


ADDENDUM A


**PALOMAR POMERADO HEALTH
FINANCE COMMITTEE MEETING
(BOARD MEETING WITH RESPECT TO BOARD MEMBERS ON THE COMMITTEE)**


**ATTENDANCE ROSTER & MEETING MINUTES
CALENDAR YEAR 2007**


Draft


MEMBERS	MEETING DATES:										
	1/23/07	2/27/07	3/27/07	4/27/07	5/29/07	6/26/07	7/31/07	9/4/07	9/25/07	10/30/07	12/4/07
NANCY BASSETT, R.N.	P	P	P	P	P	P	P	P	P	P	P
LINDA GREER, R.N.	P	E	P	P	P	P	P	P	P	P	P
TED KLEITER – CHAIR	P	P	E	P	P	P	P	P	P	P	P
MARCELO RIVERA, M.D.	P	P	P	P	P	P	E	P	E	P	E
MICHAEL COVERT, FACHE	P	P	P	P	P	P	E	E	E	P	P
BEN KANTER, M.D.	E	P	P	P	P	P	P	E	P	P	P
JOHN LILLEY, M.D.								E	P	E	E
ROBERT TRIFUNOVIC, M.D.	E	E	E	E	P	E	P				
<i>BRUCE KRIDER – ALTERNATE</i>			P			GUEST	P		P		
<i>GARY POWERS – 2ND ALTERNATE</i>		P	P			GUEST					
STAFF ATTENDEES											
BOB HEMKER	P	P	P	P	P	P	P	P	P	P	P
GERALD BRACHT	P	P	P	E	P	P	P AS CEO	E	P	P	P
STEVE GOLD	P	P	P	P	P	P	P	P	P	P	P
ROBERT TRIFUNOVIC, M.D.								P	P	P	E
TANYA HOWELL – SECRETARY	P	P	P	P	P	P	P	P	P	P	P
INVITED GUESTS	SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS										


AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
MEETING LOCATION	Meeting Room E, Pomerado Hospital, 15615 Pomerado Road, Poway, CA		
MEETING CALLED TO ORDER	6:05 p.m. by Chair Ted Kleiter. New Board member Linda Bailey attended as guest. Bob Hemker commented that he'd had an opportunity to meet with Ms. Bailey to give her a brief overview of PPH Financials as part of her orientation to the Board.		
ESTABLISHMENT OF QUORUM	See roster		
PUBLIC COMMENTS	There were no public comments		
INFORMATION ITEM(S)	<ul style="list-style-type: none"> • Status of RAC Audits <ul style="list-style-type: none"> o About \$50K in take-back in November o Auditor is slowing down, performing fewer audits with less take back o Nothing notable to report and will continue to report back o Michael Covert commented that these audits are currently scheduled to be expanded to all 50 states, but that has been put on hold pending the outcome of a class action lawsuit filed by CHA with respect to the firm that is conducting the audits • Status of Rating Agency Reviews will be discussed as part of the agenda item covering the General Obligation Bonds • Potential Change of Membership Term for ICOC <ul style="list-style-type: none"> o Membership terms are currently set based on PPH fiscal year o Management & bond counsel reviewed the Procedures, Policies & Guidelines (PP&G) for the ICOC to determine feasibility of changing term to calendar year o Such a change would not be in accordance with PP&G • The order of the items on the agenda was changed as follows to accommodate some of the guest presenters: 1, 2, 5, 9, 3, 4, 6, 7, 8, 10 	Information Only	<ul style="list-style-type: none"> • RAC back in March as we know more through CHA/AHA
MINUTES – OCTOBER 30, 2007	No discussion.	MOTION: By Director Greer, seconded by Director Bassett and carried to approve the minutes as presented	


AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
HEALTH DEVELOPMENT UPDATE	<p>Bob Hemker stated that Palomar Pomerado North County Health Development (HD) is a 501(c)3 grant entity that acts as the conduit for grants awarded to the District.</p> <p>Utilizing the presentation included in the agenda packet as Addendum A, with additional balance sheet information as handouts (<i>Attachment A</i>), Brad Wiscons, Director of Grant Services for HD, provided the requested update:</p> <ul style="list-style-type: none"> • June 2007 fiscal report – off budget by \$42K <ul style="list-style-type: none"> o Not bringing in revenues as expected – attempting to overcome key issues <ul style="list-style-type: none"> ■ Not yet winning enough grants ■ Budget is based on an indirect rate of 15% <ul style="list-style-type: none"> ▲ Grant applications request 15% for administration fees ▲ Grants we have received have only averaged 5.3% o Budgeting at a loss every year in start-up phase o Loss was \$610K for FY2007 • Balance Sheet as of 9/30/07 <ul style="list-style-type: none"> o Assets show growth from prior to current year <ul style="list-style-type: none"> ■ Result of much more activity, with more funds moving through o Liabilities also show more ongoing activity, but not yet able to generate revenue o Carrying on line of credit, incurring interest to be paid back • HD is a fairly new entity, created in the fourth quarter of FY2005 (<i>A4</i>) <ul style="list-style-type: none"> o In that time, have managed close to \$3M in grant dollars • Research Institute (RI) (<i>A5</i>) <ul style="list-style-type: none"> o Dr. Richard Just is the consulting medical director o Todd Saretsky is the Research Manager, tasked with getting the business & scientific side under controls with policies & procedures o Dr. Ming Ji is on board as the Biostatistician Consultant but not yet performing studies o Created scientific advisory panel o Administrative review • Assumed responsibility for all Clinical Trial studies <ul style="list-style-type: none"> o Any studies are moving out of private offices and to RI o Not moving as quickly as had been hoped • 2007 Annual Report distributed (<i>Attachment B</i>) <ul style="list-style-type: none"> ■ Marketing materials on pages 8 & 9 were developed with PPHF • MAA – Medi-Cal administrative activities <ul style="list-style-type: none"> o Does not reimburse for Medi-Cal – pays for costs to administer Medi-Cal services o Have now received 3 checks <ul style="list-style-type: none"> ■ Latest check for 2 quarters was \$277K for 2006 dollars o FY2008 goal was an increase in the number of participants <ul style="list-style-type: none"> ■ There were about 55 approved in FY2007, with an expected reimbursement of about \$90K per participant ■ 90 participants were approved for FY2008, at an anticipated \$166K per participant 	<p>Information Only</p>	<p>Forwarded to the December 17, 2007, Board of Directors meeting for information</p> 

