

Date: May 10, 2010

Time: 6:00 P.M.

Location: Mayers Memorial Hospital District
Fall River Mills, California

(These minutes are not intended to be a verbatim transcription of the proceedings and discussions associated with the business of the board's agenda; rather, what follows is a summary of the order of business and general nature of testimony, deliberations and action taken.)

1. CALL MEETING TO ORDER: President Kerns called the special meeting to order at 6:03 p.m. on the above date with the following present:

Mike Kerns, President
Jim Hamlin, Vice President
Allen Albaugh, Treasurer
Gail McClung, Secretary
Brenda Brubaker, Director

Staff Present: C4 team, Clerk to the BOD.

2. ADDITIONS & CHANGES TO AGENDA, SECTION 54954.2(b)2:

None.

3. CALL FOR REQUEST FROM AUDIENCE TO SPEAK TO ISSUES OR AGENDA ITEMS:

None.

4. MANAGEMENT OPTIONS:

Kerns reported Ad Hoc Committee members (Albaugh/Kerns) met with Prime CEO Randal Hempling on Monday, May 3, 2010. CEO Hempling conveyed to them Prime had no interest becoming involved with Mayers—as the District did not fit their business model—but did offer a willingness to assist.

Albaugh reported he met with Doug Self on Friday, May 7, 2010, since he was unable to visit Seneca on the scheduled date 4.26.10. He also discussed and named other management firm options researched by Ad Hoc Committee for consideration of a shorter term to reorganize. Management firms: 1) QHR; 2) Michael Philips, are requesting to make presentations to the board if interested in pursuing stated Albaugh. Profiles discussed.

Brubaker asked Albaugh for an overview of visit to Seneca and meeting with Doug Self to conclude full board review. She expressed time was of essence, particularly now since the CFO has submitted her resignation, in accumulating evaluations of all the options. Albaugh reported he was not sure but believed that Seneca had not yet made a decision to share CEO Self with Mayers part time. Kerns added that the agreement is being restructured as a “consulting agreement” v. “management agreement” and would have a draft in 2 weeks with term at 6-8 months.

In the meantime, Kerns announced we know what we need to do to start resolving problems and that management needs to continue to take steps necessary to reorganize. Hamlin expressed the big issue is being here in six months and the urgency to start moving forward to reorganize. Albaugh reported reviews have already been conducted in DME, SNF, OB, PT, and billing office but solutions are still necessary how to resolve. Pena reported steps have already

taken place to improve efficiencies, reduction of costs, and possible layoffs.

Earnest, in closing, expressed caution to board during review of data in determining whether services/procedures need cut because the information may appear the service is losing money but not meaningful if we did not accurately process— whether it be generating a bill, coding, etc. He stressed the need for that financial expertise at Mayers first to fix the core problems in order to make appropriate decisions based on data. He is hopeful solutions to fix these issues can be initiated quickly before severe decisions are made. He concluded until we completely understand and are able to fix processes, discussions in cutting services will not be meaningful. Pena agreed that there are inconsistencies but the clinical managers cannot decipher the problem areas, it needs done through finance experts.

Kerns concluded while the Renown contract is being restructured, the Ad Hoc Committee will continue to evaluate options and report back to the full board.

5. ANNOUNCEMENT OF CLOSED SESSION (Recess 6:50 PM/Closed Session 7:02 PM): The Board of Directors *recessed* to a **Closed Session** to confer with legal counsel pertaining to anticipated litigation, Government Code Section 54956.9(c).

6. RECONVENE OPEN SESSION (7:50 pm): Board Chair Mike Kerns reported no action—input sought from attorney regarding initiation of litigation.

7. ADJOURNMENT: The Board of Directors adjourned at 7:50 pm.