

**BOARD OF DIRECTORS  
REGULAR MEETING  
Thursday, December 13, 2007**

The Board of Directors of the Peninsula Health Care District was called to order for Regular Session on Thursday, December 13, at 18:05 hours, at the 1600 Trousdale Drive, Burlingame, California.

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

Also present were: Cheryl A. Fama, Executive Director, Colin J. Coffey, General Legal Counsel, J. Michael Watt, Verite Consulting, and Kelly Molloy, District Executive Assistant.

**CONSENT CALENDAR:** The Consent Calendar, consisting of the minutes for the October 18, 2007 regular meeting and the unaudited Financial Statements for October and November, was presented and accepted as presented. **It was moved by Director Navarro and seconded by Director Galligan to approve the Consent Calendar. The motion carried unanimously.**

**ORAL COMMUNICATIONS:** Chair Newman asked for public comment regarding anything not pertaining to the agenda.

**Ms. Luciana Kincer, San Mateo,** is a nurse at Mills-Peninsula Hospital and expressed concern regarding Ms. Groom's comments at the last District Board Meeting in regards to the nurses' negotiations. The minutes quoted Ms. Groom as stating that the nurses were striking because of issues regarding the master contract and organizational rights. Ms. Kincer stated that was not the case. Ms. Kincer presented handouts from the Professional Performance Committee, a staff nurse committee at the hospital of which she is co-chair. She stated that the strike issues facing the nurses are patient care related. Patient staffing ratios need to be met at all times within the hospital and currently are not. This is reflected by the ADO's (Assignment Despite Objection) forms filed by staff to document these staffing issues. Ms. Kincer distributed packets of ADO information.

**Mary Alice Martinez, Burlingame,** stated that she is on the Professional Performance Committee and she serves as the ADO coordinator. She has been a nurse for over 18 years at Peninsula Hospital. She presents reports to the Staffing Committee, as well as, the Performance Committee. ADO reports document the staffing problems. Usually they are related to nurse/patient ratios. The nurses consistently do not have enough staff to leave patients for breaks. Most of the ADO's are completed during these times. She also commented that patient care needs are greater than in the past.

**Dan Anderson, Burlingame**, commented on the numbers given by Ms. Kincer in regard to all of the ADO reports being submitted by the nurses to the Staffing Committee at Mills-Peninsula Hospital and reminded the Board that it is chartered to have oversight of the hospital. He further commented that if these staffing problems are indeed going on, the Board is not fulfilling its obligation. He would like to respectfully suggest that the Board assign two of its members to investigate these allegations and make sure that Sutter Health has not cut back on any services. The Board has an obligation to the public before Sutter Health.

**Ginelle Morgan, San Mateo**: Ms. Morgan is a 38-year employee of Mills-Peninsula and commented on her experience in the ICU without a Lift Team to assist the nurses. She reported that there are currently 65 nurses in the ICU, 17 have been injured on the job this year, which is 26% of that staff. Sutter-Health says that they gave the nurses a Lift-Team; however, what is being provided is the existing transport team that now also serves as a lift team, so they are not always readily available. Ms. Morgan also respectfully disagrees with Ms. Groom’s comments during the last Board meeting.

**Pat Giorni, Burlingame**, commented that she visited the nurses while they were picketing and listened to their issues. She voiced her concern that these problems are not broadly known and suggested the District look into the negotiations. She also thanked the District for her new bike-rack.

**Sharon Topen, South San Francisco**, is a registered nurse at Mills-Peninsula hospital, wanted to thank the Board for taking the time to listen to the nurses. She suggested talking to the nurse population to get their views on the current negotiations. She feels the strike is not about money, but instead it is about having the hospital following state laws, providing sufficient staffing, safe patient care, and allowing the nurses to retire with a retirement package and health benefits that allow them to continue to live and afford health care.

**Terry Huebner, Burlingame**, commented that she agrees with Mr. Dan Anderson 100% and suggested that the Board check into the situation. She also suggested that the Board purchase another “egg” timer to consistently give the public three minutes of time to comment. She then reported that she understands that Mills-Peninsula is planning to purchase Magnolia Gardens and inquired whether the Board knew about this purchase. She also inquired as to what the building would be used for after the sale.

## **COMMITTEE REPORTS:**

### **MPHS Building Committee**

**Treasurer Smith** reported that she attended the meeting on behalf of the District on November 22, 2007. At that time the new hospital was 40 days behind schedule. The revised completion date is April 6, 2010.

