

**TEHACHAPI VALLEY HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING**

Date: September 15, 2020
Place: Tehachapi Valley Healthcare District Office
116 W E Street
Tehachapi, CA 93561
Time: 4:30 p.m.
Teleconference available ~ 351-888-6527

AGENDA

I. CALL TO ORDER

II. FLAG SALUTE

III. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

This time is reserved for persons to address the Board of Directors on matters not on the agenda over which the District has jurisdiction. Time is limited to 3 minutes per speaker. The Board of Directors can take no action on your presentation. Any person desiring to speak on an item on the agenda will be given an opportunity to do so prior to the Board of Directors acting on the item.

IV. CONSENT AGENDA

The following items are considered routine and non-controversial by District Staff and may be approved by one motion. If a member of the Board or audience wishes to comment or ask questions on an item, it will be moved to New Business or Reports.

A. Approval of Minutes

- | | |
|--|-------|
| 1. Finance, 5/13/20, Receive and File | Tab 1 |
| 2. Strategic Planning, 8/13/20, Receive and File | Tab 2 |
| 3. Board Meeting, 8/18/20 | Tab 3 |

V. OLD BUSINESS

None

VI. NEW BUSINESS

- A. Adventist Hospital Update (S. Itani)
- B. Arborist Survey (C. Wasielewski)

VII. REPORTS

- | | |
|---|-------|
| A. Chief Financial Officer Report | Tab 4 |
| B. District Manager Report | Tab 5 |
| C. Strategic Planning Report (M. Nixon) | |

VIII. BOARD COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

IX. CLOSED SESSION

A. Real Property Negotiations (Govt. Code 54956.8)

Property : Thrift Shop

Negotiator: District Manager, Legal Counsel

Negotiations: Lease Terms

X. ADJOURNMENT

NOTICE TO THE PUBLIC

PUBLIC COMMENT PERIOD FOR REGULAR MEETINGS

Members of the public may comment on any item on the agenda before the Board takes action on it. The public may also comment on items of interest to the public that is within the subject matter jurisdiction of the Board; provided, however, the Board may not take action on any item not appearing on the agenda unless the action is otherwise authorized by law. Any person addressing the Board will be limited to a maximum of three (3) minutes so that all interested parties have an opportunity to speak.

COPIES OF PUBLIC RECORDS

All writings, materials, and information provided to the Board for their consideration relating to any open session agenda item of the meeting are available for public inspection and copying during regular business hours at the Administration Office of the District at 305 S. Robinson St., Tehachapi, California.

COMPLIANCE WITH ADA

This agenda shall be made available upon request in alternative formats to persons with a disability, as required by the Americans with Disabilities Act of 1990 (42 U.S.C. § 12132) and the Ralph M. Brown Act (Cal. Gov't Cod. § 54954.2). Persons requesting a disability related modification or accommodation in order to participate in the meeting, should contact the Executive Office during regular business hours by phone at 661-750-4848, or in person at the District's Administrative Office at 305 S. Robinson St., Tehachapi, California.

TEHACHAPI VALLEY HEALTHCARE DISTRICT
FINANCE COMMITTEE MINUTES

MAY 13, 2020

VIA TELECONFERENCE

351-888-6527

12:30 PM

BOARD MEMBERS PRESENT: DUANE MOATS, SAM CONKLIN (VIA TELECONFERENCE, LISTEN ONLY MODE)

