

Date: July 22, 2009

Time: 1:00 P.M.

Location: Mayers Memorial Hospital  
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 regular meeting to order at 1:02 p.m. on the above date with the following present:

Mike Kerns, President  
Gail McClung, Vice President  
Jim Hamlin, Treasurer  
Allen Albaugh, Trustee  
Ruth Knoch, Secretary

Staff Present: Katharine Ann Campbell, CEO

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

Added to Closed Session: Confidentiality issue—breach of closed session minutes.

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

Matt McAlerney, Martha Lucero (Fletcher), Chris & George McArthur requested to speak to the board during appropriate agenda items.

**4. APPROVAL OF MINUTES – *A motion/second (Albaugh/McClung) to accept, as presented, the minutes of the regular meeting of June 24, 2009. M/S/C.***

**5. BOARD COMMITTEE REPORTS:**

**5.1 Strategic Planning Committee:**

5.1.1 MMHD Master Facility Plan Presentation: Michael Ryan, Senior Principal, ANOVA Architects; Laurie Bybee, Senior Project Manager, ANOVA Architects, and Leslie Thomas, Senior Architect, Blackbird Associates, presented the master facility plan (MFP) project to the board that addresses the future needs of the hospital and to meet the requirements of SB 1953 Seismic Retrofit Program (copy of presentation available from Clerk of the Board). Approval of the MFP is necessary to meet requirements necessary before January 1, 2010, to move forward with requirements and deadlines as well as fundraising efforts through grants including federal stimulus grants, Mayers IHF (foundation), and private money. Campbell reported that if January 1 deadline is not met, extensions granted would be withdrawn. She then introduced the District's (owner's) representative, Randal Burkholder, contractor, with expertise in CAH (critical access healthcare) facilities who will work with architects and contractors in all the phases of project. The MFP project will add 107,165 square feet to its existing 108,918 square foot facility, totaling 216,083 square feet for both Fall River Mills and Burney facilities. The project will include four phases with a projected cost of \$117 million for completion by 2019. Hamlin felt it necessary to have costs for the project broke out from now until 2010 before final adoption of MFP. ***A motion was made and seconded (Albaugh/McClung) to commit to the concept only of the 4-phase master facility plan (MFP) exempting contracts until cost estimates reported to board. M/S/C unanimously.*** Board directed CEO to work with architects and Burkholder to format strategy including project development costs from current to the

2010 deadline with timelines—and to take information to Board Finance Committee, then to full board for action on entire master facility plan as presented. McClung requested fundraising development plan as well—CEO Campbell responded the Mayers IHF (foundation) will prepare report for District board to be available at the next regular board meeting.

5.1.2 Kerns updated board on strategic planning committee held to review District bylaws. In review and comparison to model bylaws from Association California Healthcare Districts (ACHD) and other rural facilities, it appears very few changes will be necessary. However, the committee is getting clarification on some sections from attorney Ralph Ferguson, ACHD. Hamlin briefed board on past incidents handled by Mr. Ferguson and asked committee to consider other options as well. The main reason for accessing Ralph Ferguson through ACHD, stated Kerns, was because services are offered through Mayers' membership package to avoid legal fees—but nothing prevents committee from talking to someone else stated Kerns.

Martha Lucero (Fletcher) provided written document to board members regarding succession planning of CEO. Campbell responded administrative intern currently gathering data and working on matter to be presented to board next month, however, she would submit information to intern. Lucero also spoke in regard to development of hospital logo and asked board for deadline. Campbell responded the matter is a staff event at this point does not involve the board.

5.1.3 Original Hospital Building Repair: Campbell asked Erik Nielsen, Facilities Manager, to report environmental issues in 1953 structure that have created potential unsafe workplace. Erik recommends hiring firm to evaluate working environment in that portion of building to assess and formulate strategy to repair if necessary— evaluation estimated at \$35,000. He stated ANOVA architects provided advisement on recommendation. By consensus, staff was directed to move forward with evaluation.

## **5.2 Quality Committee**

5.2.1 Education: Introduction to CHI/Optima by Hope Thompson, Senior Risk Management Consultant, Optima. Tabled to October board meeting.

5.2.2 Balance Scorecard: Martha Lucero (Fletcher) questioned where numbers are gathered for BSC. Jane Atkins, CQO, distributed copies of BSC for June 2009.

5.2.3 Employee Policies (referenced in Employee Handbook): Martha Lucero (Fletcher) spoke in regard to MMHD Employee Handbook (EH) that was distributed to staff 7/1/09. She notices that policies are referenced that do not exist, including Conflict of Interest and Open Door Policy/Internal Complaint Procedure. It is her opinion that the "Grievance P&P" still exists but not referenced in Employee Handbook. Lucero gave her opinion this needs communicated to staff. Also once EH accepted by employee, must sign-off but concerned signing off on document not accurate. Campbell clarified sign-off is acknowledging employee is in receipt of EH only—and also clarified that the Employee Handbook (policy) adopted by board that references policies are in development. Campbell clarified the Conflict of Interest P&P is District Healthcare Law for elected

officials therefore must be included.

