

**BOARD OF DIRECTORS
REGULAR MEETING
Thursday, January 31, 2008**

The Board of Directors of the Peninsula Health Care District was called to order for Regular Session on Thursday, January 31, at 18:05 hours, at 1600 Trousdale Drive, Burlingame, California.

ROLL CALL: On roll call there were present: Helen C. Galligan, Secretary and acting Chair, Treasurer, Susan S. Smith, Director Rick Navarro, MD. and Vice Chair, Daniel J. Ulyot, MD, who was attending via conference call.

Excused: Chair, Donald E. Newman, MD.

Also present were: Cheryl A. Fama, Executive Director, Colin J. Coffey, General Legal Counsel, Jan Matejcek, District Administrative Assistant and Kelly Molloy, District Executive Assistant.

CONSENT CALENDAR: The Consent Calendar, consisting of the minutes for the December 13, 2007 regular meeting and the unaudited Financial Statements for October and November, was presented.

It was moved by Treasurer Smith and seconded by Director Navarro to approve the Consent Calendar.

Treasurer Smith noted that because Dr. Ulyot was attending the meeting via conference call, she believes that a roll call vote is needed.

Mr. Colin Coffey confirmed the requirement to take roll call.

Secretary Galligan directed that roll be taken to approve the consent calendar.

Vice Chair Ulyot had a question in regards to the minutes.

Treasurer Smith amended her motion to accept the Consent Calendar, except for the minutes.

Executive Director Fama took roll call.

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

It was moved, seconded, and approved unanimously.

Secretary Galligan questioned Dr. Ulyot on what changes he wanted reflected in the minutes.

Vice Chair Ulyot explained that under Old Business, on page six, the minutes reflected that the District set a target of accumulating \$500,000 by the end of the lease term. In fact the District has set a target of accumulating \$500M by the end of the lease term.

It was moved by Treasurer Smith and seconded by Director Navarro to approve the minutes as corrected.

Executive Director Fama took roll call:

Vice Chair Ulyot: Aye
Secretary Galligan: Aye
Treasurer Smith: Aye
Director Navarro: Aye
Chair Newman: Excused

The motion carried unanimously.

ORAL COMMUNICATIONS:

Secretary Galligan asked for public comment regarding anything not pertaining to the agenda or any matter within the jurisdiction of the District. She asked that comments be limited to three minutes.

Ms. Pat Giorni, Burlingame requested that the Board packet be printed on both sides of the paper. She noted that many other types of councils have taken this measure.

Ms. Luciana Kincer, San Mateo, a nurse at Peninsula Medical Center, handed out a copy of the current Assignment Despite Objection (ADO) forms which are kept up monthly by Mary Alice Martinez, who is the ADO Coordinator at MPHS. She noted that there were 285. She also asked if those present would be able to ask Mr. Merwin questions after his presentation.

Secretary Galligan answered yes.

Ms. Luciana Kincer advised the Board that the nurses still did not have a viable contract with MPHS. Next negotiations are scheduled for February 12, 2008.

Ms. Brook Knier, a nurse at Peninsula Medical Center, inquired as to where Dr. Ulyot was?

Vice Chair Ulyot answered that he was located at 51605 Village Drive, La Quinta California, with a sign/public notice on his door indicating that he is attending the District meeting via teleconferencing.

Executive Director Fama apologized for the less than ideal volume levels provided by the conference phone and assured Dr. Ulyot that the District would secure a better system the next time teleconferencing was needed.

MPHS QUARTERLY PERFORMANCE REPORT

Secretary Galligan introduced Mr. Robert Merwin, CEO of Mills-Peninsula Health Services, who presented the MPHS quarterly report.

Mr. Merwin opened his presentation by handing out to the Directors a copy of *Caring for Generations*, a book chronicling the 100-year history of MPHS. He assured Dr. Ulyot that one would be left for him to pick up the next time he was in town.

Regulatory Surveys:

MPHS went through 13 unannounced surveys last year by the federal, State, and hospital accreditation and licensing agencies. The good news is that the hospital corrected the deficiencies that had been previously identified. It is now fully accredited by the Joint Commission (JCAHO) and in full compliance with Medicare and Medicaid.

