



**BOARD OF DIRECTORS
REGULAR MEETING
April 28, 2011**

1. CALL TO ORDER:

Chair Ulyot called the meeting to order at 17:47 hours at the San Bruno Resource and Recovery Center, 458 San Mateo Avenue, San Bruno.

2. ROLL CALL:

On roll call there were present Dan Ulyot, MD, Chair, Rick Navarro, MD, Vice-Chair, Helen Galligan, RN, Secretary, Lawrence Cappel, PhD, Treasurer, and Don Newman, MD, past Chair. Also present were: Cheryl Fama, Chief Executive Officer, Colin Coffey, Board Counsel, and Kelly Molloy, District Community Outreach Coordinator.

3. CONSENT CALENDAR: The Consent Calendar consisting of the Regular Session minutes for March 24, 2011 and the unaudited financials for March 31 were presented.

DIRECTOR CAPPEL MOVED AND DIRECTOR NEWMAN SECONDED THE MOTION TO APPROVE THE CONSENT CALENDAR AS PRESENTED. THE MOTION CARRIED UNANIMOUSLY.

4. ORAL COMMUNICATIONS: None was offered.

5. COMMUNITY EDUCATION: "2-1-1, Connecting Residents in Need – To Vital Community Services"

Chair Ulyot introduced **Ms. Betty Creary**, Community Outreach Manager, United Way of the Bay Area.

Ms. Creary thanked the Board for the opportunity to speak. She reviewed her experience with the United Way and more recently with the relatively new 211 Program. Her presentation has been appended to the minutes. In summary, she covered:

- The creation and use of numbers ending with 11; examples include 311 for bus schedule in SF; 911 for fire, police and medical emergencies, and 411 for phone information.
- 211 is a free, confidential, and multi-lingual service available 24/7. Those are the baseline requirements to become a 211.
- The California Public Utilities Commission designates 211's across California counties and we now have 211 around the Bay.
- Calls go into the local 211 center and the staff link the caller with services
- An important benefit of 211 is all the calls come into a central place where trained staff can take the time it required to assess an individual's needs and eligibility; it is critical that referred people fit the eligibility parameters before recommending services. One of the worst things we can do is send someone to an agency only to have them turned away at the door.
- Calls usually take 2–5 minutes; however, the staff takes the time needed to help individuals tell their stories and understand what it is they actually need. Those calls can last up to 20 minutes. A common example is where someone says I can't pay my bills. What kind of bills? Medical bills, prescription bills, getting your glasses repaired, utilities, house payments, etc. We help sort it all out, see what they actually need and set priorities. Then we begin our research.
- The Peninsula Library CIP data base is a primary resource because it is updated on a regular basis and we have a reciprocal updating plan to put on our website.

- Knowing eligibility criteria is critical to accessing services. For example, “senior citizen” is defined at different ages by different organizations – AARP-50; hot lunches at senior centers – 61 and Medicare – 65.
- There are protocols with other agencies for more vulnerable individuals such as suicide prevention and domestic violence; individuals are transferred to these organizations where trained specialized professional staff can give them more help than 211 staff.
- We ensure follow up is done, which is something a lot of organizations like ours do not do.
- The center has predominately Spanish speaking multi-cultural bilingual staff; it also has tele-interpretor services with 150 languages available. They can bring a language and culturally appropriate helper on line in about one minute.
- Within the housing authority there can be up to a five to eight year wait to get a subsidized apartment.
- Our website has all 12 surrounding counties, www.211bayarea.org; there are two things about the Bay Area’s 211 that are unique – 1) It is the program assistance line for Northern California and, 2) It is a disaster response mechanism to connect people to each other and services.

Chair Ulliyot asked if this is all orchestrated through the United Way. **Ms. Creary** answered yes. **Chair Ulliyot** asked if this is true throughout the country. **Ms. Creary** answered, not necessarily. The United Way in Santa Cruz, Silicon Valley, Sonoma, etc. are all United Way supported 211 centers. Within the seven- county United Way in California, two are independent and operated by outside agencies. We are part of a Bay Area collaborative to make sure we have seamless services and as you go across the State and Country, there are a lot of 211 agencies who are part of non-profit agencies.

