

“Mountains Community Hospital makes possible essential quality medical services to the residents and visitors of the local mountains.”

SPECIAL DISTRICT BOARD OF DIRECTORS MEETING

Friday, June 21, 2024, 2024, 1:00 p.m.

George M. Medak Conference Room, Suite 207

MCH Medical Office Building, 29099 Hospital Road, Lake Arrowhead, CA 92352

Or

Microsoft Teams

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Meeting ID: 232 304 087 100 / Passcode: HNDE4v

Dial-in by phone: [+1 951-384-1117](tel:+19513841117), [458648520#](tel:+1951384458648520) United States, Riverside

Phone conference ID: 458 648 520#

Members: Kieth Burkart, President
Barry Hoy, Secretary
Gerry Hinkley, Director

Cheryl Robinson, Vice President
Barrick Smart, Treasurer

Staff Members: Mark Turner, Chief Executive Officer
Terry Peña, Chief Operating Officer

Yvonne Waggener, Chief Financial Officer
Kristi McCasland, Executive Assistant

OPEN SESSION

1:00 p.m.

CALL TO ORDER

Kieth Burkart, President

PRESIDENTS COMMENTS

Kieth Burkart, President
Action Possible

BOARD MEMBER REPORTS

All Board Members

PUBLIC COMMENTS

Government Code
Section 54954.3 Sections A & B

The public has the right to address the legislative body on any item of interest to the public.
A time restraint may be implemented at the discretion of the Board President.

CONSENT AGENDA

Kieth Burkart, President
Action Probable

(Motion will be made to include all items listed)

1. Approval of Special Board Meeting / USDA Public Community Meeting Minutes, meeting held June 7, 2024

AGENDA ITEMS

1. Financial Feasibility Study Approval

Mark Turner, Chief Executive Officer
Action Possible

SAN BERNARDINO MOUNTAIN COMMUNITY HOSPITAL DISTRICT

**SPECIAL DISTRICT BOARD OF DIRECTORS MEETING
Friday, June 21, 2024, 1:00 p.m.**

Page 2 of 2

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| 2. Resolution 2024-04 – Authorizing CEO/CFO/COO/CNO to Execute and Submit Loan Documents to USDA | Mark Turner, Chief Executive Officer
Action Possible |
| 3. Design Build Team Proposals & Our Preliminary Recommendation | Mark Turner, Chief Executive Officer
Information Only |

NEXT BOARD-ATTENDED MEETINGS

Friday, June 28, 2024 at 1:00 p.m.
(Days & times are subject to change so please refer to the posted agenda for exact times)

FINAL ADJOURNMENT

TOPIC	DISCUSSION/CONCLUSION/RECOMMENDATION	ACTION/FOLLOW-UP
<p>Board Members Present:</p> <p>Members Absent:</p> <p>Recording Secretary:</p> <p>Staff Members Present:</p> <p>Guests:</p>	<p>Kieth Burkart, Board President Cheryl Robinson, Vice President Barry Hoy, Board Secretary Gerry Hinkley, Board Director</p> <p>Barrick Smart, Board Treasurer</p> <p>Kristi McCasland, Executive Assistant to Administration</p> <p>Mark Turner, Chief Executive Officer Yvonne Waggener, Chief Financial Officer Terry Peña, Chief Operating Officer/Chief Nursing Officer Kim McGuire, Foundation/Community Development Director Travis Barnett, Desktop Support Analyst</p> <p>Gary Hicks, G.L. Hicks Financial Brent McManigal, Fennemore Law Matt Roquemore, JLL Project Management Firm Jay Gibson, JLL Project Management Firm Phuong Tran, JLL Project Management Firm Brian Quint, Stradling, Yocca, Carlson & Rauth LLP Peter Venturini, Foundation President Barry Robinson, Foundation Board Member Mary Justine Lanyon, Alpine Mountaineer Sara Gaugler, Mountain News</p>	<p>Quorum present</p>
<p>I. Call to Order:</p>	<p>Kieth Burkart, Board President, called the Board of Directors meeting to order at approximately 1:02 p.m.</p>	<p>The meeting was called to order</p>
<p>II. A. Project Need and Overview of Project Planning</p>	<p>Turner gave a brief overview of the project need and overview of the project planning. He noted that the need for the project stems from SB1953, the seismic compliance law passed by the State of California requiring all hospitals to be seismically compliant by 2030. He noted that we are envisioning the work to be completed in three</p>	<p>Information Only</p>

