

**Tahoe Forest Hospital District
Citizens Oversight Committee Meeting
Minutes of Monday, October 18 2010, Eskridge Conference Room**

Members Present: Paul Leyton, Paul Kucharski, Gary Boxeth, Larry Mace, Andrea Baltzegar, Caroline Ford, Gerald Herrick, Mark Tanner, Dale Chamblin

Members excused or absent: Sherrin Fielder, Gary Davis

District Board representatives: Roger Kahn

Staff Present: Rick McConn, Crystal Betts, , Bob Schapper, Maia Schneider

Guests present: none

Topic / Agenda item	Discussion	Action steps/ Responsible party
I. Call to Order	Caroline Ford called meeting to order at 4:03 PM	
II. Roll call	<i>Please see above</i>	
III. Items not on the agenda/clear the agenda	Paul Leyton asked for clarification whether the COC budget report would be discussed; yes it is under item 5 in the agenda	
IV. Input from the audience	None	
V. Standing items: 1. Minutes 2. Financials 3. Measure C budget 4. Facilities/Projects	<p>1. Paul L moved to approve, Gary Boxeth second. Unanimous approval with Caroline Ford and Mark Tanner abstaining.</p> <p>2. Crystal Betts brought the COC up to date on District financials June through August. September financials will be available at next COC meeting. Crystal explained differences in GO Bond line items as well as Construction in Process (CIP) line items. Expenses for construction are paid by TFHD first then reimbursed by GO Bond, so those expenses are shown in accounts payable. Caroline asked if bond money was separated out from audit as separate function or if they're reviewed as part of the overall audit? They are reviewed by the auditors as part of their overall review of District financials. Larry M asked if there are annual compliance reports for bond? Crystal: yes, there are minimal reports required on an annual basis for property-secured taxes. Caroline: Is any of the audit expense charged to MC bond? No. Crystal further reported that during the month of August additional activity was incurred based on project charges, reimbursements, etc. County tax revenue was "trued" in August based on final reporting from Counties. \$3 mm went into escrow to pay off existing debt as called for in the bond resolution. Paul L asked about percentage of cash reserve to operating budget. Is there a policy that the Board has to hold such a large reserve? The Board does have a fiscal policy that dictates cash reserves as earnings come in. Roger Kahn explained the reasons behind the need for large reserves including F&E for Measure C projects; additional programs identified by community health needs assessment; etc. The Board is having ongoing discussion about the appropriate levels of reserves. Paul L stated that having a conservative fiscal policy is good, but could be open to criticism. Bob Schapper responded</p>	Maia to poll COC members for possible change of regular meeting date starting in December/January.

that Paul's point is a good point. The average days cash on hand for Critical Access Hospitals (CAHs) in California is 39 days. They are all struggling to survive and they are primarily tax-based. We have enjoyed a conservative fiscal policy that allows us a BBB- rating from Standard and Poors (most CAHs don't have a rating at all). If we had a different fiscal policy many of the programs we offer now would disappear. That's the big difference in our ability to demonstrate liquidity today. Then there are the unfunded mandates from the State such as seismic upgrades. The Board has been conservative and that has resulted in being able to meet major mandates and community demand. Paul L stated TFHD EBIDA has dropped in the last year. Bob explained other hospitals, such as Sutter requiring 12% EBIDA. Caroline thanked Bob for explanation. She asked for and received clarification on how much of the reserve was being spent on MC projects. Larry M asked for clarification on how the bond reporting was done and would we be seeing reports? Crystal – yes, we will do that. She offered additional explanation of ratios and the necessary cash on hand required to maintain the Standard and Poors rating. Mark Tanner moved to accept report; Gerald Herrick second. Unanimous approval.