Chair Ulliyot referenced George H. W. Bush’s “1000 points of light” such as churches, private MD’s, non-profits, as opposed to a one size fits all government program. Given the 1000 agencies out there trying to help, are you the coordinating piece? **Ms. Creary** answered, only within our seven county United Way area. The FCC designated the *11 numbers in 2000. Until then, only a few were designated. Once the FCC did that, they said these are the regulations we are going to abide by and they adopted our professional association standards and values as regulations. Then they sent that package to each state regulatory body. In our state it is the California Public Utilities Commission. Each state then determines how they would implement 211. In some states 211 was implemented state -wide, state legislatures moved in, put money behind it, adopted the regulations and sent it out to the non-profit world already doing this type of service. Some of them did a regional break out. In California, they determined implementing it county by county was best.

Director Newman asked how the agency is getting the word out about the program. **Ms. Creary** said over 55% of all the calls are referred by non-profit agencies who are trying to best serve the needs of people who come to them. The first outreach we tried was connecting with the non-profit world. The plan is to go to the Chambers of Commerce, merchant associations, paternal and societal associations. Broadening our communications through more media is desirable. **Chair Ulliyot** offered that the District would do its part to get the message out, perhaps in our newsletter.

Director Cappel asked if hospital discharge planners and social workers are familiar with this particular program. **Ms. Creary** answered not as familiar as she would like them to be. **Director Cappel** said this program is one of the answers to reducing readmissions, especially among the Medicare population. In his experience, there are discharge problems because social workers are very familiar with health related resources, but are not so familiar with community resources that would certainly have an impact. He told Ms. Creary she has a wonderful program that is very important. **Chair Ulliyot** thanked Ms. Creary for her presentation.

6. COMMITTEE REPORTS:

LONG TERM PLANNING: Director Ulyot, Chair:

At the April 26th meeting two topics were discussed: the vision for the District's land/hospital campus and the reorganization of Sutter to a regional platform.

SUTTER OVERSIGHT/BUILDING COMMITTEE: Director Newman, Chair

There are two important dates: Saturday, April 30 tours of the hospital will be open to the public and May 15th is the date patients will be transferred into the new hospital. It is very impressive to have sat on this committee, to have negotiated for the land and now to have it all come together. Planning for the move of patients is well beyond anything I could have expected. They are going to have an RN or respiratory therapist with each team. Both emergency rooms will be open for the day; admissions will stop at 7am in the old hospital and open at 7am in the new hospital. **Ms. Fama** asked if there has been any discussion about a ceremony for the old hospital before activities start to take it down. **Director Newman** said it is something to think about and then noted we have already said goodbye to it in so many ways. It may be time to enjoy the new facility that will be serving our community for the next 50 years at least.

COMMUNITY HEALTH INVESTMENT, Director Galligan, Chair

Director Galligan reported on the RN Loan Forgiveness Program. There are three returning applicants and five new applicants whose loan requests would total \$23,000. The Committee met April 29th to review this year's grant activity with a focus on the \$150,000 unused by the CHNU-OB Program and whether or not these funds should be allocated before the end of June. It was the consensus that the Committee's process was thorough and to give out money now would undermine the integrity of that work. Therefore, the Committee recommended that this additional \$150,000 be added to the budget for next year. This county program has consistently not used the funds allocated to it from the grant budget. This led to discussion about the District's role in supporting county services. The community members do not see the District as a fall back for the county and agreed that the obligation is to use tax dollars to meet the needs of all residents. The Apple Tree Dental model understudy by the District was viewed as a good example of a program that would meet a broad range of unmet needs.

Chair Ulyot asked if the trend of the discussion was to at least, during this time of crisis where the county is suffering, do something extraordinary on a one-time basis? **Director Galligan** said the committee did not conclude discussion on whether the amount should be increased or not. **Chair Ulyot** clarified his question asking if the committee discussed the suggestion to add money from our reserves to a program such as the Children's Health Initiative. **Director Galligan** said yes; the Committee expressed support of considering an extraordinary investment over the next year or two. It was a good discussion about what kinds of programs should be supported by the District.

Ms. Fama added that what she heard was strong feedback to support the recommendation that the Board support a \$2,150,000 budget next year. If the Board identified the need for an extraordinary investment, that should be at the Board's discretion and not be integrated into the grants process. **Director Navarro** said he agreed and feels further Committee discussion is needed; there was definitely no consensus.

