

**BOARD OF DIRECTORS**  
**BOARD MEETING MINUTES**

**November 10, 2016**

**PHCD Classroom**

1. **CALL TO ORDER:** Chair Cappel called the meeting to order at 15:47 hours.
2. **ROLL CALL:** Present were Chair Cappel, Vice–Chair Navarro, Treasurer Zell, and Secretary Galligan. Also present were CEO Fama, PHCD Staff Ashley McDevitt, and Paul Wright.  
Excused absences: Director Emmott  
**Invited Presenters:** Dr. Michael Helgeson, CEO, and Karen Engstrom, COO, Apple Tree Dental, and Counsel Mike Peterson, Archer Norris.

3. **ORAL COMMUNICATIONS:** No oral communication was offered.

4. **OLD BUSINESS:**

**A. Request for further funding support of the Apple Tree San Mateo Center – Dr. Michael Helgeson, CEO, Apple Tree Dental.**

Discussion continued from Oct. 27 regular meeting concerning the financial impact of the delayed opening and licensing procedure and the financial impact of the overwhelming number of Denti-Cal clients served during the first 9 months of FY 2016.

**Dr. Helgeson** thanked the Board for calling this Special meeting and said it's critical to review the plans and move forward to keep the San Mateo Center moving and address the goals that were set. He introduced Karen Engstrom, Chief Operating Officer of Apple Tree. **Ms. Engstrom** said her background is in dental hygiene with 37 years of clinical practice and management.

**Dr. Helgeson comments in summary:**

- ATD being here to ask for additional support was not part of the original plans; the complications the startup encountered in California were not anticipated and should have been with more in depth study beforehand and he apologized for that.
- ATD San Mateo can work with additional support to help cover the cost of the delayed start up.
- The Center is making measurable progress meeting unmet dental needs and by the end of the 2016, the Center will have provided \$2.3 million of dental services, of which about \$1 million of that was to uncompensated to low income people.

**Director Zell** expressed his major concern is the \$1.5 million that was supposed to be raised hasn't been and then ATD asked for \$250,000, which PHCD loaned in June and now he is asking for \$500,000 totaling \$750,00. He is concerned they will later ask for the additional \$750,000 which will not be acceptable. If that \$750,000 is not raised, will they still be able to meet goals? **Dr. Helgeson** responded that he would expect this to be the final ask for funds. He will go through the plans to manage costs and staff, and as fundraising goes on, there will be no need for additional requests.

**Chair Cappel** said he wants to get a better feel for the operations and case mix, as well as questions on financials, especially cash flow. He believes everyone feels it is a worthy program with great value, but has similar concerns as Director Zell. Looking at the financial statements, personnel costs seem to be high, compared to revenue. Maybe there needs to be some hard decisions made and see what's expendable, and maybe they don't have the right personnel. There doesn't seem to be very much in the way of advertising and communications to the community. Direct marketing is a key, and if there had been more of an effort, would it have changed the patient mix? He acknowledged ATD's waiving of the management fee, but questioned if they have the right staff?

**Dr. Helgeson** explained that they got their license in mid-October, and then move all the dentists into being part of all the commercial insurances and Dentil-Cal. Since that didn't occur until January-February, they missed the participating in Aetna, Delta, etc. to be in their listings during open enrollment earlier in the year. Staffing was ramping up after obtaining the license, getting them credentialed, and thereby attracting different types of payers.

**Director Galligan** asked why the depreciation fees rose so sharply. **Dr. Helgeson** explained that that's is an accounting entry required when the new 501C3- ATD California was created and all the assets were transferred to the new entity. the moment where they transferred the assets to the C3. **Secretary Galligan** asked what assets? The assets include all of the initial grants. Depreciation is required to be booked under expense even though it is not a cash transaction.

**Director Galligan** asked if there are any other incomes and grants from anyone other than the two health care districts? **Dr. Helgeson** replied not in 2016 in the San Mateo Center, but more than \$500,000 to Sonrisas. **Chair Cappel** asked if the money given to Sonrisas was spent at their center or San Mateo? **Dr. Helgeson** replied no as all were restricted to the Half Moon Bay center.

**Director Galligan** expressed her concern and disappointment that PHCD did significant due diligence before bringing ATD to the area and get them started, and now it seems they just dropped the ball and prioritized all the other locations except those within the District and now come back to this District requesting more funds.

**Chair Cappel** asked if they were to go out for a grant tomorrow, would they be marketing for both centers? **Dr. Helgeson** replied as an entity they have two centers as they do in Minnesota, with each geography having its own unique funding sources, and they have tailored fundraising for each location, as well as state and federal fundraising. **Chair Cappel** continued that he wants to see a marketing effort for this area, since there are more people in need than are in the Sonrisas or Sequoia service areas. Is there a written effective marketing plan ready to go that he can view? **Dr. Helgeson** showed the marketing plan developed by MacKenzie Communications in late 2015. Given the delayed start and then cost constraints, the plan was never fully implemented. One of the things that sets Apple Tree apart is the "Buy one, Give one" concept [One insured patient visit covers one uninsured patient visit], and that's a big part of marketing is deciding what sets you apart. They've also created a new website, with photos and videos.

