

**HOSPITAL DISTRICT NUMBER ONE OF MOHAVE COUNTY  
SPECIAL SESSION BOARD MEETING – APRIL 24, 2024**

The Hospital District Number One of Mohave County met in Special Session this 24<sup>th</sup> day of April 2024 at 4:01 p.m. at Kingman Regional Medical Center, 3269 Stockton Hill Road, Kingman, Arizona 86409 in the H.I. Johnson Board Room. In attendance were Penny Holden, Chair, Board Member Dave French, Board Member Libby Mathiesen, Board Member Carol Newmyer. Board Member Dan Valentine was absent.

The following KRMCM Executive Team Members in attendance were Heath Evans, Chief Executive Officer, Barry Moore, Controller, Joshua Hoffman, Chief Financial Officer, Kevin Keener, Director of Finance and Krystal Burge, KHI Board Chair.

- I. **CALL TO ORDER** – Chairperson Holden stated: Okay, it's 4:00 and we're going to go ahead and call the meeting to order.
- II. **ROLL CALL OF THE HOSPITAL DISTRICT BOARD MEMBERS:** Chairperson Holden stated: Let's do roll call for the board. Mr. French – here; Mrs. Mathiesen – here; Mrs. Penny Holden – here; Dr. Carol Newmyer – yeah; Mr. Dan Valentine – per Board Member Newmyer he's in Washington, DC.

Chair Holden stated: Okay, then I want to introduce the other members that are not part of the board. If you can introduce yourself and let us know who you are.

Barry Moore, KRMCM Controller  
Josh Hoffman, KRMCM Chief Finance Officer  
Kevin Keener, KRMCM Director of Finance

III. **FINANCIAL MATTERS AND REPORTS**

- A. **Discussion and Possible Action regarding purchase of Board Insurance for all Board Members and the Recording Secretary.**

Chair Holden stated: This topic has come up several times since I became chairman and I've been working with Cheryl Porter in order to get prices for board insurance for everybody and so, we, she sent it out to a broker and we have a company called Atlantic Specialty Insurance Company; the cost of this insurance is \$21,000 a year and it covers us from May 1, 2024 to May 1, 2025. Is there a motion on the floor to approve the purchase of board insurance from Atlantic Specialty Insurance.

Board Member French stated: I think that's ridiculous. We're going to do it but I think it's ridiculous.

Chair Holden stated: we need a 1<sup>st</sup> and second before discussion.

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Board Member French stated: It's a ridiculous amount; Don't think they know what they're insuring.

Board Member Newmyer stated: Is this insurance that we've never had before?

Chair Holden stated: Yes.

Board Member Newmyer stated: And what's the reason. Yeah, I'm surprised. I mean, they talk about, know, that we're indemnified in the bylaws and understand I don't really understand, what is the insurance needed for.

Chair Holden stated: You're indemnified through the hospital's insurance if the hospital is sued and the Hospital District Board is named in the suit then the board is covered. If the District Board is sued without the hospital then we are not covered under their indemnification. So, this insurance covers us for lawsuits. If you don't have this insurance, your personal assets are on the line.

Board Member Newmyer stated: Okay, so why haven't they had it? Why was there a gap in?

Board Member French stated: No, I just remember, I don't know 1,000 years ago that we had it and it's the same stuff for the hospital.

Board Member Newmyer stated: Right. And I assume that the broker that this is the best deal that they have because it sound like a lot of money for what is an unlikely event.

Chair Holden stated: You have to ask yourself; you want to be on the board and your personal assets are on the line. Or do you want to have insurance just like you have for your home insurance and your car insurance; you want to self-insure.

Board Member Newmyer stated: I was just curious as to why, you know, cause it seems like something that would have been ongoing and not allowed to lapse.

Board Member Mathiesen stated: Since I have been on the Board, which we have had different people in charge it was never brought up. Never. I've never heard it brought up before this.

Board Member Newmyer stated: Or, never worried about this. Is this the specific item that you told me in the email that was going to be on the agenda?

