

Board of Directors
Thursday, December 22, 2005

The Board of Directors of the Peninsula Health Care District met in Regular Session on Thursday, December 22, 2005, at 1802 hours in the Sierra Rooms at Peninsula Medical Center, 1783 El Camino Real, Burlingame, California 94010.

ROLL CALL: On roll call there were present: Directors: Donald E. Newman, Chair; Susan S. Smith; and Rick Navarro. Absent & Excused: Director Daniel J. Ullyot.

Also present: Staff: Colin J. Coffey, Esq., Legal Counsel, with Archer Norris; Adam Alberti, Communications Consultant and Vice President with Singer Associates; and Maureen Mignacco-Dutil, Assistant Secretary.

Guests present: Robert W. Merwin, CEO, with Mills-Peninsula Health Services; Jane McAteer, Interim Director, College of San Mateo Nursing Program; Bob Rybicki, Executive Director with Youth & Family Enrichment Services; and Linda Carlson, Executive Director with Women's Recovery Association.

ORAL COMMUNICATIONS: Chair Newman called for any Oral Communications on items not on the Agenda for the meeting and within the purview of the District. No Oral Communications were received at this time.

CONSENT CALENDAR: The Consent Calendar, consisting of Minutes of the Regular Meeting of November 17, 2005 and the Treasurer's Report for the month of November together with the Financial Reports for November 2005 and the Disbursement Register for November 2005, was duly noted as submitted with the board package materials. Treasurer Smith asked that the Treasurer's Report be removed at this time from the Consent Calendar. There was no other public comment. It was moved by Director Smith and seconded by Director Navarro to approve the Consent Calendar with the November 17, 2005 Board of Directors Minutes and the Financial Reports for November 2005 including the Disbursement Register for November 2005. Motion unanimously carried.

Treasurer Smith advised there is a correction to the submitted Treasurer's Report as follows: Under Amount Received in Taxes for the month of November 2005, the amount should reflect \$385,986 not \$557,706. Director Smith indicated a wrong number was picked up but it has been corrected to now reflect the correct figure of \$385,986. It was then moved by Director Smith and seconded by Director Navarro to approve the Treasurer's Report. There was no Public Comment on this item. Motion unanimously carried.

MILLS-PENINSULA HEALTH SERVICES QUARTERLY REPORT: Chair Newman welcomed Mr. Merwin of Mills-Peninsula for his quarterly report to the District.

Mr. Merwin advised his report this evening would focus on four items: Financial Status; Project Update; New Board members of MPHS; and Pandemic Flu.

Commencing with the Financial Update on Mills-Peninsula for the period ending year-to-date November 2005, he visualized the following information

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Net Revenue	\$330,450 M	\$333,889 M	1.0%
Salary Expense	\$167,759 M	\$165,837 M	(1.1)%
Supplies	\$ 39,299 M	\$ 42,810 M	8.9%
Total	\$301,979 M	\$299,814 M	(0.7)%
Net Income	\$ 29,947 M	\$ 35,544 M	9.1%

Mr. Merwin noted Net Revenue year-to-date is about 1% ahead of plan, just a third over a million dollars. Salary expense for this period is 1.1% below budget, due to a \$3 million dollar rebate on Workers Compensation costs for the year. Supplies continue to be a problem with almost 9% over budget. Total expense for the period is slightly under budget leaving MPHS with a 9.1% margin at year-to-date.

On an update on the current project, Mr. Merwin noted the water line for the City of San Francisco is being buried out in the front and is about 75% completed. A cut-over date has been set by the City of San Francisco for the end of February. Between now and that time, there is a great deal of work yet to be completed. Three miles of pipe will need to be drained between the two valves. The project site has a lot of water from recent rains and it is hoped it will soon clear up so that real work can once again commence on this site. Mr. Merwin remarked that MPHS does not yet have a building permit for the actual garage and it is hoped to be obtained by next week. Within a month, the garage will start to be delivered and is currently being manufactured in Sacramento; it will be trucked down and assembled on site.