TOPIC	DISCUSSION/CONCLUSION/RECOMMENDATION	ACTION/FOLLOW-UP
	<p>phases:</p> <ul style="list-style-type: none"> • Phase 1 would be the retrofit work to the existing 1951 building required in order to be compliant by 2030. • Phase 2 would be to build a new wing to house our inpatient acute care services and expand our existing Emergency Department. • Phase 3 would be to convert the existing acute care wing into a Skilled Nursing Facility. 	
<p>B. Project Design and Construction Overview</p>	<p>Roquemore and Gibson presented a rendering of what the new acute care wing would look like, and expanded on the three phases of the projects scope. It was noted that we would not see construction start to happen until Spring 2026, however, exploratory work and design work would be done prior to construction commencing. Barricades, traffic direction and pedestrian protection will all be set up prior to construction beginning.</p>	<p>Information Only</p>
<p>C. Project Related Environmental Impacts</p>	<p>McManigal reported that over the last few years, the hospital has obtained County Land Use Permits and a Minor Use Permit to allow construction of the facility. He noted that as part of the USDA financing packet a National Environmental Protection Act (NEPA) document was prepared, which looks at the environmental impacts of the project. As part of the NEPA guidelines, an outside consultant was hired who looked at the historic resources, tribal fossil resources, endangered species, wetlands, flood plains, and coastal areas. He noted that through the NEPA process, the consultant determined that this project is environmentally sound.</p>	<p>Information Only</p>
<p>D. Services Provided and Service Area Impacts</p>	<p>Turner reported that the benefits of expanding our Skilled Nursing Facility is that we will be able to serve more of the population, as we currently have long waiting lists for admission into our current Skilled Nursing Facility. The benefits of the new Acute Care Wing include amenities such as air conditioning. Peña noted that in addition to air conditioning, heating would be</p>	<p>Information Only</p>

TOPIC	DISCUSSION/CONCLUSION/RECOMMENDATION	ACTION/FOLLOW-UP
	<p>improved in the new Acute Care Wing, and patients would have individualized control of their environment. In addition, the new acute care wing would allow us to have a couple of isolation rooms, which we currently do not have, as well as allow the nurses station to be closer to the patient rooms.</p>	
<p>E. Project Plan of Finance Overview</p>	<p>Hicks reported that this project is sizable and will require a great deal of funding to secure the project completion. He noted that we are looking to put in over \$40M in debt through the financing with the United States Department of Agriculture (USDA) Rural Development Community Facilities Program. The financing provides a fixed rate for the 35-year term, and the interest rate is set at the time that the loan is committed to by the USDA. We are hoping to get an issuance of a letter of conditions from the USDA in the later part of September 2024. He noted that the approval requires that we demonstrate the ability to repay the debt, which has been demonstrated through the submittal of prior audits of the District’s financial statements; and a financial feasibility study that was conducted by WIPFLI, which provides a 7-year financial projection to the project. Hicks reported that the debt is going to be secured and repaid through the district’s revenues, so we do not expect to have any new taxes being provided by property owners within the district to repay the debt. In addition, there is no security interest in the facility, or property of the facility, so there is no deed of trust or mortgage with respect to the project. The district will be required to provide interim construction financing. Hicks reviewed the advantages of USDA financing, which include a 35-year term, interest rates that are generally below market rates, and no early payoff penalty. He noted we have great support from both the State and the national level, and from the USDA program. The only disadvantage with going through USDA for financing is the lengthy approval process, which takes 9 to 12 months to secure a commitment from the USDA. We are hoping to secure funding from the USDA as early as September 15th of this year.</p>	<p>Information Only</p>