Chair Holden stated: I said financial.

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Board Member Newmyer stated: No, you told me there was specific topic.

Chair Holden stated: Yeah, this is, it's all to do with finances. The revision of the budget needed to be done because that has to be turned into the county. Okay, do I have a first and a second?

**MOTION MADE BY BOARD MEMBER FRENCH AND SECONDED BY  
BOARD MEMBER MATHIESEN TO APPROVE THE PURCHASE OF  
BOARD INSURANCE FOR ALL BOARD MEMBERS AND THE  
RECORDING SECRETARY. MOTION CARRIED 4-0**

**B. Discussion and Possible Action regarding Approval of the Hospital District's  
Revised Proposed Budget for Fiscal year ending June 30, 2025.**

Chair Holden stated: Okay the second topic of discussion and possible action is regarding approval of the Hospital District's proposed revised budget for fiscal year ending June 30, 2025.

Mr. Moore stated: Since the last meeting, there were revisions since then and one was just talked about – adding board insurance up to \$21,000.00 and the next item will be auditing fees, which will change. So, do you want to talk about audit fees before the budget or no or just approve the budget?

Chair Holden stated: No, we're going to approve the revisions that were already done then we'll approve the changes after the audit. Is there a motion on the floor for the revised version to include the \$21,000 for board insurance?

Board Member French stated: You can approve both together.

Chair Holden stated: Yeah, but this one he already changed and put \$21,000.00. The audit company has not been put in there. We have to do the changes a second time. Is there a motion on the floor for the revised version to include the \$21,000.00 for board insurance?

Board Member Newmyer stated: Has he given the presentation?

Chair Holden stated: Pardon me?

Board Member Newmyer stated: I didn't really understand.

Mr. Hoffman stated: This is only for the Board Insurance of \$21,000.00, which was added.

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Mr. Moore stated: The only thing I haven't talked about; you guys all have this in your packet. The totals. Total expenses estimated will be 1.2 million and the Excess Revenues Over Expenses are estimated at almost 1.3 million for the fiscal year. And so, that pretty much summarizes it.

Board Member Newmyer stated: But what were you asking us to approve; is this what was thought to be only or budgeted originally for only \$5,000.00 is now going up to \$21,000.00 and that's all because of this insurance. We're talking about that we approved again.

Mr. Moore stated: Yeah, that was the quote.

Board Member Newmyer stated: And that's why it's under other professional services?

Mr. Moore stated: That is correct. And that's the change.

Board Member Newmyer stated: And this vote we're taking does not include the change from \$3,000.00 to \$9,000.00 something we're just approving other professional services increasing from \$5,000.00 to \$21,000.00?

Chair Holden stated: What's the \$3,000.00?

Board member Newmyer stated: That's the current year, the budget. We're already over budget apparently on legal services. Somebody's changed it to \$9,238.00.

Mr. Moore stated: So, the column on the far right is the budget we're talking about for fiscal year 2025. This is July 1, 2024 through June 30, 2025.

Mr. Hoffman stated: So, the only figure that changed was the \$21,000.00. So, the \$10,000.00 for legal fees was already approved the last time the budget was approved.

Mr. Moore stated: Correct.

Board Member Newmyer stated: So, the \$3,000.00 in the budget for 2024 is going to be over this June. Is that what that was for? I'm just confused. Three thousand listed under the budget for 2024 it says fees, legal fees of \$3,000.00 and then if you look at actual it's \$4,619.00 and then projected was basically the \$10,000.00. So, \$3,000.00 was what was originally budgeted for this coming year and not the year that ends now.

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Mr. Moore stated: Current year end in June and you are over budget for legal fees estimated.

Mr. Hoffman stated: So, for this current year it's over expenses for what was budgeted if that's what you're asking?

Board Member Newmyer stated: Yes.

Board Member French stated: We can't cover it because we're too late.

Chair Holden stated: Okay is there a motion on the floor to approve the revised budget for fiscal year ending June 30, 2025 with the \$21,000.00 change.

