

**BOARD OF DIRECTORS MEETING
HOSPITAL REDWOODS ROOM
THURSDAY, MAY 25, 2017
MINUTES**

The Board of Directors of the Mendocino Coast Health Care District met in CLOSED session at 4:00 pm in the Hospital Redwoods Room, Steve Lund, Chair presiding

PRESENT: Mr. Lund, Dr. Glusker (telephonically), Ms. Bruning, Dr. Miller, Dr. Campos

Mr. John Ruprecht, Legal Counsel
Mr. Bob Edwards, CEO
Mr. Wade Sturgeon, CFO (telephonically)
Gayl Moon, Executive Assistant

ABSENT: None

1. CALL TO ORDER:

OPEN Session of the Board of Directors of the Mendocino Coast Health Care District convened at 6:10 p.m. in the Redwoods Room, Mr. Steve Lund presiding.

2. ROLL CALL:

PRESENT: Mr. Steve Lund, Dr. Peter Glusker (telephonically), Ms. Kathleen Bruning, Dr. Kevin Miller, Dr. Luke Campos
Board Members

BOARD MEMBERS ABSENT: None

ALSO PRESENT:

Mr. John Ruprecht, Legal Counsel
Mr. Bob Edwards, Chief Executive Officer
Mr. Wade Sturgeon, Chief Financial Officer (telephonically)
Ms. Gayl Moon, Executive Assistant

- Dr. Glusker appeared telephonically from a remote location, i.e. a hotel in San Francisco, which was identified on the agenda. However, Dr. Glusker did not post the agenda at his remote location and the public did not have access to his hotel room. Accordingly, the teleconference was not in compliance with Government Code §54953(b)(3) and accordingly, Dr. Glusker was not allowed to vote at the 5/25/17 Board meeting.

3. CLOSED SESSION MATTERS:

The Board of Directors reviewed the following items in closed session:

1. **INFORMATION/ACTION:** Pursuant to §32155 of the Health and Safety Code April Quality Management and Improvement Council Report
 - The Board unanimously approved the April Quality Management and Improvement Council Report
2. **INFORMATION/ACTION:** Pursuant to California Government Code §54954.5 and §32155 of the Health and Safety Code Medical Staff Credentials and Privileges Review
 - There was no report.

3. ***INFORMATION/ACTION:*** Joan Hammarback and Ryleigh Peurrung, Plaintiffs v. MCDH, Defendants, Mendocino County Superior Court Case No. SCTMCVPO-17-69091, filed 4/27/17; Government Code §54,956.9 (pending litigation)
 - The Board received an update from Legal Counsel and provided direction to Legal Counsel.
4. ***INFORMATION/ACTION:*** Personnel conference with District Legal Counsel to discuss the potential need to retain additional legal assistance due to the current volume of District legal matters; Government Code §54,957; Evidence Code §950, et.seq.; Health & Safety Code §32,121(f)
 - The Board authorized the Executive Staff and Legal Counsel to proceed with developing a proposal for additional legal support/assistance due to the current volume of legal matters primarily related to contract approval.
5. ***Information/Action:*** Public Employment: To review and approve Professional Services Agreement extension for Dr Jack Bellah Government Code §54954.5 & 54957
 - The Board approved the Professional Services Agreement extension for Dr. Jack Bellah
6. ***Information/Action:*** Public Employment: To review and approve Professional Services Agreement extension for Dr. Linda James Government Code §54954.5 & 54957
 - The Board approved the Professional Services Agreement extension for Dr. Linda James
7. ***Information/Action:*** Public Employment: To review and approve Professional Services Agreement for Dr. Jennifer Kreger Government Code §§54,954.5; 54,957
 - The Board approved the Professional Services Agreement for Dr. Jennifer Kreger
8. ***Information/Action:*** Public Employment: To review and approve Professional Services Agreement for Dr. Douglas Lister Government Code §§54,954.5; 54,957
 - The Board approved the Professional Services Agreement for Dr. Douglas Lister
9. ***Information/Action:*** Public Employment: To review and approve Professional Services Agreement for Dr. John Cottle Government Code §§54,954.5; 54,957
 - The Board approved the Professional Services Agreement for Dr. John Cottle
10. ***Information/Action:*** Public Employment: To review and approve Professional Services Agreement for Dr. Jason Kirkman Government Code §§54,954.5; 54,957
 - The Board approved the Professional Services Agreement for Dr. Jason Kirkman
11. ***Information/Action:*** Consideration of the terms and conditions of the following proposed Agreement with Sandra Fleming, MD: (a) Professional Services Agreement: (b) Recruitment and Credit Agreement: (c) Promissory Note; Government Code §§54,954.5; 54,957; Health & Safety Code §32,121.3
 - The Board gave direction to the Executive Staff for consideration of the terms and conditions for a proposed agreement for Dr. Sandra Fleming

4. PUBLIC COMMENTS

- Several community members made comments regarding Winesong and concerns regarding MCDH.
- Mike Dell'Ara resigned from the Planning Committee and read a prepared statement.

