

Date: December 22, 2009
Time: 1:00 P.M.
Location: Mayers Memorial Hospital
Burney, 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 1:00 p.m. on the above date with the following present:

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

Staff Present: Viola Babcock, CFO; Travis Lakey, DOF; Jane Atkins, CQO; Marlene McArthur, Administrative Board Clerk.

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

Agenda items deleted: Items 7.3.3 and 7.3.7

Agenda items added: Approval of minutes for special meeting held 12/18/09.

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

Martha Lucero-Fletcher registered to speak to agenda items: 1) Items 7.1.2 and 7.1.3. She also spoke during open comment period as follows:

Martha Lucero-Fletcher spoke in regard to quality measurements and what improvements are being made specifically to pharmacy incident reported in October 2009. She also asked what measurements are in place to prevent Board policies from being placed in binder without review or adoption by Board. She requested better reporting of financial numbers to the community in public media—verbal reports aligned with financial reports.

4. APPROVAL OF MINUTES – A motion/second (McClung/Hamlin) to accept, as presented, the minutes of the special meetings held 11/18/2009 and 12/18/09, and regular meeting held 11/24/09. M/S/C.

5. BOARD COMMITTEE REPORTS: Kerns had nothing to report.

6. ORGANIZATIONAL MEETING: Knoch reported the nominating committee met and announced the 2010 slate of officers. **A motion was made/seconded (Albaugh/Hamlin) to elect the 2010 officers as follows:**

Mike Kerns – President
Jim Hamlin – Vice President
Gail McClung – Secretary
Allen Albaugh – Treasurer

M/S/C Unanimously carried.

Kerns reported the board committees as follows:

Strategic Planning: McClung & Kerns

Finance: Hamlin & Albaugh (Albaugh appointed chair)

Quality: Knoch & Kerns

7. BOARD COMMITTEES:

7.1 Board Quality Committee:

CQO Atkins dispersed and reviewed the November 2009 Balanced Scorecard (BSC). She reported an employee task group will be developing the new quality measures for 2010 BSC.

Internal P&P: Atkins reported due to legal concerns expressed by board members at the last meeting in regard to the internal complaint policy, Jennifer Shaw, Shaw-Valenza, was asked to present information and discuss reasons for recommended policy change including legal ramifications. Ms. Shaw reported (via phone conference) the more people involved in the process the more chance there is for contradicting information—without unified front as District, no summary judgment and then a full trial is ordered because of conflict of interest. In recent court decisions it was the board's role to provide oversight and advisory to management that conducts the day-to-day operations. Shaw stated the current policy is taking board's time and provides opportunities to undermine management.

Ms. Shaw stated that normally a grievance will challenge the decision made and sometimes conduct in the workplace. From a legal perspective, it is not appropriate to re-examine and hear what they are upset about. Knoch felt the board represents the District and realizes the CEO is their primary employee but feels it important to the community that the employees are also represented. Shaw agreed board access is important that the board is more familiar with the environment of the community—and explained the current policy was more common years ago but as litigation has increased employees are more likely to go to legal. Thus there has been a movement to decentralizing communications to the board.

In response to question asked by Kerns, Shaw reported she is not an expert in the Brown Act outside of employment law however in past court dealings an employee does not have the right to access board for "personnel" issues" but is provided opportunity as public member to address board on any item of interest to the public that is within the jurisdiction of the legislative body.

Public Comment: Marty Lucero-Fletcher suggested that possibly the grievance and/or complaint policies context be merged to create a document with better explanation so employees feel comfortable and not excluded. She asked if there was any precedent that would prevent the grievance policy to stand as is. She posed question as to how many grievances were union-referenced in the last 10-20 years.

Kerns directed staff to pursue facility ombudsman concept. Shaw will research as well and provide information to Atkins. In response to policy in terms of precedence, Shaw responded the District has been successful because of direct communication and it is up to the Board what they want included in policy whether they desire internal access within certain levels of organization. Kerns concluded the board must find an effective manner how things are going on internally without managing therefore will pursue ombudsman concept. The internal complaint policy was tabled at this time.

Sustained Hours to Maintain Benefits Policy & Procedure: CFO Babcock reported policy is being reviewed and revised by senior management (C6).

Board Policy: Kerns reported the Administrator-On-Call policy was developed and approved previously by administrative staff for management; however, after review by the BQC it is their

recommendation it also be included in the board policy binder.