**MOTION MADE BY BOARD MEMBER MATHIESEN AND SECONDED BY BOARD MEMBER FRENCH TO APPROVE THE ADDITION OF BOARD INSURANCE AT A COST OF \$21,000.00. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING YES; BOARD MEMBER HOLDEN VOTING YES; BOARD MEMBER MATHIESEN VOTING YES; BOARD MEMBER NEWMYER VOTING YES. MOTION CARRIED 4-0.**

C. **Per federal regulations, a rotation of financial audit companies must occur every five years. Therefore, Discussion and Possible Action is needed as follows:**

- (1) **Approval of the Hospital District Board's utilization of the same financial audit company as KHI, dba KRMC. Such is more cost-effective and less counter-productive than using a different audit company to conduct the mandated §Title 48 annual audit. As has been previously discussed, the financial audits for both KHI, dba KRMC, and the Hospital District need to be performed by an audit company rather than by a general Certified Public Accountant due to specific complexities of the audit process.**

Chair Holden stated: In the packet there is a statement where I attended a meeting on 4/18/2024 with everyone and we actually had three companies come and do presentations. So, the District Board had a say, after the meeting we sat here and discussed the questions asked to each one of the auditing companies. Based upon the presentations that each one gave and their interaction and professionalism, Moss-Adams was the chosen company to go with because they're local, in Phoenix and Southern California. So, we have reduced travel expenses. They have healthcare expertise, they perform all audits for Yuma Hospital, which is set up exactly like this hospital so they know how to handle because I didn't

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quite understand it and I've talked to Barry today and got it straightened out. We have a lease agreement here so that puts a whole other spin on our audit. And also, we had references from the CFO from Yuma and I believe Miss Burge has dealt with Moss-Adams herself in business transactions. So, for that reason, I want to put a vote on the floor that we utilize the same audit company as KHI for the sole purpose of it being more cost-effective and less work for the financial department because they're here we're only paying a small portion because they're already here doing the hospital's audit.

Board Member French stated: Right. As far as I know, it's been that way ever since the beginning. It doesn't make any sense to do it apart because they charge you for motels and meals and stuff for two people and this way you get it done for a lot less expense and it's very common to have one auditor audit.

Board Member Newmyer stated: I wouldn't think that there would be a problem, I don't think. The same company.

Board Member Mathiesen stated: I don't either.

Chair Holden stated: Okay, is there a motion on the floor to approve utilizing the same financial audit company as KHI, which is Moss-Adams.

**MOTION MADE BY BOARD MEMBER FRENCH AND  
SECONDED BY BOARD MEMBER NEWMYER TO APPROVE  
UTILIZING THE SAME AUDIT FIRM AS KHI, DBA KRMC,  
WHICH WILL BE MOSS-ADAMS. ROLL CALL VOTE: BOARD  
MEMBER FRENCH VOTING YES; BOARD MEMBER HOLDEN  
VOTING YES; BOARD MEMBER MATHIESEN VOTING YES;  
BOARD MEMBER NEWMYER VOTING YES. MOTION  
CARRIED 4-0.**

**(2) Approval of an additional revision to the Hospital District's Budget  
for Fiscal Year ending June 30, 2025 for the financial audit cost.**

Chair Holden stated: Now we have to do a revision with changes to the budget because we only budgeted \$13,000.00 for the audit. Their proposal came in at \$19,500.00, but once they come in and see, you know, the details of our audit we're not expecting it to be quite that high. According to Mr. Moore they may come in a little bit lower. Is that true?

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Board Member French stated: They made their submission based on they might have to come here alone and do this one so that has to come into play and there might be a savings.

Chair Holden stated: So, we're going to budget it for \$19,500.00 cause this budget is only an estimate. So, less is better. So, is there a motion on the floor to approve the revised budget ending June 30, 2025 with changes?

Board Member Mathiesen stated: I make a motion to approve the changes for 2025.