Kerns reported the BQC (committee) is in process of reviewing and/or re-writing all employee P&Ps including grievance procedure that must first be resolved in bylaws. Campbell explained "grievance" is a union term and predisposes hospital thus directed by board to avoid "grievance" term in document language therefore have implemented "Open Door Policy". Paul McCoy, Personnel Director, clarified that the Employee Handbook itself is policy and approved by board in May 27, 2009. He clarified the "Grievance Policy & Procedure" still remains as active policy until changed and replaced by detailed Open Door-Internal Complaint P&P. McClung expressed concern that the conversation among employees is that "grievance" P&P no longer exists and there is confusion in current policy. Campbell apologized and felt management did not do an adequate job in explaining but that the "open-door policy" does exist in the EH—and that the process is almost the same in both old and new policies.

5.2.4 CEO Evaluation P&P: Discussion and review with questions among board. McClung reported this is a new policy and requested deletion of "Revision date: 12/05/07". In response to questions by the BOD, Kerns explained as an attempt to get on a consistent calendar, regardless of hire (anniversary) date, any compensation changes would coincide with performance evaluation in conjunction with fiscal year end goals and objectives. Although first year in contract would be a short period, remaining evaluations would then be calendared in one-year intervals. Campbell added she would appreciate individual work plan designed by board and not blind sighted at evaluation with expectations. Kerns reported the intent from committee would be to conduct an annual joint meeting in August to review details of FYE work plan (goals) before final evaluation in September. Kerns reviewed changes: 1) delete revision date; 2) "coincide" changed "to follow"—and clarified the evaluations are to be submitted to board chair upon completion. ***By motion made, seconded (Albaugh/Knoch), and unanimously carried, the Board of Directors approved CEO Evaluation Policy & Procedure (Draft 2) with amendments.*** Final copy back at August board meeting.

Matt McAlerney expressed strong concern what is real and what is not in regard to board policies. After obtaining copies of all current governing board policies, and among those is one being addressed and changed. He noted numerous policies and procedures (P&Ps) with board review dates—and again questioned what was real and not real and what was really going on here—as he relied on those to be policy of this board. He did not see committee approval or the board approval and asked how these policies were placed in BOD policy and procedure binder for board to adhere. Also of concern was policy verbatim referencing law, including Brown Act, "...requiring board meetings open for public observation but does not require the public be allowed to participate..." and noted that is not the law. Kerns responded that is not this board's policy. McAlerney stated that someone wrote them and directed someone they were to go into the board manual—and unhappy about the incidents. Knoch reported the Board Quality Committee (BQC) is currently going through policies—and McAlerney responded he was pleased to hear that and recommended they be made available to the public on hospital website once approved by board but again asked the question how the "P&Ps" originated.

The big question, stated McAlerney, was why author included paragraph in CEO Evaluation P&P with text that appears self-serving and an attempt to block board from doing their job.

He has heard reports that a serious infringement of civil rights of hospital personnel is occurring—and further stated that he had been informed the CEO has informed hospital personnel that they are prohibited from contacting or engaging in discussion with members of the board and also discouraged which denies them their constitutional rights of freedom of speech it is their right to petition board members. No person, whether elected, appointed or hired, has the authority and power or right to abuse others in this manner and such conduct inflicts serious civil rights of individuals—and is illegal. McAlerney concluded and calls upon board to investigate CEO to see if in fact she has even attempted to prohibit employees from this that he expects her to be terminated with cause. He asked that the board members take a look at the hospital's organizational values that reports what you are and want to be.

5.2.5 Board Self Assessments: Kerns reminded board members to submit self-assessments to Board Clerk by August 1<sup>st</sup> then would be submitted to Governance Institute.

### 5.3 Finance Committee:

5.3.1 Financial Reports: Hamlin reviewed the FYE 6/30/09 financial reports with highlights as follows:

- P&L year end bottom line totaling \$553,383
- A/R still climbing totaling over \$10 million and concern of BFC
- A/P down due to deposits over \$2 million last month
- Utilizing HRG to get caught up on A/Rs
- Days outstanding down to 87.76 (overall)

Discussion followed. Overall, the financial picture does look better reported Hamlin. ***A motion/second (McClung/Albaugh) was made to accept the finance report for FYE 6/30/09. M/S/C.*** Martha Lucero (Fletcher) spoke and questioned why financials were not included as attachment on agenda and included on website this month. She spoke in regard to Shasta Orthopaedics contract, and from past discussions during board meetings, they seemed welcoming to assist Mayers. She asked contract with Shasta Orthopaedics had be re-done yet and if money was still owed them. If so, how much and from those dollars what does Mayers get back. Campbell responded contract work is being done but not finalized—also doing a 11-page audit with Dr. Schwartz along with Director of Surgery and Director of Finance but nothing yet to report because not complete. Report will be submitted to Board Finance Committee when appropriate.

5.3.2 Matson & Isom Terms of Engagement for Audit FYE 6/30/09. Hamlin reported the terms were reviewed earlier today during board finance committee meeting and BFC recommends board approval. ***At the recommendation of BFC, by motion made, seconded (Knoch/Albaugh), and unanimously carried, the Board of Directors approved the terms of engagement for audit FYE 6/30/09 with Matson & Isom not to exceed \$30,500—and authorized Theresa McKibben, DOF, to negotiate fees for services at a lower hourly rate.***

