



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

A. CALL TO ORDER:

Chair Ullyot called the meeting to order at 17:47 hours at the City of Foster City Council Chambers, 610 Foster City Blvd, Foster City.

B. ROLL CALL:

On roll call there were present Dan Ullyot, 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.

C. CONSENT CALENDAR: The Consent Calendar consisting of the Regular Session minutes for June 23, 2011 and the unaudited financials for May 31 were presented.

DIRECTOR NAVARRO MOVED AND DIRECTOR GALLIGAN SECONDED THE MOTION TO APPROVE THE CONSENT CALENDAR AS PRESENTED. THE MOTION CARRIED UNANIMOUSLY.

D. ORAL COMMUNICATIONS: None were offered.

E. COMMUNITY EDUCATION:

Fred Sherman & Demetrios Kanakis, HGA Architects, "Health Focused Campus – National Trends"

Chair Ullyot welcomed Mr. Sherman, partner at HGA and designer of educational and healthcare facilities and, Mr. Kanakis, a Senior Associate and designer for healthcare. He introduced their presentation and its relationship to the Board's work in setting a long term vision for a health-related campus on its land next to the new hospital. [The presentation is appended to and made part of these minutes.]

They presented four case studies from around the world that exemplified the stated mission of the Board. Mr. Sherman highlighted the key issues for a developer for this type of project:

1. Accessibility – not only physical access, parking and pedestrian; more importantly programmatic access for those populations served by the District.
2. Flexibility - Can the facility adapt to market changes? Is it sensitive to various price points? Is it a mixed-use facility? For example, assisted living, SNF's, retail, education - all these functions bring synergy and can be complimentary; they feed off of each other and then become integrated into the community.
3. Reflective of the communities served e.g. multi-generational, multi-ethnic, etc.

Milan, Italy: The first case study exemplifies best practice models in Italy. There is integration of community input on cultural, physical and social levels, bringing health and wellness into people's lives through planning. This case study combines MOB's with associated retail & social gathering areas for farmers' markets with the goal of uniting health care and social activities. This is a huge movement in health-focused planning and design. The trend is to make these health-related campuses less focused on health services and more on learning about the different aspects of healthcare in a social setting. Also, the building reflects the size and scope of the city, which is important to do. Parking is located underground.

New Jersey, USA: This example was just completed and has many similar aspects to the District's land. This complex is built on public land and includes an acute care facility, as well as, a hotel, a large fitness facility, a retail optical store, pharmacy, and other MOB-related retail. The construction plan allows for future flexibility because buildings can be added or subtracted based on demand. Parking is located around this facility so it is much more a suburban context vs. an urban context.

Dordrecht, Netherlands: This example is not yet completed, but highlights accessibility from a circulation and user-friendly stand point. It borders a residential area and has a pedestrian access point to promote a social gathering area; that area is planned to be used for activities like a farmers' market. Also, it has a public transportation access point. This particular example is very similar to the District's piece of land, bordered with residential area and already having a hospital next door.

Antelope Valley, California: This layout included an educational component, a retail component, food service, and library corner that ended up being a social center. There is a daycare facility, a museum, and on-line computer accessibility to get information. The trend is to locate facilities and functions that will engage people.

Mr. Sherman said there are many similarities within the four examples. The connection to the main facility [MPHS hospital] is critical in each example. Communication and the social interaction are also prevalent. Recently, HGA finished an education center that did not have the typical teacher and lecture classroom and yet it engaged students in all aspects of healthcare. How do we engage people socially, psychologically and in scale while making the spaces in between the buildings appropriate for social interaction? The Board should now engage developers to be part of the planning.

Vice-Chair Navarro commented that the examples provided were excellent and then referenced a recently published study by the American Heart Association that focused on the benefits of investing in a healthy lifestyle. The study reported: every dollar spent building a bike trail or path is estimated to save \$3 in medical expenses; reducing the United States average sodium intake to 1500mg per day would save an estimated \$26B a year; every dollar spent on wellness programs would decrease medical expenses per capita \$3.27 and \$2.73 due to absenteeism for businesses. The Board's vision should incorporate bike paths, pedestrian walk-ways, good diet, and wellness programs.