Mr. Merwin announced the addition of four new board members to the Health Services Board of Directors as follows: Mrs. Sheila O'Connor Burns, Mr. Richard Elwood, Doctor Bernard Steyer, and Mrs. Margaret Taylor. Mr. Merwin indicated that both Mrs. O'Connor Burns and Mr. Elwood come from the Hospital Foundation bringing integration between the two boards as they enter a campaign mode for the new hospital. Doctor Bernard Steyer is an Pulmonologist and is replacing Doctor Bruce Allen on the Board. Mrs. Margaret Taylor, the former Director of the Department of Health Services for San Mateo County, is joining the Board as of January 1st of 2006.

The issue of Pandemic Flu was next addressed by Mr. Merwin, noting there is obviously a lot of publicity relative to the possibility of the avian bird flu mutating into a strain that would be communicable between people. The County of San Mateo has put together a task force to begin planning should that reality of a mutating strain occur. It is a real issue for Mills-Peninsula as they probably would be one of the first County's impacted due to the location of the airport and the proximity of it to the entrance into this country from the Far East. If in fact, the entire process of this flue unfolded the way the 1918 epidemic did, this County would see about 15,000 admissions, at least 1,400 deaths within 6 to 8 weeks. Mr. Merwin related the County is coordinating not only plans

locally but also with the State and the Centers for Disease Control to try and come up with a plan as to what exactly would happen if a plane arrived with people ill. He stated they are beginning to stockpile critical supplies, such as masks, gloves, and certain medicines. Mills-Peninsula is actively in process in working on this issue and hopes to have a draft of their plan to the County probably in early January of 2006. Mr. Merwin emphasized that the magnitude of this potential pandemic flu is overwhelming. Discussion ensued on potential medicines involved as well as the recent experience of medication in Vietnam.

REQUEST FROM COLLEGE OF SAN MATEO FOR CONTINUED FUNDING OF RN PROGRAM: Chair Newman welcomed Jane McAteer, RN, Interim Director of the Nursing Program at the College of San Mateo.

Ms. McAteer thanked the Board for the opportunity to address their proposal and acknowledged appreciation for the District's past support over the past several years in underwriting the nursing program. Ms. McAteer noted the District's support of their program since 2001, which has enabled them to have an additional twelve students graduate since that time. Ms. McAteer reported that CSM's passing rate for the Board of Registered Nursing has been very good the past three years. For 2003, CSM had 91%, for 2004 they had 93%, and for 2005 they had 87%. This passing rate is very high in the State for not only community colleges but also for the 4-year nursing programs.

Ms. McAteer indicated the proposal before the board this evening is to augment the nursing program over another two academic years, 2006-2008 at a cost of \$257,030. Costs associated for this support include expanding the program to include an additional 12 students. Budget includes costs for a full-time clinical instructor required for the additional 12 students as well as hourly instructor costs and additional costs of supplies, equipment and clerical assistance. The break-down of the budget indicates a total cost of \$126,515 for the 2006-2007 year and \$130,515 for the 2007-2008 year for a total of \$257,030.

Director Smith inquired if the College was able to track its students with Ms. McAteer indicating they do send out surveys to their graduates and many are non-responsive to the surveys. They are planning to do an employer's survey in order to track the outcomes of graduates of CSM. Director Smith asked if information on the District's RN Loan Forgiveness Program is provided to individuals with Ms. McAteer advising the information is provided to only those students accepted in the two-year RN Program. Director Newman inquired as to how the district knows when a student has graduated. After two years of funding a student in the RN Loan Forgiveness Program, Ms. McAteer related she exchanges this information upon request from the District by its Assistant Secretary. CSM informs of those students graduation and successfully passing the State Boards exam. Discussion ensued on the very real need for more registered nurses within the community and the number of nurses now beginning to retire. The program is very much needed by our community in order to provide more registered nurses within our District and County.

Luciana Kincer RN, San Mateo: Inquired how many applicants for scholarships were received. Ms. Mignacco-Dutil advised that six applicants were granted loans for the 2004-2005 year from the College of San Mateo. Only two returned to work within the District. Discussion ensued.

Vincent A. Muzzi, Hillsborough: Mr. Muzzi suggested if the students do not wish to work for two years within the district to have their loan forgiven, perhaps we should offer forgiving one-half the loan if they work for one year within the District.

The need to tweak the District's RN Loan Forgiveness Program for the future was pointed out and it will be reviewed further to enhance it. Director Smith urged the newly formed Health Care Grants Committee to take a further examination of the current RN Loan Forgiveness Program during their future deliberations of community grants.