The design for the new Intervention Suite will be submitted to the Office of Statewide Health Planning and Development (OSHPD) by the end of March 2008. OSHPD has expressed concerns about the placement of Food Services in the Administrative Office Building, which will be adjacent to the hospital. One solution would be to put a small catering department within the hospital, but that would cost \$300,000 - \$500,000. The Building Committee is currently challenging the State's objections due to the cost factor. **Chair Newman** asked what the objection was from the State. **Treasurer Smith** stated that the hospital will be "earthquake proof" due to the implementation of the isolators. The administrative building is not. If there were to be a major earthquake and the Administrative building suffered significant damage, it could close all of the food service for the hospital.

It was also noted that Oren Reinbolt, the hospital's Construction Project Manager, will be retiring at the end of December.

#### **Communications Oversight:**

**Executive Director Fama**, in Director Ullyot's absence, reported on the last two meetings at which the communications plan activities were addressed.

- The target audience remains all residents and health care influencers.
- The Executive Director will participate in civic organizations/activities and partner with grant recipient organizations.
- The newsletter format will be revised to be less expensive; content to be District news and educational articles.
- The website needs review and refreshing. Board actions should be posted more promptly.
- Work will be brought in-house as the District now has its own staff.
- A new, updated mailing list needs to be developed for local influencers and purchased for the community at large.

Ms. Fama plans to have the next newsletter out in March at the latest. In the interim, District holiday cards were designed and produced internally by staff and mailed out to more than 250 "friends" of the District.

#### **Physician Recruitment:**

**Director Navarro** commented that he had nothing new to report. **Executive Director Fama** noted that she had received a phone call that day inquiring about the program.

#### **Scholarship Committee:**

**Director Galligan** remarked that the Scholarship / Forgivable Loan program has become more organized. The District is doing more follow-up with the Loan recipients. She then referenced the proposed changes to the Loan Agreement language distributed in the

Board packet. These changes incorporate the Board's discussion and agreement from the last Board meeting. The changes include:

- Part-time work and Per Diem work of at least 1000 hours a year in the District will be accepted as fulfilling the "forgiveness" requirement. (Previous was fulltime only.)
- A "Repayment Event" will be triggered if a loan recipient fails to keep the District informed of their graduation, license, and work status.

**Ms. Luciana Kincer, San Mateo**, said that the per diem employees at Mills Peninsula are eligible for benefits after 1000 hours worked, which is their criteria for a benefited position.

**Ruth Jacobs, Burlingame**, questioned if our nursing program is currently involved with other hospitals.

**Director Galligan** responded that the loan program is available to anyone who wants to apply; however, they must work within the District after graduation to avoid repaying the loan. That would include San Mateo Medical Center, as well as, Mills and Peninsula hospitals.

**Ruth Jacobs, Burlingame**, commented that within the last six years there has not been much discussion in regard to the nursing program and noted that much had changed.

**It was moved by Director Galligan and seconded by Treasurer Smith to approve the proposed changes to the Loan Agreement as presented in the draft document. The motion carried unanimously.**

#### **Service Agreement Ad Hoc Advisory Committee**

**Executive Director Fama** handed out a report that summarized the organizations and grant amounts recommended by the Committee after its deliberations at its December 7 meeting. **Director Galligan** described the meeting and what process was taken to make the final decision. She explained that one applicant missed the deadline, therefore was not considered. She then listed the applicants that were given the grants.

**Treasurer Smith** questioned if the grants process had changed as the committee is recommending a 3-year grant. In the past, the grants have been for only one year. **Executive Director Fama** stated that there is nothing in writing that precludes the committee from giving grant recipient monies over a longer timeframe. **Treasurer Smith** commented that it may have never been formalized into our process. **Executive Director Fama** added that the committee discussed the pros and cons of a multi-year grant and concluded that it would be more beneficial to achieving the grant goals.

**Treasurer Smith** then questioned the future of the Children's Health Initiative given President Bush's recent veto of the children's health care bill. **J. Michael Watt, Verite Consulting**, noted that what was vetoed was the SCHIP (State Children's Health Insurance Program), which required reauthorization by Congress this year. One of the

programs that SCHIP serves is Healthy Families, which provides low-cost insurance for children and teens in the state of California. The Children's Health Initiative is largely funded by non-profit donations. **Secretary Galligan** questioned Mr. Watt whether CHI was a pilot program. **Mr. Watt** answered yes.

