1. **CALL TO ORDER:**
   Chair Ullyot called the meeting to order at 17:50 hours at the City of Burlingame Council Chambers, 501 Primrose Lane, Burlingame, California.

2. **ROLL CALL:**
   On roll call there were present Dan Ullyot, MD, Chair, Rick Navarro, MD, Vice-Chair, Helen Galligan, RN, Secretary, Larry Cappel, PhD, Treasurer, and Joe Goethals, Esq., Director.

   Also present were: Cheryl Fama, Chief Executive Officer, Colin Coffey, District Legal Counsel and Joey Juni, Executive Assistant.

3. **CONSENT CALENDAR:** The Consent Calendar consisting of the Regular Session minutes for April 25, 2013, the Treasurer’s Report, and the unaudited Financial Statements for April 30, 2013 were presented.

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

4. **ORAL COMMUNICATIONS:** No oral communications were offered.

5. **REPORT OUT ON CLOSED SESSION:** Chair Ullyot reported the subject matter concerned financing and structure options for the 1600 Trousdale assisted living/memory care project; and, two offers under consideration for District property at 430 N. El Camino in San Mateo. There were no reportable actions.

6. **COMMUNITY EDUCATION:**
   A. **“Edgewood Kinship Program”**: Chair Ullyot introduced Jamilla McCallum, Program Director and joining her was Matt Madaus, CEO for the Edgewood Center. Mr. Madaus opened by referencing the recent news story about misuse of San Francisco School District funds in which Edgewood was cited as having a role. He wanted to assure the Board that Edgewood’s relationship was strictly as a fiduciary agency – receiving and issuing funds as directed by the designated SFUSD authority. External and internal investigations were conducted and Edgewood was found innocent of any wrong-doing. He then turned the presentation over to Ms. McCallum. Ms. McCallum described the services provided by the Kinship Support Network – a program targeted at supporting family members, primarily grandparents, who take on the responsibility for raising the children of relatives, usually due to some traumatic health, substance abuse, or legal issue. They provide bilingual case management, family conferencing, counseling, support groups, respite hours, and community health services. She thanked the Board for the grant funding which is being used to support nurses to serve the residents living in the north area of the District. Chair Ullyot asked how family members find the Kinship Program; mostly from the legal system and some self-referrals. Director Navarro asked what percentage is Spanish speaking; 35% Latino and 95% of those clients are monolingual. Director Galligan asked how many families are being served; average 250/year.

   B. **Samaritan House Medical/Dental Clinic:** Chair Ullyot introduced Dr. Stuart Veiss, Medical Director and Ms. Sharon Peterson, Director of Clinical Operations. Dr. Veiss explained what Samaritan House does and who they serve in the community. The clinic is totally free to the patients. Participating physicians include volunteers, part time and full time doctors, including most specialties. Clinics hours include night and weekend hours. He stressed
the community benefit of this clinic for if it did not exist, patients would end up in the ER’s which is much more expensive care. Ms. Peterson noted with pride that the total cost for a patient visit averaged $129/visit. She then addressed what the role of free clinics will be in the future after the Affordable Care Act is implemented. In her opinion, free clinics are the litmus test for gaps in healthcare access in the community, noting that availability of coverage and access to coverage are not the same. Samaritan House projects there will continue to be a significant number of patients who will remain uncovered because they are undocumented, too poor to afford coverage, or too intimidated to sign up. The greatest impact will be the expanded Medi-Cal coverage, which Samaritan House does not serve. Ms. Peterson noted that even with the increased demand for services over the past couple of years patients are able to get an appointment within 5-7 days of calling. Dr. Veiss and Ms. Peterson expressed their thanks and appreciation for the District’s long history of support.

Chair Ullyot asked how Dr. Veiss recruits physician volunteers; through his on-going relationships with the medical staff at MPHS and the long history of partnership between the hospital and Samaritan House. More recently, Kaiser SSF has been encouraging their doctors to do community service and this has resulted in four Kaiser Physician volunteers. Chair Ullyot thanked them both for their report and Samaritan House’s contributions to community health.

7. COMMITTEE REPORTS:
   A. Long Term Planning: Chair Ullyot- No meeting, no report
   B. Sutter Oversight: Director Goethals reported that a meeting has been scheduled for June 20.
      1) Building Committee: Chair Ullyot reported this committee’s work is winding down.
   C. Community Health Investment: Director Galligan reported there was no meeting; a new committee member has been recruited, Mary Lund, Mercy HS Director of Advancement; and, site visits took place at InnVision Shelter Network and Ombudsmen.
   D. Redevelopment Oversight: Director Cappel reported no meetings have been held the past month.

