

**Tahoe Forest Hospital District  
Citizens Oversight Committee Meeting  
Minutes of Monday, November 29 2010, Eskridge Conference Room**

attachment 1

**Members Present:** Paul Leyton, Paul Kucharski, Larry Mace, Andrea Baltzegar, Caroline Ford, Gerald Herrick, Dale Chamblin, Mark Tanner (arrived 4:20)

**Members excused or absent:** Sherrin Fielder (excused), Gary Davis, Gary Boxeth (excused)

**District Board representatives:** Roger Kahn

**Staff Present:** Rick McConnell, 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	None	
IV. Input from the audience	Maia noted that Gerald Herrick was elected to Truckee Fire Protection District	
V. Standing items: 1. Minutes 2. Financials 3. Measure C budget 4. Facilities/Projects	<p>1. Paul Leyton moved to accept, Gerald Herrick second. Passed unanimously.</p> <p>2. Crystal Betts handed out 4 items: Summary Cost of Issuance, GO Bond; October balance sheet; annual financial report to Board of Directors; and Audited Financial statements. No SAS report was made this year. Crystal also provided copies of the Official Statement for the General Obligation Bond for interested members.</p> <p>Crystal explained how she refined the Balance Sheet report with specific formatting for the COC identified with footnote numbers on the right margin. Interest rates on investments are very low and the District is looking at alternatives to LAIF investments. She reviewed recent activity relative to the GO Bond.</p> <p>Crystal explained that she would not be reviewing the specifics of the audited financial reports during this meeting but if any COC member had questions about the report they could contact her.</p> <p>The Summary – Cost of Issuance report was then reviewed. This detailed the actual costs incurred for the second series release of bonds and the roles of each payee. The expenses come out of the bond proceeds. Copies of invoices are available on request. A copy of the closing memo was also provided. Larry Mace asked what was the role of the District auditor in the</p>	<p>Crystal and Rick are refining the project budget report per BoD recommendations, including attaching a timeline. When approved by BoD the new format will come to COC quarterly</p> <p>Crystal to provide a copy of the auditor's letter re bond issuance</p>

bond transaction and Crystal explained that the letter provided was not an “opinion letter” per se but she can provide a copy if requested. Paul L asked Bob Schapper about the losses to outpatient revenue and whether those losses would influence Measure C projects. Bob explained that no, those changes in revenues won’t change the use of funds. Most of those funds are for mandated projects (ie seismic) and the costs of the Cancer Center are still offset by the Cancer Center’s contributions to the bottom line. We are also a seasonal and episodic business. Dale Chamblin asked about the credit rating of the district and whether there may be a change to Moody’s rating system to rebuild consumer confidence? Crystal explained that even though we can show tremendous strength in our numbers, Moodys /Standard and Poors are being very conservative in their ratings adjustments. Against peer groups, we should have been elevated to BBB rating but hospitals are viewed with skepticism. We probably won’t have a rating increase until after the Measure C projects are complete.

Crystal asked Larry M if the reports that he requested were better for the COC Finance Sub committee or the larger COC membership? Larry clarified that he was really more interested in whether our auditors opine on the GO Bond specifically, or just the District’s financials? Crystal clarified that the auditors cover the District only, but the GO Bond is a substantial piece of our overall financial picture.

Motion to accept financials Paul L; second by Gerald. Passed unanimously.

3. Rick introduced the new report that covers the Measure C projects against the budget, with all costs to date. The BoD accepted this report at their October meeting and requested a slightly different format. This report will be coming out quarterly. The estimated budget is \$98.2 million because of two drivers: \$2 mm in Cancer Center upgrades, some of which will be covered by philanthropy; and the upgrade to the purchase of the Linear Accelerator and related equipment which was over the original budget for that technology. The cost to date is shown on this report and has been reconciled with the District’s GL through August.

Paul L asked how the Board and administration were going to reconcile the \$3mm overage? Roger explained that we are looking for cost savings in other projects as we go, but if that is not realized then the general fund will cover it. Rick explained that as we move forward with each project, the bids will include alternate or second bids so the Board can choose whether to slim down any specific project as they move forward. Roger also spoke to the significant reserves of the District.

Paul L asked whether as the District gets bills, does the District also receive completion percentages? Yes, and Crystal and Rick are making modifications to the budget report that will include those in the future. Rick reported that the Board is checking that now, but will be looking to the revisions to the report to ensure we’re on track with the budget.

Mark Tanner asked how the whole Cancer Center project was bid already? Rick clarified that excavation, steel and concrete were the only bids let. Mark asked whether this process can work, if costs are overrun now, how can that be made up later? You have a defined budget for the whole Cancer Center project, but you've only put out 4 bids. Paul L followed up with a clarification question on the costs to date for the Cancer Center, for example, you've contracted for \$10.7 in costs for the work being done now. How do you maintain your budget? How do you know what's accurate (ie bid) and not estimate? Rick explained the report and how to identify the bid projects versus those still in design. Mark asked that, based on the preliminary budgets, how close were you to actual bid amounts? Rick stated he didn't have the exact figures. Mark followed up with the comment that if we were off 3%, that percentage could follow the whole project, or if it was 10%, that could follow the whole project. We as the COC cannot follow this without exact numbers. Roger stated that the Board has the same concerns and is pushing the development team for a better reporting format.

