

BOARD MEETING
MINUTES
September 23, 2015

1. **CALL TO ORDER:** Chair Cappel called the meeting to order at 17:50 hours at the Millbrae City Hall Council Chambers, 621 Magnolia Avenue, Millbrae, 94030.
2. **ROLL CALL:** Present: Lawrence Cappel, PhD., Dennis Zell, Esq., Treasurer and Cameron Emmott, MD, Director **Absent were** : Rick Navarro, Vice Chair, Helen Galligan, RN, Secretary
Also present were: Cheryl Fama, CEO, Colin Coffey, General Counsel, Ashley McDevitt, Community Outreach Coordinator, and Paul Wright, Office Coordinator
3. **CONSENT CALENDAR**
Treasurer Zell commented on his meeting with the CEO and Accountant to review the Q4 Financials. Chair Cappel asked about the \$477,000 loss. CEO Fama answered that was the value of the 1600 Trousdale building that was taken down.
DIRECTOR ZELL MOVED AND DIRECTOR EMMOTT SECONDED THE MOTION TO APPROVE THE CONSENT CALENDAR AS PRESENTED. THE MOTION CARRIED 3-0.
AYES: DIRECTORS CAPPEL, ZELL, AND EMMOTT
NOES: NONE
ABSTENTIONS: NONE
4. **ORAL COMMUNICATIONS:** No oral communication as offered.
5. **REPORT OUT ON CLOSED SESSION:** Chair Cappel reported discussion focused on trade secrets of Trousdale Project. There were no reportable actions.
6. **COMMITTEE REPORTS:**
 - A. Long Term Planning September 1, 2015 meeting: Chair Cappel reported discussion focused on status of the Trousdale Project and Peninsula Wellness Community development.
 - B. Community Health Investment- August 31, 2015 meeting: Ms. McDevitt reported for Committee Chair Galligan. Three new members were welcomed: Dr. Henry Sanchez, Steve Droz, and Nancy Bush. The Grant policies procedures, forms, committee member responsibilities, and the grant cycle work plan were reviewed. The committee reviewed the FY 2015 use of the Discretionary Fund and the Grantee Interim Reports for FY 2015 and agreed that the funds were used as intended. Thirty-two (32) Letters of Intent were received of which 5 were new requestors. The next meeting is scheduled for 10/5/15.
8. **BOARD CHAIR'S REPORT:** No report was given.

9. TREASURER'S REPORT: Treasurer Zell reported his continuing discussions with investment experts looking for short term health-related real estate investment opportunities to improve returns on PHCD cash reserves. CEO Fama acknowledged the importance and timeliness of Treasurer Zell's exploration given the need for the Board to more aggressively research development and financing partners for the Peninsula Wellness Community development. Staff is currently polling Directors to find a 3-hour period in October for the board to hold a working session on this issue. Director Emmott asked about the nature of the relationship Treasurer Zell is building with Franklin, and what their role would be. Treasurer Zell responded that they have a small group that deals with real estate investments, and he's looking at two separate types of relationships: one with a 3-4 year outlook or exit window that has a health care purpose and an expected rate of return of 5-7%. The second with institutional investors in the health care area. Some of the space on the Marco Polo land development will have to go towards leasing to tenants to help pay for it. Franklin will invest other people's money in this development project according to our terms. Director Emmott went on record saying he is fully supportive of Treasurer Zell's building these relationships. Treasurer Zell continued that state law requires PHCD to only invest in the safest investments, usually equating to bonds as opposed to mutual funds or more risky vehicles. Chair Cappel inquired if investing in a health care REIT is permissible. Treasurer Zell responded it would be better to invest directly in real estate instead of any kind of securities. Chair Cappel agreed it would be beneficial to have many financial partners, and commended Treasurer Zell's efforts. Chair Cappel also agreed with CEO Fama's assessment in moving on this project as quickly as possible, and brought up the need to firm up the phasing of the development.

Treasurer Zell also reported that he asked Ms. McDevitt to put together a proposal for presentation in December concerning teen suicide and mental health in district schools. It may be a short term proposal similar to the healthy schools initiative.

