



**NOTICE AND AGENDA
PALM DRIVE HEALTH CARE DISTRICT**

**FINANCE COMMITTEE
Special Meeting**

**May 11, 2017
1:00 p.m.**

Sonoma West Medical Center
Conference Room
501 Petaluma Avenue
Sebastopol, CA 95472
(707) 823-3586

Our Vision: Through engagement with our diverse West County population the district will promote improved health and well being.

Our Mission: Palm Drive Health Care District exists to deliver access to quality and compassionate health services responsive to the needs of our District.

Our Values: Integrity- Leadership – Caring - Perseverance

PLEASE TURN YOUR CELL PHONES OFF

CALL TO ORDER

ROLL CALL

APPROVAL OF AGENDA

PUBLIC COMMENTS

*If you wish to speak to a matter not on the agenda, please make your comments at this time.
Please limit your comments to 3 minutes.*

CONSENT CALENDAR

1. Approval of the April 17, 2017 Finance Committee Minutes (Action) G.Thomas)

DISCUSSION AND ACTION ITEMS

1. Reconsideration of the PDHCD Bylaws as they Relate to the Finance Committee (Action)(G. Thomas/A. Brogan)

- 2. Review of the April Financials (Action) (G. Houston)
- 3. 2017-2018 Fiscal Year Budget (Action)(A. Brogan)
- 4. Status Report on Bonds (Discussion)(A. Brogan)
- 5. Discussion and Potential Action Related to the Parcel Tax (Action)(A. Brogan/G.Thomas)

ADJOURNMENT

Palm Drive Health Care District

Members of the public have the right to speak on any item on the published agenda. If you wish to speak at a regular meeting about a matter not on the published agenda, please make your comments during the portion of the meeting designated for Public Comments. Please limit your remarks to three minutes. Please note that, with some exceptions, the District Board does not engage in discussion or take action on non-agenized matters. However, the board may respond briefly to public comments; refer matters to staff; ask questions for clarification, or schedule matters for future agenda. Materials related to open session items on this agenda that are submitted to the Board or committee after distribution of the agenda packet are available for public inspection during normal business hours at 612 Petaluma Avenue, Sebastopol, CA.

Consent Items:

The Board agenda may include items on a consent calendar. Consent calendar items are routine matters or matters which have been reviewed by the board previously. These items may be approved by one motion without discussion unless a board member requests that the item be taken off the consent calendar. Items removed from the consent calendar will be taken up upon completion of action on the remainder of the items on the consent calendar.

American Disability Act (ADA)

The Sonoma West Medical Center complies with ADA (American Disabilities Act) requirements and upon request, will attempt to reasonably accommodate individuals with disabilities by making meeting material available in appropriate alternative formats (pursuant to Government Code Section 54953.2). Anyone requiring reasonable accommodation to participate in the meeting should contact Gail Dietz, Administrative Assistant at (707) 823-3586.

PALM DRIVE HEALTH CARE DISTRICT FINANCE COMMITTEE

Minutes

Purpose: Palm Drive Health Care District Open Session Finance Committee Meeting

Date/Time: April 17, 2017 1:30 p.m.

Location: Sonoma West Medical Center
Conference Room
501 Petaluma Avenue
Sebastopol, CA 95472

CALL TO ORDER: Director Thomas Treasurer 1:35 p.m.

ROLL CALL

Gail Thomas, PDHCD Board Treasurer	Present
Jim Horn, PDHCD Board Member	Present
Stewart Goldberg, Consultant	Present
Jim Maresca, Consultant	Absent

Administrative Staff/Others Present

Alanna Brogan, PDHCD Executive Director

William Arnone, Legal Counsel

Geni Houston, Elephant Ear

APPROVAL OF THE AGENDA

Director Horn moved to approve the agenda, which was seconded by Director Thomas.

PUBLIC COMMENTS

No public comments at this time.

ANNOUNCEMENT OF CLOSED SESSION ITEMS AND ADJOURNMENT TO CLOSED SESSION

1. Conference with Legal Counsel – Existing Litigation pursuant to Government Code Section 54956.9(a);
Name of case: Bankruptcy

RECONVENE OPEN SESSION AND REPORT ON CLOSED SESSION: 1:48 p.m.

