

**BOARD OF DIRECTORS
REGULAR MEETING
Thursday, May 24, 2007**

The Board of Directors of the Peninsula Health Care District was called to order for Regular Session on Thursday, May 24, 2007 at 17:45 hours, in the Sierra Rooms at Peninsula Hospital, 1783 El Camino Real, Burlingame, California.

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

Also present were: Cheryl A. Fama, Executive Director, Colin J. Coffey, General Legal Counsel; Ed Moser, Account Executive, Singer Associates (Communications Consultant).

CONSENT CALENDAR: Chair Newman requested public comment. There was none. Vice Chair Ulliyot requested the minutes of the special meeting of April 30, 2007 be pulled from the consent calendar. **The Consent Calendar, consisting of the minutes from the 4/30/07 Regular Board Meeting, treasurer's report, and the finance report was moved by Director Navarro and seconded by Vice Chair Ulliyot to approve. The motion carried unanimously.**

MINUTES FROM 4/30/07 Town Hall Meeting: Vice Chair Ulliyot requested the following clarifications to the minutes from 4/30:

- Pg. 1, change "SB 1957" to "SB 1953" – this occurs twice
- Pg. 2, lines 1 through 4 are repeated from page 1 and should be deleted
- Pg. 4, Janelle Morgan is spelled incorrectly, the proper spelling is Genel Morgan
- Pg. 5. Dr. Stew Lase is spelled incorrectly twice; the proper spelling is Dr. Stew Viess.
- Pg. 6. Correct Dr. Lase to Dr. Viess.

Director Smith moved to approve the corrected minutes, Vice Chair Ulliyot seconded, and the corrected minutes were approved unanimously.

PUBLIC COMMENT: Chair Newman asked for public comment.

Pat Giorni, Burlingame: Ms. Giorni requested that the Board send a get well card to Ruth Jacobs who could not attend the meeting due to illness.

MILLS PENINSULA HEALTH SERVICES UPDATE: Chair Newman requested a quarterly report from Robert Merwin, CEO of Mills Peninsula Health Services. Mr. Merwin gave a slideshow for his quarterly report. (A copy is appended to and made part of these minutes.)

- Mr. Merwin detailed financial information on the hospital. Revenue for the hospital was at \$128 million, down 1.9 percent from budget projections. Salaries and benefits were about 3 percent over budget. Mr. Merwin gave other financial details. Vice Chair Ullyot requested clarification on the 'EBIDA' numbers; are they were like a profit margin? Mr. Merwin said it is a calculation that is figured before interest, depreciation, taxes and amortization to get a true picture of revenues coming directly from hospital operations. Director Smith asked how the figures compared to projections and if he knew how the numbers would look for the coming months. Mr. Merwin said they were slightly behind, year to date, but that MPHS had recently won a lawsuit with PacifiCare which would give the hospital \$1 million.
- Mr. Merwin reported that MPHS came in second as the "Best Place to Work" in a Bay Area wide anonymous poll of employees of large employers (>1000). He noted that in the past the hospital had been number one in that survey.
- Mr. Merwin gave a review of the internal capital campaign.
- Mr. Merwin gave a review of the new hospital construction and gave timelines for completion milestones; he said the construction was a few weeks behind but they were trying to catch up. Merwin played a conceptual video of what the new hospital would look like. Vice Chair Ullyot asked if the District's capital campaign will fund the difference in the new hospital cost between what Sutter Health is contributing, and the total construction cost. Mr. Merwin replied that it would not, and that the funding balance would come from reserves and the capital program.

Pat Giorni, Burlingame, requested a ribbon cutting for the installation of base isolators for the new hospital. Mr. Merwin said the contractor does not allow people on to the construction site, but test isolators may be put on display following construction.

Terri Huebner, Burlingame: Ms. Huebner asked why the revenue numbers were down. Merwin responded that he thought it was due to a drop in insured patients and increased use by Medi-Cal patients. Ms. Huebner asked if Mills Hospital had acute care beds and if so how many. Mr. Merwin said there was an acute rehab program with 25 beds, and a recovery care center with 12 to 13 beds that are still licensed as 'acute beds'.

Luciana Kincer, Millbrae Ms. Kincer asked if the new hospital would open in 2010. Merwin replied that it would. Ms. Kincer asked if the new hospital will include a knee and hip center. Mr. Merwin said that MPHS is working with Palo Alto Medical Foundation to meet joint replacement needs because MPHS doesn't have the capacity. Merwin said they may consider a freestanding orthopedic clinic.

QUARTERLY REPORT YFES ON CRISIS AND INSIGHT PROGRAM:

Executive Director Fama gave a quarterly report on the YFES Crisis and Insight programs. Ms. Fama said the Crisis Program has been having a good impact in areas of teen problems, which the Board heard as a need from the April 30 Town Hall participants. Ms. Fama commended the good work that YFES programs had done. Executive Director Fama gave a review of the Insight Program. She also noted that they

had been doing good work: however, the numbers of those served from the District were quite low as a percentage of their total clientele. Ms. Fama said that all programs receiving grants will be thoroughly reviewed during the 2007 Grant Process. Director Smith requested a more detailed financial report from YFES, noting that it would be helpful to see the overall funding picture, not just the contributions of PHCD. Vice Chair Ulliyot praised the good work of the crisis program.