It was moved by Director Smith and seconded by Director Navarro to approve funding for the CSM Nursing Program for the years 2006-2008 in the amount of \$257,030. There was no Public Comment on the motion, and it was unanimously carried.

QUARTERLY REPORT FROM YOUTH & FAMILY ENRICHMENT SERVICES:

The Quarterly Reports for the third Quarter for the Crisis Center and the Insights Program were submitted together with their corresponding financial reports. Bob Rybicki, Executive Director, was present and took the opportunity to introduce the two program managers for these programs as Michelle Joyce for the Crisis Intervention & Suicide Prevention Program, and Clarice Blanchard for the Insights Programs. In addition to the quarterly reports, Ms. Joyce took the opportunity to share a story on the Crisis Line, which resulted in prevention of a threatened suicide by a caller. Ms. Blanchard spoke to the Insights Program and noted the core of the program is family and it is designed to build rapport with the family and teenager in overcoming their drug/alcohol problems. Ms. Blanchard also shared a story on the substance abuse by two teenagers and the success they made in overcoming their addictions. They are now clean and sober and functioning back at school. Chair Newman thanked the members of YFES for attending the meeting this evening to address their quarterly report. Mr. Rybicki extended his thank you to the board for their past financial support and noted how pleased they were in being able to meet Director Ulliyot and provide a tour and explanation of their programs last month.

QUARTERLY REPORT FROM WOMEN'S RECOVERY ASSOCIATION ON TRACEY'S PLACE OF HOPE: Ms. Linda Carlson, the Executive Director, of the Women's Recovery Association extended her Thanks to the board for its support of Tracey's Place of Hope and introduced Ms. Bren King, the Adolescent Director responsible for Tracey's Place of Hope. Ms. Carlson detailed the work of the Women's Recovery Association, their role and programs and especially noted their submission of a request for a community health care grant for a Dual Diagnosis Program in addition to a continuing grant for Tracey's Place of Hope.

Ms. King also thanked the board for their past support to Tracey's Place of Home. She noted the increased success of this program and their continued referrals from Juvenile Hall as well as schools. She shared a success story on "Jennie", who graduated from the program this month after intensive treatment. Director Smith noted the quarterly reports states there have been 10 clients served this year in Tracey's Place of Hope and inquired as to how many were District residents? Ms. King stated she did not know. She stated, however, they become residents as they reside at the program house in

Burlingame for one year. Most of the admitted residents in this program come from referral from the San Mateo County Juvenile Hall. She did advise that the success story on “Jennie” and this client is a resident of San Bruno.

Vincent A. Muzzi, Hillsborough: Mr. Muzzi cited the very high cost of the program for the one year or one and one-half years the individual is in the program. Ms. King indicated the costs include all their medical services, housing, intensive therapies, food, staffing services, clinicians, counselors for substance abuse and mental health, etc. are all included in the costs per person. Director Navarro pointed out that the cost of housing ten girls in Juvenile Hall would be much higher than at Tracey’s Place of Hope. Ms. Carlson, Executive Director, concurred noting that Juvenile Hall is more expensive in cost than their program at Tracey’s Place of Hope.

Ruth Jacobs, Burlingame: Mrs Jacobs inquired as to how the individuals are selected to enter into Tracey’s Place of Hope. Ms. King stated they are referred by their Juvenile Probation Officers, Juvenile Hall or Dependency Court referrals.

COMMUNITY HEALTH CARE GRANTS FOR 2005: Director Navarro advised that the Community Health Care Grants Committee had difficulty in scheduling a meeting with its three members due to work schedules and holidays. As such there was no meeting held to consider the various health care grants. Director Navarro indicated at this time, perhaps the Board could consider funding of the grants program and postpone awarding of the grants until next month. It was pointed out that a total of \$1.7 million has been budgeted for the District’s various grants and the current request is approximately \$300,000 over budget. Director Navarro noted the possibility to consider budget dollars from the Physician Loan program, which had not been fully utilized this year and potentially use a portion of that budget to supplement funding for the health grants. It was agreed to table the agenda item of the Community Health Care Grants for 2005 until the January 2006 meeting of the Board. Discussion ensued with public input by Pat Giorni, Burlingame, to perhaps wean some of the continuing agencies off the current list and applying those dollars towards funding of the health care grants this year.

