

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

**November 18, 2016**

**PHCD Classroom**

**1. CALL TO ORDER:** Chair Cappel called the meeting to order at 15:05 hours.

**2. ROLL CALL:** Present were Chair Cappel, Vice-Chair Navarro, Treasurer Zell, Director Emmott, Secretary Galligan, and Counsel Mike Peterson, Archer Norris, on the conference line. Also present were CEO Fama, PHCD Staff Paul Wright.

**3. OLD BUSINESS: Apple Tree Dental California – Response to Board’s Funding Proposal**

Chair Cappel opened by reporting that the Apple Tree Dental California Board of Directors declined PHCD’s forgivable loan offer made as an action item from the November 10<sup>th</sup> Special Board meeting. In follow up, he met earlier today with Nigel Taverner, the Board Chair of Apple Tree Dental California. Mr. Taverner reported that the ATD San Mateo Center definitely needs funding support; however, their Board did not agree that the forgivable loan structure would be helpful, but rather a liability to achieving the fundraising goals outlined for 2017 and 2018. Chair Cappel reported that he explained to him that the PHCD Board wanted accountability for the funding and believes the bonus idea was a good one, and that other funding sources would think so as well. Other areas they discussed included:

- Difficulties hampering marketing and fundraising successes such limited and unrealistic marketing and the absence of dedicated a grant writer.
- Pursuit of provider opportunities and participating in employer benefit fairs.
- Turnaround plans for operating performance and difficulties in doing that when always in a survival mode.
- PHCD’s need to see more detail on cost containment, long term care contracting, mobile services, and fundraising activities
- PHCD’s active role on the Board, marketing, fundraising, and operations oversight
- Plan if PHCD does not provide funding

Chair Cappel opened the floor for discussion.

Director Zell said he supports the grant and believes they'll turn things around. There were three factors for financial difficulties: the late start, lack of aggressive marketing, and lack of a more hands-on approach from Minnesota senior leadership team in California. He thinks it's important to see them through this difficult start and a loan will not damage PHCD. Perhaps they do not fully understand the forgivable loan and see it as PHCD having reservations about its commitment. He also noted what Dr. Helgeson said at the previous meeting that they need a story to tell about serving underserved people to get the funds, and those people would have no services without Apple Tree. He'd rather have them serving the underserved than have empty chairs waiting for paying patients.

Vice-Chair Navarro agreed with Director Zell, that this is the same request they originally made, their projections look the same but just pushed back because of the licensing issues, and we should continue to support them. PHCD “threw them a curveball” by offering the forgivable loan, as we are basically back to considering what ATD originally proposed.

Chair Cappel noted the amount of social good already provided to people who need the care. PHCD’s commitment to ATD was and is to serve the public good and that transcends a financial return on investment. Director Zell agreed but said they have to be on track towards sustainability.

**Director Galligan** said they have not actually put in any of their own money. PHCD has given them a lot of money and waited for them to take more action. They already had their model established to attract funding and have not been successful with that model in California. ATD also opened two other clinics in Minnesota at the same time which she thinks has overstretched their capacity and distracted them from here.

**Director Emmott** agreed, and said we're responsible for their mismanagement if we continue to keep funding them. Many of the delays were foreseeable and could've been shorter or avoided all together. He doesn't want to approve giving them any more money until PHCD has a seat on their Board and they recruit someone who knows how to build a dental practice. He said we owe it to our bosses, the taxpayers, for an explanation as to why we keep giving them money, and won't be able to answer unless we can be proactive in improving their performance. **Chair Cappel** agreed that the PHCD Board needs to be involved in the Center's governance and at least a position of observation in the clinical operations.

**Director Zell** noted, that if PHCD provides the funding over 4 months as initially requested, there won't be dramatic change from December through February. He's also concerned that if their funds get cutoff and they have to lay off employees, especially highly skilled and difficult to replace dentists who have given up a lucrative practice, it will be all the more difficult to find and rehire those professionals again.