Director Newman said the examples were very exciting.

Director Cappel liked the concepts, but returned to the Board's primary task which is determining what to do with the District's land. These examples provide great ideas; now we need to see something that is just as exciting that fits here on the District's land. **Mr. Sherman** responded – What was shared has to be tailored specifically to Board expectations relative to health services, financial goals, and community needs.

Chair Ullyot asked if the four examples evolved slowly over time, organically; or was it a polyhedral, top-down plan that was executed and the buildings built according to a preconceived plan. **Mr. Sherman** said most of the agencies had a top ten list of things they wanted, such as assisted living, SNF's, retail, the non-healthcare components and the bottom line. That whole discussion is the next step for you and that will help solidify some of the functions of the campus. I know you are limited by square footage, so discussing options is good. **Chair Ullyot** said in the end, did all of these folks work with a developer? **Mr. Sherman** answered yes, most brought in multiple developers.

Chair Ullyot asked if they saw compatibilities on a single campus for dementia and SNF units with libraries, bike paths, and farmers' markets - or do these things tend to inhibit each other? **Mr. Sherman** responded that they did not need to inhibit each other. Using the District site as the example, with its adjacency to the acute hospital and zoning codes that would allow for a 4-story building, the lower level could be retail or the first two floors could be community driven, and then the top two floors could be dedicated to SNF care.

Chair Ullyot noted that walkways and bike trails do not return money, so we are almost required to have retail to make up for that. **Mr. Sherman** said there would not be a huge return on this type of property, but you want to see some return and what that number is we do not know.

Chair Ullyot thanked the gentlemen for a very stimulating presentation.

F. COMMITTEE REPORTS:

LONG TERM PLANNING: Director Ulyot, Chair:

At the July 26th meeting, Bill Pomeranz, managing director of Cain Brothers and a specialist in long-term care, provided models for developing, financing, and operating various levels of senior care including SNF, acute rehab, assisted living, dementia care and senior housing. He emphasized the funding and the myriad of Federal, State and private funding sources and how one could achieve an enlightened mixture of these funding sources which would make low income and affordable projects pencil out. Most of these funding sources were new to the committee and gave some comfort to the idea that projects can be developed and achieve the Board's goal. This was a dazzling and highly informative presentation, showing that creative financing with these projects is as least as important as any other fact in achieving success with the District's vision of building a healthcare campus. The committee agreed to tour the new Institute on Aging's Project in San Francisco at the former Coronet Theater site. This facility includes a Medicare primary care clinic and adult day health program on the street level and then independent living apartments on the upper floors.

Chair Ulyot added that the Long-Term Planning Committee is a very dynamic experience. Its members include developers, real estate people, and financiers. One theme that has come out of our deliberations is the idea that SNF beds are in such demand and yet investors don't want to get into this line of business because it doesn't pencil out. Ms. Pomeranz gave us some ways that this could actually happen.

SUTTER OVERSIGHT/BUILDING COMMITTEE: Director Newman, Chair

Director Newman reported there were no Sutter Oversight or Building Committee meetings on which to report.

COMMUNITY HEALTH INVESTMENT, Director Galligan, Chair

Director Galligan presented a letter from Dr. Dalal in which she asked for an extension to the term of her MD Recruitment Home Loan Agreement. Dr. Dalal stated she is busy with her practice at MPHS and San Mateo Medical Center and she and her husband have not had time to focus on finding the right home for their family. Currently, the loan eligibility period ends September 30, 2011; she has asked for an extension. I would like to propose that we offer her a one year extension.

Chair Ulyot noted that this item is listed on the agenda under Old Business and asked Legal Counsel if it is okay to move it up. **Colin Coffey**, responded yes, if there is no objection by the Board. **Chair Ulyot** asked for any objections; hearing none, he asked Director Galligan to make a motion. **Director Cappel** asked who Dr. Dalal worked for. **Director Galligan** responded, Dr. Bruce Allen's office. **Chair Ulyot** added that Dr. Dalal has gone to the best training places in this country and is a terrific addition to the community. He is in favor of doing everything within reason to keep her in this community. **Director Galligan** noted she has been renting here for about a year and has small children who are enrolled in local schools; this speaks to her commitment.

