

**Board of Directors
Special Meeting
January 25, 2007**

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, January 25, 2007, at 1330 hours, in the Westin Hotel, One Old Bayshore Highway, Millbrae, California, 94030.

ROLL CALL: On roll call there were present: Directors: Donald E. Newman, Chair; Daniel J. Ulliyot, Vice Chair; Susan S. Smith, Treasurer; Helen C. Galligan, Secretary; and Rick Navarro, Board Member.

Also Present were: Colin J. Coffey, General Legal Counsel; Maureen Mignacco-Dutil, Assistant Secretary; Rachel Marcial, Assistant Secretary.

Consultants Present: Adam Alberti, Executive Vice President, Singer Associates (Communications Consultant); Courtney Lodato, Account Supervisor, Singer Associates (Communications Consultant); Keith Hearle, President, Verite Healthcare Consulting (Strategic Planning Consultant); Michael Watt, President, JM Watt Consulting (Strategic Planning Consultant); Stephanie Cameron, Verite Healthcare Consulting; and Donald J. Whiteside, Managing Director, HFS Consultants (Executive Search Consultant).

PUBLIC COMMENT: Chair Newman called for any Public Comment with no received.

**STRATEGIC PLANNING/ STUDY SESSION. GOALS & OBJECTIVES:
STRATEGIC PLAN DEVELOPMENT; MISSION STATEMENT
DEVELOPMENT; EXECUTIVE SEARCH RECRUITMENT; SET ADDITIONAL
MEETING DATE(S).**

Chair Newman extended a Thank You to everyone for being present today, especially a member of the public, Pat Giorni, Burlingame. Chair Newman gave a warm welcome to Mr. Keith Hearle and Mr. Michael Watt, our consultants for strategic planning and deferred to them for their remarks.

Mr. Watt first introduced Ms. Stephanie Cameron, who was on leave from her Masters Program, and would be helping in the consultation. He then proceeded to review the mission statement purpose and fundamental purpose, which is a statement that also draws on the history of an organization. He suggested that it would be best to have a simple claritive statement of purpose. Chair Newman pointed out that we should not make a

statement that sounds like we are actually providing the healthcare. Director Ullyot concurred that it implies our educational function to provide awareness. The statement provided in slide 4 needs to be more direct. The District supports health care services. Mr. Watt stated that he and Ms. Cameron had done interviews where that idea of services and greater focus on where it may be helpful was consistent with all. Chair Newman pointed out that the new mission statement must represent a significant change. Mr. Watt believed that the confusion on the mission statement is to whom it pertains to. He further questioned who the mission statement is for, i.e. District or District Board. Director Ullyot explained that the mission statement applies to an organization not to the people or the geography. Director Smith and Navarro suggested that the words *board* and *awareness* be taken out. The correct version on slide 4 bullet 1 would therefore read: "...providing and supporting services that meet identified health needs, and...". Mr. Watt agreed and took note of the changes.

Mr. Keith Hearle moved on to explain that they had found particular problem areas that the District could play a role in, areas where leadership would be helpful. These types of initiatives would be aligned with the health needs and furthermore explained by Ms. Stephanie Cameron. Ms. Cameron went on to map out the data sources from 2000 to 2004. San Mateo County has a very positive needs assessment both state and nationwide. She pointed out that on slide 7, averages for our county can be misleading, which therefore necessitates micro-level analysis. Using sources, such as hospital discharge data, birth profiles, death profiles, interviews, etc., we could then identify that health care needs, like primary care clinic capacity, obesity, access to dental care, etc. can be an area the District can help in. Slides 8 & 9 further outline the primary areas fully within the District and people who use the District's resources. Director Ullyot questioned if any ethnic groups stuck out or if this is all incorporated in Ms. Cameron's slide. Ms. Cameron assured him that on slide 10 the Board would note ethnic disparities. She stated that Katie Lopez from the Samaritan House will be interviewed for additional feedback. So she inquired if there was any way to decrease self pay admissions into hospitals, as well as other key people that they can receive feedback from. Chair Newman suggested Martha Taylor to be interviewed.