Annual Program Evaluation P&P: Kerns reported the BQC reviewed and revised the policy with minor changes and recommends approval by board. ***A motion/second (Knoch/McClung) was made to approve the Annual Program Evaluation as presented. MSC.***

Annual Program Evaluation & QA Review Work Plan: ***A motion/second (Knoch/Hamlin) was made to adopt the Work Plan FY10 resulting from the Annual Program Evaluation pending med staff review and adoption. MSC.*** Kerns directed document be taken to Med Staff.

Board Quality Committee Report: Kerns reported meeting format is being developed to enhance dialogue between BQC and Med Staff to improve communications resulting in quality of care improvement. He directed Atkins to organize and calendar preliminary sessions. Hamlin explained that in past years the board included active medical staff members in annual meetings where medical staff made reports and exchanged dialogue with board that was very beneficial to both groups.

Departmental Board P&P: Kerns directed staff (Atkins and Pena) to follow-up and close task ASAP.

7.2 Strategic Planning Committee:

Capital Campaign Update: Ann Kerns, Donor Relations Director, reported the capital campaign is now underway and dispersed brochures as the first step in promoting project. She provided an overview of her role and responsibilities to local community organizations. She is currently making presentations with groups and organizations to discuss project and cost for first phase and to provide them a list of board member names for contacts. Kerns also reported she is meeting internally with hospital employees and managers requesting 3-year pledges. To date, there are 16 pledges totaling \$38,958--and 9 are \$1,000 or more. An annual appeal letter has been distributed through mass mailing but no commitments as of today. She is working closely with the grant writer to make sure she has all materials necessary to support grant proposals. Albaugh inquired about the three employees and roles of each that work for IHF. Kerns reported the Capital Campaign Associate is a newly-added position that basically supports the donor relations director as well takes care of financial records, reports, and the planning for special events—and then, of course, there is the grant writer. CFO Babcock added that due to the GASBE rule, the BFC (board finance) will need to review IHF financial statements and reports during meetings. There was discussion regarding other funding options pertaining to specific equipment needs and naming opportunities for new building projects.

In response to clarification of tax ramifications for earmarked contributions, Kerns did not know the law but it was her personal belief as a fundraiser that it was their (IHF) responsibility to attempt to use as donor specified. Babcock concurred and if entity as a whole sets up separate funds then monies must come out for that specific purpose/fund to keep separate dedicated funds accounted for appropriately. Albaugh expressed need to do that to provide assurance to community and to donors or provide accounting practice to make sure being done. Ann Kerns assured BOD the foundation books are set up that way to make sure money is accounted for correctly and monies are directed for those specific purposes. She offered to provide a list and amounts set aside for specific purposes. Albaugh asked if mechanism in place for charitable remainder trusts to include land and significant assets—Kerns responded yes the IHF has policies in place, including an investment committee, and resources available to put donor in contact with appropriate people for

those types of gifts—she added IHF is currently in process investing as an endowment.

Seismic Update & Environmental Evaluation Reports: Kerns reported Anova-Blackbird has filed official commitment documents for Phase I addressing seismic and immediate issues that affect service profile with OSHPD. Michael Ryan, Architect, will keep Board and management apprised as to outcome of filing that grants extension to 2020.

Environmental Evaluation: Erik Nielsen, Maintenance Supervisor, summarized the results from Entek's environmental evaluation. He reported the tests results were good with minimal work that can be provided by maintenance department. He provided board members with a written summary from Randal Burkholder, consultant. Summary included: air penetration behind sinks need sealed, penetrations in flooring needs sealed, 24/7 air system installed from below to outside building, small ventilation fans from beneath building to create negative air pressure; sump pumps below building managing water have helped to rid of water. Asbestos and lead very minimal with no recommendation. Nielsen reported, overall, from a construction point of view, all repairs and work can be provided internally. In response to question where tests were performed, Erik responded tests were only conducted in occupied spaces.

Generator Update: Erik Nielson reported progress continues and goal for activation is mid-January. Board expressed appreciation to department for diligence and efforts.

Succession Plan: Kerns recommended revision to the succession plan attachment in board packet. The draft plan states that interim shall come from the ranks of Chief-6 team and he requested that phrase be deleted. He clarified the deletion of C6 does not mean that the board can't appoint C6 team member but it does not limit BOD to assignment. ***A motion/second (Albaugh/Hamlin) was made to accept the modified Succession Plan. MSC.***

7.3 Finance Committee:

Viola Babcock, CFO, reported GASB (Government Accounting Standards Board) rules pertaining to the financial reporting entity—all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. Thus, Babcock reported the IHF, even though a 501(c)(3), falls under the District entity with the same rules and processes for cash controls, accounting, reconciliation, and financial reporting responsibilities. The foundation monies will also be included on District balance sheet and improve the "days cash on hand" category—the District is taking a financial hit by not including those numbers. She concluded that the numbers will be included in reporting structure by FYE10—and will be attending future IHF board meetings to start transition.

