Case 11-09C

Oak Valley Hospital

A Division of Oak Valley Hospital District

AN AFFILIATE OF CATHOLIC HEALTHCARE WEST

June 27, 2011

The Honorable Ricardo Cordova
Presiding Judge
Superior Court of Stanislaus County
P.O. Box 3488
Modesto, CA 95353

In accordance with California Penal Code 933© I am submitting Oak Valley Hospital District's response to the Stanislaus County Civil Grand Jury report of May 5, 2011.

The Oak Valley Hospital District Governing Body and District Board met on June 22, 2011 and unanimously approved the response.

Sincerely,

Wendell Chun, Ed.D,
President, Oak Valley Hospital District
Board of Directors

June 27, 2011
Response to the Grand Jury
Oak Valley Hospital District Board

The Oak Valley Hospital District Board met June 22, 2011 to discuss the findings of the Grand Jury Investigative Report released May 5, 2011. The Board voted unanimously to file the following response to the findings and recommendations of the Stanislaus County Grand Jury, dated May 5, 2011..

Response to Findings

F1 findings related to meeting agenda inadequacies, the conduct of meetings, making decisions on items not on the agenda and release of public information as required by law. The Board concurs with the findings in part. Several areas of Brown Act compliance have been targeted for improvement over the past several months as it pertains to compliance with the Brown Act.

In July 2010, the District began including board agendas and minutes on its website. In August 2010, the District changed the language on its meeting agendas to include the opportunity for public comment on any issues of concern, not just agenda items. In November 2010, the District undertook the process of providing additional detail in its posted agenda.

As the Grand Jury reported, by January 2011, the District is in full compliance.

With regard to the findings that an unnamed District Board member disclosed confidential information to an unnamed physician, we do not have sufficient information to respond and cannot verify or deny that this violation occurred.

With regard to the finding that District Board members participated in serial meetings via email messages, we have no information to either agree or disagree with the finding.

F2 findings determined that the hospital did not adhere to its own policies in awarding a bid for a remodeling project. The Board was aware of the fact that the initial bid award had to be withdrawn when the project reached a scope that required stricter criteria to meet OSHPD requirements. Both the Building Committee and the Board were apprised and agreed with management's decision to re-issue the bid.

F3 finding that OVHD legal counsel does not attend every board meeting is correct. Legal counsel is sought when litigation is discussed or when legal opinions are sought. We agree that counsel attendance is not required. We respectfully question the conclusion that his presence might have prevented the

inadequate response to Brown Act compliance although we understand and respect the Grand Jury's observations.

F4 finding that the January 2011 agenda appears to be in compliance with the Brown Act is one with which we concur.

F5 finding that there was inadequate notice made to the public concerning the change from the 'original' to the 'revised' construction project suggests there is a criteria or measurement to gauge "adequate" public communication. We are unclear on what those evaluators might be. However, when Measure Q failed, the Board knew that it could not complete the hospital as planned because it was short about $22 million. The Board and management began reviewing options with OSPHD in Sacramento. Once an alternative plan was developed, we called a public meeting of the Board to detail the proposed plan. A larger than usual audience attended the meeting as did reporters from the Modesto Bee and the Oakdale Leader. At that meeting the Board deliberated and approved the 'revised' plan. There was an opportunity for public comment at that time. The results of the meeting were reported in detail in both the Bee and the Leader. The plan was presented to the Citizens Oversight Committee and was endorsed. In addition, the hospital sent a letter to 7500 households in the District explaining the decision and the rationale behind it. The Board believes that these efforts to communicate with the public were adequate.

F6,7,8,9,10 and 11 all state the Grand Jury found no evidence to support allegations of misappropriation, misconduct, contract bid manipulation, financial discrepancies, and conflict of interest on the part of the District Board, the CEO and the CFO. We concur with these findings.

Response to Recommendations

R1 As indicated in our response to the findings, recommendations regarding agenda language, timely response and meeting formatting have been addressed and corrected as of January 2011.

We have thoughtfully considered the recommendation that outside legal counsel attend all meetings in person or via conference call. We recognize his presence could prove helpful, but we have concluded that such benefit would not outweigh the expense of such extensive participation. Like most organizations, we continue to experience necessary budget cuts to insure continued provision of vital services to our patients. The recommendation would result in a significant budget outlay. We believe that it is incumbent upon the Board and management to assume full responsibility for insuring continued compliance with the Brown Act and we are committed to doing so.

We have discussed the recommendation that board members refrain from discussing board related subjects in any manner that could constitute a

perception of a serial meeting. We are individually and collectively committed to fully adopting that recommendation and will monitor ourselves regularly to insure full compliance.

R2 recommends that OVHD consistently adhere to the District's own established bid proposal guidelines to prevent public perception of favoritism or conflict of interest. Adequate policies are in place as acknowledged by the Grand Jury. We believe the instance of underestimating a remodeling project was an isolated incident. However, members of the Building Committee and management will make every effort to more accurately scope any future projects that might require OSHPD bid criteria. We will remain cognizant of the need to comply with our own policies.

R3 recommends OVHD improve the dissemination of public information, citing the specific instance in which 8000 letters were mailed to District households regarding the "revised" hospital construction project. The Grand Jury concluded that information did not appear adequate for a service area of 75,000 residents. As indicated in our response to the initial finding, public information efforts in this cited case were extensive. Certainly we could have broadened the reach by conducting an expensive media campaign on this one decision, but we do not believe that was warranted under the circumstances. That said, we concur with the Grand Jury that we can always improve our dissemination of public information and will remain diligent in our continuing plans to do so.

The Oak Valley Hospital District Board appreciates the efforts of the Grand Jury in the conduct of this investigation. We believe that our responses are an affirmation of the value of your efforts. We are committed to insuring the public's right to know how we conduct business of the District.