Pat Giorni, Millbrae: Ms. Giorni, the only member of the public present, suggested Ms. Bertha Sanchez, a woman who is very connected in the neighborhood and the Samaritan House.

Director Galligan suggested ministers and pastors that deal with the people would also be great to schedule interviews with. Both Ms. Cameron and Mr. Hearle explained that the available resources for the data are very scattered. Mr. Watt stated that the County Health Care System did not have clinical locations 20 years ago because they were included in primary health care practice. Director Ullyot talked about an entrepreneur that wanted to make a doc in a box where a person could go to a pharmacy and get seen by a nurse and doctor for approximately \$35.00. He believed that this was not a bad concept because it serves as an entry point. Mr. Watt confirmed that there are physician

groups that are active in putting something that really helps patients together. Chair Newman further explained that the kind of in between things can help solve the problem.

Ms. Cameron continued to explain that care was taking too long and how prenatal care has fallen. Director Ulliyot wondered if there was an awareness of the importance of prenatal care. Chair Newman asked to look into cultural factors and beliefs as well. Ms. Cameron assured them that Ms. Katie Lopez's interview will be very insightful by identifying and understanding the culture and what the variables are. On the bright side, the District has very few mothers under the age of twenty. Director Ulliyot pointed out that we must prevent disease and not do expensive treatments. He believed that these problems in the District will not be solved by primary care doctors.

Ms. Cameron continued to slide 19 where subsidized housing for physicians should be suitable so it does not scare them off. This can also be applied to nurses as well. There also in the language barrier in large hospitals and organizations. To be able to recruit and retain primary care physician we need to make the area affordable and appealing to those recruited. Slide 20 states that school nurses are fundamental in attacking obesity issues within the District. Kaiser has healthy living programs that targets obesity already. Mr. Coffey asked what they other Districts are doing? Are they hiring nutritionists to look at school lunches or running fitness programs. Ms. Cameron said that there are a lot of different things the other districts are trying, but would suggest collaboration with Mills Peninsula Physician Collaboration Group and hiring a nurse. Chair Newman pointed out that the program that she is speaking of charges money. He suggested that the District could set a sliding scale because the program is expensive.

Pat Giorni, Millbrae: Ms. Giorni explained that she had found out that if she had been a Kaiser member, they would have offset her dues with the YMCA. The District could offset dues for the younger generation so they could work out or play sports within the YMCA so money is not a factor. Director Ulliyot believed that the programs are great, but awareness is a prime area that we need to push. We need to create awareness even though we are not clear that these are effective programs.

Ms. Cameron referred to slide 21, pointing out that the distribution of the District's population will significantly change over the next 25 years because the baby boomers are going to grow into the over 65 years old population. Slide 22 points out that a structured collaboration is necessary to hit these efforts. It is important to have resources dedicated to these problems areas. Director Ulliyot suggested a health fair to bring everyone together under the District and then start the collaboration ball rolling. Mr. Watt noted that we have assets of money that could be put to problem areas, access to the media, and of course a range of actions of activities. Chair Newman explained that we might decide that this whole route may be too difficult for them to decide due to the continuity with a new CEO and his/her staff. Ms. Cameron concurred that after a director is hired, he/she must make is evident what the mission is.

Chair Newman called for a recess at 1525 hours.

The meeting resumed at 1537 hours. Direction was given to Ms. Cameron to continue on her slides.

Ms. Cameron proceeded with access to dental care. She suggested that collaboration with University of San Francisco may be great. Most people are receiving dental care, but should be monitored in the future. Alcohol consumption was one of the largest issues in the District, which is just another thing to think about for the future. For the financial portion, Ms. Cameron handed the floor to Mr. Hearle.