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<p>F. Board Member Comments</p>	<p>Board members asked questions about the project, which were answered by the respective subject matter expert.</p> <p>Burkart reinforced the Board’s support of this project as it meets the mission of the Hospital, which is to provide high quality essential care to the residents and visitors of our community; and he noted this project is part of our long-term strategy. He commented that although there will be some disruption over the next several years, the ultimate long-term result will be well worth it.</p> <p>Hinkley commented his appreciation of the work the management team has done to make the Board feel comfortable about the process of everything that has been pulled together on this project. He noted the excellent teamwork by everyone involved who have gotten us to where we are today.</p>	
<p>III. Community Member Comments and Questions</p>	<p>A concern was raised regarding the noise factor for the residents who currently live in the Skilled Nursing Facility.</p> <p>A community member commented that this hospital is so essential to our community and is very excited to see how the hospital will be even better than it is today.</p>	
<p>IV. District Response to Community Comments and Questions</p>	<p>JLL noted that there would be noisy work with Phase 1 of the project, which is adjacent to the SNF unit; however, no seismic retrofit work will be done to the existing SNF unit. A majority of the work would be done during the daytime hours. JLL will provide a schedule look ahead in advance so that we can prepare residents for the anticipated noise levels.</p>	
<p>V. Concluding Comments</p>	<p>Turner commented that he appreciates the questions and the support that we have heard today and hopes we have given the public enough information to understand overall what we are trying to get accomplished. He reminded everyone that we are required by the state</p>	

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	<p>to be seismically compliant by 2030, which means that not only does the construction need to be completed, but the new areas need to be furnished, patients need to be moved, staff need to be trained, and licensing needs to be completed before we gain occupancy to the new areas. Therefore, even though the construction may be done before 2030, we are expecting another 6 to 12-month period to get everything set up, staff trained and the areas licensed for use. Turner commented that he feels confident at this point in time that we will get all of this done prior to 2030, but that he would keep the community updated if something changes significantly.</p>	
<p>VI. Consideration of Resolution No 2024-03 Authorizing the Submission of an Application to the USDA</p>	<p>Hicks reviewed Resolution 2024-03, noting that it would provide Board authorization for the Chief Executive Officer, the Chief Operating Officer/Chief Nursing Officer and the Chief Financial Officer of the District to submit the Application to the USDA and take such actions and do and perform such other acts, including preparing, executing and delivering such other documents, as may be necessary to facilitate the submission, processing and consideration of the Application by the USDA, including approval of the Financial Feasibility Study being prepared by Wipfli LLP to be submitted as a part of the Application.</p> <ul style="list-style-type: none"> • RESOLUTION NO. 2024-03 <p>RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER, THE CHIEF OPERATING OFFICER/CHIEF NURSING OFFICER AND THE CHIEF FINANCIAL OFFICER OF THE DISTRICT TO PREPARE AND SUBMIT A FORMAL/FINAL APPLICATION TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT COMMUNITY FACILITIES DIRECT LOAN PROGRAM, TO PROVIDE FUNDING TO PAY THE COST OF THE EXPANSION OF AND IMPROVEMENTS TO THE DISTRICT’S HOSPITAL</p>	<p>On a motion made and seconded, the following resolution was accepted as presented:</p> <p>RESOLUTION NO. 2024-03</p> <p>RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER, THE CHIEF OPERATING OFFICER/CHIEF NURSING OFFICER AND THE CHIEF FINANCIAL OFFICER OF THE DISTRICT TO PREPARE AND SUBMIT A FORMAL/FINAL APPLICATION TO THE UNITED STATES DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT COMMUNITY FACILITIES DIRECT LOAN PROGRAM,</p>