7. CEO REPORT, Cheryl Fama:

A. Elder Care Dental Project, formerly known as Apple Tree Dental:

A summary of activities to date was reviewed. The plan is to present a request for funding of the business planning phase at the May meeting of the Board. Ms. Fama prepared a report to be

distributed to the Board for review over the intervening month. The report includes support letters from Congresswoman Jackie Speier, the California Dental Association, and a unanimously adopted statement from the San Mateo County Oral Health Coalition. **Director Navarro** commented that when we fund things it seems like they come back and we just continue to fund them year after year after year. This might be the kind of project where the Board puts in some seed money to help get it started and that would bring in other funding partners; the District funding should be for a start-up period only. **Ms. Fama** stated that it has been her thinking from the start that the District would help study the need and the proposed model, and perhaps help it get launched, but as an independent entity. The work right now is communicating about the need, this model, and its track record of addressing access issues in Minnesota. It is not the intent to franchise Apple Tree Dental, but rather to see if the model can work in our community. The goal is to adopt and adapt best practices-which Apple Tree seems to be. **Chair Ulliyot** asked if the Minneapolis clinics make money. **Ms. Fama** said it is structured as a non-profit and makes sufficient operating revenue to support itself. It also relies on philanthropy for major capital improvements. The goal is a 70%/30% balance – 70% being uninsured and underinsured and 30% insured. This covers regular operating expense and then they use philanthropy to replace major equipment, add capacity, and expand to new markets.

Chair Ulliyot noted one of the possible options for the District would be to run it as a District program. Some districts have an ambulance program, transportation program or some kind of clinic program. If this were self-sustaining you wouldn't need the option for this to be a District program.

Director Cappel said he feels what is important is to look at the acceptability of the project among the dental providers in our particular area. Is the program going to be able to line up philanthropic entities that will allow for capital improvements and equipment purchases that will be necessary as time goes on? A firm handle on that support is needed. It is too early to determine who should run it or even whether it will be a workable model in this particular area. Secondly, how does this relate to the County programs and how will it weave with the fabric of the county dental network at this point in time? **Chair Ulliyot** interjected, if the County does not have money for programs and we take over a service that they are supposed to provide, then they will stop supporting that service and the District would have enriched them to that extent, that we are giving them a dental service. **Director Cappel** agreed, adding this is going to take a lot of study and the more data to review the better. **Ms. Fama** stated those were all excellent questions and that is the intent of the process – to really put it under the microscope and get it beyond “It sounds like a good idea”.

B. Vibra Health Care

Discussions continue in exploring if and how the District could use some of District land behind the new hospital when it becomes available to establish a 54 - 60 bed acute rehab facility or long term care facility.

C. San Mateo County's Special District's Chapter Meeting

The next meeting of San Mateo County's Special District's meeting will be held Tuesday, May 3. Director Galligan is the Board designated Director representative and has regularly attended with Ms. Fama.

D. Budget 2011-2012

The budget will be presented at the May meeting. It will build on the assumption that revenues will be flat with tax dollars down, lease income up, interest income basically flat due to use of reserves for property development. Operation, community outreach, and other usual operating activities are projected to remain constant.

E. The Red Cross is having a special volunteer recognition event on Monday, May 9th at which the District will be honored for its contribution to the San Bruno Resource and Recovery Center.

Chair Ulyot questioned if the award was for this building [Resource and Recovery Center] and Ms. Fama responded affirmatively.

F. San Mateo County Progress Seminar

Ms. Fama attended; breakout sessions included CalPers pension costs, workforce development, city service consolidations, and the state of the county address by President Groom of the Board of Supervisors.

8. OLD BUSINESS:

A. Fixed Asset Resolution: Proposal to accept the negotiated settlement on the amount MPHS will compensate PHCD for the retained value of 'moveable fixed assets' purchased by PHCD, used by MPHS, and now no longer needed in new hospital.

Director Cappel provided background information. Since 1985, the District has purchased about \$15M in moveable fixed assets for the hospital. The Master Agreement allows MPHS to determine if it wants to continue to use this equipment or not. If not did then it would have to be disposed of appropriately. It was the District's position that there was some value in these items and it should be compensated appropriately. Based on a physical inventory conducted by MPHS, \$8M of the \$15M of inventory was already disposed, lost, stolen, or disappeared making it impossible for the District to do an evaluation of the actual items. There were a series of meetings that took place between the District and the hospital and it was agreed that each party would find a liquidator. Both the District and MPHS engaged separate medical equipment liquidators and charged them with establishing a value for every item on the inventory list that was not going to be used in the new hospital. The reports arrived at by both liquidators came within \$3K of each other even though they used very different methodologies. As a result of that, it was agreed to split the difference between those two estimates and MPHS will pay the District the \$146, 043 for all of the District-purchased and owned, movable fixed assets not moving into the new hospital. The action proposed tonight is acceptance of this settlement and approval of Board Resolution 2011-02, drafted by District counsel, which brings this issue to a close.