DIRECTOR GALLIGAN MOVED AND DIRECTOR CAPPEL SECONDED THE MOTION TO EXTEND THE TERM OF DR. DALAL'S HOME LOAN AGREEMENT BY ONE YEAR. THE MOTION CARRIED UNANIMOUSLY.

G. CEO REPORT, Cheryl Fama:

Ms. Fama referenced the summary report distributed with the meeting materials.

A. Eldercare Dental Project:

The Board's feasibility study has been launched. The Apple Tree project team was out this month and held successful meetings with State and regional leaders from the California Dental Association, University of the Pacific Dental School, San Mateo County Dental Coalition, and San Mateo County Health System. The question has been raised "Will the Apple Tree model compete with the County's dental care program". Dr. Helgesen from Apple Tree says "No-they are two different models treating different populations". The County system is a Federally Qualified Health Center (FQHC) that treats a narrow band of the population through more of an urgent care approach. The Apple Tree model provides access to a different population and focuses on prevention. The

next step for this Phase of the project will be surveying providers, and this will be carried out with the help of UOP Dental students. **Chair Ullyot** asked for clarification concerning the funding of this study. **Ms. Fama** answered this first Phase of the feasibility study is being funded by the District.

B. Property Update:

The District now owns 1720 & 1740 Marco Polo; both are parcels contiguous with land owned by the District and both have medical office buildings at 95% occupancy. Effective August 1, Matt Hurst, of Kidder Mathews, will serve as the property manager for these facilities; Carla Scimemi will serve as the leasing agent.

C. Hospital Fixed Asset Update:

The inventory list of District-owned movable fixed assets that had been projected to move over to the new hospital was once again reviewed as the new hospital has been open for two months. There were a number of items on that list that did not move as planned. Using the same formula agreed to in placing a value on the previous fixed asset settlement, it was determined that the value of these unused items was about \$9,000. A check from MPHS was accepted for the valuation amount and those items have been removed from the District's Fixed Asset Inventory list. The District-owned items remaining in use at the new hospital had an original value of \$2M and are fully depreciated. These items will continue to be tracked per the accounting procedures in place.

D. Dismissal of Patient Lawsuit

Last year, the District was included in a suit filed by a former MPHS patient for an alleged injury due to an unwitnessed fall in the hospital. Our carrier was notified. Given the District is also covered by the Sutter/MPHS policy, MPHS accepted our tender for both defense and indemnification. We recently received notice that this case has been fully dismissed.

E. Community Outreach Activities

- a) **ACHD:** Ms. Fama referenced the letter from ACHD in the meeting packet under Correspondence asking for \$15,000 for annual dues for FY 2012. Last year, PHCD filed an objection with the Association that no prior warning had been given about the \$5000 increase. The Association accepted \$10,000 for dues from PHCD for FY 2011. This year, given the timely and full notice provided by ACHD, the full \$15,000 was paid. Ms. Fama also noted there is a new CEO heading up ACHD, and a new Chair of the Board, Katie Kane from the Sequoia Healthcare District. **Chair Ullyot** asked why the District should pay \$15K. What does it get from that organization? Is it important or mandatory that we participate as it does not seem PHCD gets any value from it? **Ms. Fama** answered that it is not mandatory. Membership provides oversight of legislative activities and a voice in Sacramento for the healthcare districts. **Chair Ullyot** noted that dues are up 50% from two years ago for a theoretical service and asked "What would the consequences be if we didn't pay next year or the full amount this year?" **Vice-Chair Navarro** asked if healthcare district participation is 100%? **Ms. Fama** asked if Mr. Coffey would comment given his long association with ACHD.