TOPIC	DISCUSSION/CONCLUSION/RECOMMENDATION	ACTION/FOLLOW-UP
	<p>FACILITY AND TO TAKE SUCH ACTIONS AND DO AND PERFORM SUCH OTHER ACTS, INCLUDING PREPARING, EXECUTING AND DELIVERING SUCH OTHER DOCUMENTS, AS MAY BE NECESSARY TO FACILITATE THE SUBMISSION, PROCESSING AND CONSIDERATION OF THE DISTRICT’S APPLICATION BY THE USDA.</p> <p>See Resolution 2024-03 for entire text.</p>	<p>TO PROVIDE FUNDING TO PAY THE COST OF THE EXPANSION OF AND IMPROVEMENTS TO THE DISTRICT’S HOSPITAL FACILITY AND TO TAKE SUCH ACTIONS AND DO AND PERFORM SUCH OTHER ACTS, INCLUDING PREPARING, EXECUTING AND DELIVERING SUCH OTHER DOCUMENTS, AS MAY BE NECESSARY TO FACILITATE THE SUBMISSION, PROCESSING AND CONSIDERATION OF THE DISTRICT’S APPLICATION BY THE USDA.</p> <p>M (Robinson) / S (Hoy) / C</p> <p>4 Ayes / 0 Nays / 0 Abstain / 1 Absent</p>
VII. Close Public Meeting	There being no further business to discuss, the Board of Directors meeting adjourned at approximately 2:15 p.m.	Meeting adjourned

By: _____
Barry Hoy, Secretary of the Board

By: _____
Kristi McCasland, Recording Secretary

SAN BERNARDINO MOUNTAINS COMMUNITY HOSPITAL DISTRICT

RESOLUTION NO. 2024-04

RESOLUTION AUTHORIZING THE CHIEF EXECUTIVE OFFICER, THE CHIEF OPERATING OFFICER/CHIEF NURSING OFFICER OR THE CHIEF FINANCIAL OFFICER OF THE DISTRICT TO EXECUTE AND SUBMIT CERTAIN LOAN DOCUMENTS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE IN CONNECTION WITH THE RURAL DEVELOPMENT COMMUNITY FACILITIES DIRECT LOAN PROGRAM, FOR FUNDING TO PAY THE COST OF THE EXPANSION OF AND IMPROVEMENTS TO THE DISTRICT’S HOSPITAL FACILITY

RESOLVED, by the Board of Directors (the “Board”) of the San Bernardino Mountains Community Hospital District (the “District”), as follows:

WHEREAS, the District has submitted an application to the United States Department of Agriculture (“USDA”), Rural Development Community Facilities Direct Loan Program, to provide funding for the expansion and improvement of the District’s hospital facility in the aggregate amount of \$48,500,000; and

WHEREAS, the USDA has requested that the Chief Executive Officer, the Chief Operating Officer/Chief Nursing Officer or the Chief Financial Officer of the District prepare, execute and deliver certain forms to the USDA in connection with such loans;

NOW, THEREFORE, it is hereby DECLARED and ORDERED, as follows:

Section 1. The Board authorizes the Chief Executive Officer, the Chief Operating Officer/Chief Nursing Officer or the Chief Financial Officer of the District to prepare, execute and deliver to the USDA Form 1940-1 – Request for Obligation of Funds, and USDA Form 1942-46 – Letter of Intent to Meet Conditions.

Section 2. This resolution shall be in full force and effect immediately upon its adoption.

* * * * *

ADOPTED, SIGNED AND APPROVED this 21st day of June, 2024.

Kieth J. Burkart
President of the Board of Directors
San Bernardino Mountains Community Hospital District

ATTEST:

Barry Hoy
Secretary of the Board of Directors
San Bernardino Mountains Community Hospital District

CERTIFICATION

I, Barry Hoy, Secretary of the Board of Directors of San Bernardino Mountains Community Hospital District, hereby certify that the foregoing is a full, true and correct copy of Resolution 2024-04 adopted by the Board of Directors of the District at the Board Meeting held on June 21, 2024 by the following vote:

_____ AYES, and in favor of, Board Members:

_____ NOES, Board Members:

_____ ABSENT, Board Members

_____ ABSTAIN

Barry Hoy
Secretary of the Board of Directors
San Bernardino Mountains Community Hospital District