Director Navarro asked if we had not brought this up, would we be getting anything? **Director Cappel** answered there was the chance that we would not have gotten anything. He added that staff at both organizations acted very professionally on this matter. It was 16 years of thousands of line items and that is very difficult to track. Even though there were good accounting records, it's really difficult to find "that brown chair that Rick Navarro used to have in office #6 and how much is that brown chair worth?" He added that the hospital plans to continue to use about \$2M of District-purchased inventory. He stated he thought this was a fair settlement.

Chair Ulyot noted Resolution 2011-02 was under tab C and asked Director Cappel if he is making a motion that we approve this Resolution. **Director Cappel** replied affirmatively.

Mr. Coffey said it was important to comment on this effort. The initial thinking of the District team was \$100K – \$200K might be a reasonable settlement; it would have been very easy for Cheryl and Larry to settle on something along those lines. This was a question of stewardship; a question of due diligence, and the example of the importance of understanding that 16 years' worth of public assets required more than just pulling a number out of the air - whether it was one dollar or not, we wanted resolution. The

District took a very sophisticated and professional approach and as a result of the effort put into this, and with a combination of very sophisticated accounting, legal, and appraisal work, a fair and reasonable amount was arrived at. On top of all that, there was a very good, thoughtful and practical approach to the accounting of the entire inventory that disappeared over time. At the conclusion of that work, the initial assessment turns out not to have been just a guess of numbers, but a very succinct approach and a vindication of stewardship for the District.

DIRECTOR CAPPEL MOVED AND DIRECTOR GALLIGAN SECONDED THE MOTION TO APPROVE RESOLUTION 2011 – 02: APPROVAL OF PROPOSED SETTLEMENT AGREEMENT WITH MILLS-PENINSULA HEALTH SERVICES RE DISTRICT-OWNED ASSETS IN EXISTING HOSPITAL. THE MOTION CARRIED UNANIMOUSLY.

B. Directors and Officers Insurance: Proposal for renewal of D & O coverage and change of broker, commencing May 1, 2011

Director Cappel reviewed the process leading up to this recommendation. The Board's D & O insurance will expire at midnight, May 1st and thus, action is required. For the past few months proposals have been solicited from four brokers in the area. All four were from well-known, highly rated agencies. Two recommended coverage that was different from the standard "healthcare platform" that the District has had for years and that was once again recommended by Meridian Insurance Services. The fourth broker's approach was different. Before he offered a product or quoted a price, he raised a number of questions and issues that are important to coverage needs. After a number of meetings with Ms. Fama and detailed review of the proposed coverages, I am recommending that we change brokers and go with ISU-Insurance Services - Pinnacle Brokers located in the East Bay; Carl Canaparo would serve as the District's new broker.

Director Cappel further explained the recommendation. Mr. Canaparo advised the District not to change carriers at this time given the recent filing of the Guardian's lawsuit with CHUBB. Mr. Canaparo confirmed that he could get a binding extension of the existing policy. The plan will be to use the 30-day extension to review and revise coverage endorsements as appropriate. The broker believes that the District will definitely want to modify the CHUBB coverage given its real estate activity. He will use the extension period to distribute a questionnaire to Directors and legal counsel to make sure his firm has a thorough understanding of the history of our organization and coverage needs, what the potential risks inherent in our current policy are and any additions we might need going forward. **Director Cappel** emphasized that the Board's policy, for the most part, has been the same policy in place for some time. The problem is the District is a different organization, the Board is not running a hospital any longer; secondly, the Board is considering new ventures never considered before, such as Aegis and Vibra partnerships; and thirdly, there is open litigation and a claim filed that needs to be considered.

Mr. Canaparo also raised questions about a potential gap in coverage going back to the period 1985 – 1996; this may or may not be a problem, but we need to make sure coverage covers any past gaps that may exist and it will cover any developmental activities we might pursue, as well as, make sure coverage is appropriate for our non-health care activities. CHUBB has confirmed that it will honor the quote offered through Meridian, of \$15,500. Of the four detailed proposals received, the fees quoted were within \$500 of each other. Through Mr. Canaparo, the Board would be getting something it hasn't had before, an attentive broker. Therefore, he recommended that we approve the proposal to change brokers, allow him to bind us with CHUBB for coverage commencing May 1, and continue more due diligence into needed coverages during the 30 day look period.

