

CALL TO ORDER The meeting was called to order at 5:30 pm by Jean Turner, Chair.

PRESENT Jean Turner, Chair
Robert Sharp, Vice Chair
Jody Veenker, Secretary
Mary Mae Kilpatrick, Treasurer
Kevin S. Flanigan MD, MBA, Chief Executive Officer
Kelli Davis, MBA, Chief Operating Officer
John Tremble, Chief Financial Officer

ABSENT Tracy Aspel RN, BSN, Chief Nursing Officer
Will Timbers, MD, Chief of Staff

PUBLIC COMMENT Ms. Turner announced at this time persons in the audience may speak only on items listed on the Notice for this meeting, and speakers will be limited to a maximum of three minutes each. No comments were heard.

PIONEER MEDICAL ASSOCIATES (PMA) PARTNERSHIP PURCHASE AND RENT NEGOTIATION Northern Inyo Healthcare District (NIHD) Chief Executive Officer Kevin S. Flanigan, MD, MBA opened discussion on the District's possible purchase of the Pioneer Medical Associates (PMA) partnership interest owned by Asao Kamei MD and Nickoline Hathaway MD, and the subject of the terms of NIHD's office space lease with the partnership.

Discussion on these topics included the following:

- Doctor Flanigan provided an overview of the progression and timeline regarding the District's potential purchase of the Hathaway and Kamei partnership interest.
- Doctor Flanigan stated that the District's position is that NIHD must pay fair market value if it is to purchase the partnership interest, in order to comply with federal Stark Laws.
- Statement of the District's position that office space rent payments in the PMA building must also be within fair market value in order to be in compliance with Stark Laws (the District has withheld 3 months of rent payments pending the resolution of this issue). During discussion it was noted that commercial rental rates in Bishop have decreased as a result of current market conditions.
- Dr. Kamei provided an overview of the history of the PMA Partnership and building, as well as a review of how negotiations got to where they are today. He additionally stated that he and Doctor Hathaway are still interested in selling their partnership interest if an agreement can be reached with the District.

At the conclusion of discussion Ms. Turner noted that it appears the two sides have a difference of legal opinion which needs to be addressed. She mentioned that if necessary, arbitration might be considered in order to

resolve those issues. Both sides are interested in engaging in a process that is fair to both sides and complies with Federal regulations.

It was determined that the District will script an email on its legal position and forward it to Doctor Hathaway, who will consult with her attorney further on both topics. Doctor Hathaway will inform the District when she and Doctor Kamei are prepared to discuss both matters further.

The consensus of the District Board was that the District should pay the PMA partnership the back rent which has been withheld for the last three months. It was moved by Mary Mae Kilpatrick, seconded by Jody Veenker, and unanimously passed to approve the District bringing its PMA rent payments up-to-date. Additionally, Doctor Flanigan will work on updating the existing office lease agreement between NIHD and the PMA Partnership to meet the desired specifications of both sides.

Public comment on the agenda item was also heard from Ms. Leslie Manzonie.

Jean Turner, President

Attest:

Jody Veenker, Secretary