

Board of Directors
Thursday, February 9, 2006

A Special Meeting of the Peninsula Health Care District Board of Directors was held pursuant to written and posted notice, as required by the Ralph M. Brown Act, on Thursday, February 9, 2006, at 1804 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, Treasurer; Rick Navarro, Secretary; and Daniel J. Ulyot, Vice Chair via Teleconference.

Also present were: Staff: Colin J. Coffey, Esq., General Legal Counsel; and Maureen Mignacco-Dutil, Assistant Secretary.

Chair Newman advised that this meeting would be conducted in whole or in part via teleconference. The teleconference locations are (1) Peninsula Medical Center, Sierra Rooms, Ground Floor, 1783 el Camino Real; and (2) 56105 Village Drive, La Quinta, California. The Board welcomed Director Ulyot via teleconference from LaQuinta. Director Ulyot confirmed that the Agenda for this meeting had been posted at his address in LaQuinta 24 hours prior to the meeting and is accessible to the public.

Chair Newman stated the sole Agenda item for this Special Meeting was for the appointment of a Replacement Director for the Vacancy Position on the Board of Directors, created by the resignation of former Director Lola Thompson. The term of the replacement director would end on November 2006. Chair Newman called for any discussion by the board members.

Director Smith noted her pleasure to note all the applications the District received in response to its call for applications both by newspaper advertising and on the District's web site. She extended thanks to all the applicants for their time and effort in attending the district's January 26, 2006 meeting for a presentation on their qualifications and interest in becoming the new board member. Chair Newman expressed his regret in not being able to attend the January 26, 2006 meeting, but advised he had listened to the audio tape of each of the presentations made by the candidate applicants. He stated all could well serve on the board and he was impressed by all the candidates.

Director Smith asked how the board was going to proceed with the appointment of a replacement with Chair Newman indicating he would take nominations for the replacement candidate at this time.

Director Navarro indicated he had a question of legal counsel prior to any nominations. He stated the possibility of a conflict of interest with one of the candidate's and asked Attorney Coffey of the outcome of his review. Attorney Coffey related Director Navarro's referral is to the candidate, Helen Galligan. Mrs. Galligan is employed as a registered nurse with the Mid-Peninsula Endoscopy Center in San Mateo. The relationship between her employer and Mills-Peninsula was reviewed. Attorney Coffey remarked that the Endoscopy Center is a corporation owned by a local physician. The Endoscopy Center has a contract with Mills-Peninsula for a line of patient business for managed care plans. A significant portion of Mills-Peninsula Health Services' business is from Managed Care

plans. One such vendor of the service is the Endoscopy Center. They have a fee for service agreement and are recipients of revenues from Mills-Peninsula. Attorney Coffey advised there is a potential conflict for an employee of that Center. He has talked with Helen Galligan, the Medical Group, and Mills-Peninsula in his review. He cited that there is a potential indirect impact as issues might arise of a nature that would impact Mills-Peninsula's managed care business. If the District has to make a decision of material impact on Mills-Peninsula's managed care business, Mrs. Galligan would have a potential conflict on this issue effecting Mills-Peninsula. Attorney Coffey stated he had conducted only a preliminary due diligence on this issue.

As clarification, Director Ullyot inquired as to the reference to managed care business and asked if Attorney Coffey is talking global managed care or the managed care business of her employer. Attorney Coffey related only as it relates to her employer's business. Director Ullyot inquired if Mrs. Galligan has an ownership in the Endoscopy Center with the answer, No. Director Ullyot asked if Mrs. Galligan could recuse herself if her employer is impacted with Attorney Coffey advising, Yes.

Ruth Jacobs, Burlingame: Mrs. Jacobs inquired if Mills-Peninsula Medical Group is still involved in the lawsuit with Mills-Peninsula and the District. Attorney Coffey responded in the affirmative.

Chair Newman then called for Nominations for the vacant position on the District Board of Directors. It was moved by Director Smith to nominate Helen Galligan to the vacant position for the term ending November 2006. Director Smith acknowledged the background, knowledge and special skills of Mrs. Galligan, which would be of value to the Board. She believes that any decisions by this District Board that would impact the managed care business of Mills-Peninsula or Helen's employer to be remote. The motion was seconded by Director Ullyot, who stated he was impressed by her background and she would be a buttress of expertise in healthcare to our board.

Chair Newman asked if there were any further Nominations for the vacant position on the District Board of Directors. It was moved by Director Navarro to nominate Dan Andersen to the vacant position for the term ending November 2006. Director Navarro noted Mr. Andersen's attendance at the majority of board meetings, his knowledge of issues and the lease, and pointed out he had no conflict of interest.

No further nominations were received.

Chair Newman indicated that he would close the nomination period and ask for a vote. He directed the Assistant Secretary to please poll the Board members. The following votes were cast by the board members:

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|------------------|--------------------|
| Director Smith | For Helen Galligan |
| Director Navarro | For Dan Andersen |
| Director Ullyot | For Helen Galligan |
| Director Newman | For Helen Galligan |

Chair Newman advised he was pleased to announce that Helen Galligan is the selected and approved candidate for the vacant position on the District Board of Directors for the term ending November 2006. Mrs. Galligan was applauded and welcomed.

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Chair Newman directed that letters be sent to each of the applicants thanking them for their applications and interest and advising of the Board's appointment of Mrs. Galligan to the position.

There being no further business, the meeting was adjourned at 1823 hours.

By: _____
Maureen Mignacco-Dutil, Assistant Secretary

Approved: _____
RICK NAVARRO, Secretary

DONALD E. NEWMAN, Chair