Chair Ullyot asked how much premiums before were. **Ms. Fama** answered: \$19,400 for May 1, 2010 to April 30, 2011. What is offered is the same coverage at \$15,500, a significant reduction. **Chair Ullyot** asked if that would be for a policy that covered hundreds of employees and all the things that hospital operators were required to cover. **Ms. Fama** answered that she did not know what the premiums were prior to May 1, 2007. She has been told CHUBB healthcare platform is similar to that used for hospitals, but she does not believe the premium would be the same. For 2007 coverage, the premium was over \$23,000; it has come down every year for the exact same coverage.

DIRECTOR CAPPEL MOVED AND DIRECTOR NAVARRO SECONDED THE MOTION TO APPROVE A CHANGE IN D & O INSURANCE BROKERAGE TO ISU INSURANCE SERVICES–PINNACLE BROKERS. THE MOTION CARRIED UNANIMOUSLY.

C. Strategic Plan 2011-2016: Report on Retreat and next steps

Chair Ullyot reported on the April 8 strategic planning retreat; Emily Hall of Olive Grove Consulting, who was present at tonight's meeting, was the facilitator. He offered some highlights from the session.

- Assumptions: the District is still viable and still does important work, with one of its highest priorities being oversight of the hospital that resides on its property.
- Environmental risks relate to the deteriorated economic conditions at the state and local levels and the resulting cuts in supportive health services and increasing search for available funding sources.
- Another risk is the uncertainty inherent in the healthcare reform legislation that will kick in in 2014.
- A major challenge is how to measure improved health of the community. If we had statistics that showed the people are getting healthy, it is not clear that we can take credit for it. That makes it difficult to have metrics for our success.
- Our vision for success in 2016- ideas included:
 - The construction of the elements of the health care campus on District property.
 - Increased stature of the District in terms of public education, health literacy, public health related developments.
 - Enlightened stewardship of District assets, e.g. increased ROI
 - Acknowledgement of Board's responsibility in preserving the nine core services as enumerated in the agreements.
 - Consideration of an enhanced role in providing some temporary help to the County before health reform funding kicks in in 2014.
 - What is the campus going to look like after the old hospital is demolished, E.g. Assisted living, educational center, community center, biotech research.
 - What characteristics should the campus have? Place that has energy, synergy, should be health care related; there should be an ambiance, esthetics.
 - What should the campus accomplish? Education, senior housing, furthering the goals of the District, some ROI, and leveraging our assets.

Chair Ullyot invited Ms. Hall to comment. **Ms. Hall** acknowledged the Directors, staff and the others who came together to spend that much time actively participating. She thanked all for their attendance and attention to the process.

9. NEW BUSINESS - None

10. CORRESPONDENCE/MEDIA

Ms. Fama acknowledged two items that did not get into the distributed materials and then noted Burlingame resident, Pat Giorni's letter to the editor that was published in the Daily Journal in response to an article by Mr. Silverfarb about District funding. **Chair Ulliyot** commented that it was a good letter.

Ms. Fama reported that the Communications team will be meeting soon to look at the District's communications plan effectiveness over the prior year, set priorities for the upcoming year, and contribute to the development of the next budget. The team includes representatives from MacKenzie Communications and McGovern Consulting. One item in this year's plan was the purchase of a full page ad celebrating the opening of the new Sutter Health facility. The intent was to run the ad after the opening; however, the opportunity presented two weeks earlier to get the entire back page of a special supplement in the Examiner at a very, very low cost; this edition was delivered to 135K homes. The intent of the ad was to celebrate the opening of the spectacular hospital and what it means to our community's health; to acknowledge the visionary leadership and talent of the MPHS team and their consultants, and to acknowledge the leadership of this Board in securing this hospital for the mid-Peninsula. **Chair Ulliyot** added his appreciation of the quality of work provided by both consultants.

Ms. Fama noted that Mr. Merwin will be the only community speaker next meeting; the Aegis proposal should be ready to present; and the meeting will be in the San Mateo City Hall.

11. ADJOURNMENT:

There being no further business, the meeting was adjourned by Chair Ulliyot at 19:46 hours.

By:

Kelly Molloy, Community Outreach Coordinator

Approved:

Helen C. Galligan, Secretary

Daniel J. Ulliyot, M.D., Chair