5. REVIEW OF THE AGENDA

- There were no changes to the agenda.

6. BOARD COMMENTS

- There were no Board comments.

7. ACTION: APPROVAL OF CONSENT CALENDAR: MR. STEVE LUND, PRESIDENT

1. Minutes: Regular Session, April 27, 2017
 2. Approval of Alysoun Huntley Ford Fund Draw for a total of \$376.08
 3. Medical Staff Rules and Regulations
 4. Obstetrics 3 year On Call Contract with Mendocino Coast Clinic
 5. Pediatrics 3 year On Call Contract with Mendocino Coast Clinic
- Mr. Lund stated a correction needs to be made to the April 27 minutes. The change to be made under "Board Comments" there is a typo. Change "help substantiate" to "help sustain".

MOTION: To approve the Consent Calendar with the above stated change to the April minutes

- Miller moved
- Campos second
- Roll call
 - Ayes: Lund, Campos, Bruning, Miller
 - Noes: None
 - Absent: None
 - Abstain
- Motion carried

8. INFORMATION: BOARD MEETING VENUE CHANGE DISCUSSION: MR. BOB EDWARDS, CEO

- The Board discussed moving the monthly Board Meetings from the MCDH Redwoods Room to Town Hall on Main Street in Fort Bragg. This move would allow the Board members to see one another better, increase the occupancy limit, better venue for televised meetings, etc.
- Discussion ensued.

9. ACTION/INFORMATION: CEO SPENDING LIMIT WITHOUT BOARD APPROVAL TO \$100,000 EXCEPT FOR CONSTRUCTION CONTRACTS: MR. BOB EDWARDS, CEO

- Mr. Edwards stated the current spending limit of the CEO is \$25,000, and has been in effect for decades. The cost of doing business has risen in the last two decades. MCDH has an operating budget of over Fifty Million dollars per year.
- The current spending limit has the weakness of slowing down operations processes.
- The Board will be informed by the CEO anytime there is a contract expenditure of more than \$25,000 via an informational email.
- Discussion ensued.

MOTION: To approve a \$100,000 spending limit for the CEO, that excludes

construction contracts

- Bruning moved
- Campos second
- Ms. Bruning amended her motion to include “anything in excess of \$25,000 will be reported to the Board by the CEO”
- Roll call
 - Ayes: Bruning, Lund, Campos, Miller
 - Noes: None
 - Absent: None
 - Abstain: None
- Motion carried

10. ACTION/INFORMATION: STRESS TEST TREADMILL PURCHASE: MR. EMMET O’CONNELL

- The current echocardiogram & treadmill system is 10 years old, at the end of life and it is difficult to purchase parts.
- Mr. O’Connell recommended replacement of the Stress Echo Treadmill.
- Discussion ensued.

MOTION: To approve the purchase of the Stress Test Treadmill in the amount of \$31,508.11

- Bruning moved
- Miller second
- Roll call
 - Ayes: Campos, Miller, Bruning, Lund
 - Noes: None
 - Absent: None
 - Abstain: None
- Motion carried

11. ACTION/INFORMATION: 340B PHARMACY SERVICES AGREEMENT WITH MENDOCINO COAST PHARMACY: MR. WADE STURGEON, CFO

- The Mendocino Coast Pharmacy had been a participating site for the Hospital’s 340B Program until November of last year when they gave notice to no longer participate do to the Hospital’s use of Macro Helix as their third party administrator. The Hospital’s contract with Macro Helix has an exclusivity clause that initially prohibited MCDH from using any other company to work with.
- After negotiating with Macro Helix, the Hospital will buy out their exclusivity of services as it pertains to Mendocino Coast Pharmacy to enable MCDH to use a different third party administrator. Mendocino Coast Pharmacy will once again participate in the 340B Program.