**Executive Director Fama** reported on her site visits to eight of the grant requestor organizations. She commented on the great work being done and then thanked Clarisse Blanchard, Ph.D., Director, Department of Integrated Treatment and Co-Occurring Services and Amanda Freeman, Program Manager of the Crisis Intervention and Suicide Prevention Center, both of the Youth and Family Enrichment Services, and Dr. Stuart Veiss, Medical Director of the Samaritan House, for attending this Board meeting.

**Executive Fama** then commented on the pie chart distributed in the meeting packet and made available at the meeting. It graphically showed how the distribution of grant dollars supports the five priority areas of need identified in the strategic plan and incorporated into the Service Agreement Committee charge.

**Treasurer Smith** complimented Helen and her committee on all of the work they did to provide the Board with such an in-depth report.

**Ruth Jacobs, Burlingame**, questioned the grant given to Millbrae. **Executive Director Fama** responded that Ms. Jacob was referring to the Millbrae Recreation Department's After School Program. She explained that the City of Millbrae has been financially struggling for some time and noted that when city services are cut due to financial constraints, it is often these types of services that are cut first. This program will target the after-school children at Taylor Middle School students who are at a high risk age.

**Pat Giorni, Burlingame**, expressed her concern that some of the grant recipients may have come to rely on the District as a permanent source of funding. It has been her opinion that the District should position itself not to become the sole source for any program. She also feels that the recipients should be looking at other sources of funding.

**Secretary Galligan** explained that every program had to apply through the grant process and meet all criteria. The Due Diligence Check List presented at the October 18 Board meeting specifically addresses that point. **Chair Newman** affirmed that all of the recipients applied because they need the money. **Director Navarro** pointed out that the District is not the sole funding entity for any of the grant recipients. The District is not underwriting any of the programs.

**It was moved by Treasurer Smith and seconded by Director Navarro to approve the grants as presented by the ad hoc Service Agreement Committee. The motion carried unanimously.**

**Dr. Veiss** then expressed his sincerest thanks for all of the help the District has given to The Samaritan House.

**Ruth Jacobs, Burlingame** asked if the public could be part of the next grant recipient selection process as she was able to sit in on the meeting in the past.

**Chair Newman** explained that the Service Advisory Committee is an ad hoc, working committee and therefore, not an open committee.

### **EXECUTIVE DIRECTOR REPORT**

**Executive Director Fama's report included the following:**

- Introduction of Jan Matejcik the District's new part-time Administrative Assistant and Carole Sinay, CPA, the District's accountant, who is an Independent Contractor working about 3-4 days a month. She has been on the team since July, and this was the first meeting her schedule allowed her to attend.
- Report on her participation in the Association of Special District's certificate program on "Staying in Compliance" with the Brown Act and Public Records Policies.
- Report on the Association of California Health Care District's advocacy and lobbying efforts. Of particular note, the ACHC is advocating to allow Districts to employ physicians. Ms. Fama felt that this type of program would provide positive opportunities for the District.
- Announcement that she was asked to serve on the ACHD statewide committee for Community Health Care Districts and has said yes.

### **OLD BUSINESS**

#### **Financial Policy/Guidelines**

**Director Smith** introduced the agenda item by referencing the District's recent strategic planning process. A big part of those deliberations focused on the Board's dual requirements to build a fund sufficient enough to fulfill all of the Board's fiduciary obligations under the new 50-year Master Lease agreement with MPHS, and also to have enough financial resources to carry out the District's mission, which is to have a meaningful impact on the health of the District residents. It became clear during the planning process that the Board needed to develop a financial policy to guide the development and management of those funds. **Keith Hurle and Michel Watt of Verite Consulting**, the firm that assisted the Board's strategic planning process, also assisted in developing a financial policy. Mr. Watt presented the initial work at the Board's April 30 Town Hall Meeting and then a more detailed report on this at the August 23 regular Board meeting. That report explored options on how to achieve an asset portfolio sufficient to meet the ~\$500M required at the end of the 50-year agreement. Treasurer Smith referred the Board to the summary document and proposal included in the Board packet and available to attendee. **Treasurer Smith** recommended accepting Option 1, which proposed the following:

- That the District set a target of accumulating \$500M by the end of the lease term.
- That the total annual operating expense budget for the District be limited to the equivalent of 10% of the prior-year-end Board Fund Balance.