10. DIRECTORS' REPORTS: No additional reports were given.

11. CEO REPORT: C. Fama reported:

- 501C3 application for Peninsula Health Care Development Corporation will be submitted this month.
- Proposed cost-saving changes to The Trousdale façade and underground parking structure will require presentation to the Planning Staff and the Planning Commission. SmithGroup renderings were presented showing the façade changes. Treasurer Zell expressed concern that changing the design of the building and going back to through the city process will create costly delays that may overtake any cost savings of esthetic changes. Mr. Marks from Nova Partners confirmed that the facade changes presented represent significant savings above the \$75,000 already included in the revised budget number. Treasurer Zell responded we would pay much more than that in interest for a couple months delay. Chair Cappel stated the importance that the end product be of the highest quality.
- Full licensure for the Apple Tree Dental San Mateo Center is still pending and anticipated to be received within 2 weeks. Chair Cappel inquired as to the typical patient seen daily at the clinic. CEO Fama responded that, due to the licensure issue, the Center can only be open 20 hours per week and ATD cannot treat Denti-Cal clients so all patients in the Center right now are private pay. However, ATD is out in the community are doing free dental screenings and continuing their marketing efforts to nursing and group homes. The grand opening celebration of the San Mateo Center is scheduled for October 22nd, 4-6 pm.

12. COMMUNITY OUTREACH REPORT: A. McDevitt

Ms. McDevitt reported on PHCD hosting its first healthy living program as part of Health Literacy goal in cooperation with partners: the San Mateo YMCA and Sequoia Healthcare District. It will be held in January, 2016 at San Mateo YMCA, and the plan is to pursue other similar opportunities in other parts of the district.

13. OLD BUSINESS:

A. Peninsula Wellness Community Master Plan development budget detail for Phase 3:

The detailed Phase 3 budget was distributed in the meeting materials. Mr. Pinto noted it was essentially on target with what was approved by the Board in May for the FY 2016 budget. The important questions now are how to finance and implement the plan. He reiterated Chair Cappel's point about priorities and phasing. Mr. Pinto stated that, based on market research, there is a tremendous need for professional offices, or any building that would be on the current open land. This would provide moving current tenants, and new ones, into the new building. Chair Cappel agreed, and commented that this would also generate revenue quickly, and that would contribute to continuing other developments. Director Emmott agreed that this is a good course of action, and good timing in a good location. Director Zell agreed and said that an office building would be the easiest to get funding from investors. Mr. Pinto mentioned that the floor plans are very flexible to attract a variety of tenants. Director Zell asked Mr. Pinto how important and how soon is it necessary to have a special session of the Board for guidance. Mr. Pinto responded as soon as possible would be better, and get Board consensus on priorities of projects, financing and process to build to avoid delays.

14. NEW BUSINESS:

A. Consideration of Resolution 2015-01 Approving Actions in Support of the Peninsula Health Care Development Corporation and Its Undertaking of Trousdale Project on Behalf of the Residents of the District.

DIRECTOR ZELL MOVED AND DIRECTOR EMMOTT SECONDED THE MOTION TO APPROVE THE MOTION CARRIED 3-0.

AYES: DIRECTORS CAPPEL, ZELL, AND EMMOTT

NOES: NONE

ABSTENTIONS: NONE

Chair Cappel wanted to clarify that impact of the motion. The Peninsula Health Care Development Corporation will be taking over the activities required to get The Trousdale project back on track. Director Zell commented that he wants to go on the record as stating that the ability for the contractors to talk with the sub-contractors and get the lowest bid is what makes public bidding process faulty. Chair Cappel commented that the Board and staff should have some FAQ's prepared to respond to questions about why this decision. Director Zell commented that we should make public documents showing cost increases with explanations, and have it attached to minutes of the closed session.

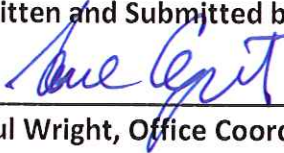
15. MEDIA AND CORRESPONDENCE:

No correspondence was pulled for discussion.

16. ADJOURNMENT: Chair Cappel adjourned the meeting at 18:30 hours.

NEXT REGULAR BOARD MEETING:
Thursday, October 22, 2015 5:45 PM
Millbrae City Hall

Written and Submitted by:

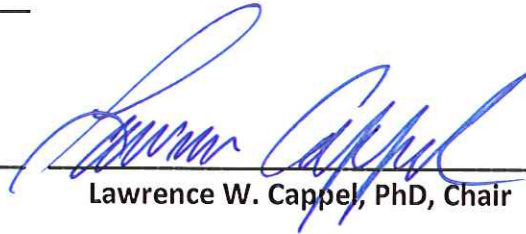


Paul Wright, Office Coordinator

Approved:



Helen C. Galligan, Secretary



Lawrence W. Cappel, PhD, Chair