



# REGULAR MEETING OF THE BOARD OF DIRECTORS MINUTES

January 27, 2015 at 4 p.m.

Tahoe Truckee Unified School District (TTUSD) Office  
11603 Donner Pass Rd, Truckee, CA

**1. CALL TO ORDER**

Called to order at 4:01 p.m.

**2. ROLL CALL**

Board: Karen Sessler, President; Chuck Zipkin, Vice President; Greg Jellinek, Secretary; Dale Chamblin, Treasurer; John Mohun, Director

Staff: Robert Schapper, Chief Executive Officer; Virginia Razo, Chief Operating Officer; Crystal Betts, Chief Financial Officer; Jayne O’Flanagan, Director Human Resources; Patricia Barrett, Clerk of the Board

Other: Steve Gross, General Counsel

**3. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

Director Sessler stated that agenda items 17.1 and 17.2 are deferred to the next meeting.

**ACTION: Motion made by Director Chamblin, seconded by Director Mohun to approved the agenda as amended. Roll call vote taken. Approved unanimously.**

General Counsel read meeting into closed session.

**4. INPUT AUDIENCE**

None.

**Open session recessed at 4:04 p.m.**

**5. CLOSED SESSION:**

Discussion held on privileged matters.

**6. DINNER BREAK**

**APPROXIMATELY 6:00 P.M.**

**7. OPEN SESSION – CALL TO ORDER**

***Opens Session reconvened at 6:00 p.m.***

Director Sessler shared that the meeting will be the first live stream meeting for TFHD. Video of the meeting is available at [ttctv.org](http://ttctv.org).

**Open session Roll call:**

Board: Karen Sessler, President; Chuck Zipkin, Vice President; Greg Jellinek, Secretary; Dale Chamblin, Treasurer; John Mohun, Director

**8. CLEAR THE AGENDA/ITEMS NOT ON THE POSTED AGENDA**

Director Sessler restated that items 17.1 and 17.2 have been deferred to the next regularly scheduled meeting if the Board.

**9. INPUT – AUDIENCE**

Pat Davison, Executive Director of the Contractors Association, addressed the Board to thank them for responding positively to CATT's request for the hospital district to provide live streamed meetings. A summary of the origin of the Ralph M Brown Act was provided and a portion of the legislation was read.

Dennis Chez addressed the Board regarding what he believes is a policy of defamation and discrimination against his clinic and asked that it stop. Dr. Chez indicated the issue had previously been brought the Board in 2012 and the Board directed staff to conduct an investigation; the findings of that investigation was read by Dr. Chez. Dr. Chez shared three instances wherein ski resort clinic staff had misinformed patients regarding his clinic.

Ann McCall read a statement by Patty Lamanto (sic) recognizing the hospital for the decision to hold meetings in the evening and providing live streaming. Suggestion made for the District to require that annual audit be complete and comply with industry standards which provides a non-qualified opinion; it is critical to have non-qualified reports. Many questions are on the mind of the public.

Pete Forni addressed the Board regarding six questions which were presented to the Board last year. Dr. Forni resubmitted the questions in writing and requested a response.

An unidentified member of the public expressed concerns related to an interaction between Director Chamblin and Dr. Forni at the 1/13/15 special board meeting.

Greg Matulo (sic), retired attorney addressed the Board regarding the benefit of seeking general counsel from outside the community. In his own Board experience, local counsel was never you used as the relationship between that attorney and the Board gets too cozy; counsel from outside the areas makes it easier to scrutinize issues.

Russ Anderson addressed the Board regarding the Hospital's need to make money. Has never had to use TFH but odds are he will some day. The expectation is that he will receive good care at a reasonable cost per the intent of the founders. Mr. Anderson expressed concern regarding TFH's operational margin. The District needs to understand where the money is going and how to stop the bleeding. This business cannot wait until June. Concerns noted regarding labor costs for being twice that of the California.

Lynn Larson shared that she spent time in May and June surveying citizens in the community to obtain feedback regarding TFH. The survey results showed that 48% of those responding, who could, went out of the area for services. Feedback also indicated concern about management practices. Ms. Larson proposes that the Board engage an outside entity to survey the community and encourages the Board to attend the February 23 Brown Act training.

Gaylan Larson expressed concerns related to the MSC clinics. Mr. Larson indicated he believes they were a bad investment decision. Mr. Larson stated there is some value in having specialties supported by the hospitals based on specific criteria.

John Falk addressed the Board in response to public comment related to the MSC model sharing details of the independent physician clinic/insurance product being considered by the Board when he was a Director inquiring how the MSC serve any different purpose.

Pete Rivera commended the Board on there accomplishments to date. Mr. Rivera encouraged the Board to remember the average person in our community who are primarily low income individuals; including many of the hospital's front line employees.