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> ▲ Ran an internal audit before finalizing the number of participants and culled down from about 200 • Strategic Plan (A8) <ul style="list-style-type: none"> ○ Refined top 10 initiatives ○ Draft, awaiting January 2008 Board approval ○ Access to Care is an important issue to staff ○ Diabetes/Weight ○ Health Information & IS • HD is now located at Innovation in the old supply chain area 		
RECAP OF LEGAL FIRMS ENGAGED BY PPH	<p>Utilizing the attached presentation (<i>Attachment C</i>), Janine Sarti, General Counsel, presented information on calendar YTD legal fees and the firms to whom they had been paid:</p> <ul style="list-style-type: none"> • Aguirre Law group does immigration work • DHR International is a consultant • Fulbright & Jaworski and Lewis, Brisbois, Bisgaard & Smith handled some minor matters • Orrick, Herrington & Sutcliffe are PPH bond counsel • Pepper Hamilton performed some work related to an indemnity clause • Public Agency Law Group performed work related to the construction • Rosenberg & Kaplan's work was related to managed care • The Taylor Law Firm is defending a class action litigation regarding allegations that charges for medical records were inappropriate • Davis Wright Tremaine were paid a total of \$294K <ul style="list-style-type: none"> ○ A labor mediation in which they were very heavily involved ○ Transactional work which includes the VHA stock purchase with PPHF & contract negotiations with Valley Radiology • Hooper Lundy were paid a total of \$288K <ul style="list-style-type: none"> ○ They are the firm for Medical staff work\ ○ Work closely with the medical staff coordinator • L&W were paid over \$1M <ul style="list-style-type: none"> ○ Some of work is transactional – helping with bonds, work with the Valley Radiology transaction ○ Also represents phone calls to counsel by internal staff to bounce something off them <ul style="list-style-type: none"> ■ Janine is working on getting staff to call her, not the law firms ▲ Process that anyone feels free to contact any attorney very disconcerting to board • Opportunities for us to reduce \$1.8M total legal fees by a significant percentage now that Janine is on staff • 2005/2006/2007 <ul style="list-style-type: none"> ○ All firms used, where they charged us, how amounts have changed in 3 years ○ \$3.7M in 2005; down to \$3.1M in 2006; currently at \$1.8M in 2007 	Information Only	<p>Forwarded to the December 11, 2007, Board of Directors meeting as Information item</p>


AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> o In her experience, having General counsel on board can bring the charges down o MedStaff – redirect to Janine for housekeeping issues – no problem bringing Cary Miller in when needed, but not always the case • MHC – many issues we really need some of the legal work, BoD will see list that there are probably less than 10 or so folks who are using these firms for add'l work • Need a handle on who has authority to call outside counsel and why they should be allowed to - Obviously, Mr Hemker is a big user due to bonds, real estate and transactional matters • Distinct change in working with Janine – on right track on make vs buy for legal 		
FY2007 INCENTIVE COMPENSATION OUTCOME	<p>Coming back to Board after closing of audited financials. HR Committee passed out as recommended to approve to Finance Committee for their review/recommendation.</p> <ul style="list-style-type: none"> • A couple of extenuating factors proposed for “opening the book” • Reviewed recap of performance <ul style="list-style-type: none"> o 1st column Correlates to audit o Noted Significant growth year on year in operating income o OEBITDA just short of expected performance • Key issue for consideration of opening on an exception basis was impact of deferred comp match program <ul style="list-style-type: none"> o Enhanced participation from employees in taking responsibility for retirement plan <ul style="list-style-type: none"> ■ Bob & Brenda estimated anticipated increase in participation and how fast employees would join – employees far exceeded expectations <ul style="list-style-type: none"> ▲ Anticipated 2-year ramp-up was cut in half ▲ Excess of \$1.2M over anticipated increase ■ Adding back the \$1.2M adjusted OEITDA was a calculated 10% ■ Additionally, over on net income by \$800K and over by .35% for Net Income margin • Should the plan be opened on an exception basis? <ul style="list-style-type: none"> o Additional factors for consideration: <ul style="list-style-type: none"> ■ Not self-funded from FY07 performance – current year(FY08) implication to fund ■ Approximately \$2.2M in terms of payouts – awarded across entire organization – all employees become eligible o Discussion on the merits/issues for making an exception-based opening ensued: <ul style="list-style-type: none"> ■ When was the last time the books were opened? ■ Was it an all or nothing? ■ Are we setting ourselves up for entitlement? <ul style="list-style-type: none"> ▲ Last several years, several different scenarios occurred: ▲ Last year FY06 performance was a challenging year in terms of budget ▲ Into FY07, couldn't use FY06 as baseline – had to get back on track, and did o MHC noted that in his first year, we opened the book o In his second year, and exception was made for a certain amount o The last 2 years, there has been nothing o This is the fifth year, and it's because employees actually took the defined benefit 	<p>MOTION: By Director Bassett, seconded by Director Greer and carried to recommend awarding PPH incentive compensation for FY2007 based on threshold performance level</p>	<p>Forwarded to the December 11, 2007, Board of Directors meeting with a recommendation for approval</p>