Board Member Newmyer stated: And the changes are increase audit fees from \$13,000.00 to \$19,500.

Chair Holden stated: Yeah, is there a second?

Board Member Newmyer stated: I'll second.

Chair Holden stated: Any discussion? Let's take it to a vote. All in favor. Alright, thank you.

**MOTION MADE BY BOARD MEMBER MATHIESEN AND  
SECONDED BY BOARD MEMBER NEWMYER TO APPROVE  
REVISING BUDGET TO INCREASE AUDIT FEES FROM  
\$13,000.00 TO \$19,500.00 FOR FISCAL YEAR ENDING JUNE 30,  
2025. ROLL CALL VOTE: BOARD MEMBER FRENCH VOTING  
YES; BOARD MEMBER HOLDEN VOTING YES; BOARD  
MEMBER MATHIESEN VOTING YES; BOARD MEMBER  
NEWMYER VOTING YES. MOTION CARRIED 4-0.**

**IV. UNFINISHED FINANCIAL BUSINESS**

**A. Discussion Only: Clearing the balance owed to the Law Office of  
GustRosenfeld.**

Chair Holden stated: Now on to unfinished financial business of clearing the balance with the attorney's office. I just received additional bills from Mr. Williams. One of these bills that took care of the Attorney General's complaint we're paying and writing a check today. There's another bill for \$302.50 that was generated by Board Members Newmyer and Valentine. The Board is not going to pay for that because you were not authorized to call, you were not authorized to email.

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Board Member Newmyer stated: I don't think you should have to be authorized to call about irregularities that are going on.

Chair Holden stated: Read your bylaws. Your bylaws state.

Board Member Newmyer stated: The bylaws does not state that.

Chair Holden stated: Yes it does.

Board Member French stated: If you have a problem with your board you can't go to your attorney and ask him to discuss a claim against him and you.

Board Member Newmyer stated: It wasn't about that. It was just a discussion about that actually. It was just information given to him and he gave me no advice. And he did not say he was going to charge me. He also told me that he could not accept money from me personally because his contract is with the board.

Chair Holden stated: Well, I've been on the phone for two days with the accounting department. And they're actually going to bill you guys. One of you sent a fax. There was a fax sent to him on 3/11/2024 with the agenda about the March 12<sup>th</sup> meeting. It was a fax sent to him with it highlighted about changing attorneys and everything and he's going to get me the number that it was faxed from because it was billed under my name and I didn't send it.

Board Member Newmyer stated: No, I know, Dan Valentine sent it; I didn't send it.

Chair Holden stated: Okay, so with that said, you bill with. So, you didn't do the fax? So, your total bill is \$302.50 and Dan's bill is \$110.00

Board Member Newmyer stated: Now what about the information you've already given me and the bill to me was supposedly \$110.00.

Chair Holden stated: That was for a phone call that you made on January 26. Well, on here there was a telephone conference that he billed for 3/11. And I will give you it. Here's your bill and I've highlighted your section of the bill. And the emails that it generated and stuff because on February 19<sup>th</sup> I have it in writing that I put the legal account on hold. We were not to generate any more bills with the attorney until we could have our March 12<sup>th</sup> meeting. On February 21<sup>st</sup> he sent a letter out and he addressed each one of the board members. Everyone got a copy of it that he was confused on



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who the contact person was and wanted the board to provide him with the name of who the contact person was to be. We were going to deal with that on March the 12<sup>th</sup> but you and Dan continued to contact him prior to March 12<sup>th</sup> and you accumulated this bill when the account was on hold. So, because you did it, if you have a problem you need to bring it to the board and get authorization from the board. There's one person that is the contact person for any contracts and that's the chairperson: it's in your bylaws. It's in the attorney's contract that there's one person who's your authorized contact. In August, there was a vote and I was the only person. There was a vote and if you pull the minutes from August it was a vote that you guys voted that I was the contact person and you took it upon yourself to do it and the board's not going to pay it. I've told you that. I told you that after the January 26 conversation that it was discontinued, you're going to pay the bill. We're not going to pay it. So, you guys continued to do it and you continue to fax it. So, that's a bill that you're responsible for. And they will bill you. Okay. That's up to you and Mr. Joseph according to the supervisor.