Colin Coffey responded there is a high level of district participation. ACHD has now divided its activities into community-based and hospital-operating districts. He concurred with Ms. Fama that it is hard to actually judge what this membership is actually worth to each participating healthcare district. However, there is definitely a value to the existence of an organization that is devoted to a public agency in terms of watching out for its best interests and similar situated healthcare districts with every single bill that goes through the Assembly and Senate that could potentially impact the District. There are a myriad of public agency laws and publications that would impact our operations or could impact our operations such as the Brown Act, limitation on retention of employees, and proposals concerning LAFCO and its rights relative to scope and dissolution of districts. ACHD has undergone a leadership change, which resulted largely from a dispute within the organization involving its focus on rural hospital-operating districts and their ability to hire physicians. That was a two-year effort and an enormous amount of money was put into it. There was some dispute as to whether or not efforts should have looked into a tax for the hospital districts and the Association did shift gears looking at

things like Federal matching funds. There is a substantial amount of staff time at ACHD in Sacramento that looks out for our best interest. I can easily assign some value to that. I regularly attend the annual meeting, mostly to network. Some programs are better than others. They do have some trustee education classes that are particularly useful in providing networking opportunities for directors from other health districts. "As I have been watching that organization for twenty some odd years, I assign value to it."

Director Cappel asked if the group is transparent and does it send out statements. He agreed that it is very hard to decide whether you get \$10K worth of value or \$5K. Membership makes sense, especially now, when districts are in a relatively volatile state given cost reductions and questions about their existence in the future.

Chair Ulliyot said that was very helpful; it gives us more comfort that PHCD is getting something. An analogy in medicine is the AMA; a lot of physicians feel being a member of the AMA is not very helpful.

- b) **Property Update addition:** There are now two tenants in the District's 1600 Trousdale building, with a possible third in process. The front 1400 square feet has been leased for one year with one year options to Community Gatepath. The Magnolia entrance, 1400 square feet has been leased for one year with one year options to Strides for Life. Both are community, not-for-profit organizations. Also, given there was a break-in about a month ago, a Bay Alarm system has been installed for added security for all tenants.
- c) As a member of the BOS **Community Health Reform Advocacy Committee**, Ms. Fama had the opportunity to hear a presentation by Kim Belshe, one of five members of the newly created California Health Exchange Board, on how the State is gearing up for implementation of the Affordable Care Act.
- d) **Health Education Lecture Series:** Directors were asked to participate in a monthly lecture series to be given at the Burlingame Library. Ms. Fama will be contacting each Director to solicit their interest and topic.
- e) Ms. Fama was asked to serve on the selection panel for the new Health Hero's award launched by the San Francisco Business Times.

8. OLD BUSINESS:

A. Assisted Living/Memory Care Project – Aegis Living Partnership Update, Director Cappel

This project continues to move forward. District attorneys have been engaged and have been developing the detailed language to flesh out the Term sheet agreements. Aegis sent their first drafts of the Development and Operating agreements. We revised it extensively and are now in a position to send it back to Aegis for their response. Obviously, we want to make sure the District is as protected as it needs to be.

9. NEW BUSINESS –

A. Closed Session Reports for June 23 and July 28, Chair Ulliyot

The Board met in Closed Session on June 23 and again today, and there were no action items to report.

B. FY 2012 Budget Revision – Director Cappel

Due to the recent acquisition of the two Marco Polo properties, the budget needed to be revised to show the drop in cash reserves and the new anticipated property revenues and expenses. The proposed revisions were summarized and distributed. The net impact is positive relative to the target growth for the Reserves for Paramount Default. There being no questions or comments:

DIRECTOR CAPPEL MOVED AND DIRECTOR NAVARRO SECONDED THE MOTION TO APPROVE THE PROPOSED REVISIONS TO THE DISTRICT BUDGET FOR FY 2012. THE MOTION CARRIED UNANIMOUSLY.

C. Financial Management Activities Report - Director Cappel

- a) **The Board's Investment Policy** was presented for its annual review and approval. There were no changes recommended. Treasurer Cappel called attention to section II Investment Management, noting that the language served the Board well and allowed the Treasurer and CEO to take action in order to get a better return on the District's reserves.

DIRECTOR CAPPEL MOVED AND DIRECTOR NEWMAN SECONDED THE MOTION TO APPROVE THE DISTRICT INVESTMENT POLICY AS WRITTEN. THE MOTION CARRIED UNANIMOUSLY.