- That an annual review of risks associated with paramount Default and projected obligations be conducted and the financial policy and target be adjusted accordingly.
- That investment management expertise be available to the Board on an ongoing basis as the funds grow over time.
- That the risks of Paramount Default by Sutter Health be reviewed by the Board annually.

**Secretary Galligan** noted that this is a conservative route, as compared to the other options. **Treasurer Smith** responded that it is a good starting point and that the District can revisit the policy and amend it if needed. **Secretary Galligan** emphasized the importance of conducting a check-up on the financial stability of Sutter Health, MPHS's parent corporation, as that is critical to the Board's examination of the financial risks.

**Treasurer Smith** suggested that Mr. Gary Hicks be engaged as he was the consultant that obtained all of the Sutter Health bond ratings for the Board during the negotiations with MPHS and Sutter Health. **Executive Director Fama** commented that she will follow up with him.

**Ruth Jacobs, Burlingame**, remarked that she was concerned about how much money the District would eventually give the hospital. **Chair Newman** noted that the District has a number of options open to it in the future. **Ruth Jacobs** commented that she has noticed great problems with other Districts. **Chair Newman** was adamant that the Board is taking the appropriate steps to be prepared for the lease termination and to do what is in the best interest of the District residents.

**Terry Huebner, Burlingame**, expressed concern about the amount of money the District will need and is apprehensive that \$500M will not be enough, as the District does not know what the price tag of the hospital will be in 50 years.

**Director Smith** moved for the adoption and **Chair Newman** read aloud it its entirety **Resolution No. 2007-01:**

**RESOLUTION TO ESTABLISH A SPECIAL BOARD LONG TERM FINANCIAL POLICY TO IMPLEMENT THE DISTRICT STRATEGIC PLAN OF 2007 AND ASSURE PRESERVATION OF PENINSULA HOSPITAL.** (A copy is appended to and made part of these minutes)

**Director Navarro** seconded the motion to adopt the Resolution.

**Executive Director Fama** took roll call.

Chair Don Newman:	Aye
Secretary Galligan:	Aye
Treasurer Smith:	Aye
Director Navarro:	Aye
Vice Chair Ullyot:	Excused absence

**It was moved by Director Smith and seconded by Director Navarro to approve the adoption of Resolution #2007 - 01. The motion carried unanimously by those present.**

**Blue Ribbon Task Force**

**Treasurer Smith** commented on the two meetings held since the last meeting of this board – 10/31/07 and 12/13/07. She and Ms. Fama had attended a meeting that morning; Funding for the health coverage for uninsured, employed county residents still has not been solved. The San Mateo Health Plan Medical Director presented a physician provider capacity analysis which highlighted shortages in some specialties and a mal-distribution of providers as compared to the need. The Task Force retained a firm to conduct research with employers and employees to look at plans and funding strategies. The report concluded that employees do not feel they can afford much in the way of contributions and employers cannot afford to provide coverage or contribute to a fund as has been proposed.

**Guardians Lawsuit Status**

**Colin J. Coffey, District Counsel**, reported that there has been a hiatus in the activities regarding the appeal. The appeal process takes approximately one year.

**NEW BUSINESS**

**Revised Introduction and Appendix to Strategic Plan**

**Treasurer Smith** made a motion to approve the proposed new pages to the Strategic Plan as presented. These pages provided more detail on the inclusion process and added an appendix of all the individuals that were interviewed.

**It was moved by Treasurer Smith and seconded by Secretary Galligan to approve the additional pages to the Strategic Plan. The motion carried unanimously.**

**Employee Benefit Plan**

**Colin J. Coffey**, reported on the Closed Session work that took place just prior to this meeting. The Board deliberated on details for a comprehensive benefit package for the District's employees. There currently are no benefits in place. Robert Mackler from Pacific Health Alliance, a local firm, presented a decision matrix and facilitated the discussion. They concluded that a single coverage plan at 95% employer contribution was a reasonable recommendation given the size of the staff and market.

**It was moved by Treasurer Smith and seconded by Secretary Galligan to approve a single coverage plan at 95% employer contribution for the District's Employee Health/Dental/Vision Benefit Package. The motion carried unanimously**

**ADJOURNMENT**: The meeting was adjourned by Chair Newman at 19:25 hours.

By: \_\_\_\_\_

Kelly K. Molloy, Executive Assistant

Approved:

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Helen C. Galligan, Secretary

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Donald E. Newman, M.D., Chair