STAFF PRESENT: CHET BEEDLE, CFO; LISA HUGHES, BUSINESS MANAGER; CAROLINE WASIELEWSKI, DISTRICT MANAGER

RECORDED AND TRANSCRIBED BY: CAROLINE WASIELEWSKI, DISTRICT MANAGER

APPROVAL: _____ DATE: _____

COMMITTEE ACTIONS AND DIRECTIONS SHOWN IN CAPS AND BOLD

- I. CALL TO ORDER
Duane Moats called the Finance Committee Meeting to order at 12:34 PM
- II. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA
None
- III. APPROVAL OF MINUTES
APRIL 15, 2020 MINUTES
MSA BEEDLE/MOATS; APPROVED
- IV. REPORTS
 1. MARCH 2020 VARIANCE ANALYSIS
The Committee reviewed the report and there were no questions.
 2. AH/TEHACHAPI COLLECTIONS AND WITHHOLDS DUE REPORT
Mr. Beedle explained the report as a summary of reconciliation between Adventist Health and TVHD. No additional payments made. Total is \$610,976.78. A payment was made in May 2020.
 3. MARCH 2020 CASH FLOW
CFO Beedle reviewed the actual operational cash flow for March 2020, with projections for April, May, and June 2020. \$37K was paid to AH. \$22k was the Architect fee. Mr. Beedle transferred \$1MM out to pay into the IGT program and get over \$1MM back. \$1.3 MM was paid back into the LAIF account.
No questions from the committee.

4. MARCH 2020 UNAUDITED FINANCIAL STATEMENT

Mr. Beedle explained the financial statement through March 2020. He pointed out \$12,724 in adjustments which were deductions from revenue. Salaries and wages were \$9k less than budget. Mr. Beedle continued to review revenue, expenses, assets, and liabilities without any questions. He indicated a cleanup is in order for accounts payable. *Mr. Moats asked if TVHD was to pay Adventist Health (AH) \$610k would the withholds be paid off in full? Mr. Beedle answered yes, and the schedule was created by AH.*

5. FEBRUARY 2020 MONTHLY DEPOSIT LOG AVERAGES (BEEDLE)

Mr. Beedle reviewed the aging. He commented he would like to retire most of the Heathland modules and look for a fixed asset program.

6. FEBRUARY 2020 CURRENT BANK BALANCE STATEMENTS (BEEDLE)

CFO Beedle reviewed each bank account and pointed out the correlation between bank statements and cash flow statement.

V. OLD BUSINESS
None

VI. NEW BUSINESS
None

VII. BOARD COMMENTS ON BUSINESS NOT APPEARING ON THE AGENDA
NONE

VIII. ADJOURNMENT
THE MEETING WAS ADJOURNED AT 1:00 PM

TEHACHAPI VALLEY HEALTHCARE DISTRICT
STRATEGIC PLANNING COMMITTEE
MINUTES
August 13, 2020
TVHD Office
116 W E Street
Tehachapi, CA 93561
12:30 pm

Board Members Present: Mike Nixon, Christine Sherrill

Staff Present: Lisa Hughes, Business Manager

Transcribed by: Recorded and Transcribed by Lisa Hughes, Business Manager

Approval: _____ **Date:** _____
Mike Nixon, Chair

COMMITTEE ACTIONS AND DIRECTION SHOWN IN CAPS AND BOLD

I. CALL TO ORDER

Mike Nixon called the Special Strategic Planning Committee meeting to order at 12:30 pm.

II. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

None.

III. APPROVAL OF MINUTES

- A. Approval of July 16, 2020 Minutes- approved
MSA; Sherrill/Nixon; APPROVED

IV. OLD BUSINESS

- A. Update/Discussion 115 W E St. – Director Nixon informed the Committee that Legal counsel Nave and Kern County are negotiation back and forth on a lease agreement for Kern County Fire Department to use the old hospital building as a back up location for Covid-19 quarantine needs. The Committee noticed that the County wants to lease for a year. Mr. Nixon believes that would cause more delays in the planned remodel of the building. He suggested to the Committee that they not move forward with the agreement. The item will go to the full Board meeting.
- B. Disaster Planning Update
Nothing was discussed.
- C. Lease Agreement with AH For 101 W E Street
The Board of Directors approved a lease agreement in July 2020, with the Guild of Tehachapi Hospital for the building at 101 W E Street. Adventist Health inquired if the agreement could be with them. Legal counsel responded it could, but then all tenant responsibilities would fall on Adventist Health. The Committee will find out if it is

possible to have a lease for occupation of the building with the Guild group and a separate agreement with Adventist Health for payment of the monthly rent.