- b) **Rebalancing of Reserve Accounts:** The interest rate of return on the LAIF fund has been running <0.42%. The majority of the District's reserves had been in this account. Based on the Investment Policy language, and given the improving performance by the San Mateo Pooled Fund and the initial performance of the City National Bank fund, monies were redistributed between the three. Real estate purchases have come out of the LAIF account and an additional \$10M was transferred out of LAIF into the other two funds taking the LAIF account from \$25M to \$9M. The San Mateo Pooled Fund account is now up from \$16M to \$24M; and the City Bank Account investment is at \$7M.
- c) **Closure of Bank of America Checking Account:** Given the decline in customer service and the positive relationship with Borel Private Bank and Trust, Treasurer Cappel stated that he did not see any value in keeping this checking account and it was closed.

OLD BUSINESS - Closed Session Report:

Chair Ulliyot stated that while there were no actions to report from the closed session, he did invite Mike Peterson from Archer Norris to present on possible partnership structures for the development of 1600 Trousdale. He called upon Mr. Peterson to share that presentation now.

Mr. Peterson presented three basic structure scenarios for the assisted living/dementia project: one would be the District owning it directly; second would be forming an LLC and for the LLC to own it; and, third would be to form a non-profit 501C-3 corporation to own and operate the project in conjunction with Aegis. He summarized the pros and cons in a matrix he distributed. The areas covered included: financing, liability protection, governance, implications for Brown Act and Public Records Act compliance, public works and minimum wage issues, employees, governmental immunities, property taxes, and increased administrative burden. [The presentation is appended to and made part of these minutes.]

Chair Ulliyot asked for an example of an immunity that the District has. **Mr. Peterson** gave the case of a funding request that the Board turns down and someone charges that the Board made the wrong decision. That is within the Board's public discretion and citizens can't sue the Board or the District for second guessing those things that are within your public discretion. There is immunity to liability for those kinds of decisions. **Chair Ulliyot** asked if an LLC could be sued in a similar case. **Mr. Peterson** responded yes, the LLC would not have a general immunity; the decision would depend on the facts of the case. **Mr. Coffey** offered the examples of competition, unfair business practices, business torts and trusts. Government agencies are immune to all of those; it is just a blanket immunity the public agency has. **Chair Ulliyot** concluded that an LLC would not be immune. **Mr. Coffey** said that is correct.

Chair Ulliyot thanked Mr. Peterson for his thorough presentation.

Community Health Investment Committee

Director Galligan asked if she could speak to add to her earlier Committee Report. **Chair Ulliyot** invited her to speak.

Director Galligan noted that the Board has not addressed the County's formal request for funding that came in a letter from Carol Groom, the President of the Board of Supervisors, before the Board's April planning retreat. Since

that meeting, Dr. Ehrlich, CEO of San Mateo Medical Center emailed a follow-up inquiry and offered a couple of ideas from her perspective; one of those ideas was facilities instead of services.

Chair Ullyot said there seems to be an expectation out there to the tune of about \$4M. **Director Galligan** concurred and then asked Ms. Fama if she recalled an actual number that we have given them? **Ms. Fama** responded that no amount from the District has been offered. The \$4M Chair Ullyot may be referring to was in President Groom's letter in which she asked for \$4M each year for three years. The request did not provide any information on how the funds would be used so in follow up, Director Galligan and Ms. Fama met with Dr. Ehrlich to get more information on the County priorities and needs with the intent to better define how District funds could be used.

There was a letter in January from Sarah Lambert, Executive Director of Lesley Senior Housing, that was generated after a meeting with County health officials at the request of then Board of Supervisor's President, Rich Gordon. In that letter, it was proposed that the District let Lesley and the County use the District's land at 1730 Marco Polo to build and operate an affordable assisted living facility. They asked for land use at no cost and a \$5M contribution to the construction costs. The most recent email from Dr. Ehrlich was to further define specific uses for a possible investment from the District.