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> ■ PPH average with deferred comp participation is about 15% of employees ■ 42-43% actually became involved ■ He never thought we'd ever have that participation ○ HR committee considered the issue carefully, knowing how it would affect the bottom line – \$2M based upon this decision ○ Don't want it to be seen as a precedent, but people shouldn't be penalized because of the overwhelming participation causing the slight deficit 		
REVISED RESOLUTION RE: NEW DEPOSIT ACCOUNT WITH JP MORGAN CHASE MANHATTAN BANK	<ul style="list-style-type: none"> • Documents previously presented and approved had been reviewed by PPH Legal and Metropolitan Life Insurance Company, but not by JP Morgan Chase Manhattan Bank ("the Bank"). When the final resolution was presented to the Bank, minor verbiage changes were requested and have been incorporated in the amended resolution distributed within the agenda packet 	MOTION: By Director Greer, seconded by Director Bassett and carried to recommend approval of the revised resolution regarding the New Deposit Account with JP Morgan Chase Manhattan Bank	Forwarded to the December 11, 2007, Board of Directors meeting with a recommendation for approval
AGREEMENTS WITH PHYSICIANS OR PHYSICIAN GROUPS			
RETAIL HEALTH CLINICS – PROFESSIONAL SERVICES & MEDICAL DIRECTOR AGREEMENT PIMG, INC., DBA CENTRE FOR HEALTHCARE MEDICAL ASSOC. FOR PPH EXPRESSCARE, PEÑASQUITOS	<p>Director Bassett indicated that she didn't realize PPH would be using CHC physicians for the expresscare clinics</p> <ul style="list-style-type: none"> • Requirement for the nursing practitioners to have medical oversight <ul style="list-style-type: none"> ○ The hospitalists couldn't do it as there was a huge concern that we not compete with the family practitioners ○ Also provides a continuum of care, with patients presenting at the clinics moving on to a physician rather than returning to the clinics • Sheila Brown went on rounds with all the groups <ul style="list-style-type: none"> ○ CHC & Graybill expressed an interest <ul style="list-style-type: none"> ■ CHC will provide medical oversight for the Peñasquitos site ○ The medical staff office will credential all physicians as the Agreement is with the group, not with individual practitioners 	MOTION: By Director Bassett, seconded by Director Greer and carried to recommend approval of the three-year (November 1, 2007 to October 31, 2010) Retail Health Clinics Professional Services and Medical Director Agreement with PIMC, Inc. dba Centre for Healthcare Medical Associates	Forwarded to the December 11, 2007, Board of Directors meeting with a recommendation for approval
INDEPENDENT CONTRACT AGREEMENT FOR PMC & POM WOUND CARE/HBOT CALIFORNIA EMERGENCY PHYSICIANS	<ul style="list-style-type: none"> • Previously had individual contracts with Drs. Schechter & Bailey <ul style="list-style-type: none"> ○ Contract is now just with the group 	MOTION: By Michael Covert, seconded by Director Greer and carried to recommend approval of the three-year (October 1, 2007 to September 30, 2010) Wound Care and Hyperbaric Agreement with California Emergency Physicians	Forwarded to the December 11, 2007, Board of Directors meeting with a recommendation for approval

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
EMERGENCY DEPARTMENT AGREEMENT FOR SERVICES AT POM & PMC CALIFORNIA EMERGENCY PHYSICIANS	<ul style="list-style-type: none"> Extension of current agreement 	MOTION: By Director Greer, seconded by Director Bassett and carried to recommend approval of the five-year extension (January 1, 2007 to June 30, 2011) of the Emergency Department Agreement with California Emergency Physicians for Services at POM & PMC	Forwarded to the December 11, 2007, Board of Directors meeting with a recommendation for approval 
ADULT MEDICINE & SKILLED NURSING FACILITY HOSPITALIST SERVICES AGREEMENT NEIGHBORHOOD HEALTHCARE	<ul style="list-style-type: none"> No questions. Thanked Dr. Harrison for attending the meeting to support the Agreement. 	MOTION: By Director Bassett, seconded by Director Greer and carried to approve the two-year (January 1, 2008 to December 31, 2010) Adult Medicine & Skilled Nursing Facility Hospitalist Services Agreement with Neighborhood Healthcare	Forwarded to the December 11, 2007, Board of Directors meeting with a recommendation for approval
MATTERS RELATED TO THE 2007 GO BOND ISSUANCE	<p>No action needed this evening – update only on the status of issuance</p> <ul style="list-style-type: none"> Did go to rating agencies – got ratings back – 3 ratings <ul style="list-style-type: none"> Moody's AA3 – reaffirmation of 2005 issues rating Fitch AA– – equals Moody's Originally, chose not to have S&P rate in light of their mass downgrade across healthcare – very cautious – invited them to hear rating presentations <ul style="list-style-type: none"> Came up to an A+ – almost 4 notches up from 3-4 months ago We elected to apply to 2007 issue Pre-pricing was yesterday afternoon <ul style="list-style-type: none"> Cost-effective rate – about 2 basis points Will utilize the JPA to effect a negotiated sale with Citi at a predetermined rate 4 instruments <ul style="list-style-type: none"> Capital appreciation bonds (cabs) – no interest, but principal is at a discounted rate – varying maturity dates Term bonds – normal interest rates every 6 months 2032 (2 series – different coupon rates) Term bonds for 2037 Final Par - \$241M Interest rate, aggregate on all instruments of 4.86% All in with all costs, right about 4.89% Good pricing – addition of S&P rating caused a couple of institutional buyers to come back to the table Cabs over-subscribed – bargaining power 	<i>Information only</i>	Forwarded to the December 11, 2007, Board of Directors meeting as an information item