Jamie Cole stated she is hugely concerned that all the physicians remain independent. The Board and new CEO need to make things okay again with the independent physicians, specifically TTMG. If all the other doctors are being subsidized they should be too without having to be contracted with the hospital.

#### **10. INPUT FROM EMPLOYEE ASSOCIATIONS**

No input provided.

#### **11. MEDICAL STAFF REPORT**

##### **11.1. Approval of the Medical Staff Consent Agenda**

Dr. Dodd provided a summary of the January MEC meeting. Consent items included policy and procedure items presented for approval.

**ACTION: Motion made by Director Jellinek, seconded by Director Zipkin, to approve Medical Staff Consent items as presented. Roll call vote taken. Approved unanimously.**

#### **12. CONSENT CALENDAR:**

These items are expected to be routine and non-controversial. They will be acted upon by the Board at one time without discussion. Any Board Member, staff member or interested party may request an item to be removed from the Consent Calendar for discussion prior to voting on the Consent Calendar.

##### **12.1. Approval of Minutes of Meetings:**

11/18/14, 11/25/14, 12/11/14, 12/16/14

##### **12.2. Financial Report: November and December 2014 Financials**

**ACTION: Motion made by Director Chamblin, seconded by Director Zipkin, to approve consent items as presented. Roll call vote taken. Approved unanimously.**

#### **13. ITEMS FOR BOARD DISCUSSION AND/OR ACTION**

##### **13.1. Discussion of Leadership Transition Plan**

Director Sessler provided a summary of the proposed leadership transition plan

The Board of Directors invited the public comment on a proposed leadership transition plan for the Tahoe Forest Hospital District. The Board proposal includes adopting the Districts' succession plan in which the current Chief Operating Officer (COO) assumes the role of Interim Chief Executive Officer (CEO) effective immediately. The proposal also includes that Mr. Schapper will make himself available for consultation to the leadership of the organization for the remainder of his contract term and that recruitment for a new hospital CEO would begin in July 2015.

Ryan Williams, owner of Northwest Mutual, shared disappointment in the lack of positivity Truckee is known for in public comments presented. Mr. Williams recognized Mr. Schapper for his work with the District and mentorship he provided on how to grow a successful business in this community.

John Falk addressed the board regarding the transition plan proposal and succession. No issue with moving the COO into an interim CEO role and having MR. Schapper as an advisor but he has issue with delaying the recruitment to July. The transition should be sooner rather than later. The Board should hold a public ½ day workshop as part of the recruitment process to serve the public interest. Four traits for future CEO but three minutes is wholly inadequate do the process as a workshop. Dr. Zipkin requested that Mr. Falk provide his list of traits he did not have time to present to the Clerk of the board

Randy Hill commented on it being a sad day. Bob Schapper brought visionary genius and management of the balance sheet. No one has brought as much to the health system as Mr. Schapper. The treatment of Mr. Schapper from a small vicious minority and unscrupulous previous President's terrible conduct is disgusting. A quiet majority extends its deepest apologies to Mr. Schapper for the treatment he received and wishes him and his wife Marsha the best.

Pam Hobday addressed the board asking that they take a moment to honor someone in the Truckee way. Ms. Hobday shared her history with Mr. Schapper and reviewed his accomplishments over the last 10 years. Ms. Hobday addressed Mr. Schapper and thanked him on behalf of Truckee.

Ronda Brooks addressed the board using clinical roles to illustrate her points; she sees the district as being in distress. Believes Mr. Schapper should be put on administrative leave with no pay and no severance. Interdisciplinary team put in place for the interim CEO. Legal counsel should be sought from outside the area. An independent audit of financials and operations should be conducted. Independent oversight of administration is needed to provide checks and balances. Employee participation in the recruitment process with weekly updates to employees and the community.

Roger Kahn of Tahoe City introduced himself as a former Board member and commented on the allegations leveled against Mr. Schapper. None have been proven. All should remember that people are innocent until proven guilty. The Board conducted a thorough investigation and findings were inconclusive. It is important when looking at Mr. Schapper's performance to look at a 12 year career. Mr. Kahn summarized a number of Mr. Schapper's accomplishments during his tenure with TFHD.

Carolyn Ford addressed the board related to the service delivery and critical access conversion. Ms. Ford has been working over 30 years on models for conversion in small community. People she has met during her travels knew of TFHD. TFHD leadership has been incredible and something this community should be proud of.

Greg Ledoux questioned why the Board would wait to begin recruitment stating that the longer the process is delayed the longer healing will take for the community.

Tom Hobday spoke to the board as a patient of TFH sharing his experiences. Mr. Hobday shared that there have been dramatic changes and improvements at the hospital over the years. Specifically referenced was the relationship with UC Davis and availability of treatment locally. The Board was encouraged not to lose site of quality.