**Chair Cappel** asked if any Board member was willing to present a motion to grant them \$500,000 in four payments over four months as presented at the November 10 Special Board meeting-\$250,000 December 1, \$90k in January, \$80k in February, and \$80K in March. **Director Zell** asked how will four payments help them as opposed to one large payment. **Chair Cappel** replied he feels the more money received, the faster it's spent, and the less likely to budget appropriately.

**Chair Cappel** noted that along with the funding, the motion should include the terms that go with the funds as discussed today.

*Director Zell moved, Vice-Chair Navarro seconded, and it was approved unanimously to provide Apple Tree Dental California \$500,000 of grant funding to be paid out in four payments of \$250K, \$90K, \$80K, and 80K over four months, December through March conditional on ATD California giving PHCD a seat on the Board, access to operational meetings, participation in marketing and fundraising activities, and agreement to use a portion of the funds for a fundraising consultant of PHCD's choice.*

*The motion passed 5-0-0*

#### **4. NEW BUSINESS: Little Hoover Commission Study Session, 11/16/16**

**Director Zell** reported he and CEO Fama went to Sacramento to attend this session which focused on healthcare districts. He addresses the Commissioner and told them PHCD does not duplicate services of the private sector or perform the social safety net function of the county, but looks for the health need gaps that the private sector is not doing and the welfare system is missing. One of the ways to fill those gaps is looking for non-profits with a history of success. Also by looking at health services provided by other governmental entities, and look into how they can improve it, like the Teen Mental Health Program. His assessment was Commissioners listened to his comments and those of others and their focus turned from 'why do you need to exist' to 'how can make things better for you'.

One of their questions was who oversees healthcare districts making sure there's no duplication and there is efficiency? One of the representatives from LAFCO was in attendance. The Commission is very interested in best practices, oversight and no duplication. They will release a report next year. He also emphasized to

them there is a big difference between urban and rural health care districts, and PHCD does not receive federal funding.

**CEO Fama** added only 3 of the 12 commissioners were present. ACHD leadership presented its Board's recently approved strategic initiatives which include proposing updated language in the legislation defining healthcare districts, committing to more rigorous community needs assessments and regular reporting, carrying out a visibility campaign, and collaborating with LAFCo's to improve relations and effectiveness.

**Director Zell** stated if the legislature wants to define what health care districts do, they need to be aware of the local needs of the community. Our agreement with the hospital states they will provide core services, and our health care district would fill any gaps. He pointed out to the commissioners that we are the only governmental entity with ability to innovate and perform.

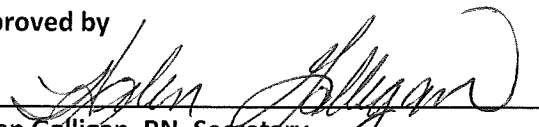
**CEO Fama** mentioned that Mr. Hickey from the Sequoia Health Care District was present and contributed and Kyle Packham, Chief Lobbyist for the CSDA pointed out that all of the PHCD and Sequoia Healthcare directors have been elected, unlike some districts where their appointments can roll over. He also pointed out that others running for election who wanted to eliminate districts were defeated noting that the voters have spoken.

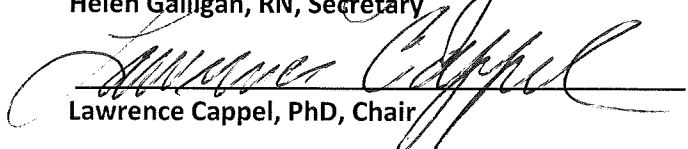
**Chair Cappel** mentioned if there are changes in the Affordable Care Act, the county will cut back on services and the districts will be the only ones to cover those gaps. He thinks ACHD needs to become much more active in promoting the districts and what they do. Very few people understand what would happen if districts are eliminated. Tax payer money does not go back to them; it just gets divided up among the remaining special districts.

**5. ADJOURNMENT** The meeting was adjourned by Chair Cappel at 16:30 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**