C.N.A. Negotiations:

MPHS did experience two strikes which were the first in 30 years, the last being 1979, which was the longest strike in the State of California. Meetings are scheduled for next week to hopefully resolve issues.

Quality Acknowledgements:

MPHS was just recognized as one of the top 5% of all full service hospitals in the United States. Out of more than 4000 hospitals, only 269 nationally and 11 in Northern California received the Health Grades "Recognition for Excellence". Health Grades is the nation's leading independent healthcare rating organization. MPHS was also recognized by the Joint Commission to be in the top 5% for stroke care, critical care, general surgery, overall gastrointestinal services and medical treatment. In addition, MPHS was in the top 5% for heart failure, pneumonia, bariatric surgery, overall critical care, appendectomy and bowel obstruction. LeapFrog, which is one of the leading organizations for patient safety in the country, gave the hospital its Distinguished Award for Patient Safety. The Mills Peninsula Medical Group was honored by the Integrated Healthcare Association for top performance.

Electronic Medical Record:

MPHS is in the process of implementing a new electronic health record system called EPIC Hyperspace. It will require the reengineering of nine major processes throughout the organization, with medical records being only one of them. "Go live" is planned for Spring 2008; MPHS will be the first Sutter affiliate to do so. The last Sutter implementation will not be complete until 2015. One of the greatest advantages of going digital is that it gives doctors, nurses and care givers the opportunity to look at patient records at the same time from different locations. It will also allow patients to have access to their charts.

Financial Performance:

MPHS had a good year with net operating income for FY 2007 at \$38M. It is anticipated that Medicare cutbacks and tougher health plan negotiations will make FY 2008 challenging.

In terms of growth, cardiac surgery is back on track. A new Endoscopy center was opened at Peninsula. By re-locating this service, another operating room will be freed up for use by the cardiac surgery program. Mills-Peninsula Medical Group is exploring the development of a multi-specialty group.

Patient and Employee Satisfaction:

Patient survey scores for overall satisfaction were at 71%; the MPHS goal is 95%. MPHS met or exceeded the State and national averages for the National Patient Safety Goals and was rated “superior” in California for the overall patient experience. In terms of people, the last employee survey came in at 86% satisfaction. That puts MPHS on top relative to the Sutter Health system scores. The nurses rated Mills-Peninsula as “the best place to work” in an independent survey conducted by Advanced Nursing magazine. The annual employee picnic was a great success. It was held at Saratoga Springs and 2500 employees and family members attended.

Community Benefit:

Total charity care for FY 2007 was at \$14.5M; the cost of the direct community benefit programs was \$3M of that total. Examples of direct programs include a Latino outreach program, the 6th Annual Soul Stroll, a San Mateo on the Move Fitness Program with the City of San Mateo, and a Breast Cancer awareness campaign that was very highly received.

Construction Update:

The project hit an impasse for several weeks due to the manufacturer of the steel. Also the ground on which the new crane sat was found to be too soft for the weight of the crane. So it had to be re-engineered with new platforms for the crane. The East tower steel is now complete and work is beginning on the West tower. It is hoped to have that steel completed by January 2009 and weather tight by October 2009. Approximately 52 days were lost due to those delays. The State licensing process will start as soon as construction is completed. It is estimated that licensing will take anywhere from three to six months to complete. Mr. Merwin also reported that MPHS is looking for alternatives outside of the new hospital tower for behavioral health, the cost is too great to keep in the main tower. The space that would be opened up would be used for general medical/surgical beds. He also reported on the plan to add an additional floor to the medical office building.

Director Galligan then opened the meeting to questions for Mr. Merwin.

Treasurer Smith questioned Mr. Merwin on the patient satisfaction rating, inquiring whether the construction may have anything to do with the low score.

Mr. Merwin felt that it might have a little bit to do with it, especially the distance between the parking and hospital entrance, in spite of the shuttle service that is provided. However, he finds a lot of the guests seem to enjoy watching the progress of the construction.

Executive Director Fama asked about the amount of Charity Care reported by MPHS. Recently an article in the San Francisco Chronicle reported charity care totals for many of the San Francisco hospitals. She noted that Saint Francis reported only \$4.1M for Charity Care and, knowing the inner city patient population it serves, she inquired how MPHS numbers could be so high in comparison.