STATUS REPORT ON FINANCIAL AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2005 AND RENT CREDIT AUDIT WITH POTENTIAL ACTION: As background information, Director Smith advised that well over a year and one-half ago, the Board engaged our auditors to conduct an audit of all the assets that had been accepted as rent credits from the time of the original lease. The auditors issued their report in October of 2004. In that audit the Board then asked them to audit the existence of the assets, their cost, and their propriety under the lease. The auditors were also asked to make sure those none of those assets had been acquired originally with restricted donation funds from the Hospital Foundation. As noted, the auditors issued their first report in October of 2004. Since then they have been working trying to trace records from the Hospital Foundation as well as with records from the Hospital in order to cross-reference to make sure the assets on the rent credit list were not acquired with donated restricted funds. The process has been very difficult in searching records that go back a number of years. The District’s auditors obtained records back to 1992 from both the Hospital and the Foundation. Since June of 2005, the auditors commenced their Annual Review of the District’s Financial Statements for our FY ending

June 30, 2005. Concurrently with the annual review of our financial statements, they have also been tracing assets for which the rent credits were given to try and determine if any of these assets were acquired by Mills-Peninsula with restricted funds from the Foundation. During the course of these audits, they have identified four assets for which rent credit was given in 1995, which 'may be' tainted. Director Smith commented she says 'may be' because the assets apparently were acquired from funds transferred from the Foundation but documentation in support of any restriction on those funds is not available. The Foundation is unable to find any more back-up. The total of the four assets is \$1,284,925. Director Smith related that although it is still not clear that the assets were acquired with restricted Foundation donations, rather than spend more time going back twelve year-old records that may or may not exist, Mills-Peninsula has indicated there were sufficient other assets that could have been substituted at that time. If the District had rejected those assets in the first place the hospital would have substituted a list of other assets to select from. Director Smith noted, however, the auditors need to know if the Board of Directors would accept other assets to replace the \$1.2 million. The alternative would be the Auditors go back and spend an inordinate amount of time to dig out records that may or may not exist from over 12 years ago. The issue impacts the District's current financial statements and the Auditors need to have an answer from the District on what's going to happen to the fixed assets so they can complete and release the financial statements, which are long past due. Director Smith stated the Auditors need to know if the Board will in fact accept the other assets or if not what other remedies if any are available. Director Smith noted that Legal Counsel has advised there are no other remedies. Director Smith remarked she agrees with Mills-Peninsula that selection of substitute assets seems to be an appropriate solution subject to the Board's approval. It was moved by Director Smith that the District accept a substitute list of assets for approval by the Board as rent credit as a resolution to the potential problem identified by the Auditors. The motion was seconded by Director Navarro after receiving clarification that the substitute list of assets would be approved by the Board.

Ruth Jacobs, Burlingame: Mrs. Jacobs asked if it was in 1987 that rent credits of capital assets were given in lieu of rent. Director Smith acknowledged in the affirmative. Mrs. Jacobs asked if this was customary in public finance to exchange rent credits from one year to another? Attorney Coffee indicated there is no prohibition to approve a substitution list as authorized by the auditor.

Terry Huebner, Burlingame: Mrs. Huebner expressed her continued concern on the \$8 million spent on repositioning at Peninsula. She related she had sent a letter to the Hospital Foundation asking where they spent their donations and if any was spent on the repositioning. She also would like to know if Mills-Peninsula provided \$8 million in repositioning. Mrs. Huebner remarked this issue had not been responded to by the auditor. Director Smith advised this was not part of the Auditor's review. Under discussion, Chair Newman together with Director Smith asked that the Engagement Letter with the Auditor and approved by the Board be reviewed and brought back as an Agenda item at the January 26, 2006 meeting.

Vincent A. Muzzi, Hillsborough: Mr. Muzzi asked for clarification of what the Auditor wished the District to do. Director Smith commented in order to alleviate the problem of the possible use of restricted Foundation donations for capital assets, the remedy to select and approve a new list of assets would resolve their problem since no back-up can be located at this time by the Foundation nor Hospital as to restrictions on certain donations. Mr. Muzzi commented that when a new list is reviewed to make sure they are assets of long-lived criteria as utilized in prior selections. On a call of the motion, it was unanimously carried.