Babcock reviewed and discussed financial reports for November 2009. Summary of some issues discussed as follows:

- Statement of Revenue & Expense: operating and non-operating income
- Net revenue negative \$164,952 includes non-operating revenue: rents, tax dollars, etc.
- Clarification: October 2009 financials indicated net income from operations \$506,394 resulting from \$332,000 credit received by Shasta Ortho for overpayment that belonged in operations and the release of \$200,000 from contractuals due to impacts from efficiency and improvements in ARs. Continue to improve collections and processes. Explanation and review of categories each month.
- Days cash on hand currently .96 (November) and should have 90 days cash on hand. IHF monies will benefit this category when comparing with other entities that include such

- assets.
- Balance Sheet: Negative "cash" amount due to booking and depositing payroll, including EDD Medicare, the day after November 30th thus showed negative amount on the 30th.
 - Necessary for BFC and/or BOD to determine threshold amount for "reserve" account. Currently \$25,000 is balance. Decision to be presented at future meeting.
 - Balance Sheet: Need to fix "inventory" and "pre-paid" expenses.
 - Question from JP Marion, Cal-Mortgage via email not present at meeting but explained during public meeting that November payroll taxes accrued and not paid until December 3rd. Not booked with payroll on November financials because allowed until December 3rd.
 - FY2010 Cash Flow Projections: Spreadsheet reviewed and discussed. The cash received ties to cash amount category on BS. It's the performance marker where cash was spent for that month—it's the checks written and mailed. AP and impacts to cash discussed—seeing improvement specifically in 120+ days in AP. At FYE2010 net increase in cash and cash equivalents is \$16,839 while paying down AP; with total cash and cash equivalents at the end of year total \$202,546. In response to question asked by McClung regarding the line of credit (LOC), Babcock answered interest rate for LOC is 4.5% v. 12%-15% through vendor financing. Goal is to pay down AP then LOC—she added LOC is secured by Cal-Mortgage currently and if paid down, cannot draw back therefore would need approval from Cal-Mortgage to take out LOC again.

A motion/second (Albaugh/Knoch) was made to accept the finance reports for November 30, 2009. M/S/C unanimously.

Charity Care Policy & Procedure: Travis Lakey, Director of Finance, reviewed current charity care policy—and difficulty to understand and follow. He reported examples from other facilities were obtained and reviewed to assist in revision of policy and a simplified application form for customer. Action tabled—board to read and review for action next month. Viola reported charity care total was approximately \$30,000 last year, and will increase this year by making procedure and application easier to follow. She reported a copy of the *current* Charity Care Policy & Procedure will be provided to State of California before January 1, 2010, to comply with regulation.

Quarterly Liabilities Board Review: Hamlin reported the BFC reviewed 2nd quarter payments for the following: Alpha Fund (workers comp), CAHHS (unemployment liabilities), EDD (annual premiums), IRS (FICA, Medicare, withholdings), State Board of Equalization (sales tax), CEO expenditures. At the recommendation of the BFC, ***a motion/second (Hamlin/McClung) was made to accept the quarterly report for the 2nd quarter.***

CalPERS: Hamlin reported CalPERS forgave the hospital 2-months premiums totaling \$200,000 and it is the committee's recommendation and ethical responsibility to also credit employees. At the recommendation of the BFC, ***a motion/second (Hamlin/Albaugh) was made to provide those employees enrolled in the benefit plan as of 11/1/09 and still employed, relief of premiums during the months of January and February based on the current single and family rates that paid their share of cost. M/S/C.*** CFO Babcock explained the credit (approximately \$40,35) will be forwarded onto employees by not deducting premiums from them for medical benefits until March 1st. Memo to employees explaining transaction was read aloud and accepted by board.

FYE10 Financials Commitments & Anticipated Revenues: CFO Babcock reviewed financial commitments and anticipated revenues for FY10 and asked for board directive on how to spend funds. Board recommendation that tax monies to be spent on Cal-Mortgage balance along with excess funds to bring account current, approximately \$312,250. This payment would put District in