Mr. Merwin responded that the \$14.5M reflects total charges that were written off, not the cost of the care.

Ruth Jacobs, Burlingame, inquired if the hospital is going to provide more parking with the additional floor for the medical office building.

Mr. Merwin answered that MPHS is pursuing a modification to the plan that would allow an additional 30,000 square feet. That requires an amendment to the environmental impact report that the Burlingame Planning Commission had already approved. MPHS has met with city council members and they are very supportive. It will require going back and re-doing the parking and traffic studies. The recent rain has caused a delay and those studies can not be done when it rains as it changes driving patterns.

Terry Huebner, Burlingame, asked about Magnolia Gardens and, now that it is owned by MPHS, what will the use of the facility be?

Mr. Merwin, answered yes, MPHS had acquired it. It is closed for remodeling. They are looking at the costs of bringing the building up to code vs. tearing it down completely. They will not know for six months or more.

Terry Huebner asked what the intended use of the facility was.

Mr. Merwin answered skilled nursing; neither skilled nursing nor psychiatry will be put in the new building.

Terry Huebner, referred to an article in the Daily News Newspaper, dated January 27, 2008, that reported that an undisclosed party was offering to purchase the Burlingame School District building on Trousdale. Is MPHS planning to purchase it?

Mr. Merwin stated that MPHS has been in negotiations with the Burlingame School District for about one year. The School District has disclosed that they need more space and have an interest in selling and MPHS has an interest in buying.

Luciana Kincer questioned if Mr. Merwin meant the Peninsula Health Care District had an interest in buying the property.

Mr. Merwin answered that Mill-Peninsula has an interest; the District may or may not. MPHS has put into our agreement with the school district that if this District wishes to step into our shoes, they may.

Terry Huebner expressed concern about a notice mailed to the hospital neighborhood and surrounding areas that Peninsula Hospital would end up like a Kaiser Hospital. She then asked if the proposed medical foundation is being set up like a Sutter Insurance Company, and referenced Sutter Select.

Mr. Merwin answered that Sutter Select is an exclusive provider program; it is not an insurance company. He explained the MPHS has no intention of becoming an insurance company or a Kaiser-like foundation. The only way it would be comparable is, if as a medical group, it contracts exclusively through the nonprofit foundation model. Mr. Merwin said that what is being proposed would be more like the Mayo Clinic.

Terry Huebner questioned Mr. Merwin if people would be able to use their regular insurances.

Mr. Merwin answered yes; it would be like the Palo Alto Medical Foundation that contracts with all insurance companies.

Pat Gianni inquired that if MPHS adds another story to the Medical Office Bldg, would MPHS then have to get more than an amendment from the Planning Commission? Would it not be required to go back out for public hearings as it is a change to what had previously been approved?

Mr. Merwin answered he thought it would have to go back out to the public, but he thought it would be a much shorter process.

Pat Gianni then stated that her understanding was that when the new lab and kitchen were moved from the hospital to the new medical office building, it might bring up a problem with OSHPD because those services should be on-site, meaning in the hospital, in the event of a natural disaster, such as an earthquake.

Mr. Merwin explained that there were a few issues. OSHPD does not have a problem with the lab and kitchen being in a different building. The San Mateo County Department of Health raised the concern. What has been done to ease the concern is a redesign of the bottom floor of the hospital which will now include an emergency kitchen.

Luciana Kincer questioned, on behalf of her MPHS nurse colleagues, whether or not there will be enough space for patients in the new hospital? If the SNF and the psychiatric unit are going to be moved out of the hospital, how many more beds will that give the nurses?

Mr. Merwin answered 70 med/surg beds and noted that those would be in addition to the current plan, which provides the flexibility to add 70 more beds in the future.

Luciana Kincer mentioned that the hospital only has a framed-in floor for the cardiac rehab facility, has there been any thought to adding a fitness center?

Mr. Merwin answered yes that it would be put in one of the shelled floors as long as the fund-raising campaign was successful.

Luciana Kincer then questioned Mr. Merwin on patient satisfaction. She referred to the employee bonus checks and the letter that came with them in which patient satisfaction was reported as only at 50%. She questioned if it had gone up that much.