8. BOARD CHAIR’S REPORT: The ACA is coming and one hears gloom and doom; however, California is distinguished in how it has embraced the plan. The Board should be knowledgeable about what is happening at the State and local levels as the implementation unfolds. People may have overestimated the complexities as the January 1, 2014 “Covered California” will impact 15%; 85% of Americans will see very little change.

9. DIRECTOR REPORTS:
   A. Director Cappel – Covered California recently announced which providers will be in the exchange. He noted that the Chinese Health Plan will be the only HMO in San Mateo County and only 13 out of 35 were selected. The best news is rates came in significantly below originally estimates suggesting more movement into the health plans; and noteworthy, only 34% of the Blue Shield panel physicians have been selected to participate. ACHD and PHCD leaders are staying involved. Undocumented coverage is next and coming soon with Immigration legislation. This will be desirable from an actuarial standpoint because they are younger and healthier and therefore desired in the risk pools. Coverage will be pushed; access will be the next big problem.
   B. Director Navarro – No report
   C. Director Galligan- Reported earlier
   D. Director Goethals – No report

10. CEO REPORT
    A. Copies of the Triennial Community Health Assessment Executive Summary Report were distributed.
    B. PHCD spring newsletter is out; next one scheduled for summer; production costs were reduced by the change in format and future plan is to reduce mailed copies by sending more electronically.
    C. Grant recipient site visits continue; only 4 left to schedule.
D. PHCD Healthy Schools Initiative is winding up the first year of funded activities. A full report is scheduled for the Board’s June 27th meeting with all district’s presenting.

E. Property management of District buildings at 1720-1740 Marco Polo will be brought in–house. The contract with Kidder Matthews is terminated effective July 1, 2013. A Tenant meeting at the District Office is scheduled for June 19.

F. Community activities: a) The Community Health Reform Advocacy Committee (CHRAC) on May 13 provided a wealth of information on the ACA implementation. Guest presenters included David Chase, from the Small Business Association and County leaders from the Human Services Agency describing preparation activities. B) Sustainable San Mateo rolled out its annual indicators report. Copies were provided to the Directors.

G. Director Cappel and CEO Fama attended the annual Association of California HealthCare Districts meeting and found the content to be relevant and networking of value.

H. The District’s USCF Masters Intern, Erin Clark, extended an invitation to the Board to attend her graduation celebration on June 14.

I. Summer intern, Taylor Tang, will be assisting in the office over the next few months.

11. OLD BUSINESS:

A. San Mateo County Access to Care for Everyone Program (ACE) Funding: Chair Ullyot referenced Dr. Ehrlich’s letter sent out with the meeting materials. The Board stipulated that the second year of funding would require evidence of effective use of the first year’s funding. In Dr. Ehrlich’s presentation to the Board in March she reported all performance indicators were met or exceeded and therefore, he asked for a motion to approve the second year of funding.

   **DIRECTOR NAVARRO MOVED, DIRECTOR CAPPEL SECONDED AND THE MOTION PASSED UNANIMOUSLY TO PROVIDE $2.3M TO THE COUNTY’S ACE PROGRAM TO ADDRESS THE HEALTH NEEDS OF THE LOW INCOME ADULTS WHO ARE RESIDENTS OF THE DISTRICT AND ARE ELIGIBLE FOR THIS COUNTY HEALTH SYSTEM PROGRAM.**

Director Navarro commented on the Program’s excellent work, citing the performance achieved in treating the diabetic patients was very good.

B. 1600 Assisted Living/Memory Care Project Update – Joel Roos

May has been a quiet month for the architects because the focus was on revalidating the unit count, the saleable size of the project (efficiency of the building), and keeping construction costs down thus reducing the equity investment. He reviewed the highlights of the detailed report that was distributed in the meeting packet.

1) Shooting for $36.5M construction costs before schematics get launched.
2) Should be ready to submit package to the city around August 1, 2013.
3) Achieved a unit count of 122 while maintaining quality common spaces. Hendrickson will reevaluate the revenue calculation in the financial analysis.
4) Fehr & Peers has completed the initial transportation study.
5) Geotech report is completed and there are no surprises.
6) A 3-year project cash flow schedule has been developed.
7) Value engineering efforts are on-going to reduce constructions costs and include such things as restructuring the basement, removing balconies from memory care level, and installing pre-fab shower stalls.

8) Looking to build in flexibility for conversion of 2nd floor to memory care as this is an area of great market growth projections.
9) Reviewed the unit counts and unit sizes /floor; reduced studios, reduced convertible 1-bedroom units and added 1 bedrooms projecting they will be most marketable.

10) Building efficiency has increased by 2.5%.

