



BOARD OF DIRECTORS
SPECIAL BOARD MEETING

March 10, 2016
PHCD Classroom

These minutes have been revised per Board action of March 23, 2016 meeting.
Changes are noted in bold italics

- 1. CALL TO ORDER:** Chair Cappel called the meeting to order at 17:05 hours at the PHCD Office.
- 2. ROLL CALL:** Present were Chair Cappel, Vice–Chair Navarro, Secretary Galligan, Treasurer Zell, AND Director Emmott. Also present were Counsel Coffey, CEO Fama, and PHCD Staff Ashley McDevitt and Paul Wright. PHCD Advisors present: **Bill Hendrickson**, Hendrickson Consulting, Gary Hicks, G.L.Hicks Financial, LLC.
- 3. ORAL COMMUNICATIONS:** No oral communication was offered.
- 4. OLD BUSINESS:**
 - A. Financial Implications of the Trousdale project on Current and Planned Programs:**

Chair Cappel introduced this item by reporting that there were concerns expressed to him by one of the Directors that the financial impact and implications of the Board’s action taken at the 2-25-16 Board meeting concerning the approval of the contractor and budget for the Assisted Living/Memory Care Project were not fully discussed. And, given the magnitude of the action, this Director felt it important that Director Emmott have the opportunity to participate in the discussion and vote.

Secretary Galligan expressed her concern that the Board already made a legal and binding decision that actions have already been taken on it, and no new information that she is aware of has become available to warrant this meeting or any other action.

Chair Cappel referred the question to **Counsel Coffey**, who commented this meeting is allowable; that the issue before the Board is the status of the project today and what, if any, actions have been taken since that approval that might have to be interrupted should the Board reverse its action.

Secretary Galligan asked again why we are bringing up this issue that has been voted on and passed. Can the one “NO” vote just request another meeting and demand a re-vote? **Counsel Coffey** said there's no procedural rule that has been adopted by the District that prevents it. **Chair Cappel** mentioned that the other important issue is that when you have a five member Board and are looking at the most significant decision that's been made in 20 years, it makes sense to be sure a majority of the Board is in favor of moving the project forward. He also stated that there had been a lot of discussion whether this project would impact any future plans; how much impact is another question.

CEO Fama asked if Director Emmott could comment on how much of the Board’s discussion he was able to hear from the phone connection. **Director Emmott** responded he heard everything that was discussed up to the break that was taken. When he realized he could not be heard, he call the office number and cell phones to report the situation, but these calls were not answered. He supported the project and would have voted “AYE” for the motions.

Chair Cappel asked Counsel Coffey in a 2-1-1 vote, now learning that the member conferencing in reported he could hear the discussion and would have been the third "Aye" vote, can that vote now be considered as a legal vote? Counsel Coffey said the third vote does not count which affectively is the same as him not being present.

Director Zell requested that the discussion be moved along as such action is on the agenda and does not require any further consideration. Chair Cappel agreed and invited Director Zell to ask his questions. Director Zell acknowledged that he met with CEO Fama since requesting the meeting to go over his questions about Mr. Hendrickson's projections. He now understands that the Districts projected expenses were based on current spending rates including the recent history of grant spending at \$2m per year. He then asked questions about unrestricted cash reserves, equity, and discretionary funds. Mr. Hendrickson reviewed the financials and pointed out PHCD's yearly revenue surplus and cash flow. Director Zell also expressed concern over the plans to acquire the Gatepath and the Burlingame School District properties, as well as being highly leveraged, but said his questions were answered.

Director Zell asked that it be noted in the minutes that the additional financial detail provided by Mr. Hendrickson was very helpful in understanding the rolled up information in the financial tables presented at the March 10th meeting.

Public Comment: Joe Galligan mentioned that he's seen in council meetings members stating that they got confused at the last meeting, and they meant to support a vote, but have changed their minds, and they want the minutes to reflect they wanted to vote the opposite. He asked Counsel Coffey if there has to be another vote or can they just reflect the difference in the minutes. Counsel Coffey responded a new vote has to be taken, unless they want to suspend the rules. Mr. Galligan also asked how the projected taxes were calculated. Mr. Hendrickson responded he used historical figures and added a couple percent for this year. Vice-Chair Navarro said he understands this budget is a conservative estimate, and that the figures will probably be much better, including revenues from rates.

Director Galligan asked that the minutes record that Joe Galligan, under Public Comment, noted that the District's property tax revenues for the first six months of FY 2016 were up 9% over the prior fiscal year first six months.

Chair Cappel asked Counsel Coffey if he thinks it would be better to show a vote better than 2-1-1. Counsel Coffey responded that it's more of a political question than a legal one, but that there is no downside to reaffirming the previous vote to proceed.

Director Zell moved and Vice-Chair Navarro seconded the motion to revote the action taken at the last Board meeting. The motion passed 4-1

AYES: Cappel, Navarro, Zell and Emmott

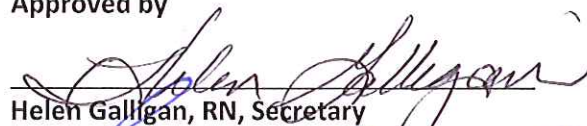
NOES: Galligan

Director Zell moved and Director Navarro seconded the motion to accept the lowest qualified bid from S.J. Amoroso and to approve the revised budget presented by Nova Partners at the February 25, 2016 Board Meeting. The motion passed 5-0

5. **ADJOURNMENT:** The meeting was adjourned by Chair Cappel 17:35 hours.

Written and submitted by: Paul Wright, Office Coordinator

Approved by


Helen Galligan, RN, Secretary


Lawrence Cappel, PhD, Chair