Mr. Merwin clarified that the last quarter patient satisfaction was at 71%.

Luciana Kincer then questioned him why he wrote a letter to the staff stating that patient satisfaction was at 50%, when it was really at 71%, expressing to the nurses that because of the 50% ranking, they needed to do better.

Mr. Merwin answered that he does feel they need to do better.

Luciana Kincer again questioned the two different percent rankings.

Mr. Merwin answered that she was referring to two different time frames. One is last quarter and one is last year.

Brook Knier questioned what percentage he was referring to in the letter the nurses got on January 25, 2008.

Mr. Merwin answered that it was referring to the year, 2007. He then apologized that it was confusing.

Brook Knier then asked when the employee satisfaction surveys were normally done.

Mr. Merwin answered in March.

Brook Knier then commented that in past years they have been given results by department.

Mr. Merwin asked what department she was referring to.

Brook Knier answered Med. / Surg.

Mr. Merwin felt that the situation was not right and he would follow up with the Manager of that floor.

Michelle Brooks, San Bruno then commented that she did not feel it was appropriate that she did not get to participate in the survey while she was out on a leave.

Mr. Merwin told her to check with HR.

Luciana Kincer asked how many cardiac surgeries the hospital was doing per year.

Mr. Merwin stated that the hospital only did 25 last year. It is hoped to get it back up to 100. This relates directly to the earlier discussion about the new endoscopy center now allowing two rooms to be used simultaneously in the OR.

Luciana Kincer then referred to the letter the nurses received at home explaining that Mills-Peninsula was reaching out to hire more people.

Brook Knier answered and said the jobs would be posted tomorrow.

Mrs. Jacobs then asked who the Cardiac Surgeon is.

Mr. Merwin answered Conrad Vidal from the Palo Alto Clinic and Dr. Gaudiani's partner, Luis Castro, two very good surgeons.

Executive Director Fama then asked about the recent article in the Business Times stating that the MPHS hospital administrative staff would now be over the new Sutter hospital in San Carlos. She questioned how MPHS could assure the District Board that the Peninsula Medical Center will still receive the necessary oversight.

Mr. Merwin explained that he did not feel that the back office functions would be problematic with adding new responsibilities. It also enables them to rationalize how core services are provided. He does not feel the project will happen until 2013, therefore giving enough time to finalize the plan.

COMMITTEE REPORTS:

MPHS BUILDING COMMITTEE

Treasurer Smith noted that Mr. Merwin gave most of the updates on the significant items. At every meeting, they have a virtual tour of the hospital with the project managers. They are reviewing the furniture/fixtures list and have been interviewing vendors and reviewing proposals. They assigned this task to a committee made up of the people who will use the equipment. The last financial report stated that \$144M has been paid out to date. This does not include all of the commitments that have been made.

Mrs. Jacobs asked where the \$144M comes from.

Treasurer Smith answered that, to her recollection, the new hospital was to be funded with MPHS and Sutter reserves, bond financing, and public philanthropy.

Mrs. Jacobs questioned if the District would be paying for any part of the new hospital.

Treasurer Smith answered no.

Terry Huebner asked Mr. Merwin about how many doctors they hope to have in the new floor opening up in the medical office building.

Pat Giorni wanted to clarify that in past publications the new office building has been referred to as the “medical” office building and is now being referred to as the “professional” building. Why is that? Are the anticipated tenants changing?

Treasurer Smith suggested it just be referred to as the office building for now.

Luciana Kincer asked if skilled nursing and the psychiatric departments are moved out of the hospital, will they still be considered acute care? She also noted that if they are not and are going to be considered long-term or sub-acute, then they will not have to meet the same licensing and accreditation requirements.

Mr. Merwin answered that skilled nursing is not acute. A free standing psychiatric facility can have acute care beds, but total construction costs would be significantly lower.

COMMUNICATIONS OVERSIGHT:

Vice Chair, Ulyot opened the report by reiterating that the District’s communications plan is built upon the goal of bringing in-house as much of the communications work as is reasonable. Under Ms. Fama’s direction, the District will develop the newsletter, webpage, and the contacts mailing lists. Expert consultant help will be brought in as needed. He then asked Ms. Fama to report on the newsletter development.