Director Goethals asked if the profit margin is higher for memory care units and will adding more also drive up additional operating costs. Additional units on the assisted living floors will not impact operating costs; additional memory care units increase operating costs and revenues; however, Mr. Roos did not know the specific numbers and will bring those back in his next report. Chair Ullyot asked what if memory care market demands more than one floor, is there versatility to these floors. Yes, the second floor could easily transition to a memory care floor and the concrete building allows for future flexibility. The project is on target to complete the entitlement process over 9 months and 12 months to get to solid construction documents bringing the project to a late spring early summer 2014 groundbreaking.

12. NEW BUSINESS:

A. Proposal to establish a single-purpose entity for the PHCD Assisted Living/Memory Care Facility:
Chair Ullyot explained the reason for exploring the creation of a separate structure for this project is driven by certain financing vehicles open to the District, such as FHA financing. In the Board’s discussion, issues were raised about such a structure having to do with financing, administration and the business reasons presented for considering this approach. Chair Ullyot stated the Board is not ready at this point to take action. Director Goethals requested that this item be placed on the June Board agenda to allow the Board to act if needed.

B. Operating Budget 2013-2014:
Director Cappel directed attention to the proposed budget distributed in the meeting materials. He highlighted the following areas:
1) Board reserves have dropped a bit due to the numerous special projects approved the past year, such as ACE and Healthy Schools Initiative. The reserves will drop more in FY 2014 as the assisted living project moves forward. The draw on the commitment to Lesley Senior Housing Affordable Assisted Living units is now targeted for FY 2015.
2) Rental and investment income are down slightly and tax revenues were held flat.

DIRECTOR CAPPEL MOVED, DIRECTOR GOETHALS SECONDED AND IT WAS PASSED UNANIMOUSLY TO APPROVE THE FY 2013-2014 BUDGET AS SUBMITTED.

Director Navarro asked how much was invested into City National Bank; Director Cappel responded, a total of $12.5M. Chair Ullyot referenced the new financial performance ratios set forth by Keith Hearle of Verite Consulting and asked how this budget addresses those ratios. Director Cappel responded all ratios will be exceeded- EBITDA, Margin, and Days Cash on Hand would be far exceeded, and the District has no debt at this time to compare to the Debt to Capital ratio. Director Cappel asked how the Board Reserves will measure up to the previous Finance Policy targets. CEO Fama responded, FY 2013 will exceed target; FY 2014 will be the first year the Reserves will fall below and this is due to the special projects noted earlier and the ramp up of the assisted living construction project. Chair Ullyot noted that the new ratios do not seem appropriate and asked if we picked the wrong ones. Director Cappel responded they are good ratios to track, standard business metrics however, they don’t fit how we have historically operated. They will be relevant as we operating a facility and move forward on the health focused campus development. Director Navarro commented that it is important that the initial projects give a reasonable rate of return to maintain the District’s strength. Director Cappel added that selecting the order of the projects will be one of the most critical decisions for the Board.

C. Employee Dental, Vision and Life benefits:
Director Cappel reported this item can be removed from the agenda and asked CEO Fama to comment.
Management reported that the cost for the District’s two employees’ benefits was going up significantly. Our benefits advisor was able to find Choice Builder and the same scope of dental and vision benefits will now be provided at a 56% reduction in premiums. The item was placed on the agenda on the chance that a change might require revisiting the Board approved coverage and Board action. No action is required.

D. Annual Investment Policy Review:
Director Cappel referenced the proposed revised policy distributed in the meeting materials noting the proposed language intended to clarify the scope of authority the Treasurer and CEO have in moving District cash among Board authorized money managers.

> DIRECTOR CAPPEL MOVED THAT THE REVISED INVESTMENT POLICY BE APPROVED AS SUBMITTED.

Director Navarro proposed an amendment to the motion. He asked that a sentence be added requiring the Treasurer or CEO to report any such transfer to the Board. Counsel Coffey proposed the following sentence be added to the policy: “If such shift of funds occurs it shall be reported to the Board at its next meeting.”

> DIRECTOR CAPP PATCHES THE REVISED MOTION. IT PASSED UNANIMOUSLY.

D. Ratification of Transfer of Funds:
Treasurer Cappel reported that per the Finance Policy and because of the positive performance of the City National Bank investment, an additional $2.5M was transferred into that account last month. Given the new policy language, he is seeking ratification by the Board for this transaction.

> DIRECTOR CAPP PATCHES THE REVISED MOTION. IT PASSED UNANIMOUSLY.

13. MEDIA CORRESPONDENCE: CEO Fama called attention to the notice for the ACHD Media Training Program to be held in Redwood City the end of June.

14. ADJOURNMENT: The meeting was adjourned at 7:30 pm

Next Board Meeting: Thursday, June 27 Millbrae Council Chambers

Written and submitted by:

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Cheryl A. Fama, Chief Executive Officer

Approved:

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Helen C. Galligan, Secretary

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Daniel J. Ullyot, M.D., Chair