



**BOARD OF DIRECTORS
REGULAR MEETING
Thursday, October 30, 2008**

The Board of Directors of the Peninsula Health Care District was called to order for Regular Session on Thursday, October 30, 2008 at 17:45 hours, at the Millbrae City Council Chamber, 621 Magnolia Avenue, Millbrae, CA.

ROLL CALL: On roll call there were present, Don Newman, MD, Chair, Dan Ullyot, MD, Vice-Chair, Helen Galligan, RN, Secretary, and Sue Smith, CPA, Treasurer.

Rick Navarro, MD, Director, absent upon roll call.

Also present were: Cheryl A. Fama, Chief Executive Officer, Colin J. Coffey, General Legal Counsel, Kelly K. Molloy, District Executive Assistant, Jan Matejcik, District Administrative Assistant.

CONSENT CALENDAR: The Consent Calendar consisting of the minutes for the September 25, 2008 Regular Meeting and the unaudited Financial Statements for October 2008 were presented. **Chair Newman** pulled the minutes at the request of the public.

Chair Newman reported on the proposed change to the minutes. On page 8, “West Parking Plan” should be changed to read “Bike Access and Parking Plan”.

Vice-Chair Ullyot moved and Director Smith seconded the motion to approve the Consent Calendar with the Minutes from September 25, 2008 revised per Chair Newman’s correction. The motion carried unanimously.

ORAL COMMUNICATIONS:

Ms. Pat Giorni, Burlingame: Apologized that she could not stay for the entire meeting, but was happy to see the guests and the District’s interest in seniors and senior health. She feels that the District is moving in the right direction with the restructuring and the District’s new focus. She thanked the District Board for the letter that was written to CalTrain. She explained after 18 months of being told by CalTrain that bike/car capacity could not be increased, a surprise announcement was given at CalTrain’s last meeting to say they are looking at the possibility of doing so. Ms. Giorni credits the District Board’s letter with influencing this announcement.

Chair Newman stated that while he appreciates the approval from Ms. Giorni, he noted the letter from CalTrain back to him stated that he and the Board were totally mistaken. He then acknowledged the apparent change in the CalTrain leaders’ position.

Chair Newman noted for the record Director Navarro had arrived and was present.

GUEST PRESENTATIONS: **Chair Newman** introduced the first of three guests whose programs have been supported by the District Board.

Ms. Kristin Ugrin, Principal at Green Hills Elementary School, Millbrae:

Ms. Ugrin reported that October 20-24, was Red Ribbon Week, which is a nationally recognized week to “Say no to drugs”. On Friday, the students participated in a walk-a-thon which encourages the children to make healthy choices in their daily lives. They walked for twenty minutes trying to see how many laps they could accomplish within that time. Ms. Ugrin came to thank the Board for the 300 pedometers that were given by the District for the event. She expressed that it was perfect timing. Every student and teacher got one. She thanked the Board for the donation on behalf of her students, her school, and the community’s health. Ms. Ugrin then introduced second-grader Sophia Agreda and Ms. Althaus, one of the teachers. Ms. Agreda presented Chair Newman with a thank you note from the children. **Chair Newman** read the thank you note to the audience and reciprocated the District’s pleasure with providing the pedometers and involvement with the school. The card read: *“Green Hills’ students want to say thank you. Thank you for your donation of pedometers to our school. The children did a wonderful job with their walk-a-thon and the pedometers made the event even more exciting. Many students wear them every day and report how many steps they have taken. Thanks for encouraging the students at Greenhills to exercise and stay healthy. Your generosity is very much appreciated.”* **Ms. Fama** then introduced and thanked Dr. Shirley Martin, Superintendent of Millbrae Schools, who was also in the audience. Dr. Martin expressed her thanks and was excited to have formed a partnership with the District.