Executive Director Fama opened by noting that Janis MacKenzie of MacKenzie communications had intended to present tonight; however, she and most of her office staff had come down with the flu, so Ms. Fama would try to do justice to their planned presentation. On easels around the room were examples of three mastheads and naming treatments, as well as, three new format and color concepts for the newsletter.

Mrs. Jacobs commented that one of the suggested names used the word “Peninsula” and that would be very confusing for the public in distinguishing between the MPHS and the District.

Executive Director Fama agreed. Ms. Fama commented that the new newsletter will have the capability to be sent via the internet and/or posted on the webpage as a PDF file for greater availability to the public. Ms. Fama also noted that the District was looking into the cost of several different types of traditional mailers, as well as, possible inserts into local newspapers. The group then reviewed all of the different prototypes. Many stated that the masthead must include the new logo for the District and the word Peninsula should be avoided. Ms. Fama also gave the group several different options for

sizes, different options for the number of pages, and different options for “banners” which would include a central theme or article.

Pat Giorni recommended that the name of the newsletter should be “District Health News”.

Director Rick Navarro answered that he liked that name.

Executive Director Fama asked what size newsletter the group liked. The group answered that they liked a bigger stock page, which was similar to the Senior Focus mailer. The group also preferred a non-glossy or matte finish. Ms. Fama then inquired about the color scheme. The group did not like the proposed green shade and was definitely partial to something with blue.

Director Navarro mentioned that every time the District sends out a publication, the public gets used to the new look, thus branding our logo.

Executive Director Fama then began the discussion of distribution. She explained that the MacKenzie team suggested looking at a variety of distribution vehicles including direct mail to homes, packets of 10-15 copies for physicians’ offices and clinic lobbies, and possibly a special 1 page insert for newspaper mailings like the Daily Journal, Examiner, San Mateo Times, etc.

Treasurer Smith mentioned that she does not favor the “insert” method as she finds that most residents put “inserts” into the recycle bin without reading them.

Mrs. Jacobs questioned what the cost of mailing the newsletter would be.

Executive Director Fama answered that the cost of the last newsletter for postage and production was approximately \$40K. The proposed 11x17 quarter fold mailer with the same distribution should save \$7-10K at a minimum.

Mrs. Jacobs questioned weather it would be advisable to only send out three publications per year.

Executive Director Fama responded that three editions per year was the plan with the addition of a major public event next Spring to add a fourth mailing and visibility opportunity for the District’s good work.

Terry Huebner noted that she felt the grant process was a very important topic as it is a great achievement.

Vice Chair Ullyot commented that he was reviewing the prototypes on his computer as the group was discussing the options. Dr. Ullyot noted that first impressions were very important. Dr. Ullyot then questioned the postage cost versus using the newspaper insert distribution route.

Executive Director Fama answered that the cost for distributing through the Examiner was \$34 per 1000 newspapers, not including our cost to copy the flyer.

Vice Chair Ulyot calculated that the cost to distribute 40,000 newsletters this way would be only \$1340.

Executive Director Fama agreed that this approach would definitely be significantly less expensive.

Mr. Dan Anderson suggested that the District explore the option of a non-profit bulk rate with the United States Postal Service.

Executive Director Fama wrapped up the discussion by saying that all the feedback would be taken into consideration. A newsletter will be developed and readied for distribution in March.

PHYSICIAN RECRUITMENT COMMITTEE:

Director Navarro reported that the District has been in conversations with a general surgeon hoping to recruit a new surgeon into his practice. Ms. Fama had the opportunity to speak with Dr. Allen of Peninsula Surgical Specialists, about potential help the District could offer for this recruitment.

Executive Director Fama added that the new surgeon would be an asset not only to Dr. Allen's group and MPHS, but all of San Mateo County as he or she would provide regular ER coverage for San Mateo Medical Center. She also mentioned that Peninsula Surgical Specialists are very highly regarded within the hospital and community.

SCHOLARSHIP COMMITTEE:

Secretary Galligan reported that the committee awarded one additional scholarship to a MPHS employee who is attending San Francisco State University's Nursing Program to get her Master's Degree.