1. William Arnone stated there was no reportable action taken.

APPROVAL OF CONSENT CALENDAR

Finance Committee Special Open Session Meeting Minutes of April 4, 2017, approved, with the addition of the following statement after the sentence “Discussion ensued regarding the option of including a modified opinion or not,” The auditor would provide a modified opinion if the audit is restricted to the Districts financial statements and did not include statements for SWMC and SWMC-INC.

DISCUSSION/ ACTION ITEMS

1. Discussion – Parcel Tax Revisions and Updates to Consultant’s Determinations.

Alanna Brogan provided a Summary Memorandum, dated March 30, 2017, from Nathan D. Perez, Esq. – David Taussig and Associates, Inc. The subject was parcel tax in the Russian River area, post detachment.

The report does not include any accounting for the bankruptcy. Bankruptcy Attorneys and Counsel are working on a new list of creditors, which will be incorporated into the above document when completed.

A discussion ensued regarding bond payments, indebtedness to be covered by bankruptcy, and implications of parcel tax monies already collected by the County as of the effective date of detachment.

Action Item: Michael Sweet, Bankruptcy Attorney, to provide an opinion at the next meeting concerning parcel tax monies collected towards bankruptcy debt.

Motion to Approve: The motion to approve Appendix A, Palm Drive Health Care District Debt Service Apportionment Schedule, was made and seconded, which motion passed unanimously.

PUBLIC COMMENTS

Public comments were taken at this time.

2. March Financials.

Geni Houston reviewed the PDHCD Balance Sheet as of March 31, 2017, and the Profit & Loss Budget vs. Actual Reporting Month.

Gail Thomas reviewed the PDHCD Projected Cash Flow and Budget, Calendar 2017.

Action Item: Geni Houston to initiate preparations for the next fiscal year budget. Finance Committee will consider what new accounts, if any, need to be included in the new budget.

3. SWMC Update on Laboratory Line of Service and Potential of Service.

Alanna Brogan stated SWMC is still in negotiations with Aaron Deville. The details are pending and nothing is finalized at this time.

Discussion ensued regarding the existence of a signed Letter of Intent, and clarification on what SWMC documents are required to be brought before the full Board of Directors.

PUBLIC COMMENTS

Public comments were taken at this time.

ADJOURNMENT

There being no further business the meeting was adjourned at 2:55 p.m.

Respectfully submitted
Gail Dietz, Administrative Assistant, PDHCD

Title 22 of the California Code of Regulations (respecting licensure and regulation of acute care hospitals). The Governing Body shall have all powers and responsibilities required to be reserved to the Board of a licensed acute care hospital by the State of California and the Joint Commission on Accreditation of Healthcare Organizations (JCAHO”) [or other recognized accreditation organization] that cannot under law or JCAHO standards be properly delegated. The powers and duties delegated by the Board to the Governing Body and the rules governing meetings of the Governing Body are more specifically set forth in the District Governing Body Bylaws (the “Governing Body Bylaws”) adopted by the District Board, which are attached hereto and incorporated herein. All powers and duties of the Governing Body identified in these Bylaws have been delegated to the Governing Body by the District Board in accordance with the Governing Body Bylaws, and such delegation of authority shall remain in existence during the term of the Management Agreement between the District and Sonoma West Medical Center Corporation.

- (c) The Community Services Committee shall be made up of two (2) Board members and such staff members, members of other community services agencies and members of the public as may be designated by the Board Chair with the concurrence of the Board. The committee’s charter is to support the mission of the District by promoting optimal health within the West County through sustainable, community based services. The president of the Board will appoint a chair of this committee. The committee shall meet at least quarterly to accomplish its designated work.
- (d) The Finance Committee shall be made up of two (~~2~~ 3 and 5 members), including at least 2 members of the Board and such other members of the staff and community as shall be designated by the Board Chair with the concurrence of the Board. The Finance Committee shall oversee and have advisory responsibility for fiscal, budgetary and facilities activities of the District. The President of the Board shall appoint the chair of this committee. The Finance Committee shall report to the Board monthly on its activities. Board members and such members of the staff and financial community that are needed to be advisors to the committee. The committee shall meet once a month and report their activities to the Board.