**Chair Cappel** asked how are they going to make the clinic more efficient and **Director Galligan**

asked how are the dentists salaries determined? **Dr. Hegelson** replied their salaries depend on their background, productivity, etc. so they are adjusted. **Ms. Engstrom** said they control staffing expenses very tightly. She said it's important to find the right provider that has the passion, skillset, and dedication to be able to do this work. **Chair Cappel** commented that one of the reasons why community medical clinics fail is that the clinic hires the dentist who sits there whether there are patients or not. **Ms. Engstrom** said their goal is to keep the dentists busy; she monitors the San Mateo schedules and appointments from her office in Minnesota. She said the database is able to track the referral source, and number one in the top five is Dr. Jue patients. She then spoke to how they manage the public and private insurance scheduling. **Chair Cappel** asked what is a full load for a practicing dentist? **Ms. Engstrom** answered about 2,000-2,500 each. She continued that second are family and friends referrals, third is Denti-Cal, fourth is San Mateo social services, and fifth is internet searches.

**Director Zell** asked where they went for their outreach efforts. **Ms. Engstrom** answered in April they participated in the San Bruno School District Health Fair, in September they were at Burlingame School District Health Fair and the San Mateo Senior Health and Wellness Fair, in October they were at the San Mateo County Family Resource Expo and College of San Mateo Health and Wellness Fair. **CEO Fama** asked if they've also reached out to Chambers of Commerce and other professionals? **Ms. Engstrom** answered that Dr. Gregory has given 10 formal presentations this year. **Dr. Hegelson** mentioned he also does additional informal events as well. He said referrals and from family, friends, co-workers, and public figures are the most impactful. **Chair Cappel** said this is the opportunity for any members of the Board to ask any questions, no matter how difficult, to find out what they can do to help, but with confidence that a good plan is in place that will succeed. patients. They will also limit the Denti-Cal patients, and use the additional marketing funds.

**Chair Cappel** said the county is a big employer and they have benefit fairs. These days choosing a dentist is based on convenience for many people-who have insurance.

**Vice-Chair Navarro** said one of the important things to do is measure your metrics to see who's coming back for certain chairs, or what chairs have more problems and specifying what that problem is.

There being no further discussion, Director Zell asked to move the agenda to the proposed resolution.

B. Approval of Board Resolution 2016 – 04 for additional funding support to Apple Tree Dental

***Director Zell moved and Director Navarro seconded the motion to approve the Board resolution as proposed which approves awarding a \$500,000 grant to support the San Mateo ATD Center to be paid out in 4 installments from December through March. The motion failed to pass:***

***Ayes: Navarro and Zell***

***Noes: Cappel and Galligan***

***Absent: Emmott***

**Chair Cappel** asked counsel if a loan with a forgiveness clause is doable. Counsel Peterson responded yes. Chair Cappel then proposed that the motion be revised to provide \$500,000 up front as a loan, given that ATD is committed and has stated it is doable to raise \$1,000,000 over the next two years, he proposed that the loan amount owed to PHCD be reduced by 50 cents for every dollar of grant funding raised. This would provide further incentive to their efforts, be appealing to donors, and if ATD achieves their stated goal, would take the loan off the Center's books. After more discussion, the CEO and Counsel were directed to revise resolution 2016-04 to reflect the loan, forgiveness criteria, and payment requirements if the fund raising goals are not achieved.

***Director Zell moved, Director Navarro seconded, and the motion passed 4/0/0 to revise the Resolution 2016 – 04 to reflect the forgivable loan structure as discussed.***

***AYES: Cappel, Navarro, Galligan, and Zell***

***Noes: 0***

***Absent: Emmott***

**5. NEW BUSINESS:** Proposal to engage a new Audit firm – CEO Fama


The relationship with the current firm will be terminated at the conclusion of the 2016 Annual Audit. Staff is requesting that we invite an engagement letter from the firm that was a close second in PHCD's RFP/RFQ selection process conducted in 2015 which is Varinek, Trine, and Day.

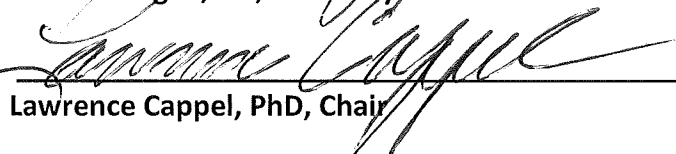
***Secretary Galligan moved, Director Zell seconded, the motion to engage the new auditors. The motion passed 4/0/0***

**6. ADJOURNMENT** The meeting was adjourned by Chair Cappel at 17:42 hours.

**Written and submitted by: Paul Wright, Office Coordinator**

**Approved by**

  
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Helen Galligan, RN, Secretary

  
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Lawrence Cappel, PhD, Chair

**NEXT REGULAR BOARD MEETING:**

**December 8, 2016 5:45 PM**

**PHCD Office, 1819 Trousdale Drive, Burlingame, CA 94010**