SERVICE AGREEMENT AD HOC COMMITTEE

Secretary Galligan presented the College of San Mateo 2008-2010 grant request. The committee had unanimously approved continuing support of this important program. It was being presented now to assist CSM in their planning for the Fall semester, 2008. She referenced the request document and cover memo with the committee's recommendation that was under Tab C in the meeting packet.

Secretary Galligan moved approval of the CSM grant request totaling \$307,184 to fund a 12-student cohort of nursing students for the 2008/09 and 2009/10 academic years.

Mrs. Jacobs questioned whether the Board would be discussing the individual grant requests made by potential students.

Secretary Galligan answered that currently the Board was reviewing the grant request for CSM. Ms. Galligan requested to remain on that topic.

Executive Director Fama commented that when she spoke to the nursing director at CSM she learned that 90% of their graduates stay in this area and of the Districts' 50 loan recipients, 27 of them went to CSM. Fifteen of those CSM students that the District has

supported with loans have remained at MPHS. Ms. Fama has also been told by the chief nurse recruiter at MPHS that they do try to recruit CSM nurses.

Treasurer Smith commented that she felt of all the programs the District supports, this seems to be the most important.

Executive Director Fama took roll call.

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

It was moved, seconded, and approved unanimously.

Secretary Galligan then reported that the Service Agreement Committee is currently developing a calendar and actively looking for two more people within the community to join the committee.

Treasurer Smith inquired about the nurses who have received loans and whether or not any have been turned into collections and wondered if that process has now improved.

Executive Director Fama reported that four people are in collections and three other recipients will be receiving letters reminding them of their obligation to find work within the District or else pay off the loan. There are currently 15 recipients still in school.

EXECUTIVE DIRECTOR REPORT

Service Agreement Awards:

Executive Director Fama reported on the grant check distribution process she launched this year. Ms. Fama felt it was imperative to hand-deliver the majority of the grant checks instead of mailing them as it enabled the District to interact with the leaders and boards of our grant recipients. To date, Ms. Fama has been able to present to the boards of the Women's Recovery Association, Shelter Network, and Samaritan House. Ms. Fama met with Dr. Scott Morrow and Barbara Pletz of the San Mateo County Department of Health, and the Stroke Awareness Campaign Committee. Secretary Galligan joined Ms. Fama in delivering checks to Youth and Family Enrichment Services, as well as, the San Mateo Health Plan for its Latino Obesity Program.

Mrs. Jacobs expressed concern in regards to the grant given to the Millbrae After-School Program. **Executive Director Fama** responded to Mrs. Jacobs that she would be happy to elaborate on the reasoning behind the Millbrae grant off-line; however, in brief, the grant is to support the after-school healthy snacks program targeted at middle school-aged youth from Taylor School.

Ms. Fama then continued her report stating that the District has been invited to attend the Board meeting at the Children's Health Initiative on February 13, 2008 and the Jewish Family and Enrichment Services Board on February 20th. Ms. Fama expressed the

opinion that the visits have been very positive for District visibility and the recipients have been very appreciative of the money. She then announced that the Youth and Family Enrichment Services organization wants to honor the District as a recipient of the “Silver Barbell Award” at their annual awards breakfast -The Starting Line Breakfast Fundraiser, on Wednesday, April 2, 2008.

Vice Chair Ulyot commented that for decades the Board has been unable to respond to things like this or attend a ceremony. Dr. Ulyot expressed his gratitude to Ms. Fama for her work thus far in providing a “face” for the District. To be able to physically hand-out checks gives the District a presence it did not have until now.

Real Estate:

Executive Director Fama updated the Board on the use of 1875 Trousdale which was purchased by the District August 2007. The District has decided to lease the building for approximately three to five years. Ms. Fama has been able to lease some of the building to the Sunrise Corporation of Virginia, the firm that is building the new senior living facility on the corner of Trousdale and Ogden. Sunrise is renting the front 1400sq.ft. and will be moving in soon and using the space as their sales office. Ms. Fama is currently reviewing the cost benefit of preparing the remainder of the building for rental.

Secretary Galligan questioned if all the basic construction had been finished allowing the entire 5000 square foot space to be rented.

Executive Director Fama answered that only that part to be rented to Sunrise had been completed.

Terry Huebner inquired if the District was interested or intending on purchasing the District School Board building.