Purpose/Charter:

1. The Committee shall oversee and have advisory responsibility for fiscal, budgetary and facilities activities of the District. These include:
 - Review of the annual budget recommendations by District staff. When the committee is satisfied with the prepared budget they will make a recommendation to the District Board for approval.
 - Review and analysis of prepared financial statements monthly.
 - Make budget adjustments as appropriate.

- Review the financial operations of the hospital as it relates to the MSSA and report on this to the Board if there are deviations from the MSSA.
- Consider and make recommendations to the Board on new projects that affect the finances of the District.
- Consider and make recommendations to the Board on the issuance and reissuance of debt.
- Consider and make recommendations to the Board regarding building maintenance and facilities activities.
- Identify programs, grants or other methodologies to increase the revenue of the District.

Section 2. Committee Reports.

All committees shall maintain a written record of its proceedings, recommendations, and actions, and shall submit either a written or oral report to the Board, as directed.

Section 3. Power.

No committee so appointed shall have any power or authority to commit the Board of the District; provided, however, that the Governing Body may commit the District to the extent specified in the Governing Body Bylaws pursuant to the Authority delegated to the Governing Body herein by these Bylaws and the Bylaws of the Governing Body attached to these Bylaws and approved by the District Board of Directors, and as may be amended from time to time as authorized by the Governing Body Bylaws.

ARTICLE VII. ADMINISTRATOR / CHIEF EXECUTIVE OFFICER

Section 1. Appointment.

The Governing Body shall select and nominate, and the District Board of Directors shall ratify, the selection and employment of a competent, experienced Chief Executive Officer who shall be the Governing Body's direct representative in the management of the hospital. The Chief Executive Officer of the Hospital shall be given the necessary authority and shall be held responsible for the administration of the Hospital in all of its departments; subject only to the policies enacted by the Board or by any of its committees to which it has delegated power to act. The Governing Body shall establish eligibility criteria for the employment of a Chief Executive Officer and shall have the specific authority to terminate the employment of the Chief Executive Officer on behalf of the Hospital and District. The Board may, if it chooses, appoint an Administrator of the District Board's affairs.

Section 2. Duties.

The Chief Executive Officer shall have the following authority:

Palm Drive Healthcare District
Balance Sheet
 As of April 30, 2017

	Apr 30, 17	Mar 31, 17	\$ Change
ASSETS			
Current Assets			
Checking/Savings			
Cash			
1000-00 · Exchange Bank 4276	512,061.07	470,545.21	41,515.86
1001-00 · Exchange Bank 9508	7,692.16	3,080.45	4,611.71
Total Cash	519,753.23	473,625.66	46,127.57
Restricted Cash			
1009-12 · WF 8805 2010 Secured	6,050.00	6,050.00	0.00
1009-23 · WF 8300 2005 Bond	1,667,407.27	1,644,663.92	22,743.35
1009-50 · WF 8801 2010 Reserve	979,175.00	979,175.00	0.00
1900 · GO Bond Reserve SCAO (Non Cash)	697,592.97	697,592.97	0.00
Total Restricted Cash	3,350,225.24	3,327,481.89	22,743.35
Total Checking/Savings	3,869,978.47	3,801,107.55	68,870.92
Other Current Assets			
1061 · Due from SWMC	3,320.50	3,320.50	0.00
1062 · Property Tax Receivable	49,055.62	14,055.62	35,000.00
1069-01 · Parcel Tax Receivable	-429,798.80	657,103.67	-1,086,902.47
1107 · Prepaid Deposits	4,501.07	6,751.69	-2,250.62
Total Other Current Assets	-372,921.61	681,231.48	-1,054,153.09
Total Current Assets	3,497,056.86	4,482,339.03	-985,282.17
Fixed Assets			
Property Plant & Equipment			
1265 · CIP-NPC2 Work	604,073.29	604,073.29	0.00
1245 · Leased Assets Farnam	2,237,901.03	2,237,901.03	0.00
1241 · Major Moveable Equipment	7,846,172.84	7,846,172.84	0.00
1221 · Hospital Buildings	3,830,747.69	3,830,747.69	0.00
1230 · Leasehold Improvements	734,627.28	734,627.28	0.00
1201 · Land	5,876,900.00	5,876,900.00	0.00
1210 · Land Improvements	34,492.65	34,492.65	0.00
1285-00 · Accum Dep Farnam Leased Assets	-2,394,738.20	-2,351,363.20	-43,375.00
1275-00 · Accum Dep Fixed Equip	-8,217,835.96	-8,151,749.96	-66,086.00
1271-00 · Accum Dep Hosp Bldg	-2,380,634.32	-2,362,536.32	-18,098.00
1260-00 · Accum Dep Land Impr	-34,493.18	-34,493.18	0.00
Total Property Plant & Equipment	8,137,213.12	8,264,772.12	-127,559.00
Total Fixed Assets	8,137,213.12	8,264,772.12	-127,559.00
TOTAL ASSETS	11,634,269.98	12,747,111.15	-1,112,841.17
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2020 · Post Petition AP	9,237.78	31,726.68	-22,488.90
2020-99 · Pre-Petition Liabilities			
2021-00 · Pre Petition Trade Payables	6,762,791.05	6,762,791.05	0.00
2029-99 · Escheatment Refunds	140,273.08	140,273.08	0.00
2030-00 · Wages & Benefits	1,299,276.33	1,299,276.33	0.00
2020-99 · Pre-Petition Liabilities - Other	91,261.00	91,261.00	0.00
Total 2020-99 · Pre-Petition Liabilities	8,293,601.46	8,293,601.46	0.00
Total Accounts Payable	8,302,839.24	8,325,328.14	-22,488.90
Other Current Liabilities			
2040 · SWMC AR Held	8,640.36	3,811.68	4,828.68
2014-10 · Accrued Bond Interest Pay	260,091.20	672,953.70	-412,862.50
2063-10 · Cost Report Liability Medicare	275,025.61	280,209.82	-5,184.21
2064 · Unearned Revenue - GO Bond	697,592.97	697,592.97	0.00

Palm Drive Healthcare District
Balance Sheet
 As of April 30, 2017

	Apr 30, 17	Mar 31, 17	\$ Change
Total Other Current Liabilities	1,241,350.14	1,654,568.17	-413,218.03
Total Current Liabilities	9,544,189.38	9,979,896.31	-435,706.93
Long Term Liabilities			
2270-00 · Bonds Payable			
2255-00 · 2000 Go Bonds Payable (BYM)	4,150,000.00	4,150,000.00	0.00
2274-01 · 2005 Revenue Bonds Payable	6,320,000.00	6,670,000.00	-350,000.00
2274-02 · 2010 Bonds Payable	9,535,000.00	9,795,000.00	-260,000.00
Total 2270-00 · Bonds Payable	20,005,000.00	20,615,000.00	-610,000.00
2271-99 · Leases Payable			
2271-00 · Notes & Loan Pay Non curr	31,267.00	31,267.00	0.00
2271-02 · Note Payable GE C Arm	57,385.65	57,385.65	0.00
2271-05 · Lease payable Farnam	1,750,106.59	1,750,106.59	0.00
Total 2271-99 · Leases Payable	1,838,759.24	1,838,759.24	0.00
Total Long Term Liabilities	21,843,759.24	22,453,759.24	-610,000.00
Total Liabilities	31,387,948.62	32,433,655.55	-1,045,706.93
Equity			
Restricted Fund Balance	2,988,108.00	2,988,108.00	0.00
Unrestricted Fund Balance	-21,044,791.74	-21,044,791.74	0.00
32000 · Retained Earnings	-684,738.46	-684,738.46	0.00
Net Income	-1,012,256.44	-945,122.20	-67,134.24
Total Equity	-19,753,678.64	-19,686,544.40	-67,134.24
TOTAL LIABILITIES & EQUITY	11,634,269.98	12,747,111.15	-1,112,841.17