V. NEW BUSINESS

A. Future Construction at 1100 Magellan Drive (informational)

Mike Nixon met with leadership at Adventist Health (AH) and was informed that AH would like to prepare to build a medical building in front of the new hospital. This would be a tenant improvement and in need of Board approval. Adventist Health is concerned that construction costs to finish 1100 Magellan Drive exceeded their budget by \$10 million. Adventist would like TVHD to reimburse them for that amount. They suggested that the lease of the new hospital building be extended by 5 years. The committee reminded each other that AH wanted a new pharmacy, so that part of the costs lies with Adventist. Mr. Nixon feels \$5 million would be a more adequate proposal. This topic will be on the agenda for the next full Board Meeting. The committee discussed how charging rent at 115 W E Street and 101 W E Street would bring in cash. If TVHD were to build a medical building, Mr. Nixon also proposed that TVHD sell the piece of property on Zurich Dr. and use those proceeds to help build it. AH would then be charged rent for using it. This would then offset the extra construction costs. Mike Nixon also spoke about the continued effort to sell the hospital to Adventist Health. That deal would need to be at least enough to pay off the bonds and still be market value. If all would go according to plan, the district could expect near \$7 million from the sale. It would also allow Adventist Health to do improvements without the approval of TVHD Board of Directors.

Mr. Nixon mentioned that Sharlet Briggs has stepped down from her position as CEO of Adventist Health Bakersfield.

VI. REPORTS

A. TVHD BUDGETED CASH FLOW PROJECTION

The committee reviewed the cash flow handout that was included in the meeting packet. No questions and no comments.

VII. BOARD COMMENTS ON BUSINESS NOT APPEARING ON THE AGENDA

None

VIII. Adjournment

The meeting adjourned at 12:45pm

TEHACHAPI VALLEY HEALTHCARE DISTRICT
BOARD OF DIRECTORS MEETING

MINUTES

116 W E Street
Tehachapi, CA 93561
August 18, 2020

4:30pm

Board Present: Mike Nixon, President; Sam Conklin, Vice-President; Duane Moats, Treasurer; Christine Sherrill, Secretary; William Steele

Staff Present: Lisa Hughes, Business Manager; Caroline Wasielewski, District Manager; Scott Nave, Counsel

Guest Speakers: Sam Itani, Adventist Health; Misty Cantrell, Adventist Health; Randy Weinstein.

I. CALL TO ORDER

President Mike Nixon called the meeting to order at 4:30 pm

II. PUBLIC COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

No public present.

IV. CONSENT AGENDA

A. Approval of Minutes

1. Strategic Planning, 7/16/2020, Receive and File
2. Board Meeting, 7/21/2020, Receive and File

Consent Agenda Approval

**MSA: STEELE/SHERRILL; 5-0, APPROVED
APPROVED**

V. OLD BUSINESS

A. Lease Agreement with Kern County Fire Department

District Manager Wasielewski explained that a lease for the use of the old hospital building would most likely interfere with the District's plans to do construction. TVHD will not enter into a lease with Kern County Fire Department at this time.

W. NEW BUSINESS

A. Update/Discussion 115 W E Street (Studio.)

MSA; SHERRILL/STEELE; 5-0 APPROVED

B. Lease Agreement with AH for 101 W E Street

Ms. Wasielewski informed the Board that Adventist Health would like to be on the Lease for 101 W E Street. This would include rent and the tenant responsibilities, which would include utilities and basic maintenance. According to legal counsel, since the lease was previously approved, it merely needs to be revised and will be brought back to the full board for full approval.

C. Future Construction at 1100 Magellan Drive (Adventist Health)

Misty Cantrell, representing Adventist Health, Tehachapi and Sam Itani, COO of Adventist Health Bakersfield spoke to the Board about a potential AH/TVHD partnership to complete an Imaging Pavilion and construct a medical office building on the Hospital campus. He provided a handout that showed a timeline of the construction and pointed out an 8-month delay in opening. He also stated there are still repairs going on that are expected to cost near \$1 million. He urged the Board to look at the future and the merits of a potential partnership with Adventist Health. The representatives from Adventist continued to describe the indoor imaging pavilion. Legal counsel Nave reminded the Board and Adventist that according to the lease agreement, any projects at the New Hospital over \$100,000 must have TVHD Board approval before commencing. He also mentioned a CEQA review may be required. He urged Mr. Itani and Ms. Cantrell to include the City of Tehachapi in their plans. After the presentation and discussion, Director William Steele made a motion to approve the Imaging Pavilion, subject to City approval and any required environmental review. Director Sam Conklin seconded the motion. There being no additional discussion, the board voted on the issue.