Bob S stated that he is pressing for contracts less than the budget, but also looking for other offsets to upgrades in technology. It will be imperative to take advantage of the best technology and we need to be flexible enough in our budgeting to do so. Discussion followed about the District's need to upgrade technology on the fly, but also find cost savings by modifying later phases as we move forward. The contingency funds are secure and may provide some flexibility. Caroline asked if there's a narrative to this report that is provided to the Board as projects are completed? Roger responded not to date. Caroline suggested that this be a part of the District's protocol. Paul L said that the revisions the BoD are requesting will be of major importance to everyone moving forward. Roger said that it made sense to have a brief narrative at the end of each project. Caroline stated that the community will be most interested in whether the projects are coming in at or below budget; Paul L agreed. Roger acknowledged that these cost reports are very important to the Board's role. Bob noted that we learned an important lesson about having accurate cost information through our experience with the Western Addition.

Rick gave updates on the facilities: completed the relocations of staff and functions from the old BOA; the Cancer Center is under construction and digging out from under the snow. We got enough concrete poured to continue working through the winter. Steel is due January 1; Sterile Processing is under design; Central Energy done; infill projects still under design; fluoroscope/nuclear medicine complete; long term care approved by OSHPD and will start in he spring; IT data center and fiber optic complete; Pharmacy is in OSHPD review.

Bob commented that he is really proud of the work the facilities team did to get this far to date with the Cancer Center, especially after reworking the design after community input. Paul L stated the redesign is more comfortable with the campus. It may not be Gerry but it fits. He add that he hoped the district learned to listen more to community input. Bob agreed that a high level of community ownership is necessary. The community's input drove major

	<p>components of the projects that otherwise would have been very different.</p> <p>Mark T asked whether a construction timeline was also created that accompanied the cost report? Yes, and we can include that in future COC quarterly reports.</p> <p>Motion to accept Rick's reports made by Dale; second by Gerald; passed unanimously.</p>	
VI. Finance sub committee report	<p>In Sherrin's absence, Gerald stated it was a pretty straight forward meeting and he had nothing to add to the written report. Gerald moved to accept report; Paul L seconded. Passed unanimously.</p>	
VII. Communications sub committee	<p>Paul L stated that Roger made a suggestion that Paul L and Paul K agreed to, which was to move the COC web site to the District site and not continue the COC site as a free standing site. Paul L suggested the caveat that the site be kept up to date better than it has been in the past. There are a number of items missing from the site. Roger asked that when Paul sees those things he should communicate those with staff to update the site.</p> <p>Mark T asked for clarification of how the two sites are currently linked and staff explained. Paul L noted that the COC pages need to be easily recognized on the District site. Roger said that the COC is an important function of the District and we would want to heighten awareness of the COC, not hide it.</p> <p>Paul L made the motion to move the COC site onto the District's site; Paul K seconded. Passed unanimously.</p> <p>Paul K asked whether it made sense to publish the annual report in the Sierra Sun? Mark stated there is a cost associated with that. Paul L said maybe to wait another year when we have more to report on? Consensus was to keep in mind for another year. Roger said at that time we could advertise to direct people to the web site for the information.</p>	<p>Maia to work with Paige on relocation of web site and report back to communications sub committee</p>
VIII. COC Chair's Annual Report to BoD	<p>Caroline asked whether there were any significant changes desired for the format to the annual report this year? She anticipates just taking major actions from the meeting minutes and synthesizing them into one report. Paul L suggested counting the number of invoices reviewed in the past year. Caroline will draft the report and send to the committee for review prior to submitting to District BoD.</p> <p>Caroline anticipates adding a quick COC regular meeting to the special workshop in January for approval for report.</p>	<p>Caroline will confer with Sherrin on format she would prefer</p>
IX. Election of COC Officers	<p>Paul L moved Paul K as 2011 Chair. Dale seconded. Paul L stated that he made the motion because it made sense to have an automatic succession. Passed unanimously with one abstention: Paul K.</p> <p>The position of Vice Chair received no nominations. No one present expressed an interest in nominating so the item was moved to the January meeting. Paul Leyton did offer his services as Vice Chair if no one else was interested. Item tabled.</p>	<p>Caroline will send out a personal request to COC members for nominations for Vice Chair. Maia</p>

		to send list of members and terms to Caroline
X. 2011 meeting date schedule	It was preferred that Sherrin be present for the discussion so this item was tabled to the next meeting. Maia noted that the Eskridge Conf Room was tentatively reserved for the 4 <sup>th</sup> Monday of each month pending the COC's decision.	
XI. Updates from TFHD BoD representatives	Roger said his comments were already made during the meeting. Karen Sessler is incoming BoD Chair and could make changes to BoD subcommittees but Roger does not anticipate a change to the COC representation.	
XII. Next scheduled meeting: topics, tasks	<p>January workshop will be on the 20<sup>th</sup> at 5:00PM in the Eskridge conference room. A special COC meeting will be held prior from 4:45 to 5:00 to cover 3 items: the election of a vice chair, the approval of the Annual Report and the setting of the regular COC meetings for 2011.</p> <p>Maia will arrange for the meeting attendees to go through the cafeteria line for dinner at the meeting.</p> <p>Roger Kahn and Paul Kucharski will meet with Maia to set the 1/20 agenda.</p> <p>Bob thanked the COC for their service to the community. He stated that it was an important job that they performed and he, and the Board, appreciated them very much.</p>	Joint workshop with BoD to be held January 20 at 5:00 PM

*Adjourned at 5:37 pm*