Janel Moore, Program Coordinator, MPHS Wise & Well Clinics:

Ms. Moore thanked the District for the opportunity to speak and noted that the Wise & Well Program is generously supported by the District, as well as, Mills-Peninsula and the County. The District supports the San Bruno and San Mateo Centers. The program has been in existence for over 14 years. The target population is residents sixty and over, low-income and ethnically diverse. The program’s mission is to reach seniors living throughout the county with education and screenings to help reduce their risks for heart disease. Highlights from her report were:

- 2000 seniors have participated in the first ¾’s of this calendar year.
- 400+ received screening services during their annual event in September.
- Program components include: nurse visits twice a month, blood pressure and blood glucose screenings, medication management, one-on-one consultation time with the nurse and pharmacist, individualized action plans and a broad range of educational sessions.
- District funding helps to support the nutritionist and pharmacist time at the centers.
- Ms. Moore showed some visual aids used as teaching tools.

Ms. Moore then shared a success story. A participant from the September screening at the San Bruno Clinic called Peninsula Hospital to thank the staff for saving her life. During the screening session, staff picked up her high blood pressure and slightly elevated cholesterol level and developed a personalized diet and exercise plan. They also taught her how to monitor her symptoms to prevent any serious heart problems. Less than a week later, she noticed some

shortness of breath and cramping in her legs. She recalled the advice and immediately called her primary care physician who saw her that day. He then referred her to a cardiologist for a more detailed work up and found her EKG and treadmill to be abnormal. Within a week she had two cardiac stents put in and her symptoms were gone. She is back to her normal activities.

Ms. Moore noted that this is just one of many success stories directly related to the work that the Wise and Well program does. It does improve the quality of life for seniors in the District by contributing to the prevention of heart attacks, strokes and cardiovascular events. She closed by thanking the District for realizing and valuing the importance of the Wise and Well program.

Judy Lynch, Director of Seniors at Home Division, of the Jewish Family and Children's Services

Ms. Lynch stated she was honored to speak in front of the Board and very appreciative that the Board gave JFCS a very generous three-year grant of \$150,000 which provides healthcare scholarships for the frailest residents within the District. Ms. Lynch distributed a Seniors At Home Brochure which outlined program services and listed the District as a funder of the Scholarships. Seniors at Home program is a continuum of services, a social service model assessing the total needs of the client. The cornerstone is the home care program that provides services to those in need; services *not* covered by Medicare. Although some residents of the District do receive in-home supportive services where their personal care needs are met, this still leaves a huge number of people who need care in order to stay at home. The going rate for these types of services is approximately \$22 - \$25 per hour which is prohibitive for most.

JFCS has put together a plan for identifying eligible residents in the District and has a very good partnership with MPHS and Mills-Peninsula Medical Group. They now have a contract with MPMG as a result of the grant from the District. Ms. Lynch could not underscore enough the foresight of the District in this health care system in terms of providing healthcare services to people that will prevent hospitalization and/or get patients home from the hospital sooner. In addition to the home-care and attendant services that assist people with activities of daily living, JFCS is able to offer palliative and end of life care consultations to individuals who are in declining health. Palliative care has become a focus of acute care. JFCS has a program that can now assist the home-care and care-managed clients and assist in the dialog on how they want to live the rest of their life.

This District's grant provides scholarships of \$1000 to \$2000 per client, which provides them with four to eight hours of services per week to expedite discharge from the hospital and avoid skilled nursing facility stays. JFCS speaks to clients about how they want to live the rest of their lives, initiates advanced directives and starts that important dialog. Home care is just one part of what JFCS does. It is very important to not only address personal care with people, but put together a plan as to how they are going to caring for themselves after the scholarship ends. JFCS looks at other sources of donations, income and other funders to support them through temporary-care management.

Ms. Lynch again thanked the Board and explained it takes time to get the word out about these programs. She noted they have had a 100% increase since the last quarter as a result of the outreach program to healthcare providers, senior centers and other healthcare partners. Wise & Well is an example of a community organization that JFCS can partner with to identify people who need support at home. **Vice-Chair Ullyot** asked if the program referrals start in the hospital. **Ms. Lynch** responded that the majority of the referrals come from hospital discharge planners.

Chair Newman thanked all the speakers and commented that it seems apparent that the District is stimulating very good programs for the community.

