

THE HEFFERNAN MEMORIAL HEALTHCARE DISTRICT MET IN SPECIAL SESSION ON THE 30th OF MARCH 2022 AT 608 HEBER AVE. CALEXICO, CA. CITY OF CALEXICO ON THE DATE, HOUR AND PLACE DULY ESTABLISHED OR THE HOLDING OF SAID MEETING.

TO CALL ORDER:

The meeting was called to order at 5:30p.m. by Norma Apodaca and Gloria Grijalva led those present in the pledge of allegiance.

ROLL CALL-DETERMINATION OF QUARUM:

Chairperson	Norma M. Apodaca
Vice Chairperson	Rodolfo Valdez
Chief Financial	Sylvia Bernal
Secretary	Gloria Grijalva
Trustee	Raul R. Urena

GUESTS:

Tomas Virgen-Executive District Manager
Tony Pimentel-Public Relations

PRESENT VIA CONFERENCE:

Eduardo Rivera-Attorney

ABSENT

Brenda Ryan-Board Clerk

APPROVAL OF AGENDA:

Motion was made by Board Member Bernal second by Board Member Valdez to approve the agenda for March 30, 2022. Motion passed by the following vote wit:

AYES: Apodaca, Valdez, Grijalva, Bernal, Urena

NOES: None

PUBLIC COMMENT TIME:

None

DISCUSSION/ACTION ITEMS:

- a. Discussion and/or Action: Discussion and/or Action on proposed lease of 400 Mary Avenue, between Heffernan Memorial Healthcare District and Tyson Medical Inc., a California corporation dba All Valley Urgent Care.

Mr. Virgen informed the board that there are three requests:

The 1st request is that if the board is in agreement with the deposit being do up on us turning over the keys of the building?

All Board Members are in agreement.

The 2nd request is does the board want to ride off any months or does the board want to charge month per month?

Board Member Urena suggested \$1 dollar for a year and split the taxes or they can pay the taxes for the first and after that we split the taxes.

Board Member Bernal agrees with Mr. Urena but she suggests having them pay the \$30-\$40 thousand dollars for the taxes and afterwards we can split the cost of the taxes.

Board Member Apodaca disagrees on giving them free rent because she feels that this a private company and not a non-profit so they have other clinics working in the area and its about 4 or 5 that are well established. They know how to do the business and know how to run this type of business. We can invest the \$3 million approximately in benefit or our community so she believes that it is fair that these people start with the right foot and pay the rent that is nothing in reality. It is based on \$1 dollar, its nothing. That will be a fair deal. When we talked to this people and we talked about the lease it was said that they rent from the beginning and now they are asking if they can have it free.

Board Member Grijalva believes they should pay from the beginning. They are not a non-profit. They are a private business and do have other Urgent Cares.

Board Member Valdez would not mind going the first 3-4 months free but if they can add on end of the lease for them to pay it. He does agree that they should start on paying rent. He does not agree on giving them \$1 dollar a month rent. We are giving them a building that is set to their standards to what they want and that is a big investment. He does not mind giving them those 3-4 months in the beginning free but at the end of the lease they would have to pay those months. Also he thought we were talking about a lease of 10 years not 5 years.

Mr. Virgen informed the board that they had talked about 10 years. It was our attorney. The attorney that drafted the agreement recommended doing a 5 year agreement with additional add-ons. If the board wants Mr. Virgen to run that by them and the attorney he can. That is why this is here. That could be done and that is obviously on the table.

Board Members Grijalva agrees with Mr. Valdez.

Board Member Bernal agrees with Urena because of the reason that sure we are running a building but it's like the Urgent Care Center is not ours. We can't go out there and say we have an Urgent Care Center and this is ours and this is what we are giving you. If we help with something we can truly say that we helped with what they needed. All we are helping with is that we are renting the building. Her point and personal feelings is that she wants people to say that we contributed to the building and we are partner with this.

Mr. Virgen informed the board that we should be discussing the lease agreement.

Board Member Apodaca does agree with Mr. Valdez on zero free rent or add it to the end.

