

**DESERT HEALTHCARE DISTRICT
FINANCE, ADMINISTRATION, REAL ESTATE AND LEGAL COMMITTEE
MEETING MINUTES
September 13, 2011**

A Meeting of the Finance, Administration, Real Estate and Legal Committee of the Desert Healthcare District was held in the Desert Healthcare District Conference Room, 2nd Floor, Palm Springs, CA

Attendance:

Members

Michael Solomon, M.D. – Chairman/Treasurer
Kay Hazen – Vice President/Member

Staff

Kathy Greco, Chief Executive Officer
Peter Young, Chief Operating Officer
Donna Craig, Chief Program Officer
Tricia Wheeler, Program Manager
Samantha Prior, Operations Support Manager
Steve Brown, Executive Administrative Assistant

Guests

Gary Dack, Lund & Guttry
Jason Simpson, Assistant City Manager, City of Desert Hot Springs

CALL TO ORDER

The meeting was called to order at 3:01 p.m. by Chairman Solomon.

APPROVAL OF AGENDA

Chairman Solomon asked for a motion to approve the agenda.

It was moved and seconded (Vice-President Hazen, Chairman Solomon) to approve the agenda. Motion passed unanimously.

PUBLIC COMMENTS

None

APPROVAL OF MINUTES

Submitted for approval:

1. Minutes – July 12, 2011

It was moved and seconded (Vice-President Hazen, Chairman Solomon) to approve the minutes of July 12, 2011. Motion passed unanimously.

CHIEF OPERATING OFFICER'S REPORT

The report was reviewed in conjunction with the Las Palmas Medical Plaza report, Parking Lot G Update, and Parking Lot G Payment Schedule.

Mr. Young reported that the Parking Lot was complete except for painting curbs red as required by the fire department. The parking lot should be open the week of September 19th.

FINANCE REPORTS

- 1. Financial Statements** - The District's and LPMP financial statements for July & August 2011 were reviewed.
 - 2. Accounts Receivable Aging Summary** – the District's July & August 2011 Accounts Receivable detail was reviewed.
 - 3. Deposits - District**– the District's July & August 2011 deposit detail was reviewed.
 - 4. Property Tax Receipts** – The July & August 2011 property tax receipts were reviewed.
 - 5. Deposits - LPMP** – The LPMP's July & August 2011 deposit detail was reviewed.
 - 6. Warrants** – The July & August 2011 warrant register for the District was reviewed.
 - 7. Credit Card** – The July & August 2011 credit card expenditures were reviewed.
 - 8. Warrant - LPMP** – The July & August 2011 warrant register for the LPMP was reviewed.
 - 9. Retirement Protection Plan Update** – The retirement protection plan update was reviewed.
- The Finance Reports were reviewed and any questions were answered by Mr. Young.

It was moved and seconded (Vice-President Hazen, Chairman Solomon) to approve the District Finance Reports. Motion passed unanimously with Vice-President Hazen abstaining on Warrants #11301, 11304, 11329, 11332 which were business related.

OTHER MATTERS

- 1. Grants Payments Schedule** – The grants payments schedule was reviewed.
- 2. Pending Grants Under Review/Discussions with Community-Based Organizations and Pending Grant and Grant Tracking to Strategic Plan.**

This schedule was reviewed.

- 3. Report on FYE 6/30/11 Financial Statement Audits of the Desert Healthcare District and Retirement Protection Plan.**

Mr. Dack presented the FY End 06/30/2011 audit results to the Committee. Mr. Dack reviewed the report thoroughly; there were no adjustments necessary to any of the District financials.

Mr. Dack expressed his appreciation for the high quality of work by Mr. Young and the entire staff.

RPP Audit - The most significant activity for the RPP Plan was that it had a net increase of \$250,000. There were no adjustments necessary.

Vice-President Hazen inquired if it was possible to have a 3rd party oversight audit, on a regular basis, on the health benefits package. Staff will explore possibilities.

It was moved and seconded (Vice President Hazen, Chairman Solomon) to approve the District and RPP FY End 06/30/11 audit report as presented by Mr. Dack. The Audit report will be presented by the F&A Committee to the Board of Directors at their September 27, 2011 meeting. Motion passed unanimously.

4. Desert Hot Springs - Community Health and Wellness Center

The City of Desert Hot Springs is requesting funding for the construction of the DHS Community Health and Wellness Center. Ms. Greco reported that she reviewed the proposals that the DHS City Manager, Rick Daniels, presented at the board study session in August. She also met several times with Mr. Daniels and DHS elected officials, and now has 3 options for the District to consider for funding the wellness center.

1. Option 1 is the original proposal that Mr. Daniels presented at the study session, where the City of DHS owns/operates the center and the District would be asked to purchase city owned assets in the amount of \$4 million. All funds would be used for the construction of the center.

2. Option 2 adds exam rooms and a cardiac fitness room to the center which adds approximately \$1.5 million to the construction cost. The City of DHS would own/operate the center. In return for the \$4 million dollars the District would be asked to purchase city owned assets in that amount. The additional \$1.5 million would be requested to be a standalone grant.

3. Option 3 includes the original design plus the exam rooms and cardiac fitness center. However with this option, the DHCD would both own and operate the Health and Wellness Center. The District would receive a \$15 million asset for an approximate \$5 million contribution.

Ms. Greco reported that the estimated annual operating expenses would be approximately \$1.5 million. The DHCD would need to provide approximately \$700,000 annually for operating expenses, with other sources being the City of Desert Hot Springs, fundraising/grants and revenues from the center. Mr. Simpson from the City of Desert Hot Springs reported that the City would be providing \$250,000 annually for operations for 2 years.

Vice-President Hazen recommended that Staff provide additional information if forwarded to the Board for consideration:

1. An additional option where the District would own the asset and lease it back to the City of DHS (\$1/year) to provide the operations. This would give an option to board members who are comfortable with owning the capital asset but not with providing operations.

2. List potential partnerships with organizations that could provide all or a part of the operations such as the Desert Recreation District, City of Desert Hot Springs, DHCD, Palm Springs Unified School District or some combination.

3. What are the Boys & Girls Club's obligations and expectations.

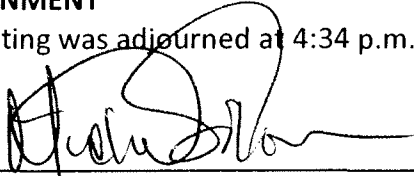
It was moved and seconded (Chairman Solomon, Vice-President Hazen) to recommend that Staff provide the 3 options as presented, along with any additional information suggested by the Committee, to the Board at the September 27, 2011 meeting for consideration and a vote on a path to proceed. Motion passed unanimously.

Note: The F&A Committee meeting recessed from 3:26 pm to 3:41 pm to hold the Desert Healthcare Foundation F&A Committee Meeting in order to accommodate Mr. Dack's schedule.

ADJOURNMENT

The meeting was adjourned at 4:34 p.m.

ATTEST:



Michael Solomon M.D., Chairman, Finance and Administration Committee
Treasurer, Desert Healthcare District Board of Directors

Minutes respectfully submitted by Steve Brown, Executive Administrative Assistant