COMMITTEE REPORTS:

MPHS BUILDING COMMITTEE - Vice-Chair Ullyot reported:

- The new hospital is two years into the project
- It is 135 days behind schedule
- The project's substantial completion date is June 18, 2010
- Total approved budget is \$618M
- The building shell should be totally enclosed by Spring 2009
- The Professional Office Building (POB) foundation has been poured and steel is being erected.
- Behavioral Health Services, acute and outpatient will be located at Mills on the third floor. There are some construction issues there that require approval from OSHPD.
- Chemical Dependency will be placed on the fifth floor at Mills.
- \$20M is the budget for these Mills' projects. There was discussion about bringing the Mills campus up to the SB1953 seismic Standards to allow acute rehab to remain there and for greater flexibility in the future; that cost is projected to be \$50M. Given the average daily census of seven or eight acute rehab patients the costs seem to outweigh the need.

COMMUNICATION OVERSIGHT COMMITTEE - Ms. Fama reported:

Ms. Fama thanked the Board for supporting the consultant agreements with Janis MacKenzie and Ed McGovern. At their recommendation, she has been meeting with members of the County's Board of Supervisors and attending LAFCO meetings. Ms. Fama also reported that the District's next newsletter should arrive in District homes before Thanksgiving.

Ad Hoc SERVICE AGREEMENT COMMITTEE – Director Galligan reported:

Ms. Galligan reported on the September 11 committee meeting and acknowledged that the two new members were unable to attend due to out of town meeting conflicts. The members reaffirmed the healthcare priorities in the District and then reviewed the requests and how they address these priorities. Given the State and Federal budget issues and the cut backs in healthcare service funding, it was decided that multiple-year requests would not be considered this year. (The one exception would be the CSM nursing program in which the grant funds a 12-

student cohort for their 2-year AA program.) Sixteen requests were received, four were rejected as not meeting the criteria and/or priorities, ten are return requesters, and two are new program requests. The total amount under consideration is below the 2009 budget; however, this does not include a possible request from the Community Health Network for the Uninsured. The next meeting is scheduled for November 20, 2008.

PHYSICIAN RECRUITMENT COMMITTEE: Rick Navarro, Chair

Director Navarro inquired if the District is being repaid by the doctor who moved out of the area after receiving a loan. **Ms. Fama** answered yes. **Director Navarro** concluded there was nothing new to report

SCHOLARSHIP COMMITTEE: Helen Galligan, Chair

Nothing new to report

CHIEF EXECUTIVE REPORT: Cheryl Fama, CEO

1875 Trousdale Property Leasing: **Ms. Fama** displayed a schematic of the 1875 Trousdale property which outlined the space currently leased by Sunrise and the remaining 4000 square feet that will be the future home of the MPHS Cardiac Rehab Program. Negotiations are in process as to timing, rent, length of lease and tenant improvements. MPHS announced this plan to the employees today at open staff forums. **Vice-Chair Ulyot** questioned when the District would be able to start collecting rent for that property. **Ms. Fama** answered hopefully in the next few months. **Chair Newman** commented that it is amazing how much is being done with this property and the value it is bringing to the community. **Vice-Chair Ulyot** asked how long Sunrise would be leasing their current space. **Ms. Fama** explained that Sunrise has a lease through December 2008, and then the lease goes month-to-month. She has a verbal request from Sunrise to extend the lease until September 2009. Their construction was delayed and they do not feel they will be in their new location until October 2009. **Vice-Chair Ulyot** asked if Sunrise is paying a current market rate on rent. **Ms. Fama** responded by saying their move-in rate included tenant improvements amortized over the lease. She will increase the monthly rate with the lease extension. **Vice-Chair Ulyot** asked if we are predisposed to extend the lease to Sunrise, as their need arises, or would we like to terminate it and go with Mills. **Ms. Fama** stated she has verbally agreed to an extension through June 30, 2008 and, given the amount of time needed to prepare the facility for occupancy, this seems acceptable to MPHS. She then referenced the construction budget, which was approved by the Board, to move ahead and do upgrades to the property, and said she has not yet begun the process because she has given the proposal to Mills-Peninsula to assure the District does not make capital improvements to the property, only to have a new tenant move in and tear them down. **Director Smith** questioned whether Mills-Peninsula would like to rent 1600 Trousdale as well. **Ms. Fama** answered yes; they are interested in 1600 Trousdale as a possible solution to their need for a new location for Dialysis. If MPHS was to rent 1600 Trousdale from the District for Dialysis, it would tie up the property for at least eight to ten years. Ms. Fama has expressed, on the Board's behalf, the District's willingness to work with MPHS to jointly come up with a solution for the Dialysis.