Ms. Fama noted that in her efforts to better define how funds could be used if the Board were to make an investment outside of its usual grant process, the questions may have raised expectations. Ms. Fama then asked if the Board is open to making some additional contribution, what information can she provide to help the Board make such a decision. **Chair Ullyot** responded let's have that discussion.

Vice-Chair Navarro asked Mr. Coffey to clarify the distinction between county health and healthcare districts under the legislative act, and what can and cannot be done by the District. **Mr. Coffey** stated there is a statute in the specific provision in the statutory scheme governing California and healthcare districts that specifically states that healthcare districts shall not subsidize the care of the county patients. It was rather archaic language, "county patients", because it is from the original legislation drafted in 1945 wherein the legislative body creating these districts definitely did not want healthcare districts to duplicate the role of operations in county government, which is the healthcare provider of last resort. It is a very broad general statement; thou shalt not subsidize or take care of County patients. That was used to manifest the desire of the healthcare districts not duplicate a county system. It has been read very literally to suggest that a healthcare district cannot actually fund county basic services. Otherwise healthcare districts around the State would be very supportive of county programs in county efforts to provide for the underserved. It certainly does not limit a District from independently spending its funds in the best interest of any patient within the boundaries of the District.

Chair Ullyot thanked Director Galligan for bringing up this issue. In the meeting referenced earlier with Supervisor Rich Gordon, he was very direct in his perception of the Board's reserves and how they should be used. This is a big issue. Does this Board have some moral obligation to help out? What is the right amount? I believe there is an expectation and I would like to hear some more comments.

Director Galligan stated that the Board has made efforts to be clear that it is not a safety net for the County. We need to be careful that we fund programs and services that we want to invest in. General funding to San Mateo Medical Center may not be on that list. Lesley Affordable Housing is something different.

Director Newman agreed. I think we would do best to look at what we can fund, we want to fund and what makes sense to us like the children's insurance program. I think we should search out something that fits our desire and identity and fund that. As an example, at my recent psychiatric meeting, I learned that the County is asking for donations for its training program. It looks like the County is going to lose one of its psychiatry residents which represent 25% of their program. The community is running out of psychiatrists because we are retiring. So, I think we can find something within the County prevue that makes sense for us to help fund.

Vice-Chair Navarro asked Ms. Fama to refresh his memory on the discussions about the declining need for long

term care and the County's unsustainable costs for running the facility across the street from the hospital. **Ms. Fama** reported on four meetings with different sub-groups of senior housing and County health staff as follow-up to the Supervisor Gordon meeting. She also noted the County and Health Plan of San Mateo's efforts to get a Medicare waiver to help direct SNF funding to lower, less expensive levels of care - such as assisted living. This would reduce the county demand for SNF beds. Assisted living is the growing need if Medicare funding can be redirected. This view of future need was also supported by Bill Pomeranz of Cain Brothers during his presentation to the Long Term Planning Committee. In Dr. Ehrlich's recent email, she also presented the possibility of the District providing \$2M for the conversion of two unoccupied med/surg units in San Mateo Medical Center to SNF units. So in response to Director Navarro's question, the County projects that it is possible, through a combination of creating SNF beds at the Medical Center and increasing affordable assisted living units, patients currently in the Trousdale long term care facility could be accommodated at a more appropriate level of care at a lower cost than the current lease arrangement. That is why the Lesley Housing proposal is something they would still like to have us consider.

Vice-Chair Navarro asked when the demolition of the old hospital will be complete. **Chair Ulliyot** said that is a year away. **Director Newman** said any development would take a year to plan and a year away is nothing. We could plan something now.

Vice-Chair Navarro said things may be entirely different in a couple more years and they need help now. We need to find something that helps the County health situation and meets our goals.

Director Cappel raised concerns about funding County safety net programs and the "double-taxation" issue it presents. The County system is funded by taxes to be the safety net provider; the District is funded through taxes to meet health needs of the broader community. He also expressed concern about the lack of transparency in the financial/accounting activities of the County Health system. He cited the example of the Children's Health Initiative, which the District has funded for years, noting that the District has to ask for reports to find out how its funds were used. He said there is a lack of understanding by the County as to what the District does and what its mandate really is. He cited the new hospital stating that this Board found a way to put together an agreement that resulted in a \$650M hospital, one of the newest hospitals in the country, to be built right here in this County serving all of the population; that was the handiwork of this group. The County needs to recognize that this was one of the things this District Board did; maybe we will have to do something like that again.