COMMUNICATION OVERSIGHT REPORT: In the absence of Director Ulyot, Communications Consultant, Adam Alberti reported the placing of advertisement on availability of Physician Loans in the New England Journal of Medicine today. A notice was also placed on the University of California bulletin board with both Stanford University and California Pacific Medical Center declining to place our ads on their boards. Mr. Alberti related that a bulletin button will be added for easier navigation to our web site information on Physician Recruitment Loans. Mr. Alberti further advised that the Winter Newsletter of the District is finished and will be submitted to Director Ulyot upon his return with hopes for its distribution in January.

PHYSICIAN RECRUITMENT COMMITTEE REPORT: Director Navarro noted Mr. Alberti's update on advertising for our Physician Recruitment Loan program. There has been no activity of loan requests by physicians at this time. Director Navarro commented on a button on Google to get to the District's site with Mr. Alberti indicating this would be very expensive. However, Mr. Alberti related he would examine the idea of providing a refined search on the search engines in the recruitment area and get a cost break-down on it.

Luciana Kincer, RN, San Mateo: Mrs. Kincer inquired if any targeting of physicians in New Orleans was conducted to attract them out to the Bay Area. The response was no, with Mr. Alberti indicating they are looking at young new graduates wishing to relocate and start a primary care practice. Director Navarro related his reluctance to take or target an area like New Orleans which needs it physicians there after the recent hurricane.

OLD BUSINESS: Chair Newman noted there was no Old Business listed on the agenda for discussion.

Pat Giorni, Burlingame: Ms. Giorni inquired if letters had been sent by the attorney to the nurses who did not return to work after graduation and receiving a loan from the District? Attorney Coffey commented he would check on the progress of those letters at his office.

NEW BUSINESS:

A) Appointment to Position of District Secretary

Chair Newman noted with the resignation of Director Lola Thompson, the secretary of the District Board position is now vacant. Chair Newman appointed Director Rick Navarro to the position of District Secretary with Director Navarro accepting the position.

B) Appointment of Representative to Building Committee of Mills-Peninsula.

Chair Newman again advised that Lola Thompson was one of the District representatives to Mills-Peninsula's Building Committee and there is a need to fill the representative slot. He noted that Director Ulyot is currently also a representative to this committee. Chair Newman then appointed Director Susan Smith to be a representative of the District to the Mills-Peninsula Building Committee. Director Smith accepted the appointment and it would be Communicated to Mills-Peninsula for their acceptance and approval.

C) Procedure to Fill Vacancy on Board of Directors

Attorney Coffey related the District has 60 days from the date of resignation of Lola Thompson, which was December 15, 2005, to appoint a replacement director. That individual would serve out the remaining term of Lola, which would end December 2006. If the Board does not appoint an individual in that time-frame, the Board of Supervisors may appoint an individual, or the Board could call a Special Election. Any individual appointed could then run for re-election as an Appointed Incumbent. Mr. Adam Alberti indicated that he is putting together notices for posting on the District's web site together with posting of the Notice at City Halls within the District as well as placing notices in all local district newspapers of this vacancy. It was moved by Director Smith and seconded by Director Navarro to authorize posting of notices and appropriate advertisements regarding the vacancy on the District Board. Motion unanimously carried. A January 17th deadline for receipt of applications from interested individuals would be cited on these notices. Appointment would have to be made by the 15th of February 2006, and the timeframe will give the board the opportunity to review the applications between January 17th and February 15th.