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> • Signed bond purchase agreement at 4:30 p.m. today • Biggest buyers: Black Rock; Wells Fargo; Hartford; Morgan Stanley; Vanguard • If you are asked the question, “Where can I buy the bonds?”, best answer it to, “Call your broker, as he can buy in the secondary market” • Acknowledgement to the financing team – pulled issue together in record time 		
PURCHASE OF A SHARE OF VHA STOCK BY PPHF	<ul style="list-style-type: none"> • PPH has applied to be an owner member of VHA <ul style="list-style-type: none"> o Continue to see VHA perform to expectations o Also use other portfolio services with VHA <ul style="list-style-type: none"> ■ Peer groups match up – more members to who we are o Several members of PPH staff are already in leadership forums, even though not yet owner members <ul style="list-style-type: none"> ■ Wallie chairs the HR committee, Gerald & Paul sit on operations counsels, Bob chairs the CFO/COO committee, Lorie sits on the nursing committee ■ Ability to sit in governance tables as though already an owner member o Challenge to application was the legal restraint about holding equity investments – as a District, we are precluded from doing so <ul style="list-style-type: none"> ■ PPHF does not have that preclusion, can hold equities and offered their services as a beneficial party <ul style="list-style-type: none"> ▲ VHA created class of owner to allow us to do so ▲ No other way we could become owner member ▲ \$200K for buy-in, which PPH will loan to PPHF outside of standard line of credit <ul style="list-style-type: none"> (a) 10year term (b) PPHF will pay an accumulated sum at one point (i.e., \$275K in future for \$200K we loan them now) (c) Share value today is \$1M; option to exercise is in 10 years ■ All reviewed by legal – has been under review & planning for a long time by PPH and PPHF o Benefits for us will be significant 	MOTION: By Director Bassett, seconded by Director Greer and carried to recommend approval of the loan of funds by PPH to PPHF to facilitate the purchase of the share of VHA stock	Forwarded to the December 11, 2007, Board of Directors meeting with a recommendation for approval
NOMINATIONS FOR CHAIR, VICE-CHAIR AND SECRETARY OF THE ICOC	<ul style="list-style-type: none"> • Potential Change of Membership Term listed under information items <ul style="list-style-type: none"> o Wanted to explore synchronization between term expirations and timing of audits o After reading the bylaws, the ICOC counsel does not recommend change • Board Finance Committee is responsible for appointments both of membership and of the officers of the ICOC • In order to better coordinate PPH and ICOC logistics – back in April with recommendations for replacement members for vacancies • Back in May with recommendations for Officer appointments 	MOTION: By Director Bassett, seconded by Director Greer and carried to re-appoint the following officers of the ICOC to their third consecutive terms of office: Steve Yerxa – Chair Bob Wells – Vice-Chair John Mclver - Secretary	Forwarded to the December 11, 2007, Board of Directors meeting as an information item

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
<p>OCTOBER 2007 & YTD FY2008 FINANCIAL REPORT</p>	<p>Bob Hemker reviewed the October 2007 financial report, utilizing the presentation distributed as Addendum C in the agenda packet:</p> <ul style="list-style-type: none"> • Firestorms affecting Pomerado Hospital and Villa Pomerado resulted in an unusual experience <ul style="list-style-type: none"> ○ Went from a drill and a readiness as seen in the 2003 fires to an actual event ○ What actually transpires for the month of October – expectations in terms of recovery for some of those events ○ Forensic accountant on site to assess recovery under our Business Interruption insurance coverage <ul style="list-style-type: none"> ▪ Looking at lost revenue stream as well as excess/unusual costs applicable to the events ▪ Filters & smoke damage are physical damage ○ FEMA will consider loss coverage after business interruption insurance ○ Incurred expenses and lost revenues are reflected in October financial statements, with more to follow <ul style="list-style-type: none"> ▪ All recoveries will be recognized when they are received ▪ Will attempt to do so by year end ▪ Didn't want to be in a position to speculate and have numbers change ▪ Just over a \$2M burden put into financials as a result of the fires ▪ Conservative recovery is estimated at 50 cents on the dollar, so could be \$1M at risk ○ Did the right thing, but it did come with an economic burden? ○ Rating agencies and bond insurers have been apprised of the potential magnitude <ul style="list-style-type: none"> ▪ Potential decrease in assessed values may or may not impact bond tax levy – currently under evaluation ○ Created an emergency disaster cost center – moving labor costs, supplies costs, productivity management, etc., into that cost center • Monthly financial actual to budget shortfall <ul style="list-style-type: none"> ○ We know what caused it – one-time event of the fires ○ Admissions – consolidated – actually heading down the path of a strong volume month before the fires ○ Patient days acute – repatriation on those patients who could come back was about a week – lost surgeries for elective ○ Lost some OB cases – planned c-sections actually repatriated ○ Deliveries at both campuses are YTD above budget ○ No notables in terms of mix of surgeries <ul style="list-style-type: none"> ■ Above budget total surgeries YTD ○ ER – down at POM up at PMC – budgetary allocation – must look at consolidated <ul style="list-style-type: none"> ■ Target about 5% growth yr on yr ○ Concerned about what might happen to cash flow as collections & billing dept was shut down for 3 days <ul style="list-style-type: none"> ■ October actually one of the higher months 	<p>MOTION: Director Greer, seconded by Michael Covert and carried to recommend approval of the October 2007 and YTD FY2008 Financial Report as presented</p>	<p>Forwarded to the December 11, 2007, Board of Directors meeting with a recommendation for approval</p> <p style="text-align: center; font-size: 2em; color: #00AEEF; opacity: 0.5;">Draft</p>