Motion was made by Board Member Urena second by Board Member Bernal to approve pardoning them the 90 days of rent and not having them pay it back. Motion passed by the following vote wit:

AYES: Bernal, Urena

NOES: Apodaca, Valdez, Grijalva

This motion dies.

Mr. Virgen gave his opinion that the motion Mr. Urena presented was a very good motion. You can add it to where they pay it or not but what he is wondering is why? The district is going to collect around \$100 thousand dollars a year of rent and it's not a big amount but in 30 years it is its \$300 thousand dollars. You still have to pay the interest in the money and you have to pay the interest because it's in real dollars. So you are getting back in 30 years. The building is appraising every year and getting value year over year. It is a good investment. Whatever motion you make, we can go back and say to them, you pay for the tax and etc. Now we have to be realistic and know they can say no and go rent Auto Zone or the Forever 21 building and they know they will get it from the city for less because it is a vacant building in the city. What does Heffernan do with the building; well we are not contributing anything to the urgent care. They are going to be profitable sooner rather than later and it just means that later they are going to be profitable and we are not even going to have to mess with them. Maybe just help them with health fairs and some marketing.

Board Member Valdez tells Mr. Virgen that it all makes sense and would like for Mr. Urena to make the motion again.

Motion was made by Board Member Urena second by Board Member Bernal to approve not paying rent for three months and that money does not have to be paid back. Motion passed by the following vote wit:

AYES: Valdez, Bernal, Urena

NOES: Apodaca, Grijalva

Motion passed 3-2

The 3rd request is possessory interest tax. The options are passing them all on, split, or we pay for it.

Mr. Rivera recommends the board to find out what exactly the amount is going to be because once the building is complete and once the building is reassess then he thinks we can ask the assessor's office to give us an estimate of what possessory interest tax is. If it's really high do you really want to assume that or do you want to split or do you want to pass it on as rent. You should really at least have an amount that you are going to have to pay at an annual bases but you can still pass the contract of the lease and just make that subject do the determination of what the

proposed possessory interest tax is going to be or leave it for a later determination and still pass the lease agreement in order to give them the opportunity to do what they have to do.

Mr. Virgen informed the board that he is going to get a tax figure tomorrow by a tax attorney in San Diego and we will have a conversation with the assessor's office and hopefully we will know by tomorrow because it is important for us to know.

Board Member Bernal's suggest paying for whatever the amount is the first year and then pay half the next four years.

Board Member Valdez suggests paying half the first three years and then they pick up after.

Board Member Grijalva agrees with Mr. Valdez.

Board Member Urena suggest tabling this item and vote on this until we get the information from them on what they want and need.

Board Member Apodaca suggest for them to pay the taxes.

Motion was made by Board Member Valdez second by Board Member Urena to approve contributing half or the possessory interest tax for the first three years and then they take over after the third year. Motion passed by the following vote wit:

AYES: Valdez, Grijalva, Bernal, Urena

NOES: Apodaca

Motion passed 4-1

Motion was made by Board Member Bernal second by Board Member Valdez to approve them giving the deposit when the building is turned over to them. Motion passed by the following vote wit:

AYES: Apodaca, Valdez, Grijalva, Bernal, Urena

NOES: None

Motion was made by Board Member Urena second by Board Member Valdez to approve the lease agreement with the modifications as indicated by the board. Motion passed by the following vote wit:

AYES: Apodaca, Valdez, Grijalva, Bernal, Urena

NOES: None

- b. Discussion and/or Action: Discussion and/or Action on preliminary and final budget for Heffernan Memorial Healthcare District for fiscal year 2022-2023.

The board went over the preliminary and final budget for fiscal year 2022-2023.

Motion was made by Board Member Urena second by Board Member Bernal to approve on preliminary and final budget for fiscal year 2022-2023. Motion passed by the following vote wit:

AYES: Apodaca, Valdez, Grijalva, Bernal, Urena

NOES: None

ITEMS FOR FUTURE AGENDA:

None

ADJOURNMENT:

With no future business to discuss Board Member Bernal made motion to adjourn the meeting at 6:46p.m. Second by Board Member Valdez. All in favor.