2:58 PM
05/09/17
Accrual Basis

Palm Drive Healthcare District
Profit & Loss Budget vs. Actual Reporting Month
April 2017

	<u>Apr 17</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Ordinary Income/Expense			
Income			
4000 - Revenue			
Parcel Tax Revenue CY	304,175.00	250,000.00	54,175.00
Property Tax Revenue CY	35,000.00	35,000.00	0.00
Special CMSP	0.00	200,000.00	-200,000.00
Misc Revenue	9,859.78	0.00	9,859.78
Total 4000 - Revenue	<u>349,034.78</u>	<u>485,000.00</u>	<u>-135,965.22</u>
Total Income	<u>349,034.78</u>	<u>485,000.00</u>	<u>-135,965.22</u>
Gross Profit	349,034.78	485,000.00	-135,965.22

Palm Drive Healthcare District
Profit & Loss Budget vs. Actual Reporting Month
 April 2017

Expense	Apr 17	Budget	\$ Over Budget
Operating Expenses			
Staff Expenses			
Salaries & Wages	15,643.50	17,000.00	-1,356.50
Payroll Tax Expense	1,493.27	1,700.00	-206.73
Employee Benefits	522.50	850.00	-327.50
Worker's Compensation	0.00	425.00	-425.00
Payroll Processing	0.00	4.00	-4.00
Total Staff Expenses	17,659.27	19,979.00	-2,319.73
Professional Services			
Accounting	8,770.08	0.00	8,770.08
Bookkeeping	2,119.00	2,000.00	119.00
Legal Fees	0.00	10,000.00	-10,000.00
Professional Fees Other	1,392.87	2,000.00	-607.13
Total Professional Services	12,281.95	14,000.00	-1,718.05
Office Expenses (H)			
Bank Charges	216.97	0.00	216.97
IT / Computer Expense	451.05	200.00	251.05
Licenses and Fees	0.00	250.00	-250.00
Merchant Fees	0.00	300.00	-300.00
Storage	661.00	300.00	361.00
Supplies	36.80	250.00	-213.20
Utilities (Tel/PGE)	255.72	250.00	5.72
Total Office Expenses (H)	1,621.54	1,550.00	71.54
Directors Expense (H)			
Cont Education	0.00	1,000.00	-1,000.00
Ins Exp D&O/Property	2,250.62	0.00	2,250.62
Total Directors Expense (H)	2,250.62	1,000.00	1,250.62
Total Operating Expenses	33,813.38	36,529.00	-2,715.62
Contractual Payments			
Prime Grant/IGTContract	126,390.79	0.00	126,390.79
CMSP Cost Report *	0.00	200,000.00	-200,000.00
Bankruptcy Legal	14,630.08	3,000.00	11,630.08
Medical Records	5,007.64	5,000.00	7.64
Interest Exp Cost Report or CMS	468.13	550.00	-81.87
Total Contractual Payments	146,496.64	208,550.00	-62,053.36
Community Health Services			
General Community Health	0.00	1,250.00	-1,250.00
District Comm Services Various	300.00	0.00	300.00
Total Community Health Services	300.00	1,250.00	-950.00
Non - Operating (Revenue) / Exp			
Exp - Bond Interest Exp	108,000.00	108,000.00	0.00

2:58 PM
05/09/17
Accrual Basis

Palm Drive Healthcare District
Profit & Loss Budget vs. Actual Reporting Month
April 2017

	<u>Apr 17</u>	<u>Budget</u>	<u>\$ Over Budget</u>
Total Non - Operating (Revenue) / Exp	108,000.00	108,000.00	0.00
Depreciation Header			
Dep Exp - Cap Lse Eq	43,375.00	43,375.00	0.00
Dep Exp - Major Mov Eq	66,086.00	66,086.00	0.00
Dep Exp - Bid & Improvements	18,098.00	18,098.00	0.00
Total Depreciation Header	127,559.00	127,559.00	0.00
Total Expense	416,169.02	481,888.00	-65,718.98
Net Ordinary Income	-67,134.24	3,112.00	-70,246.24
Net Income	<u>-67,134.24</u>	<u>3,112.00</u>	<u>-70,246.24</u>

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