D) 1848-1850 El Camino Real Property Access and Parking Issues. Attorney Coffey addressed this item, indicating this issue was brought to the District by Mills-Peninsula, the current owner of the 1848-1850 El Camino Real Property. If the deal bringing a new hospital to the Burlingame campus as signed off by the District and Mills-Peninsula in October comes to fruition by future action by the public, this subject property comes back to the District's ownership. He noted that Mills-Peninsula is currently in a legal dispute with an adjoining property owner over access to the parking behind the building. Attorney Coffey commented that while this would not normally involve the District, Mills-Peninsula to their credit and with prudence they are seeking the District's involvement in the dispute with the neighbor because the District would likely inherit the problem if the property comes into the District's possession. Attorney Coffey advised that he and his attorney colleague, Mike Petersen, have been filled in on this dispute and the site has been examined by Attorney Petersen. Attorney Coffey summarized the easements involved in these adjacent properties. Attorney Coffey advised there is no formal role for the District in this dispute. Mills-Peninsula has full authority to settle and pursue it in any way they deem fit. However, as a courtesy and it is a prudent one, is to get the District's feedback on this. The recommendation is that the District concurs with Mills-Peninsula's course of action, which is they want to exercise their easement rights to another adjoining property that involves bringing down some fences and creating another passage way to their parking lot. Attorney Coffey confirmed that Attorney Petersen has been out on the site, examined the site, and believes it is the proper course and avoids legal issues with the other neighbor on the access issue. Attorney Coffey indicated he would suggest a motion of support for the Mills-Peninsula direction with regard to that property issue. Doctor Navarro asked for clarification on the easement(s) with Attorney Coffey indicating the property Mills-Peninsula wishes to obtain new access to does have an easement. It was moved by Director Smith and seconded by Director Navarro to approve a motion of support for Mills-Peninsula's direction with regard to the easement issue at the 1848-1850 El Camino Real Property.

Vincent A. Muzzi, Hillsborough: Mr. Muzzi noted this is a complicated land issue, but he feels that there should not be a waiver of any easement by prescription. Mr. Muzzi asked if this is an opportunity for an easement on the other neighbor's property to Mills-Peninsula's back parking or is this alternate easement already in existence? Attorney Coffey related it is already in existence. Discussion ensued with exchanges between Mr. Muzzi and Attorney Coffey on the easement issue and their differing views on potential future legal remedies on this issue.

Luciana Kincer RN, San Mateo: Ms. Kincer inquired if this is a lawsuit with Attorney Coffey responding, No.

E) Appointment of Representative from Peninsula Health Care District to Special District Selection Committee. Notice from LAFCo of a forthcoming meeting for election of a LAFCo special district regular member was noted in addition to LAFCo's requesting a designated representative from this District if it is not the Chair. Discussion ensued and it was agreed that Director Rick Navarro would serve as this District's representative with Chair Newman appointing him to this representative position. There was no Public Comment on this appointment.

F) ACHD Dues. The Dues statement from ACHD in the amount of \$5,000.00 was presented. The value of ACHD particularly in their lobbying efforts in regard to health care districts was noted. Attorney Coffey further pointed out their input into the Brown Act and the Public Records Act and the value of their lobbying efforts in this regard. It was moved by Director Navarro and seconded by Director Smith to approve and authorize payment of ACHD Dues in the amount of \$5,000 for the Year 2005-2006. Motion unanimously carried with no public comment.

CORRESPONDENCE: The following Correspondence was noted without comment.

- (1) Letter from office of Controller, County of San Mateo, re: District's share of Apportionment for Local Agency Formation Commission Operating Budget \$3,678.
- (2) Notice from LAFCo re Independent Special Districts Meeting on Wednesday, January 11, 2006 for election of LAFCo special district regular member for term ending May 2006. [*In Packet, under New Business*]
- (3) Public Notice from City of Burlingame re: 1783 El Camino Real Peninsula Hospital Replacement Project on Monday, November 28, 2005 at 7:00 PM
- (4) Public Notice from City of Burlingame re: 1802 El Camino Real, on Monday, November 28, 2005 at 7:00 PM
- (5) LAFCo Agenda for 11/16/05 Meeting and accompanying "San Mateo Local Agency formation Commission Background Report: San Mateo County Water Providers, November 8, 2005

- (6) Notice from Regional Open Space of Midpeninsula Regional Open Space District, re Notice of Intent to Adopt a Mitigated negative Declaration POST Driscoll Ranch Addition to la Honda Creek Open Space Preserve.
- (7) Letter, dated 11/30/05, from Association of California Healthcare Districts, re: Community Based Districts Strategic Planning Meeting & Questionnaire.

There was no Public Comment on the Correspondence.

There being no further business, the meeting was adjourned at 1943 hours.

By:

Maureen Mignacco-Dutil, Assistant Secretary

Approved:

RICK NAVARRO, Secretary

DONALD E. NEWMAN, Chair