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> o Consolidated – operating loss was \$2M <ul style="list-style-type: none"> ■ Fire impact was \$1.8M in lost revenue plus \$300-400K in miscellaneous expenses o Decision was made to replenish staff PTO – did call people back, not to take care of volume, but to take care of readiness and recovery situations o Actual to budget shortfall about \$2.8M for Net Income • Still need to assure strict management of productivity – will stay diligent as we head into the next quarter 		
ADJOURNMENT	The meeting was adjourned at 8:08 p.m.		
SIGNATURES: <ul style="list-style-type: none"> • COMMITTEE CHAIR _____ Ted Kleiter • COMMITTEE SECRETARY _____ Tanya Howell 			

ATTACHMENT A

PPNC HEALTH DEVELOPMENT

Balance Sheet by Fund

As of 6/30/2007

	<u>Current Year</u>	<u>Prior Year</u>
Assets		
Cash		
Cash in Bank - Operating	2,867	490
Cash in Bank-Money Market	1,101	3,543
Petty Cash	200	200
Total Cash	<u>4,168</u>	<u>4,233</u>
Receivables		
Accounts Receivable - Customer	405,416	70,596
Interfund Receivable	15,096	17,453
Total Receivables	<u>420,512</u>	<u>88,049</u>
Prepaid Services	1,643	1,632
Equipment	12,263	12,263
Software License	9,331	9,331
Accumulated Depreciation	(7,136)	(4,034)
Accumulated Amortization	(7,258)	(4,147)
Total Assets	<u>433,524</u>	<u>107,327</u>
Liabilities & Fund Balance		
Payables		
Accounts Payable - Customer	332,382	130
Accounts Payable - Other	573	14,400
Total Payables	<u>332,955</u>	<u>14,530</u>
Note Payable - PPH	1,525,245	912,859
Accrued Payables	12,700	7,100
Shareholder Contribution - PPH	35,000	35,000
Fund Balance	(862,162)	(862,162)
Excess Revenue over Expenditures	(610,215)	0
Total Liabilities & Fund Balance	<u>433,524</u>	<u>107,327</u>

PPNC HEALTH DEVELOPMENT

Income and Expense Statement
From 7/1/2006 Through 6/30/2007

	YTD Actual	YTD Budget	Budget Variance YTD
Revenue			
Grants and Contracts	130,670	229,000	(98,330)
Other	13,446	8,700	4,746
Total Revenue	144,116	237,700	(93,584)
Expense			
Salaries & Wages	253,310	284,130	31,381
Benefits	66,105	58,666	(7,439)
Professional Fees	334,254	327,700	12,626
Supplies	4,758	12,998	9,671
Purchased Services	4,314	6,700	2,386
Depreciation	6,212	6,397	185
Interest	97,435	89,955	(7,480)
Direct Expenses	13,305	19,288	10,172
Total Expense	754,332	805,834	51,502
Net from Operations	(610,215)	(568,134)	42,082

PPNC HEALTH DEVELOPMENT

Balance Sheet
As of 9/30/2007

	<u>Current Year</u>	<u>Prior Year</u>
Assets		
Cash		
Cash in Bank - Operating	3,836	2,867
Cash in Bank-Money Market	2,117	1,101
Petty Cash	200	200
Total Cash	<u>6,153</u>	<u>4,168</u>
Receivables		
Accounts Receivable - Customer	320,192	405,416
Interfund Receivable	43,134	15,096
Total Receivables	<u>363,326</u>	<u>420,512</u>
Prepaid Services	1,461	1,643
Equipment	12,263	12,263
Software License	12,230	9,331
Accumulated Depreciation	(7,861)	(7,136)
Accumulated Amortization	(8,156)	(7,258)
Total Assets	<u><u>379,416</u></u>	<u><u>433,524</u></u>
Liabilities & Fund Balance		
Payables		
Accounts Payable - Customer	285,580	332,382
Accounts Payable - Other	75	573
Total Payables	<u>285,655</u>	<u>332,955</u>
Note Payable - PPH	1,720,193	1,525,245
Accrued Payables	5,875	12,700
Shareholder Contribution - PPH	35,000	35,000
Fund Balance	(1,497,738)	(1,472,376)
Excess Revenue over Expenditures	(169,570)	0
Total Liabilities & Fund Balance	<u><u>379,416</u></u>	<u><u>433,524</u></u>