Allison Elder spoke on behalf of a private citizen who has received healthcare at TFH and has an understanding that the hospital's financial data is very complex. It was noted that 12 years ago this individual worked for the largest insurance company and had limited availability of care in the community. Ms. Elder shared that she and her family have used the hospital a lot and has known employees to be proud to work for TFH.

Dr. Shawni Coll a private practice physician in Truckee expressed that the medical staff needs stability. There has been some much flux. Most important thing is a smooth transition plan. Bringing in an outside management company would be devastating. Ginny Razo has the support of the medical staff. A quick move to a new person without stabilizing issues would not be a wise choice.

Lynn Larson is sad that the community is so divided. Feels the transition plan is flawed. Nothing will change if an outside firm is not engaged. The plan to keep CEO as a consultant is unacceptable. Mr. Schapper should be place on a paid administrative leave until the end of his contract. Must have a clean sweep, including new legal counsel.

Jack Cashton stated he can think of two reasons to delay the CEO search. The new board needs time to decide the direction the hospital should go and it may take a few months to decide if you need both a CEO and COO.

Public comment closed with Director Sessler acknowledging that a number of written statements have been received by the Board.

***Meeting recessed for at 7:18 p.m.***

***Meeting reconvened at 7:21 p.m.***

Director Chamblin read a statement indicating his support of the proposed leadership transition plan. The Board needs to be aware that how the transition of the CEO is handled will impact the recruitment of a new CEO.

Director Zipkin restated that this is a time of transition. The employees of the district are terrified of a rapid transition plan. Ms. Razo has been groomed for and is willing to step in to the role.

Director Jellinek shared he was a member of the medical staff for 30 years. Whole heartedly supports Ms. Razo's transition to interim CEO indicating there is the potential for chaos and a high level of anxiety if the Board went in a different direction.

Director Mohun stated that transitioning the COO to the interim CEO position provides for continuity which will allow a level of comfort. Offering severance provides the cleanest transition. Reference to a recent Attorney General's opinion regarding whether to enter into a consulting agreement was made. Director Mohun recommends asking outside counsel for an opinion on this matter.

Director Sessler shared that the decision is not about the individuals, but about the community and the healthcare system; what will help improve the care for the community. The District has experienced governance challenges over the last several months and after looking at the criteria, she is strongly in favor of exercising the succession plan. It is in the best interest of the District to take time to step back and let things settle.

General Counsel addressed Director Mohun's comments related to the AG opinion. There has not been a discussion related to the extension or renewal of the CEO's contract and the District would not be in conflict with the AG opinion.

**ACTION:** Motion made by Director Jellinek, seconded by Director Zipkin, that Virginia Razo, the current COO, is appointed to the position of interim CEO pursuant to the succession plan until such time a permanent CEO is identified.

**Amended motion made by Director Jellinek, seconded by Director Zipkin, that Virginia Razo, the current COO, is appointed to the position of interim CEO pursuant to the succession plan, and that the terms of the agreement are acceptable to the Board and Ms. Razo, until such time a permanent CEO is identified.**

**Roll call vote taken. Approved unanimously.**

Discussion took place regarding the timing of the recruitment process. The search will not be started immediately and the Board will revisit the topic in a few months.

***Open session recessed at 7:55 p.m.***

**14. CLOSED SESSION:**

Discussion held on privileged matters.

**15. OPEN SESSION**

***Open session reconvened at 9:57 p.m.***

**16. ITEMS FOR BOARD DISCUSSION AND/OR ACTION**

**16.1. Leadership Transition Plan**

**16.1.1. Consideration of authorization to enter into separation agreement with current CEO**

Item removed from the agenda

**16.1.2. Consideration of appointing interim CEO and authorizing entering into employment agreement with interim CEO**

**ACTION: Motion made by Director Chamblin, seconded by Director Jellinek, to extend the Board meeting beyond 10 pm. Roll call vote taken. Approved unanimously.**

Director Sessler reviewed the terms of the interim CEO agreement. No public comment.

**ACTION: Motion made by Director Chamblin, seconded by Director Zipkin, to authorize the Board Chair to enter into an agreement with the interim CEO. Roll call vote. Approved unanimously.**

**16.2. Consideration of New Agreements**

**16.2.1. Consider authorizing staff to evaluate and negotiate a co-management agreement with North Tahoe Orthopedic Group.**

Interim CEO provided background relate to this proposed agreement. Management is seeking authorization to evaluate and negotiate a new Agreement with North Tahoe Orthopedic Group that will improve quality, service and operational efficiencies. Management is seeking to optimize quality, service and efficiency of Tahoe Forest Hospital District's Orthopedic Service Line and leveraging physician leadership through a Co-Management Agreement with North Tahoe Orthopedic Group.