COMMUNICATIONS OVERVIEW: Vice Chair Ulliyot said that Executive Director's Fama's biography should be on the PHCD web site. Fama said that getting her bio on the site is in progress.

Luciana Kincer, Millbrae: Ms. Kincer said she appreciated seeing the meeting of April 30, 2007 on local television, and requested that future meetings be shown on television.

PHYSICIAN RECRUITMENT COMMITTEE REPORT: Director Navarro said he had received no requests for assistance to date. Vice Chair Ulliyot noted that there was a shortage of physicians and that this would be exacerbated by an initiative to provide greater coverage to uninsured patients.

SCHOLARSHIP COMMITTEE REPORT: Director Galligan outlined the RN Loan Forgiveness recommendations for 2007. After reviewing the applications and interviewing each of the candidates with Executive Director Fama, Galligan recommended seven individuals for first time loans – four (4) for \$2,000 and three (3) for \$5,000 for a total of first time loans of \$23,000. Four previous recipients were eligible and interested in seeking another year of funding – three (3) for \$5,000 and one (1) for \$2,000, bringing repeat loan requests to a total of \$17,000. Director Galligan is requesting approval for a total of \$40,000 in scholarship funds for the Fall 2007 RN Forgiveness Loan Program.

Luciana Kincer, Millbrae: Ms. Kincer asked if there were systems in place in case applicants disappeared following receiving scholarship funds. Fama responded that a collection agency has been engaged to pursue those clearly in default and that one of her goals is to strengthen the quality of the program's data tracking systems in general. Vice Chair Ulliyot asked if this has been a successful program relative to the creation and retention of new RN's for the District. It was requested that a thorough analysis of the program be conducted to determine its effectiveness. **Director Smith moved to approve the \$40,000 for the scholarship program, Vice Chair Ulliyot seconded. The motion was approved unanimously.**

EXECUTIVE DIRECTOR REPORT: Chair Newman said he was excited to introduce a significant historical first for the Board – to hear a report from new Executive Director Fama. Ms. Fama said she had been getting oriented to her new role through one-on-one interviews with a broad range of stakeholders and supporting organizations. She said she was focusing her efforts on the three priority areas identified by the Chair: space, staffing, and insurance.

- Ms. Fama addressed staffing first stating that it is her plan to recruit a Secretary/Receptionist for 20 hours a week and seek accounting services from an outside firm for the 2 to 4 days a month that will be needed.
- Ms. Fama said she met with the District's strategic planning consultants, Verite Consulting, to review the work to date and to start production of the actual Plan.
- Ms. Fama said she will also be drafting the FY'08 Budget for presentation and approval at the June meeting.
- Fama said she also intends to conduct a great deal of outreach to raise the awareness of the District. This has focused on Fama the recent LAFCo activities, as she came in as it was reaching its highest level of activity. She also attended a public meeting where the work of the Blue Ribbon Task Force was rolled out.
- Ms. Fama then presented a written report on the office space relocation project that was a priority for the Board. She identified several possible sites and said the best site was at 1600 Trousdale, because of the location, the cost, and the fact that the District owns the property. The office space includes a conference room and enough space for current needs and some growth. Fama said it would require tenant improvements of paint and carpet, phone and computer systems, furniture and other small office equipment. She projected that the total cost for relocation would not exceed \$51,000, with only about \$15,000 being invested into the building space itself and thus not portable to any possible future location. Vice Chair Ulliyot requested clarifications regarding the number of parking spaces available. Ulliyot also questioned whether the District would sub-lease the space from the current tenant, MPHS, rather than exclude the space from the MPHS lease. Ms. Fama recommended sub-leasing the space from the current tenant MPHS, rather than creating a separate lease, because there would be cost and time savings related to building utilities and maintenance. Fama said the monthly rent would be \$1,526.25, for an annual rent of \$18,315. **Vice Chair Ulliyot moved to approve the budget for office space as presented, and Director Smith seconded. The motion was approved unanimously.**

Luciana Kincer, Millbrae: Ms. Kincer wondered if this move would present an opportunity to televise the meetings. Chair Newman replied that the District is currently in a transition period and has no plans to televise meetings at this time.

OLD BUSINESS: There was no old business on the agenda.

NEW BUSINESS: Director Smith began discussions concerning Signature Authority for the new Executive Director. In order for her to carry out the daily operations and her executive duties, she needs to be able to issue checks on behalf of the District. Smith noted that currently only she, as the Treasurer, and Chair Newman were able to issue checks on behalf of the District. Smith questioned legal counsel as to the required steps for authorizing Ms. Fama to issue checks. Legal Counsel Coffey responded that the bank simply needs to see proof of authorization, which could be done by a vote of the board. Smith also proposed that there be a limit and that any check over \$25,000 require two authorized signatures. **Director Smith moved to authorize Fama's ability to sign checks, with the stipulation that any check over \$25,000 would require two**

signatures. Chair Newman seconded the motion. The motion was approved unanimously.

CLOSED SESSION: Chair Newman announced that the board would go into closed session for a conference with Negotiator over Trousdale Properties pursuant to Government Code Section 54956.8.

OPEN SESSION: There was nothing to report in Open Session.

ADJOURNMENT: There being no further comments offered by the public and no further business, on a motion duly made, seconded, and carried, the meeting was adjourned at 18:50 hours.

By _____
Cheryl A. Fama, Executive Director

Approved:

HELEN GALLIGAN, Secretary

DONALD E. NEWMAN, Chair