

**BOARD OF DIRECTORS**

**STUDY SESSION**

**July 30, 2016**

1819 Trousdale Drive

Burlingame, CA 94010

District Classroom

8:30 am – Noon

**MEETING NOTES**

1. **Call to Order:** Chair Cappel called the session to order at 8:30 am.
2. **Roll Call:** Present were Directors Cappel, Navarro, Galligan, Zell, and Emmott; and CEO Fama, Colin Coffey, Prakash Pinto, Joel Roos, Candace Hathaway, Lynn Sedway, and Jim Musbach.
3. **Public Comment:** No members of the public were present to comment.
4. **Proposal to add an urgent agenda item:** Director Zell requested that an agenda item be added at the end of the meeting: State legislature activities requiring Board input for meetings to be held the first week of August.  
*Director Zell moved and Director Galligan seconded that the agenda item proposed above be added to this agenda. The motion passed 5/0/0*
5. **Review of PHCD Vision, Mission, Values, and Strategic Direction:** C. Fama  
CEO Fama reviewed the district's vision, mission, values, boundaries, operating environment, status of community health as recently identified in the 2016 Triennial Community Health Needs Assessment (CHNA), the four key PHCD strategic goal areas and activities in play to kick off FY 2017, and a summary of community health investments for FY 2016 and budgeted for FY 2017.
  - It was suggested that the mission statement be revised to include addressing health disparities.
  - The methodology used for the CHNA for identifying the top 5 causes of years of potential life lost and for top health issues in the county was questioned. It was suggested that the National Cancer Institute's data is more reliable.
  - Many of the most needy populations live outside of PHCD's boundaries. Should the district seek to expand their sphere of influence?
  - To truly make an impact on a population or disease would require a different and more focused approach to PHCD's investments than current grant process.

It was agreed that the current direction is appropriate; however, the Board will revisit each of the issues raised at future board meetings during the year.

Peninsula Wellness Community

6. **Financial Modeling-Elements and Use in RFQ/RFP Process:** J. Musbach

**Mr. Musbach** presented an overview of land development option definitions, core competencies of public and private sector parties, the ability of a master developer vs. multiple for the PWC to balance risks and rewards, core competencies to look for in a master developer, the master developer implementation process, key business terms, elements of the feasibility analysis; project pro forma components, how to determine residual land value, value creation in a real estate development, calculating land cost, and the phasing of financial analysis for this project. It was agreed that this was a useful educational presentation that will help when each phase comes before the Board for action.

**7. Key Parameters that Will Serve to Develop the RFQ: L. Sedway**

**Ms. Sedway** stated that the purpose of establishing key parameters for the RFQ is to assist PHCD with setting its goals and objectives at the outset of the developer selection process.

Example of parameters based on what she has heard from the board:

- Lease the land; PHCD will not sell
- Lease terms should coordinate with the Sutter lease terms for the adjacent 21 acres; at a minimum the leases must be for 50 years to attract necessary debt and/or equity
- PHCD will not allow project financing to take priority over the ground lease
- Lease/Sublease structure typically has an initial ground rent upon construction completion and stabilization with the ground rent equal to approximately 6-8% of the land value, increasing periodically by the CPI, but <2% or > 7% annually
- There is often lower ground rent and a time limit during the entitlement and construction period.
- Master Developer must:
  - Share the Board's vision for the wellness community
  - Provide health-related community benefit
  - Must provide sufficient return to allow PHCD to bring onto the PWC and support desired non-profit services and be able to get the plan carried out without needing on-going PHCD subsidy or place a burden the tax payer.

**8. Senior Housing Models – L. Sedway**

**Ms. Sedway** reviewed her market findings and recent discussions at the Long Term Planning Committee. Models covered in today's discussion were:

- Age-restricted Communities
- Independent Living Communities (Bundled with Assisted Living and possibly Memory Care)
- Assisted Living and Memory Care Facilities
- Continuing Care Retirement Communities

Discussion covered the rental vs. buy-in models, availability of a full spectrum of services given the proximity of the hospital, SNF/Rehab, and assisted living memory care in the immediate area, "the Square" concept now being implemented at the Jewish Home in San Francisco, and the growing number of "invisible seniors" in need of accessible units for middle income residents. At the conclusion, it was agreed to learn more about "The Square", to broaden the boundaries of the PWC in presentations to more visibly incorporate the proximity of so many related health and basic amenities to the planned Community, and to ensure that some level of affordable housing be incorporated into the development.

**9. Evolving Plan and Opportunities: Prakash Pinto**

Mr. Pinto presented a recap of the vision for the PWC as a “place for wellness” and then showed the December 2015 plan, the revised hospital flightpaths over the development, and three options on how programs and buildings could be rearranged on the 8+ acres to take advantage of increased heights due to the flightpath changes and the advice coming out of peer review sessions to avoid long distances between senior housing and the support services. Option C was the preferred revision. It will increase senior housing units by 50 units add a net increase of 80,000 square feet in the other buildings. He then showed a plan for 4 phases:

- 1) Professional office and hub space – southeast corner
- 2) Gatepath- southwest corner
- 3) Supported senior housing - northwest corner
- 4) Supported senior housing - northeast corner

[Excerpt of his presentation are appended to and made part of these notes.]

**10. Urgent Legislative Issues:** Director Zell reported on the evolving push back coming out of the Assembly to SB 994- Senator Hill’s bill to give PHCD and Beach Cities design build authority. The bill will go the Senate and then to the Assembly’s Local Government Committee. Both districts are urged to have representatives “on call” to go up and testify with only a couple days’ notice. CEO Fama is scheduled to meet with eight of the Committee members staff on August 10 and welcomed any “company” for the trip and visits.

However, the resistance is broader than design build. There is a growing focus on special districts in general and non-hospital districts specifically. ACHD has partnered with the California Special Districts Association to develop legislative proposals that would mitigate areas of growing concern. (E.g. Mandate too broad; lack of accountability to health needs; boards that are not representative of the communities they serve, sporadic LAFCo reviews, etc.) CEO Fama is serving on the ACHD Work Group developing proposals and she shared some of the areas under discussion. The work product from that group will be ready for presentation to the ACHD board in early September. Directors were urged to read any legislative updates from the Association, offer any suggested input CEO Fama can bring to the next Working Group on August 9, and to participate in Sacramento activities as schedules will allow.

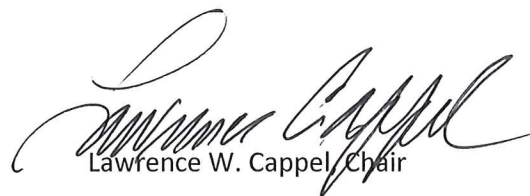
**11. Adjournment:** Given the hour, Chair Cappel adjourned the meeting at 12:20 pm.

Written by:



Cheryl A. Fama, CEO

Approved by:



Lawrence W. Cappel, Chair