PPNC HEALTH DEVELOPMENT

Income and Expense Statement
From 7/1/2007 Through 9/30/2007

	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Budget Variance</u> <u>YTD</u>
Revenue			
Grants and Contracts	32,186	59,711	(27,525)
Other	3,289	5,000	(1,711)
Total Revenue	35,475	64,711	(29,236)
Expense			
Salaries & Wages	69,138	79,507	10,368
Benefits	20,286	21,296	1,010
Professional Fees	71,558	63,775	(7,783)
Supplies	1,740	1,789	48
Purchased Services	761	1,675	914
Depreciation	1,624	1,803	180
Interest	32,547	30,640	(1,907)
Direct Expenses	7,391	16,008	8,473
Total Expense	205,045	216,493	11,304
Net from Operations	(169,570)	(151,782)	(17,931)

ATTACHMENT B



ACCOUNTABLE | INNOVATIVE | COMPASSIONATE | COLLABORATIVE | DEDICATED

TODAY & TOGETHER

Building Health Care's Future

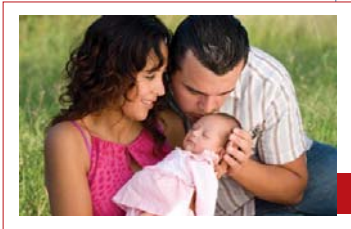


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TODAY & TOGETHER

*One generation plants the trees,
and another gets the shade.*
— Chinese Proverb



On the cover, Palomar Medical Center-West, opening 2011.

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MESSAGE FROM THE BOARD CHAIR

Dear Health Care Stakeholder,

Many have wondered recently what the future will hold. With the fires that ravaged our area in October many homes were lost and lives changed forever. Thousands across the region, including myself, were directly affected by the fires. However through all of this I have seen the best qualities in people rise to the surface, neighbors have helped one another, volunteers arrived in droves, our children were cared for and we were given a place to sleep when we didn't have our own.

Hope for the Future

I believe that through this tragedy comes hope, hope for the future. My hope for the future is to continue to create the Hospital of the Future. This is not an easy job and it is not one that an individual or single department can do by itself. Making our dream a reality takes the cooperation, expertise and dedication of every employee, donor, staff member, and member of the community. From research to innovation, education to environment, all play a key role in the future of our hospital system.

Our journey started in 2005 when Palomar Pomerado Health formed Palomar Pomerado North County Health Development, Inc. — or Health Development, as it became known, a 501(c)(3) non-profit corporation. Health Development's mission is to identify the community's health care priorities and meet these priorities in conjunction with the district's strategic goals.

So far, we've excelled at our job. Over the last two years, we've secured over \$5.5 million in grants from 18 sources

to help make a lasting impact on the system. Our dedication and passion to raise money in order to improve the quality of health care and access to services for our diverse region raised \$2.5 million alone this past year.

Leading the Way by Working Together

Health Development has made great strides in using funding to create the health care system of the future. The grant opportunities continually pursued are based on substantial due diligence ensuring that they are always aligned with the community's needs. This past year has been a formative one with our Board of Directors' continuous hard work of strategic planning and implementation. Partnering with doctors and staff, community organizations, educators, students and families, we treat each investment with care as we take pride in our region's health and our reputation as a solid and esteemed organization.

During the day to day operations many may not see the effects of the hard work, but, without a doubt, the results are there, and we are on our way to achieving our goals. I encourage each of you to take a step back and appreciate the progress made thus far; I'm excited to be part of the future with you!

Sincerely and in good health,

Nancy Bassett, RN, MBA
Chair, Palomar Pomerado Health Development Board

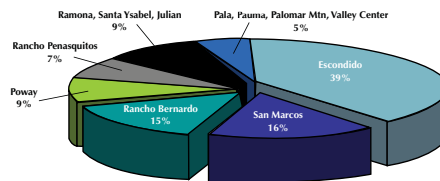
**PALOMAR
POMERADO**
NORTH COUNTY
Health Development

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Health Development

ABOUT PALOMAR POMERADO HEALTH

The State's Largest Public Health District

Serving nearly half a million people in San Diego's North County, the Palomar Pomerado Health District covers 800 square miles, while its trauma center serves a 1,400 square mile region. Communities served include:



"We must not wait to develop excellence in health care. The role of Health Development in creating the Hospital of the Future starts today by forming partnerships and collaborating with organizations in the district and across the community."