MSA; STEELE/CONKLIN; APPROVED; 5-0

Mr. Itani continued, presenting the concept of building a multi-disciplinary medical office building on the grounds of the New Hospital. The building will house the Primary Medical Care Clinic, Rehab Therapy, Medical Specialists, Nutrition Education, and a dental office. The total cost of the building is estimated to be \$8.4 million. The building would be on District land, proving to be a true partnership. It is Adventist's effort to keep Tehachapi Valley patients in Tehachapi. Mike Nixon and Scott Nave clarified that Mr. Itani was asking for approval of the concept of the medical building. He responded in the affirmative. A motion was entered to approve the concept of a Medical Office Building on the campus of the new hospital, subject to any required environmental review, regulatory issues and compliance issues.

MSA; SHERRILL/STEELE; APPROVED; 5-0

D. Master Facilities Lease 1100 Magellan Drive (Adventist Health)

Mr. Itani stated that according to Adventist Health, they exceeded the expected \$27 million in construction costs by \$12 million. Mr. Nave reminded the Board that they have limitations. Extending the lease could be an option. Mr. Steele commented that TVHD would need buy in from the community. Mr. Moats thought the Board could investigate the possibilities. Mr. Nave would like to talk to Adventist Health Legal advisors about the Lease Agreement. He stated that the

lease states that Adventist Health will pay for all construction costs up to at least \$27 million. Not that \$27 million was the most it would cost, but that it would cost at least \$27 million. Mr. Itani disagreed and pressed the Board to entertain consideration for the overage. Mr. Nave pointed out that the Board is restricted by law and cannot gift public funds. He also pointed out that an exchange of fair market consideration for both sides could be agreeable. Mr. Conklin asked how this conversation could begin. Mr. Nave said first the District must know what Adventist Health is looking for and what the consideration for the District would be. The Board agreed to table this issue until the next Board Meeting and in the meantime have Mr. Nave speak with legal counsel from Adventist Health.

VI. REPORTS

A. Chief Financial Officer Report (Beedle)

The cash flow report for the month of June was included in the packet. There were no comments or questions.

B. District Manager Report

All items on the DM report had already been commented on by the Board and previously discussed.

C. Strategic Planning Report (Nixon)

Mike Nixon urged the Board members to review the architectural plans and submit feedback to District Manager Wasielewski.

Board of Director Travel

None

VII. BOARD COMMENTS ON ITEMS NOT APPEARING ON THE AGENDA

- A. Director William Steele thanked Scott Nave, District legal counsel, for his legal expertise.

VIII. ADJOURNMENT

Meeting adjourned at 5:32 pm

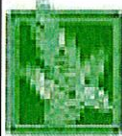
Respectfully,

Christine Sherrill
Secretary

Tehachapi Valley Healthcare District

Monthly Cash Flow Projection FY 2020

	<i>Actual</i>	<i>Projected</i>
Month of JUNE 2020	<i>Jun-20</i>	<i>Jun-20</i>
Average Daily Census		
Acute Care	0.00	0.00
Swing	0.00	0.00
Beginning Balance	548	548
Cash Receipts		
Medicare Adj.	6,066	0
Trans from Property Tax Account	20,000	0
Trans in From Wells Fargo	75,000	0
Bad Debt Recovery	900	0
Pay Pal/Credit Cards	0	0
Private Pay	200	1,680
Rebates & Refunds/IGT/Interest	0	50,000
Receipt of AH Claims Payments	2,719	0
Property Taxes	4,903	0
Total Cash Received	109,788	51,680
Salaries	16,793	19,266
Professional Fees	14,473	5,000
Supplies	121	2,247
Other	25,562	35,112
Paymt to AH/Care/Cal for Overpmt.	70,731	25,000
Purchased Services/Repairs	10,425	0
TOTAL EXPENSE	138,104	86,625
Transfers from Wells Fargo	-98,300	0
Investment Account (LAIF)	0	0
Ad Valorem Tax Reserve	0	0
Total Payments	39,804	86,625
Cash Over/(Under)	70,532	70,532
Prop.Tax Acct	1,141,443	1,141,489
Reserve Add or Transfer	0	0
Gen/Care/IGT/Funded Dep	160,841	156,339
Reserve Add or Transfer	0	0
Net Cash Balance	<u>1,372,816</u>	<u>1,368,360</u>