3. Rick apologized that the COC project budget report requested was expected earlier but that goal was not met. He expects Board approval of the report this month at their regular meeting, and he will present to COC in November. The project cost to date has been reconciled through the end of August already and will be updated before the next meeting. Paul L – will this report be broken out by project? Rick – yes, by project, hard cost, soft cost and contingency. This will probably be updated and reconciled quarterly. There is ongoing regular reconciliation of Geney Gassiot billings, external billings and TFHD records. Paul L asked why COC couldn't see reports as soon as they're available. Roger explained that it is appropriate for the Board of Directors to see and adopt the reports, then the COC can review. Caroline paraphrased that those financial functions are the role of the Board, and once those are approved then the template will be in place for the COC to see also. Roger invited COC to attend the Board meetings to see the reporting in "real time." The Board is not looking at invoices like the COC is, but what the Board wants to see is how we are doing relative to what we expect. Paul L – there is a potential administrative way to deal with this, could this report be distributed by staff after Board review automatically? Caroline – perhaps in 2011 we can look at changing our meeting date to being immediately after the Board meeting. This would give us data that's more recent. Caroline asked a question to clarify the reporting of bond issuance versus the project budget reporting. They're largely unrelated. The project budget reports will be the cost to expense for each project, broken out by hard/soft costs. Will the reforecast of the budget show any drastic changes? No, we're still working under the \$95 mm cap. What you will see are things like decisions to put in advanced digital technology in the cancer center. Roger said one example is the central energy plant which is nearly complete. This is a great checkpoint to see if we're staying on our overall budget, finding cost savings elsewhere, etc. Gerald Herrick asked who the members of the BoD are on the Finance Committee: currently Ken Cutler, MD and Roger Kahn but it changes annually.

4. Rick provided a facilities update. We were granted a 2 week extension for dirt work on

	<p>cancer center. Dirt work is nearly complete now. We expect to start hanging steel in January. Central Plant ongoing on Levon Ave. We should be wrapping up and off the street in a couple of weeks. The South Building is under operational review and back in design and has completed Design/development phase. Dietary kitchen will be moved out of non compliant space. Flouroscope and Nuc Med camera projects complete. Long Term Care has been permitted by OSHPD and work is underway. IT Data center and fiber projects are complete. Pharmacy is currently in OSHPD for review. Caroline asked about OSHPD delays and whether that is adding costs to the projects? Long Term Care took 11 months to review. Dale asked how much worse than predicted was that timeline? Possibly by 3 months. Roger said that means we have to work more diligently to get the information to the design team in a timely manner, so that it doesn't slow up the process before it even gets to OSHPD. Paul L commented that we're better off with Nor Cal OSHPD than So Cal. Rick – we're fully designed for every project except Emergency Department (ED), Sterile Processing (SP) and South Building, and they're in process. Caroline – what is ultimate “out date” for all projects? Rick – there are variables but we will probably start South Building before the ED/SP. Bob explained that the difficulties in the South Building project will be many and complex. We are looking at approvals for relocating services currently in non compliant structures into the newer western addition facility. Mark – how much more work does Freeman White have? Rick is compiling percentages now for finance committee and will report those out at the next meeting. Motion to accept report made by Mark and seconded by Dale Chamblin, approved unanimously.</p>	
<p>VI. Finance sub committee report</p>	<p>Larry Mace reported that August and September meetings were held. 2 items were cleared off the old report and two items held for further clarification. No further questions. Rick cannot attend 10/29 Finance Sub Committee. COC recommends one COC Finance sub committee meeting in November to cover October and November activity.</p>	<p>Maia to ask Sherrin if she can schedule one meeting in November to cover both the October and November financial meeting dates.</p>
<p>VII. Communications sub committee</p>	<p>Paul L reported that no meetings have been held. Would like to request agenda item for December that all of COC can suggest topics for Caroline to include in the annual report to Board. Caroline asked all members to review web site and be prepared to discuss in December.</p>	
<p>VIII. Staff Updates</p>	<p>Maia reported on Groundbreaking Ceremony for 10/21 and informed COC of requested COC/BoD workshop (date TBD) to discuss Measure C expenditures and what the Board's direction/philosophy is for COC .</p>	<p>Maia to send reminder out to COC for Groundbreaking</p>
<p>IX. TFHD Board member reports</p>	<p>Roger stated his reports were included in his previous comments made tonight.</p>	

X. Next scheduled meeting: requested topics, tasks	Paul suggested moving the regular meeting date. Consensus was to postpone next meeting and meet on Monday November 29. Paul requested agenda item for December that all of COC can suggest topics for Caroline to include in the annual report to Board.	Maia to check on conference room and confirm with membership
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Adjourned at 5:21 pm