Director Newman said, not only does the County not recognize it; the doctors and medical community that are practicing in the hospital have no recognition of the fact that the District Board made this work.

Director Cappel said this Board does have a moral obligation and there is money that needs to be given here. He did not know how much that should be. He recommended offering a low amount that comes with clearly defined accountabilities to this Board. Nothing is more important and more sacred than tax payer dollars and we need to make sure our constituents have their tax payer dollars spent correctly and on our District residents. "This is our mission; this is how we should operate; that is what our mandate is and that is what we have to stick to."

Chair Ulliyot complimented the Directors for their eloquent statements. I am so glad we had this discussion. I do not think we have come to a consensus. **Director Newman** said, I am not sure I agree with that. **Chair Ulliyot** said, I do not think we came to a consensus, but at least we had the discussion. He is excited about doing something on our property that would serve the community, whether it be a non-profit like a Lesley or fulfills a real need like skilled nursing and that we do this with full fanfare and credit for what we are doing for the community for all of the people across the entire economic spectrum. We are fulfilling a need; I could get excited about that.

Director Newman said, so there is a consensus. **Chair Ulliyot** said if the right project was there.

Vice-Chair Navarro said if Warren Buffet were to come in and say, yes, I will build out those two floors, you know you would see his name on the facility. I think if we were to do something like that we should have the same type of recognition.

Chair Ulyyot: If we do something on our campus that has wider ramifications for people across the economic spectrum and make it happen, I think it would be the best we could do. The other thing that you have to keep in mind is that in 2014, there is going to be 32M more people insured and the old idea of "County Patients" may be over. So, for us to rush to do something right now while the delivery of health care is evolving may not be smart.

Vice-Chair Navarro said, what is happening in Massachusetts? The Affordable Care Act is already up and going there isn't it? **Chair Ulyyot** said it is the State laboratory for it as they have already begun universal healthcare. **Vice-Chair Navarro** asked what happened with their demographics and what is happening with the long term care facilities in Massachusetts? **Chair Ulyyot** said he is unable to report on the status of health care in Massachusetts. **Vice-Chair Navarro** said he would be very curious to see how that has changed things. That is what we should be looking at.

Ms. Fama acknowledged the District's desire to keep positive working relationships with the County and the significant cuts in services required due to budget issues. That is why she has been researching the right project for the Board's consideration. She also noted that the other healthcare district in the county gets \$9M in taxes and gives out \$9M each year. So, there is some precedent for the County's expectations. She then presented a proposal for consideration that meets many of the criteria discussed: PHCD fund an amount sufficient to cover 100% of the eligible children living within the District for the next 2.5 years. This would provide full coverage until the projected launching of the ACA Health Reform in January 1, 2014. The Children's Health Initiative covers a defined number of children that live in our District with a defined package of services. If the District were to fund this it would be a total investment of \$4.5M over 3 fiscal years. It would go to a program we have supported in the past. It would go 100% of the eligible kids who live in our area. It would go to healthcare for children 6-18. Health Reform changes provide a logical time limit that would require a reassessment of funding needs. If we were to do this as an exceptional or special investment, that would remove a large grant from the grant budget allowing more money to be awarded to more non-for-profit, community programs that have consistently served the priority needs in our District.

Chair Ulyyot said it has been a productive discussion and thanked everyone for their participation. He encouraged all to "sleep on it a little bit".

10. CORRESPONDENCE/MEDIA

Ms. Fama directed attention to the StarVista report and the San Mateo County Special District's Meeting at which a Genetech tax issue will be discussed. This may have financial implications for this District.

11. ADJOURNMENT:

There being no further business, the meeting was adjourned by Chair Ulyyot at 19:45 hours.

By:

Kelly Molloy, Community Outreach Coordinator

Approved:

Helen C. Galligan, Secretary

Daniel J. Ulliyot, M.D., Chair