MOTION: To approve the contract with Mendocino Coast Pharmacy to reestablish the Hospital’s 340B Program with them

- Bruning moved
- Campos second
- Ms. Bruning amended her motion to reflect “the boxes on the last page will be checked in accordance with the Hospital’s current practices”
- Roll call
 - Ayes: Miller, Bruning, Lund, Campos
 - Noes: None

- Absent: None
- Abstain: None
- Motion carried

12. ACTION/INFORMATION: HEMACS PROFESSIONAL RECRUITMENT AGREEMENT FOR CHRO, QUALITY/RISK, PR/COMMUNICATION, REVENUE CYCLE: MR. BOB EDWARDS, CEO

- HEMACS, Inc. is an executive recruitment company.
- The fee is 20% of the annual salary due and payable on the candidate's acceptance of the job offer.
- This recruitment will be for the permanent positions of QA/Risk/Compliance/Regulatory; CHRO; PR/Marketing; Revenue Cycle Director

MOTION: To approve the HEMACS agreement for recruitment of the four permanent positions listed above provided HEMACS agrees to the revisions made by John Ruprecht, Legal Counsel as set forth in the copy that was presented to the Board

- Campos moved
- Bruning second
- Roll call
 - Ayes: Bruning, Miller, Lund, Campos
 - Noes: None
 - Absent: None
 - Abstain: None
- Motion carried

13. ACTION/INFORMATION: TRI COUNTIES BANK LETTER OF CREDIT: MR. WADE STURGEON, CFO

- Due to the Hospital's financial history and bankruptcy, Tri Counties Bank has required MCDH to have a Promissory Note attached to their account. This is a secure fund for the bank in the event MCDH overdraws their account. The bank required MCDH to place \$200,000 into a Certificate of Deposit to secure the Promissory Note in the event of an overdraft of the account and the balance due is not paid. The CD can be cashed at any time in the event the account is closed or the Promissory Note is lifted.

MOTION: To approve \$200,000 in a Certificate of Deposit to secure the Promissory Note in the event of an overdraft for Tri Counties Bank

- Bruning moved
- Campos second
- Roll call
 - Ayes: Lund, Campos, Bruning, Miller
 - Noes: None
 - Absent: None
 - Abstain: None
- Motion carried

14. INFORMATION: CEO REPORT: MR. BOB EDWARDS, CEO

- Dr. Danhash, a family practice physician will be starting at NCFHC in September, and Dr. Fleming will join NCFHC as well.
- Dr. Cottle is retiring, but will continue at Sherwood Oaks and will do some care for MCDH staff.
- Mr. Edwards attended an American Hospital Association conference in Washington DC which focused on the 340B Program.

- The Interim Medical Records Director, Betty Fye has accepted the position and will become a permanent full-time staff member.
- Mr. Edwards thanked the Foundation for their check for almost \$60,000 for new beds.
- The June Board Meeting will be June 22nd.

15. ACTION/INFORMATION: MEDICAL STAFF REPORT: DR. JOHN KERMEN

- The Medical recently elected Dr. John Kermen as Chief of Staff and Dr. Jack Bellah as Vice Chief of Staff.

A. Locums Tenens Coverage

1. Emad Asham, MD- Department of Surgery-General Surgery (May 23-31, 2017)
2. Sasidharan Ponthenkandath, MD (Dr. Sasi)-Department of Medicine-Pediatrics (June 1-13; July 1-12; August 3-15; September 1-12; October 4-14; November 7-17; December 22-January 3, 2018)

MOTION: After careful consideration recommend approval of Locums Tenens Coverage for Emad Asham, MD: Sasidharan Ponthenkandath

- Bruning moved
- Campos second
- Roll call
 - Ayes: Lund, Campos, Bruning, Miller
 - Noes: None
 - Absent: None
 - Abstain: None
- Motion carried

B. Appointments to V-Rad Teleradiology Services

1. Sireesha Iruvuri
2. Glenn Schultes

MOTION: After careful consideration recommend approval of Appointments to V-Rad Teleradiology Services for Sireesha Iruvuri: Glenn Schultes

- Bruning moved
- Campos second
- Roll call
 - Ayes: Bruning, Lund, Campos, Miller
 - Noes: None
 - Absent: None
 - Abstain: None
- Motion Carried

C. Resignation from Active Medical Staff

1. John Gallo, MD – Department of Medicine-Family Practice
2. James Pretorius, MD – Department of Medicine-Hospitalist Service

MOTION: After careful consideration recommend approval of Resignation from Active Medical Staff for John Gallo, MD: James Pretorius, MD

- Bruning moved
- Campos second
- Roll call
 - Ayes: Bruning, Miller, Campos, Lund
 - Noes: None
 - Absent: None
 - Abstain: None