**Tehachapi Valley
Healthcare District**

**Tehachapi Valley Healthcare District
Income Statement Summary
12th Month Ended June, 2020**

	CURRENT MONTH			YEAR-TO-DATE		
	Actual 06/30/20	Budget 06/30/20	Positive (Negative) Variance	Actual 06/30/20	Budget 06/30/20	Positive (Negative) Variance
Total Gross Patient Revenue	0	0	0	(1,189)	0	(1,189)
Total Deductions From Revenue	28,428	0	28,428	(857,156)	0	(857,156)
<i>% Deductions</i>		<i>#DIV/0!</i>			<i>#DIV/0!</i>	
Net Patient Revenue	28,428	0	28,428	(858,345)	0	(858,345)
Other Operating Revenue	0	3,649	(3,649)	57,649	43,787	13,862
Total Operating Revenue	28,428	3,649	24,779	(800,696)	43,787	(844,483)
Total Operating Expenses	273,056	293,356	20,300	3,376,456	3,511,300	134,844
Net Operating Surplus/(Loss)	(244,628)	(\$289,707)	\$45,079	(4,177,152)	(3,467,513)	(709,639)
Non-Operating Revenue	509,893	439,886	70,007	5,590,822	5,278,632	312,190
Total Net Surplus/(Loss)	\$265,265	150,179	\$115,086	\$1,413,670	\$1,811,119	(\$397,449)



Tehachapi Valley Healthcare District

EXECUTIVE FINANCIAL SUMMARY

12th Month Ended June, 2020

BALANCE SHEET		
	6/30/2020	6/30/2019
ASSETS		
Current Assets	\$3,331,053	\$8,653,426
Assets Whose Use is Limited	6,227,656	6,545,163
Property, Plant and Equipment (Net)	112,150,805	124,881,700
Other Assets	(1,676,120)	(2,142,104)
Total Unrestricted Assets	120,033,394	137,938,185
Restricted Assets	0	0
Total Assets	\$120,033,394	\$137,938,185
LIABILITIES AND NET ASSETS		
Current Liabilities	\$35,637,525	\$39,789,871
Long-Term Debt	60,384,878	60,190,254
Other Long-Term Liabilities	0	0
Total Liabilities	96,022,403	99,980,125
Net Assets	24,010,988	37,958,060
Total Liabilities and Net Assets	\$120,033,391	\$137,938,185
STATEMENT OF REVENUE AND EXPENSES - YTD		
	ACTUAL	BUDGET
Revenue:		
Gross Patient Revenues	(\$1,189)	\$0
Deductions From Revenue	(857,156)	0
Net Patient Revenues	(858,345)	0
Other Operating Revenue	57,649	43,787
Total Operating Revenues	(800,696)	43,787
Expenses:		
Salaries, Benefits & Contract Labor	216,046	274,930
Purchased Services & Physician Fees	37,172	115,065
Supply Expenses	2,663	2,025
Other Operating Expenses	903,804	1,062,607
Bad Debt Expense	0	0
Depreciation & Interest Expense	2,216,771	2,056,673
Total Expenses	3,376,456	3,511,300
NET OPERATING SURPLUS	(4,177,152)	(3,467,513)
Non-Operating Revenue/(Expenses)	5,590,822	5,278,632
TOTAL NET SURPLUS	\$0	\$0

District Manager Report

September 14, 2020

- Business Manager and District manager continue collection of Private Pay accounts.
- The Board had a special meeting to tour the old hospital facility with the architect in order to view the facility and understand the proposed idea for rehabilitating the building.
- Regarding the two seats on the Board that are up for election, no other candidates filed. The incumbents will keep the seats.
- The District continues to follow health protocols for disinfection and social distancing.