— Brad Wiscons
Executive Director,
Palomar Pomerado Health Development

Palomar Medical Center ESCONDIDO	Pomerado Hospital POWAY	System Statistics
<ul style="list-style-type: none"> Acute care hospital with 324 beds. North County's only designated trauma center and 24-hour ER. State-of-the-art cardiac care, rehabilitation and orthopedic services. Oncology program features the Varian 2300 C/D linear accelerator. General medical/surgical services. Family-friendly Birth Center. 6-bed Level II Neonatal Intensive Care Unit (NICU). 23-bed cheerful pediatric unit. Joint Commission accredited. 	<ul style="list-style-type: none"> Acute care hospital with 107 beds. 24-hour Emergency Department. Family-friendly birthing center with Level II Neonatal Intensive Care Unit (NICU). Cardio-pulmonary services. Seniors services. Wound Management Program. General medical/surgical services. Adjacent 129-bed Villa Pomerado Convalescent Care Center. Behavioral Medicine Center addresses psychiatric and physical needs of patients. Joint Commission accredited. 	<p>Demographics</p> <ul style="list-style-type: none"> 60% White 26% Hispanic 9% Asian 2% African American 23% 14 and younger 65% 15 to 64 12% 65 and older <p>Access</p> <ul style="list-style-type: none"> 87% of adults insured 89% of children insured 58% of Hispanic adults insured
<p>Palomar Medical Center West</p> <ul style="list-style-type: none"> New hospital site in Escondido. Opening in 2011. Will feature the most advanced medical technology, practices and facilities in the country. 	<p>Pomerado Hospital Expansion</p> <ul style="list-style-type: none"> New 177,000-square-foot outpatient pavilion and parking garage opened in 2007. A hospital expansion scheduled to open in 2011 will nearly double its medical campus. 	



MESSAGE FROM THE PPH PRESIDENT & CEO

First and foremost, we would like to extend our thoughts to those who continue to recover from the devastating wild fires in October. It was a trying time in our community and it is comforting to see everyone pull together to help each other rebuild and start over. While we were forced to evacuate Pomerado Hospital for a short time during the fires, our entire staff worked tirelessly to ensure everyone's safety, health and well being. We at Palomar Pomerado Health (PPH) strive to provide superior quality of care during times of disaster and throughout the rest of the year. Our goal is nothing less than to be the best hospital system in the county by putting the needs of our patients first.

We have much to be proud of as we reflect on our accomplishments in 2007 and look ahead to 2008. At PPH, patients have access to the latest medical technology, an outstanding team of highly trained medical staff, and new, state-of-the-art facilities, including the Pomerado Outpatient Services Pavilion, all of which support the healing process. Our entire health care team is committed to delivering high quality care with compassion, courtesy, and respect to every individual who walks through our doors.

As the single largest endeavor we have undertaken in our history, our vision to create the Hospital of the Future will leave a lasting impression on the region and our health care system for generations to come. These efforts will allow us to continue our traditions of excellence in patient care, education, research, and community service.

Throughout our efforts, we have remained fiscally responsible, due in large part to the professionalism and the dedication of our staff and supporters in our community. In the coming year we will continue to adopt new technology to better save lives in our community; we'll do our part to better the environment for those in our state; and through the newly established PPH Research Institute, we'll embark on medical research aimed at eradicating illnesses around the world.

As the catalyst for the district in establishing new programs and forming partnerships with key institutions in the community, PPH has already proved that, by working together toward a common goal, the results can be even better than we imagined.

Respectfully,

Michael H. Covert
President & CEO
Palomar Pomerado Health

PALOMAR
POMERADO
NORTH COUNTY
Health Development

YEAR IN REVIEW

In its second year, Health Development has achieved great milestones and has set high goals for the years ahead. The momentum of the first year was steadily increased with millions of grant dollars secured, partnerships formed and key initiatives enabled.

While Health Development's work is often seen on a grand scale, the effects are felt by individuals. By the nurses who entered the **Palomar Pomerado Center for Health Education** in its inaugural year, by the high school students who are on their way to a career in health care thanks to the **Health Care Academies** and by the women served through **The Jean McLaughlin Women's Center for Health and Healing**.

THE HOSPITAL OF THE FUTURE

Last year the entire district launched the **Hospital of the Future** initiative. This vision keeps PPH focused on innovation and it has helped shape the planning and development of all hospital buildings and programs.

- **The Research Institute**, opened by Dr. Richard Just and his team in October, is developing industry recognition for PPH as a "Center of Excellence for Translational Research." Over the next year the Research Institute will attract research-oriented staff to the hospitals, improve internal research, establish a data warehouse and centralize research activity. (See page 8-9)
- The Health District has officially gone 'Green' with the **Green Hospital Initiative**. The entire hospital district is now using non-toxic, environmentally friendly materials. In the coming year PPH will establish a district-wide recycling program that will eliminate tons of waste. (See page 10)
- Orlando Portale joined PPH as Chief Technology and Innovation Officer. Currently his team is investigating Remote Presence Robotics which allows physicians to be at their patient's bedside any time, anywhere; Safe Beds which use technology to help staff monitor patients; and implementing a virtual Palomar West. (See page 12)

- Opening in late 2007, **The Jean McLaughlin Women's Center for Health and Healing** is the first outpatient center in San Diego dedicated solely to the comprehensive care of women, from adolescents to seniors. (See page 13)
- The popularity of **Health Care Academies** for high school students increased dramatically. Four more Academies were added in 2007, for a total of six across North San Diego County. They've introduced dozens of students, including Priscilla Delgado and Idalia Flores, to careers in health care. (See page 16)