- Motion carried

16. INFORMATION/ACTION: PLANNING COMMITTEE REPORT: MR. BOB EDWARDS, CEO

- Dr. James Katzel and Mike Dell'Ara resigned from the Planning Committee.
- Mr. Edwards gave a Strategic Plan Update Power Point Presentation. Following are the Strategic Initiatives that were covered:
 - ✓ Studying and potentially implementing a Hospital Fee/Hospital Structure change
 - ✓ Exploring a District Parcel Tax
 - ✓ Positioning the District to achieve a 1% Revenue over Expenses Financial outcome
 - ✓ Achieving the Capital and Deferred Maintenance requirement of the facility to include: HVAC, ATS, Nurse Call, Surgery Decontamination, 6 patient rooms
 - ✓ Patient Experience scores, to the average of the 75th percentile
 - ✓ Improving Quality Metrics, to the 75th percentile
- Mr. Edwards gave a power point presentation regarding what has been accomplished in his last two (2) years at MCDH. The power point focused on:
 - ✓ Quality
 - ✓ Finances
 - ✓ Volume
 - ✓ People
 - ✓ Future
- Ms. Horton gave a Prime Project update.
- Discussion ensued.

MOTION: To accept the Planning Committee Report

- Bruning moved
- Campos second
- Motion carried

17. ACTION/INFORMATION: PLANT SERVICES REPORT: MR. STEVE KOBERT

- Refer to the attached report.
- Mr. Kobert must put together a formal Change of Use Project to enable him to tell OSHPD any and all locations throughout the Hospital that are not being used for their original, licensed, intended uses. Upon completion of the identification process a formal plan must be initiated and submitted to OSHPD for review and approval. Upon approval by OSHPD, work will be required to modify the spaces for their new intended purposes. Upon completion of the project, OSHPD and CDPH will issue new license documentation approving the completed changes.
- Estimated time of project: 12-24 months
- Estimated cost of project: Unknown without further study

MOTION: To authorize Mr. Kobert to work with Sr. Staff on a Change of Use Project

- Bruning moved
- Campos second
- Roll call
 - Ayes: Miller, Lund, Campos, Bruning
 - Noes: None
 - Absent: None
 - Abstain: None
- Motion carried

- Mr. Kobert needs to establish a formal GeoTechnical Investigation Project. This must be initiated with OSHPD to determine whether the existing facility can be renovated or whether it will be necessary to construct a new facility designed to meet all of the Seismic Compliance Codes by 2030. The cost will be between \$50,000 & \$100,000.

MOTION: To authorize Mr. Kobert to develop a proposal for a GeoTechnical Investigation Project this will be brought back to the Board for consideration

- Bruning moved
- Campos second
- Roll call
 - Ayes: Bruning, Miller, Lund, Campos
 - Noes: None
 - Absent: None
 - Abstain: None
- Motion carried

18. INFORMATION: ASSOCIATION AND COMMUNITY SERVICE REPORTS

- There were no reports.

19. ACTION/INFORMATION: STATISTICAL/FINANCE REPORT, MARCH 2017: MR. WADE STURGEON, CFO

- Emmet O’Connell gave a presentation on the Laboratory Department

April Highlights:

- Net Income from Operations was an income of \$313,303
 - YTD Loss from Operations (\$71,208)
- Net Income from All Sources was an income of \$591,519
 - YTD Income from All Sources \$731,840
- Bond Covenants as reported on the Executive Summary are all within requirements
 - Debt Service Coverage Ratio is within covenant at 3.65
 - Current Ratio is within covenant at 1.36
 - Days Cash On Hand is within the covenant at 37.33
- Discussion ensued.

MOTION: To approve the Finance and Statistical Report for April 2017

- Bruning moved
- Campos second
- Roll call
 - Ayes: Lund, Campos, Bruning, Miller
 - Noes: None
 - Absent: None
 - Abstain: None
- Motion carried

- Mr. Sturgeon requested the Board have a Special Board Meeting on June 15th to consider approval of the Operating Budget and the Capital Budget. Both budgets have been approved by the Finance Committee

MOTION: To schedule a Special Board Meeting for June 15th

- Bruning moved
- Campos second
- Roll call

- Ayes: Campos, Lund, Bruning, Miller
- Noes: None
- Absent: None
- Abstain: None
- Motion carried

20. PUBLIC COMMENTS:

- Several community members commented on issues/concerns with the Hospital.

21. ADJOURN:

- The meeting adjourned at 8:20 pm

Peter Glusker, MD, Secretary
Board of Directors

Gayl Moon, Secretary to the
Board of Directors