ACHD Annual Meeting Report: Ms. Fama thanked the three directors who attended the annual event. She was pleased to report that they all have their certificates of ethical training which is required this year.

Activities Summary-Information: Ms. Fama noted the detailed summary that had been distributed in the Board packet was self-explanatory; she would be happy to answer any questions.

OLD BUSINESS

County Health Redesign: Ms. Fama reported that a progress report on the activities associated with the county's redesign of the health department structure was included in the Board packet.

Community Health Network for the Uninsured: Ms. Fama referenced the presentation made to this Board at its last meeting by Supervisor Tissier, County Manager John Maltbie, and Special Assistant, Srija Srinivasan and the expectation set at the end of their presentation that they would come back to the District Board with a recommendation for how it could help support the new health services structure. Ms. Fama checked in with Ms. Srinivasan as to the status of their request; Ms. Srinivasan responded they were still fine-tuning it and should be ready to present in November. Ms. Fama then suggested Ms. Srinivasan present the proposal at the November 20th Service Agreement to allow the Board's grants committee to evaluate prior to presentation to the Board. **Vice-Chair Ulyot** stated that within the minutes of the September 25, 2008 meeting, Ms. Srinivasan was asked what specifically the County would like to see the District do; she suggested two areas: Medi-Cal OB Services and Behavioral Health. In regards to Behavioral Health, she was specifically focusing on expanded services for sub-acute care and noted that they are working with Dr. Becker and staff from MPHS. **Chair Newman** noted that the facility in discussion is Cordilleras Mental Health Center, which has been around for years. Chair Newman answered that it is a three-quarter way house – a patient can be admitted for several months and avoid the cost of hospitalization. It is a step down from the hospital.

Property Master Planning: Ms. Fama informed the Board that the last scheduled meeting was cancelled due to scheduling conflicts. The next meeting will be Monday, November 3, 2008.

NEW BUSINESS

SMCo Pooled Fund/Lehman Brothers

Ms. Fama informed the Board that the District's investment went down by 5.9%, which equates to approximately \$900,000 that will be posted on our financials October 1. In a letter from Supervisor Mark Church's office, the County is now revising its' investment policy, pursuing legal options, seeking federal help and planning to retain a third party advisor. The third party advisor is going to perform an internal audit to ensure that the County staff followed their own investment policy and then the advisor is going to revise the investment policy based on observations as well as best practices. The advisor will have on-going oversight in regard to investments. **Vice-Chair Ulyot** stated having an internal audit will not be inexpensive. He assumed the District pays an administrative fee to this fund and questioned whether the cost to perform this inquiry will fall on the District. Ms. Fama stated that she did not know the answer. **Director Smith** stated the District does not pay a fee per se, but assumed those costs will

somehow get allocated to all the participants. **Vice-Chair Ulyot** presumed the cost would be prorated to the District's loss. **Director Smith** then asked about the sheet the Directors got reflecting the account balance which showed an \$897K loss. On the other side of the document it listed all of the various agencies who also invested in this fund. On the same side it reflected the District's loss to be \$801K – why the difference? **Ms. Fama** said the document which indicated a loss of \$801K was prepared on September 30, 2008, when the County was projecting a 5% loss. The other side of the document references a 5.9% realization of the actual percentage loss within the Lehman Brothers fund. **Vice-Chair Ulyot** noted that on that same page, of the Special Districts, the Peninsula Health Care District was the highest contributor of that fund.

Ms. Fama then commented to the Board, since LAIF did not report any losses, should the District consider moving more of its investments into that fund. **Vice-Chair Ulyot** answered that no one could have anticipated the bankruptcy of Lehman Brothers. He could not discern it was a terrible management problem or how far they are going to get, other than to get in line in the bankruptcy proceedings. **Director Galligan** stated that the County should not be going after Lehman Brothers, but the rating companies. **Director Smith** noted that Supervisor Church proposed a reduction in the limit of the investments being made in any one fund. Currently, the limit specified by state law is 10%. In his recommendation, Supervisor Church would limit it to 2%, which she felt would make a big difference.

