



SPECIAL MEETING OF THE BOARD OF DIRECTORS

Minutes

Thursday, April 2, 2015 at 2 p.m.

Eskridge Conference Room,
Tahoe Forest Hospital, 10121 Pine Avenue, Truckee, CA

1. CALL TO ORDER

Called to order at 2:00 p.m.

2. ROLL CALL

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

Staff: 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 indicated that Item 6.3 may need to be deferred to a future meeting due to timing.

4. INPUT – AUDIENCE

Director Sessler addressed the audience related to decorum and respect for the hospital environment.

5. INPUT FROM EMPLOYEE ASSOCIATIONS

None.

6. ITEMS FOR BOARD DISCUSSION AND POSSIBLE ACTION

6.1. Resignation Of Interim CEO And Consideration Of Transition Plan

Director of Human Resources provided background leading up to today's presentation. The Board will review and consider various options available to facilitate the transition of the interim CEO.

Board members are asked to forward applications and/or resumes received to Director of Human Resources for follow up.

Three recruitment firms were invited to make presentations to the Board regarding services offered related to recruitment and/or interim placement of a CEO.

Presenting on behalf of their respective firms:

- Brian Christianson, Kathy Noland, Patty Cockerel – BE Smith (presented via video)
- Tom Gearhart, Bill Donatelli – Quorum (Bill Donatelli joined via teleconference)
- Don Whiteside – HFS Consultants

BE SMITH:

Board Members introduced themselves and providing areas of specific interest they would like to have addressed in the presentation.

Representatives from BE Smith introduced themselves and provided their background an area of expertise.

Discussion took place related to anticipated cost of recruitment and related to an interim, employment model. It was estimated the cost for an interim placement would be approximately \$11,500 – \$13,500 per week with a 12 week minimum engagement. A review of additional expenses related to travel, local lodging, etc. was provided. The fee for permanent recruitment is based on a percentage of the salary 33% payment term split into 3 installments. BE Smith offers a discount for doing both searches in tandem.

QUORUM:

Bill Donatelli joined via teleconference. Tom Gearhart distributed a “Placemat” document outlining who Quorum is and what they do. It was noted that Quorum could have an interim in place by next Tuesday. A review of the criteria for CEOs employed by Quorum was provided. Quorum does not conduct long term recruitments directly rather works with other recruiting firms to identify long term placements. A review of anticipated salary for an interim placement was provided and can involve a wide range based on size and complexity of the hospital. Though no specific dollar amounts were provided, the range was noted to be within a similar range to that referenced by BE Smith.

HFS CONSULTANTS:

Don Whiteside provided background related to his previous executive recruitment for TFHD. Mr. Whiteside shared that he has worked with nearly every rural critical access hospital in California and has placed 13 CEOs in California in the last few years. It was indicated that should the District be interested in a deeper assessment of the organization, a separate practice line is available through HFS. The fee scheduled with HFS is similar to that provided by BE Smith and is consistent with the industry standard. The fee for a permanent placement is 30% of first year comp. Mr. Whiteside recommends consideration of a flat fee option noting this would remove any perception that the recruiter may try to inflate compensation to increase the placement fee.

A permanent placement search is a 6 month process.

Public comment:

Dr. Brad Thomas, Anesthesiologist stated he was representing medical staff in the place of Dr. Shawni Coll who could not make the meeting. Dr. Thomas expressed frustration with there not being sufficient notice of the meeting for medical staff to be present. The Board is encouraged to take into consideration feedback from all levels of staff; entry level to medical staff and leadership.

Chris Arth, Pediatrician, expressed that he has not seen a dynamic with the District such as that being seen in the last six months during his history with the hospital. Dr. Arth urges the Board to be as transparent and open as possible and to use medical staff knowledge to assist with making a selection.

Dr. Julie Conyers spoke to quality of care and stability of the organization having drawn her to practice at TFHD. Dr. Conyers encourages the Board to be thoughtful and not to “burn the village” in the process of making their decision. She further indicated the importance of the new CEO being familiar with California critical access hospitals.

Dr. Larry Heifetz shared that three weeks ago, the Cancer Center received recognition as a lung cancer center of excellence - one of only 25 hospitals recognized, and one of only seven small hospitals. Dr. Heifetz expressed that the success and recognition is a direct result of the staff. Dr. Heifetz encourages the Board to allow the organization a cooling down period to help create stability and not pursue a *turn around* interim CEO placement or assessment; select someone who can help continue the healing environment.

Larry Danto, retired surgeon, stated that he has been involved with the community since 1978 and believes there is a superb practice environment in this community that goes on regardless of leadership. He believes there is no rush to find a CEO as there is plenty of talent on staff now; there is no need to hire a recruitment firm to fill an interim position.