Negotiations are expected to require between 30 – 45 days. Dr. Dodd shared that the physicians are in agreement and interested in moving forward. Discussion took place related to what the Hospital and NTRG bring to the agreement.

Recommendation made to conduct a board education session related to these types of agreements.

**ACTION: Motion made by Director Mohun, seconded by Director Zipkin, to authorize the management to enter into contract negotiations with the North Tahoe Orthopedics for a Co-Management Agreement, to authorize management to appoint John Hawkins as the negotiator on behalf of TFHD, and approves to have ECG value negotiated terms of the agreement to ensure services provided by North Tahoe Orthopedic are within Fair Market Value. Roll call vote taken. Approved Unanimously**

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**16.2.2. Consider authorizing staff to evaluate and negotiate a new agreement with North Tahoe Radiology Group.**

Interim CEO provided background related to the request for authorization to evaluate and negotiate a new Agreement with North Tahoe Radiology Group (NTRG) that will allow economic stability for radiology medical services and create a foundation that would allow for future bundled payments, should bundling services and billing be beneficial for the District, patients and physicians.

Discussion took place related to whether an ECG assessment is needed.

Discussion took place related to completing the business model prior to entering into negotiations. Dr. Mohr provided a review of the business model which has always been aligned with the hospital.

**ACTION: Motion made by Director Chamblin, seconded by Director Zipkin, to authorize management to engage ECG to be the negotiating party for TFHD for any new agreement proposal that would be brought back to the Board of Directors in February.**

**16.3. Annual Quality Plan**

Director of Quality and Regulations provided an overview of the Quality Assurance/Performance Improvement (QA/PI) plan is to provide a framework for promoting and sustaining performance improvement at Tahoe Forest Health System, in order to improve the quality of care and enhance organizational performance. The Quality Assurance/Performance Improvement (QA/PI) plan is to be reviewed, updated, and approved annually by the Medical Staff Quality Committee, the Medical Executive Committee, and the Board of Directors.

Discussion took place related to quality reporting and the affordable care act. As a critical care hospital quality reporting t will not immediately effect our reimbursements.

**ACTION: Motion made by Director Zipkin, seconded by Director Jellinek, to approve the 2015 Quality Assurance/Performance Improvement Plan as presented. Roll call vote taken. Approved unanimously.**

**16.4. 2015 Board Goals**

Item deferred to the next Board meeting.

**17. PRESENTATIONS/STAFF REPORTS**

**17.1. Facilities Development Plan Quarterly Update [10 minutes]**

Topic deferred to February 24, 2015 Regular Board Meeting.

**17.2. Citizen's Oversight Committee Annual Report**

Topic deferred to February 24, 2015 Regular Board Meeting.



**18. BOARD COMMITTEE REPORTS/RECOMMENDATIONS**

- 18.1. Community Benefit Committee – No Meeting
- 18.2. Finance Committee Meeting – scheduled as 01/26/15 Special Board Meeting
- 18.3. Governance Committee Meeting – No Meeting
- 18.4. Personnel/Retirement Committee Meeting – No Meeting
- 18.5. Quality Committee – No Meeting

**19. CHIEF OFFICER’S REPORT**

**19.1. Chief Executive Officer’s Report**

Now former CEO, Bob Schapper, expressed his sincere gratitude to all of the TFHD staff. Medical staff recognized for their support of the organization strategic initiatives. Mr. Schapper has great fondness for management team. Thanked volunteers and philanthropists.

**19.2. Chief Operating Officer’s Report**

**19.3. Chief Nursing Officer’s Report**

**19.4. Incline Village Community Hospital Administrator’s Report**

**19.5. Chief Information Officer’s Report**

**20. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS**

**21. ITEMS FOR NEXT MEETING**

- Deferred items
- Community health needs assessment update
- Additional finance education session related to profit/loss and statement of cash flows.
- Special board meeting related to the GO Bond.

**22. BOARD MEMBERS REPORTS/CLOSING REMARKS**

Director Jellinek acknowledged that the last several weeks have been challenging. It is time to move forward with the foundation provided by Mr. Schapper.

Director Sessler reiterated Director Jellinek’s comments. Mr. Schapper was thanked for his many years of service to this organization and his approach to quality, the physical plant, innovation, and development; the positive changes leave a lasting legacy in the community.

**23. CLOSED SESSION CONTINUED, IF NECESSARY**

**24. OPEN SESSION**

**25. REPORT OF ACTIONS TAKEN IN CLOSED SESSION**

**ACTION:** By unanimous vote of the Board of Directors a motion to terminate the CEO’s contract without cause as of midnight, January 27, 2015 was approved.

**26. MEETING EFFECTIVENESS ASSESSMENT**

The Board will identify and discuss any occurrences during the meeting that impacted the effectiveness and value of the meeting.

**27. ADJOURN**

***Meeting adjourned at 10:54***