Executive Director Fama explained that it is of interest to the District Board as it is adjacent to the property that will return to the District’s use after the new hospital fully opens. Owning that parcel would open more opportunities as the District leaders look at future development of District properties.

Mrs. Jacobs then asked what the intentions of the District are for the 4+ acres of land once the current hospital building is torn down.

Executive Director Fama answered that the District is exploring all possibilities related to the health of the community.

Luciana Kincer inquired the rent amount per square foot on 1875 Trousdale.

Executive Director Fama explained that the District discounted the amount per square foot because Sunrise paid for the majority of the tenant improvements to make the space usable. Commercial real estate has not been as depressed by the current market downturn, however, given the rough condition of the building when Sunrise began, it was felt that a reduced rate was certainly within fair market value.

Luciana Kincer then mentioned the possibility of renting property to the Blood Bank again as they had to move to location on Rollins Road due to the new hospital construction.

Director Navarro answered that he felt it was a good point. He felt the District might inquire about the blood bank's current lease and when it might be up.

Luciana Kincer commented that she would like to see the District be proactive in advertising to businesses who are philanthropically involved to keep the District a Health Care District. She commented on the inconvenience to the blood bank to be so far removed from the hospital. Keeping them in the footprint gives them more accessibility to the hospital as well as to donors coming in.

Director Navarro agreed. As an anesthesiologist his experience is that most blood banks are in the same building or in the near vicinity.

Executive Director Fama concluded her report by referring to the summary of health and wellness legislative activity under Tab B of the packet and the summary of Board activities fiscal year to date that is under Tab D of the packet. She expressed that it was her goal to include some educational information for the Board and public at every meeting

OLD BUSINESS – None

NEW BUSINESS

Financial Policy/Guidelines

Treasurer Smith stated that every year in January the Board needs to review and approve its Investment Policy. The purpose of this policy is to make sure that surplus funds are invested by the District in accordance with statutory guidelines. This policy was originally adopted in January 2000. Treasurer Smith then questioned Colin Coffey if there had been and statutory changes.

Colin Coffey answered no.

Treasurer Smith noted that the District is limited in what it can invest in. The two funds that the District invests in are the Local Agency Investment Fund and the County Pooled Funds – both submit their policies to the District Board and conform to regulations. Treasurer Smith offered that the policies can be made available for review at any time.

Mrs. Jacobs complimented the District on the investment program as it has a responsibility to invest public money carefully.

Treasurer Smith stated that the Board adopted a financial policy at an earlier meeting and thanked Mrs. Jacobs for her comments.

It was moved by Treasurer Smith to except the financial policy as presented. It was seconded by Director Navarro.

Executive Director Fama took roll call.

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

The motion carried unanimously.

EMPLOYMENT CONTRACT

[Executive Director Fama recused herself and left the meeting during these discussions.]

Colin Coffey was asked to lead this discussion. He opened by stating that the trigger for the Board’s consideration of an employment contract at this time was the fact that the Executive Director was under an independent contractor consulting agreement. This was never intended to be permanent. The position established by the District as a result of its strategic planning process was envisioned to be an employed Executive Director. Therefore, to transition the relationship with Ms. Fama, an employment contract has been drafted and is being brought before the Board now. Dr. Newman, as Board Chair, served as the chief negotiator with Ms. Fama to work out an employment agreement. Dr. Newman presented the result of his sessions with Ms. Fama to the full Board in a Brown Act Labor Negotiation closed session on January 18, 2008. At the conclusion of those deliberations, the Board gave direction to Dr. Newman to conclude the negotiations and the terms, which are in the CEO contract presented at tonight’s meeting.

Mr. Coffey commented to Dr. Ullyot that he had just distributed a new version of the contract, which reflects only one non-substantive change. Specifically section 3.2 that used to read “28 days vacation and holiday” now reads “20 days vacation and 8 holidays”. It does not change the arrangement; it is just a minor clarification

Vice Chair Ullyot questioned the change of title from Executive Director to Chief Executive Officer and asked whether or not this was the pleasure of the Board.