Ms. Fama reported that the Investment Policy and Lehman Bros. issue will be an agenda item at next Finance Committee of the Board of Supervisors, scheduled for November 4th. This coincidentally, is the same day she has a meeting with Supervisor Rose Jacobs Gibson and will plan to stay for the Finance Committee.

Property Tax Revenue: Ms. Fama noted the document from the Tax Assessor's office that shows the District will receive \$4.2M in tax revenues this fiscal year versus the \$4M budgeted.

Community Event Proposal: **Ms. Fama** reported on an important District outreach activity that she is proposing for January 29th. It has been vetted with and fully supported by our advisors, MacKenzie Communications and Public Affairs Associates, as well as, the Board's ad hoc Service Agreement Committee. The purpose of the event will be to bring together representatives from a broad range of organizations and municipalities to learn about and share in celebrating the Board's grants and the good work being done by its community partners. The plan is to hold a late afternoon/early evening event at a local venue that will have a brief program where the District Board gives out the 2009 grant checks and the organizations get a couple minutes to share how they will use the funds. Ms. Fama requested a motion to proceed with the planning of the event.

Vice-Chair Ulyot thought the Board had discussed hosting a health faire, which this event is not. The proposed event would bring all of our recipients together, alerting the press, having an audience and acknowledging our beneficence. **Ms. Fama** responded that health fairs have lost their cache within the industry because they are costly and very labor intensive for the small return on investment. **Vice-Chair Ulyot** stated in the Strategic Plan, a Health Faire was mentioned as a way of bringing people together, the non-profits who are doing good work, and

allowing them to have little booths to see what is going on in the community. **Ms. Fama** said that the proposed event would absolutely be a networking opportunity. **Chair Newman** stated it was a great idea. **Director Navarro** asked if there was the possibility of having a celebrity MC. **Ms. Fama** said that it is still in discussion. **Chair Newman** mentioned that having the County Board of Supervisors would be a good idea, so they could see what and who the District is affecting in a positive way. **Vice-Chair Ulyot** referenced the Gatepath breakfast, where Jan Yonahiro was the MC, which was done very well and added a lot by having a “celebrity”.

Director Smith moved and Director Galligan seconded the motion to approve and host the 1st Annual Grants-Awards Ceremony. The motion carried unanimously.

Financial Consultant Engagement Proposal

Ms. Fama summarized the proposal to work with Mr. Gary Hicks in conducting the annual review of Sutter Health’s financial strength as directed by the Board’s Financial Policy and Resolution approved last December. Mr. Hicks has more than 20 years experience working with public agencies and comes highly recommended. She anticipates a report can be done by the December meeting. **Vice-Chair Ulyot** stated the concern with Sutter would be to anticipate a paramount default, to have some sense as a Board of their financial health. He presumes that Mr. Hicks would take public documents and give an interpretation of them. **Ms. Fama** answered that she felt it would be a one, to two page analysis and overview based on the reports that he has access to, i.e. Moody, S&P and Fitch rating agency reports, as well as, any recent bond issuance documents. Ms. Fama hoped to do a SWAT analysis as well. She questioned Mr. Hicks about the best time to perform this report. Mr. Hicks responded by saying it is an okay time to have the report done, but September or October would be better. **Director Navarro** then mentioned that next year, we should have the report done again in those months. **Chair Newman** stated that the concern was since the latest financial crisis has occurred, will his figures include anything in the last few months or is it going to be something from April, May and June, because if it is, it might be a better idea to wait. **Ms. Fama** did not think the latest information would be available. **Chair Newman** stated that waiting might be a better idea. **Director Navarro** said that having an ongoing and regular look into Sutter’s finances is a good idea. He felt there was no reason not to look into the data that we have and establish a baseline and standard reporting format. **Vice-Chair Ulyot** agreed with Director Navarro.

Director Smith moved and Vice-Chair Ulyot seconded to have Gary Hicks perform the analysis consistent with the Board Resolution. The motion carried unanimously.

ADJOURNMENT:

The meeting was adjourned by Chair Ulyot at 19:00 hours.

By:

Kelly K. Molloy, Executive Assistant

Approved:

Helen C. Galligan, Secretary

Donald E. Newman, M.D., Chair