Mr. Hearle continued with slide 26, therefore showing that the District needs to balance short term spending with long term need. Director Ulliyot pondered how much we would need to have in hand if completion was not done. Director Smith answered him with an amount of \$528 million. Mr. Hearle explained that with a partner the District would be relieved of some financial responsibility. If MPHS does not want to continue a core service, the District would have the right to make up losses. Slide 29 explained the financial analysis to assist the Board with policy development, with slide 30 mapping out revenue and slide 3 mapping out expenses. He further explained that in the year 2017 the District would have more interest earnings. In 2017 the District would have incremental services because interest earnings support it. Mr. Hearle explained that slide 33 is a projection amount that could purchase assets from the hospital. Director Ulliyot questioned the assumption of bonds floating. Mr. Hearle responded by pointing out that the details of the model are in the appendix provided, year by year. Director Ulliyot was concerned when the lines cross in terms of reserve funds. In the beginning the District is going to put most of its assets in building the reserve fund. Mr. Hearle assured them that they would have enough resources to keep the hospital until point interest earnings went over the reserves ten years from now. He reassured the Board that with that financial policy, they would have what they need at the end of the lease to reacquire the hospital. He emphasized that any investments made has to return 4%. In thirty years, between MPHS and the District, there will be a discussion to see if the District wants to take back the hospital with a forced conversation over economics going forward. Mr. Coffey noted that there would be a need for an evaluation for rebuilding in twenty-five to thirty years. Mr. Watt pointed out that this is a revenue bond which is built on the District not the hospital. Mr. Hearle explained that his calculus can change dramatically, due to possible partnerships, releasing, etc. He suggests asking the District's audit firm to re run an analysis like the one he is providing so the District knows if the reserves are being built in a way that protects the assets for the lease requirements. Mr. Hearle explained that the analysis could tell you if you are accumulating too much and if you are fully funded or

your earnings because he believes it would be prudent to spend more than that in other years. Mr. Watt noted that the model assumes that tax resources and lease payments go up over time and accumulation of reserves rises. He also explained that in an after interviewing Mr. Jerry Hill, he believed that the District's job was to ensure the ongoing operation of Mills Peninsula. He went on to explain that the hospital could actually be booked as a liability and the audit firm, in forty years, will look at a buy out requirement as a lease expense that the District has to reserve for. The decisions as far as strategic planning must take into consideration that the District has a modest amount of incremental money to put to grants or take a perspective to make sure money is going to the right place. Director Smith assured him that she had budgeted for 2 million dollars but was only authorized for 1.7 million dollars. That still does not include budgeting for a new CEO and administration. She reminded the Board that whatever they decide must have a 4% return.

Mr. Watt continued to slide 38 where it pointed out San Mateo Blue Ribbon Task Force's stance on adult health care coverage and its expansion. He went on to explain the financing task force as well as the health care model task force covered in slides 40 and 41. He also explained the Governor's Health Care Plan and its requirements in slide 42. Director Ulliyot commended Mr. Watt, Ms. Cameron, and Mr. Hearle for looking into the places that do not get averaged out in our district. Ms. Cameron closed the discussion on the topic by stating that they will continue working on the District's requests from this meeting.

Chair Newman questioned the other board members as to when was most convenient for the next Special Board Meeting. After several dates thrown back and forth, it was decided that the available dates would all be forwarded to Ms. Marcial to coordinate.

Chair Newman then proceeded to give the floor to Mr. Whiteside. Mr. Whiteside passed out the resumes of people he was looking into as the executive director position. He also included a completed draft of the qualifications that the District is looking for in the executive director's position. Over the next month, Mr. Whiteside noted that he will be evaluating individuals and then schedule face to face interviews with the top three finalists. One thing he needed to have cleared was the question if the executive director needed to live in the District. Director Navarro believed that as long as he or she can do the job it should not matter. Director Ulliyot narrowed the appropriate distance from the District has to be within the Bay Area.

Due to the Regular Meeting scheduled in approximately 45 minutes, Chair Newman requested a closed session for the next Regular Meeting regarding the personnel issue.

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The Peninsula Health Care District's Special Meeting on January 25, 2007 was adjourned at 1651 hours.

Rachel Marcial, Assistant Secretary

Approved:

HELEN GALLIGAN, Secretary

DONALD E. NEWMAN, Chair