Mr. Coffey responded by noting that the Exhibit on the proposed contract that was before the Board failed to change the words Executive Director to CEO and that this was a distinct title change from the consulting agreement that preexisted. However, directly to the point of Dr. Ullyot’s question, the title change was negotiated between Dr. Newman and Ms. Fama and discussed with the full board at its closed session. It was agreed upon and included in the contract that was presented.

Vice Chair Ullyot inquired if other District’s use this title.

Mr. Coffey responded by saying it has been his experience that the District’s that run hospitals employ CEO’s to run them. The District’s that do not run hospitals often title the position as Executive Director, but there are a good number of them that continue to title the position as Chief Executive Officer.

Vice Chair Ullyot expressed that he did not want to delay the signing of the new contract but inquired if the title change was something that Ms. Fama requested.

Secretary Galligan expressed her thoughts that it was a bit confusing to have Ms. Fama called an Executive Director when the Board is made up of Directors.

Mr. Coffey stated that he can represent that Ms. Fama specifically sought in her discussions with Dr. Newman, and Dr. Newman very specifically accepted through these negotiations, the title of Chief Executive Officer.

Vice Chair Ulliyot withdrew his objection and agreed with the title of Chief Executive Officer.

Mr. Coffey continued by reporting on the performance evaluation that came out of the discussions with Dr. Newman and Ms. Fama and the subsequent Board meeting in closed session on January 18, 2008. This performance evaluation, which was done in compliance with the Brown Act allowance for closed sessions to discuss personnel performance, was done to evaluate Ms. Fama's performance under the pre-existing agreement prior to considering the conversion to an employment contract. It was the decision of the Board to seek to renew and extend Ms. Fama's position with the District and to induce the renewal and extension of said arrangement that had existed. The Board's deliberations resulted in a very pleasant and positive performance evaluation.

In recognition of Ms. Fama's performance and the Board's desire to retain her as its employed chief executive, the Board directed Dr. Newman to offer Ms. Fama a performance bonus of \$10,000. Mr. Coffey represented that Ms. Fama will accept that offer if there is an approved motion to that affect. The result of both the performance evaluation, as well as, the proposed Chief Executive Employment contract was what the Board had before it. The proposed contract terms call for a four-year agreement with all the standard provisions, as well as, compensation. If the Board accepts the recommendations that have come before it as the result of negotiations between Dr. Newman and Ms. Fama, then there are two separate actions that must be taken - one for the CEO employment contact approval and one for the grant award for performance.

Treasurer Smith responded that the contract before the Board conforms to the directions that the Board gave to Dr. Newman at the conclusion of its January 18 session.

Secretary Galligan agreed.

Director Navarro stated that Ms. Fama has never met the Board's expectations; she has continued to exceed them.

Mrs. Jacobs questioned whether the salary suggested was routine for this type of position.

Treasurer Smith concluded that it was in line with the survey of the other District's as well as Special District's.

It was moved by Treasurer Smith to except the employment contract and was seconded by Director Navarro.

Treasurer Smith took roll call.

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

The motion carried unanimously.

It was moved by Director Navarro to offer Ms. Fama an immediate grant of \$10,000 for an exemplary performance review and was seconded by Treasurer Smith.

Mr. Coffey took roll call.

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

The motion carried unanimously.

Ms. Fama returned to the meeting and was informed of the Board's actions. She expressed her appreciation for their recognition and stated that she is looking forward to the next four years.

NEW BUSINESS

Secretary Galligan presented the proposed meeting dates for July–December 2008.

Executive Director Fama shared that it was proposed to her by Chair Newman that, since many organizations darken either the July or August meetings due to vacations, the District should consider canceling the August meeting. She also noted that the November regular meeting time conflicted with Thanksgiving and so proposed that the October meeting be moved to the 5th Thursday, the November meeting be cancelled, and the December meeting be scheduled on the 1st Thursday, away from most holiday activities in December.

Secretary Galligan asked that the July meeting be cancelled and that August stay on the 4th Thursday. Ms. Fama preferred that change as well. It was decided to revise the proposed calendar and present it next Board meeting for finalization.

ADJOURNMENT: The meeting was adjourned by Secretary Galligan at 19:25 hours.

By:

Kelly K. Molloy, Executive Assistant

Approved:

Helen C. Galligan, Secretary

Donald E. Newman, M.D., Chair