Randy Hill shared that he spent 30 years working in executive recruitment and recommends the Board step back and think about where to go from here. The Board must agree on what is needed for a short to medium term and speak as one (or as close as possible) voice. Mr. Hill cautioned that candidates will look at this when considering the position and that there are thousands of people looking to the Board with confidence and trust.

Russ Anderson expressed his concerns as to why Ginny Razo is leaving the interim CEO position and encouraged the Board to delve into what caused her to leave. Mr. Anderson encouraged the Board has looked at internal options before retaining a search firm.

Carl Blumberg shared observations that the Board has two different tasks; to identify interim leadership to provide stability and confidence, and to conduct a permanent search for someone who is a great fit for the organization. Mr. Blumberg recommended that the Board look internally for an interim CEO as an internal placement would save the District a significant amount of money

Director Sessler indicated that the Board would return to Open Session following the Closed Session.

Meeting adjourned to Closed Session at 4:16 p.m.

6.2. Engagement of Legal Counsel for Board Representation

Director Mohun shared that one of the best education sessions he has had with the District was provided at the board retreat by Mr. Colantuono and he recommends having Mr. Colantuono return to provide direction to the Board on some open and closed session topics.

Director Mohun indicated that he and Director Jellinek discussed this topic offline. The recommendation is to engage legal counsel to represent the Board separate from the District.

Director Sessler shared that just as the District revisits auditors for financials, an RFP for District General Counsel may be beneficial.

Discussion took place related to any potential of receiving conflicting advice from counsel for the District and that of the Board. It was noted that the District Counsel is counsel to the Board and more information would be required before consideration of engaging separate counsel for the Board is made.

General Counsel shared that he is not aware of a circumstance in which the governing body board has had a conflict or separate legal counsel than the District.

Director Mohun indicated that he has spoken with Mr. Colantuono about this and he has indicated separate counsel for the Board is common

Director Sessler indicated that it would make more sense and be more cost effective to consider engaging counsel if/when there is an incident that warrants it rather than to engage without purpose.

This topic may be agendaized in the future as a closed session discussion specific to the Board's legal representation.

6.3. Discussion and Potential Approval of Board Goals

Topic deferred to a future meeting.

Meeting adjourned to Closed Session at 4:16 p.m.

7. CLOSED SESSION:

Discussion held on privileged matters.

OPEN SESSION (continued):

Open Session reconvened at 4:53 p.m.

Director of Human Resources was asked to provide feedback related to the public recommendations to look internally for an interim CEO. The administrative team looks at succession planning each year during which leadership is identified for development. There were no internal candidates identified during this process, but internal candidates could be encouraged to express interest to Human Resources and/or Board consideration.

Director Zipkin indicated he would like to investigate looking internally.

Director Mohun is in agreement to look at all options and recommends looking internally without delaying looking at external options.

It was noted that reviewing of internal candidates could occur at the same time as engaging with a recruiter but it would need to be negotiated.

Suggestion made to solicit input from the staff and to let the organization run itself. The Board was reminded that regulations require that the hospital has a designated CEO.

Director Jellinek suggested having the Director of Human Resources put together a format and application process for internal candidates.

Director Sessler suggested that having an outside interim can be beneficial to an organization as the Board is hearing conflicting feedback related to how the District is being run.

Discussion took place regarding the benefits of looking at an internal versus external candidate.

Suggestion made to identify the search firm that will be used but give the District a week or two to investigate an internal candidate.

Director of Human Resources indicated that she would look at the qualification of any internal candidate interested in the position to confirm they meet the minimal qualification requirements before forwarding them to the Board for consideration.

It was clarified that “internal” would refer to present employees but not contractors or consultants.

ACTION: Motion made by Director Jellinek, seconded by Director Chamblin, to charge the Director of Human Resources with initiating a search for internal candidates for the position of Interim CEO for a period of one week and present her review at a special meeting of the Board for consideration immediately following that one week period. Roll call vote taken. Approved unanimously.

Director Chamblin suggested removing the Quorum firm from consideration as they do not fit the Districts current needs. Directors Zipkin, Jellinek and Mohun agree.

Director Jellinek expressed concerns with BE Smith. Discussion took place related to using a local versus national firm.

It was agreed that HFS Consulting seemed the best cultural fit for the organization and community.

Recommendation made to have HFS Consultants and BE Smith each provide more specifics on their cost structure for consideration at the next meeting.

8. AGENDA INPUT FOR UPCOMING COMMITTEE MEETINGS

Compliance quarterly report
Contracts

9. ITEMS FOR NEXT MEETING

Warm water pool

Legal Counsel RFP (future meeting)

Open session recessed at 5:53 p.m.

Open session reconvened at 6:16 p.m.

10. BOARD MEMBERS REPORTS/CLOSING REMARKS

None.

11. REPORT OF ACTIONS TAKEN IN CLOSED SESSION

None.

12. MEETING EFFECTIVENESS ASSESSMENT

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

13. ADJOURN

Meeting adjourned at 6:16 p.m.