

MENDOCINO COAST HEALTH CARE DISTRICT
775 RIVER DRIVE, FORT BRAGG 95437

MEMORANDUM

TO: MCHCD Board of Directors

FROM: Paul Garza, Jr., Chair

DATE: May 23, 2024

SUBJECT: Monthly Report

BOARD APPOINTMENT

I am pleased to welcome Ms. Jan McGourty to District's Board of Directors. Ms. McGourty has been a long-term community leader on and advocate for mental health. She served as Chairperson for the County's Behavioral Health Advisory Board for three years and possesses a Master's Degree in Public Administration from the University of San Francisco, among many other qualifications. I am confident she will provide excellent advice and direction to our District.

FINANCES

After considerable effort over the last four months, I am pleased to report that our District's finances are now under control. The following reflects this:

1. The number of bank accounts held by our District have been reduced from 25 to 2.
2. Banking fees have been reduced from \$7,000 per quarter to \$0.
3. District reserves are now earning either 4.2% pr annum in the Local Agency Investment Fund, (LAIF) or 5.4% per annum in 4-week Treasury Bills. Please note the majority of District reserves are in Treasury Bills. Our CFO's Finance Report will indicate exact numbers. Our taxpayers can expect a much better return on their tax payments.
4. All taxpayer funds are now in accounts and/or investments that are fully guaranteed, as required by California Law.
5. There are now a minimum of 'two-eyes' on every District financial transaction, a universally recognized best practice.

The investment and banking policies followed earlier created a number of serious problems:

- Labyrinth-like administrative difficulties managing and accounting for funds;
- Complicated and therefore unnecessarily expensive processes for financial audits, and
- An ideal environment for fraud and embezzlement.

Some additional good news:

- Last week our District recovered the \$1,000,000 erroneously deposited in the IGT last year. Those funds have been deposited in District accounts.
- We have also recovered a check of slightly over \$202K from the closure of Bank of America accounts that was missing for over 100 days. Those funds were deposited last week in District accounts.

The above improvements in our finances indicate dedicated and exceptional work by our District staff.

On the negative side, our District may have a liability for up to \$1.5 Million for federal COVID relief funds that were received on behalf of our hospital in 2020. It appears that inaccurate reports were filled by the previous Board. Our CFO, Mr. Wayne Allen, is working to resolve this concern and will provide more information in his report.

LEGISLATION

California Senate Bill 1432 authored by Sen. Caballero as proposed would extend the date for seismic compliance to January 1, 2023 for all hospitals and, under certain conditions, offer some financial relief for rural and other financially stressed hospitals. This bill passed out of the Senate Appropriation Committee last Thursday and, I understand, is now headed to the full Senate for consideration. Assuming it is passed in the Senate, it will need go to the Assembly for consideration. There is some indication that the Assembly may amend the bill to include relevant portions of AB 869 that was previously introduced by our Assembly Member Jim Wood. It is important that we continue to monitor the progress of this legislation because if passed, it will have substantial impact upon our hospital.

This recent legislative activity, in my view, strongly indicates our need to become more actively involved in both monitoring legislation and providing regular education and input to the California Legislature on matters that affect us. This should include, in my view, evaluating our District's current association memberships and other affiliations to assure we are appropriately informed and represented. Perhaps should also direct staff to report regularly on important legislation affecting our District. Lastly, I believe we should maintain regular legislative updates on our website to enable better information to our community.

COMMUNITY FORUM

A Community Health Forum is scheduled on May 30 from 6 PM to 7:30 PM at the Town Hall in Fort Bragg. This event will feature a detailed analysis of data on the health status of our community from a report composed by the California Center for Rural Policy (CCRP), Cal-Poly Humboldt. I am pleased that we are partnering with the Mendocino Coast Health Care Foundation to present this event and, the Latino Coalition has joined us a sponsor, as well.

Following the presentation of the data by CCRP, key community health leaders will share their perspective on the data in a panel discussion. Then, the public will be invited to submit their questions to the panel. The event will also be available for viewing online and will be recorded and posted on our District website. I encourage all community members to view this important discussion which, I hope, will be the first of many about improving the health of our residents.