Board Member Newmyer stated: I never received a bill.

Chair Holden stated: I believe they did send you a bill for \$110.00. Well, it's listed. It's in the packet. It was emailed to you on April the 5<sup>th</sup>.

Board Member Newmyer stated: That's not my address. They send the bill to my address where I live.

Chair Holden stated: Then you need to furnish your address but I know it was emailed to you by Josh in the billing department on April 5<sup>th</sup>. But that's the bill between you and the attorney because the board's just not going to pay these bills. You guys can't just willingly pick up the phone and call and stuff. That's not how it's done. And you need to read your bylaws and you need to read Open Meeting Laws.

**B. Discussion only: The complaint filed with the Attorney General's Office by Mr. Bill Franzen and the outcome of the complaint.**

Chair Holden stated: So, the next item on here is discussion only about the complaint, filed by Mr. Bill Franzen, and follow-up with the Attorney General's office of the outcome of his complaint. Mr. Franzen requested packets and minutes for the years of 2021, 2022, and 2023 on December 18, 2023. I gave him 556 pages that cost this board \$194.60 but I gave them to him for free. I have a signed document. I sat there twenty minutes while he went through the pages and he signed a document that he received all documents included. Then on December 25<sup>th</sup> he claimed he didn't receive January, March and May minutes or packets for 2021 in an

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email. I responded to him and asked him to check the documents again. I know I gave him everything and that he signed for it. Catherine and I came down here and we copied those documents; we checked them and he got them. I reached out to the attorney as Mr. Franzen continued to send me emails that he didn't receive them and I had the attorney send him itemized instructions if he wants those documents; it was another 136 pages that he would have to pay 35cents a page and how he could get it once that was paid and sent to the attorney. The attorney would notify me then I'd make copies and he could have them. It never happened. Mr. Franzen instead took the letter from the attorney and made a note on it and he sent it to Board Members French and Mathiesen to their home addresses in which their home addresses were never provided on our webpage nor were they given to him. Then he continued to send me requests after request after request and for the attorney's advice I was told not to respond that the attorney would respond. So then even though Mr. Franzen was sent the letter from the attorney with the complete instructions how he could get his copies on February 28. The letter explained everything in detail. He filed a grievance with the Attorney General's Office against the Hospital District Board as well as myself in which he named me specifically that I refused to give him the documents; that was not true. He claimed he was only provided with half of the documents. He also stated that he requested January 9<sup>th</sup> 2024 draft minutes and I, the chairman, refused to provide them to him as well, which was not true. We don't do draft minutes. We voted in January to do an Action Agenda so that again was amiss. So, in our packet, there is a letter from Melissa Henry from the Attorney General's Office and a letter in there that Catherine wrote asking her for a copy of the complaint along with her response and she sent us both and I was not in violation of anything. We are allowed to charge him for copies as our documents are not electronically saved. So, anything that I have to make copies for, we have a right to charge 35 cents a page. And that was told numerous times to everybody. But I'm just letting you know that a complaint was filed and it was taken care of and the Board was not, nor was I, at fault for anything. In this case, we abided by public records law not Open Meeting Laws. So, the complaint was incorrectly filed and under false pretense. This brings us to the Call to the Public.

**V. CALL TO THE PUBLIC - NONE**

If there is anybody at the Call to the Public that would like to speak, you can speak now. You have three minutes to stand, give your name and address. So, anybody. Okay, with that said, the meeting is adjourned.

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**VI. ADJOURNMENT**

There being no further business to come before the Hospital District Number One of Mohave County Board this 24<sup>th</sup> day of April 2024, Chairperson Holden adjourned the meeting at 4:27 p.m.

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Penny Holden, Chairperson

ATTEST:

Catherine Furtado, Recording Secretary  
Approved: 7/9/2024