin Northcraft nominated Ken Nunes

Todd Wynkoop said the committee names should be published on the District website

Consideration of possible declaration of Local Emergency under California Law.

Kevin Northcraft reported that the State Assembly member Devon Mathis' office is continuing working on restoring funding for the hospital with the Legislative budget conference committee. Kevin said additionally Mathis suggested a local emergency can be declared when conditions of extreme peril exists that effects the entire County. If unsuccessful in securing funding through the legislature the strategy can be switched to the local emergency designation by the Governor which enables him to make funds available directly from the Governor. Supervisor Pete Vanderpoel is supportive and has set up a meeting with the Tulare County Director of Emergency Management. Kevin reported success is not a high probability, but worth pursuing.

Todd Wynkoop said cities and counties have declared local emergencies, but there is not a precedent for a special district making the declaration. A financial or fiscal emergency qualify as local emergencies. Todd reported that nothing says it can't be done and at worst the Governor will say no.

Xavier Avila moved that the District pursue a declaration of Local Emergency under California Law. Senovia Gutierrez seconded the motion.

The following citizens made public comment:

Alex Gutierrez
Greg Cotta
Patty Drilling

Tulare Hospital Foundation Director Jan Smith said the letter writing campaign has shifted to the Governor's office.

The Board voted 5-0

Kevin Northcraft was asked who the four entities were that received the RFP. They are:

Community Medical Center
Dignity
Adventist Health
Kaweah Delta Hospital

- **Board Suspend open session – recess to closed session**
 - **Closed Session:**
 - Interim Financing
 - Conference with Interim Legal Counsel – Existing litigation (Government Code 54956.9)
 - In re Tulare Local Healthcare District dba Tulare Regional Medical Center -- United States Bankruptcy Court Eastern District of California Case No. 17-13797

- HCCA v. Tulare Local Healthcare District, and Counterclaim, U.S. Bankruptcy Court Eastern District of California Adv. Proc. No. 17-01095-B
- Matter of Senovia Gutierrez v. Tulare Local
- Consideration of Settlement in Matter of TRMC Medical Staff v. Tulare Local Healthcare District, HCCA et al; Tulare Case No. 264227

Adjourn closed session

Reconvene open session – Public report of action taken in closed session (if necessary) pursuant to Government Code 54957.1

Todd Wynkoop reported that in closed session the Board resolved two outstanding litigation issues. The first was final resolution of the lawsuit TRMC Medical Staff v. Tulare Local Healthcare District the settlement agreement is not available and it is to be signed by the other party, anticipated within the next week. Also resolved in principal the matter of Senovia Gutierrez v. Tulare Local Healthcare District and a settlement and anticipated judgement in that case in the next two weeks.

- **Adjournment** *Next regular meeting scheduled for 6:30 PM on Wednesday, June 27, 2018 at the Tulare City Council Chambers*