



## **FINANCE COMMITTEE MEETING**

### **MINUTES**

**February 20, 2019**

**Present were: Chair Zell, CEO Fama, CFO Yee, Committee Members Seto, and Sun**

1. **Welcome new members to the Finance Committee:** Chair Zell welcomed Paul Seto and Kristin Sun to the finance committee.
  - Paul Seto has over 30 years of finance experience and is currently the vice president at Liberty Bank. His experiences include lending, financial analyst, and was the CFO of a technology company. He was elected to the Millbrae city council from 2008 – 2011 and served as mayor in 2010. He is a member of multiple community associations and a former member of the PHCD Long-term planning committee.
  - Kristen Sun has over 15 years of wealth management experience and is currently at Sand Hill Global Advisors, LLC as the senior wealth manager. Before joining Sand Hill, Kristin was an Assistant Vice President with Morgan Stanley Smith Barney and a Relationship Manager with Morgan Stanley Private Wealth Management. Currently, Kristin serves as Chair of the Board of Directors for StarVista, a non-profit organization and the largest social services agency in San Mateo County.

Chair Zell gave some history on PHCD, current, and future projects of the district and financial accountability to address the health needs of residents.
2. **Minutes from January 18, 2019:**  
*It was moved by CEO Fama, seconded by CFO Yee to approve the minutes 3/0/2. Ayes: Zell, Fama, Yee Abstain: Seto, Sun*
3. **Member recruitment and orientation binder:** Members were given an orientation binder:
  - PHCD History
  - Cashflow and Financials
  - Budget
  - Board Designated Funds
  - Loan Covenants and Payment Schedule
  - Board Policies
  - Annual Audit
  - The Trousdale Management Agreement
  - Mills-Peninsula Hospital Master Agreement
4. The Committee reviewed the FY 2019, Q2 performance. Overall, the District financials are performing well, and is either on-track or exceeding budget. The District did not expend \$300K for election because there was no one running against the incumbents this year and investment returns are doing better than expected which contributed to a favorable variance for the first two quarters. The Trousdale assisted living was originally budgeted with a start date in July 2018 but was not open until December 26, 2018. A revised budget will be provided by Eskaton



reflecting a January 1, 2019 opening date and ramp-up based on current experience. Without The Trousdale budget, the District has an \$800K positive variance to budget.

Member Seto and Sun commented on the format of the financials. Member Seto suggested using percentage variances with an explanation if over/under 10%. Member Sun proposed removing current quarter information and leaving the YTD information as the YTD information is more relevant to the reader.

**5. Peninsula Health Care Development Corporation (PHCDC) Status:**

The PHCDC was originally formed to assist with the construction of The Trousdale facility with “design-build” which would lower the cost of the project. Subsequently, the PHCD board decided not to pursue this type of construction and made the facility a District project. The Bylaws were then updated to support or develop any operating healthcare-related programs, services, or facilities for the benefit of District residents. While transitioning to new auditors, PHCDC inadvertently forgot to file its 2017 tax returns and lost its 501c3 status with the IRS.

The Committee was presented with the option to either reinstate its status which would require a few simple filings or dissolve the Corporation at this time. ***The Committee recommends to the PHCDC Board to dissolve the Corporation with the understanding that if the District decides it needs a 501c3 entity, an application can be filed at that time.***

**6. Strategic Financial Plan – Engagement of Keith Hearle**

CEO Fama presented to the Committee a proposal to re-engage Keith Hearle from Verite Healthcare Consulting, LLC to assess the District’s financial policy and review financial strategy in place. The policy was last updated by Mr. Hearle in 2013. Since then, the District started many new projects which have different levels of financial impact. Mr. Hearle is familiar with the District’s vision, mission, value, operations and has extensive experience in the healthcare sector. The proposed engagement will include a review of new developments over the last several years, assess the strengths and weaknesses of the current policy, reassess financial projections, and provide decision-making support. The professional fee is not to exceed a budget of \$75,000 plus any direct travel expense.

***The Committee agrees with the recommendation to the full Board if the professional fee is not to exceed \$50,000 plus direct travel expense.***

**7. Future agenda items:**

Next meeting will be in April to discuss the FY 2020 Budget Assumptions and Drivers

Written by Vickie Yee

  
Approved: Dennis Zell, Chair