BOTTOM LINE SAVINGS

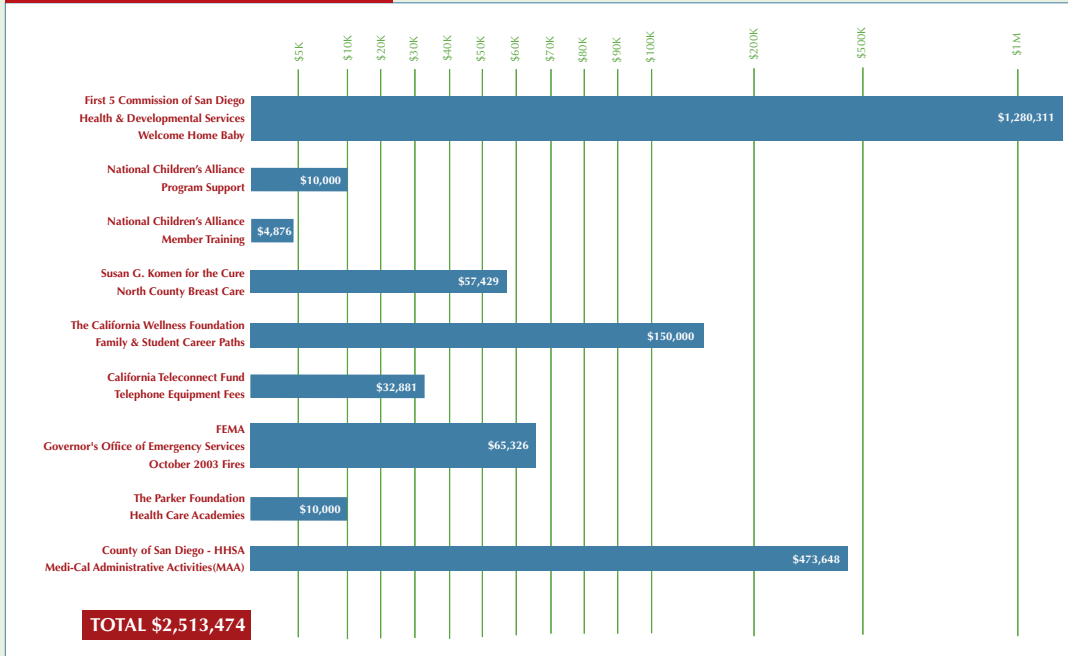
Health Development's entrepreneurial spirit prevailed again with the pursuit and achievement of more than \$2.5 million in grant dollars. During 2006 - 2007 Health Development secured grant sources as well as cost savings that contribute to today's bottom line. Decisions that continue to be innovative yet fiscally responsible embrace the mission of PPH. The graph below outlines the grants we received in 2007. The California Wellness Foundation, FEMA, The Parker Foundation and the County of San Diego Health and Human Services Agency all provided new funding sources and the First 5 Commission continued to be a major funding source.

The accomplishments are many, but so is our to-do list and without the cooperation and dedication from every member of our staff Palomar would not be what it is today nor would it achieve the goals we have for the future.

With great respect,

Brad Wiscons
Executive Director, Palomar Pomerado Health Development

2007 FINANCIAL REPORT: GRANTS RECEIVED



Accountable / ac-count-able / Adj. capable of being accounted for. <By being *accountable* and holding itself to the highest standards, Palomar Pomerado Health Development is building its reputation for honesty and following through on what it says it's going to do.>



KEY INITIATIVES

Palomar Pomerado North County Health Development, Inc. works together with the entire health district in order to further develop key initiatives that will benefit staff, patients and the North County community as a whole.

In October 2007, the Research Institute (See page 8), led by Dr. Richard Just, began accepting its first applications for research. The institute will put PPH on the regional and national radar by working with world-class researchers to bring the latest innovative techniques and medicines to patients in the safest and quickest manner possible. Collaborating with the Clinical Investigation Institute at the University of California San Diego and other academic research partners, the Research Institute will have access to significant government studies.

From programs in the classroom to plans for the new Palomar West going 'Green', Health Development is making a difference today to bring the Hospital of the Future into the present.

- The Research Institute
- Facilities
- Innovation
- Integrated Women, Childcare & Infant Health
- Workforce Development and Diversity

RESEARCH INSTITUTE

at Palomar Pomerado Health

Palomar Pomerado Health is collaborating with doctors, staff and community partners to establish an independent Research Institute. As PPH works to achieve the system-wide goal of the Hospital of the Future, the Research Institute will be an important catalyst in that effort. It will provide the health care services of the future by working with world-class researchers to bring the latest innovative techniques and medicines to patients in the safest and quickest manner possible. After many months of planning and development of initial seed funding through Palomar Pomerado Health, the Research Institute began applying for and accepting research grants and contracts in October 2007. The Institute will ramp up over the next three to five years, at which time it is expected to play a significant role in supporting the Hospital of the Future. As part of the capital campaign PPH will establish an endowment for the Research Institute.

Collaboration – The Research Institute will collaborate with the Clinical Investigation Institute at the University of California San Diego and other academic research partners, who will help write grants, establish basic research protocols and act as the scientific manager of the research studies. PPH will translate the research findings into practice, enroll patients, manage the site, manage finances, maintain data integrity and support research coordinators. This partnership will enhance the Research Institute's access to the most significant government studies.

Goals – Over the next year the goals for the Research Institute are:

1. Attract research-oriented staff to the hospitals
2. Improve internal research
3. Establish data warehouse
4. Centralize research activity
5. Work with PPH Foundation in attracting endowed gifts

Focus of Research – The Research Institute will not limit research to one area. It will have multiple foci, including systems and quality improvement, drug trials and development of new medical devices. This research will directly benefit the residents of Palomar Pomerado Health District.

Benefits – The Research Institute will:

- Help develop industry recognition for PPH as a "Center of Excellence for Translational Research."
- Achieve academic and industry recognition on regional and national levels.
- Attract more drug and device trials and the attention of pharmaceutical corporations and medical device manufacturers seeking an outlet for translational research for those products.
- Attract and retain renowned physicians who are looking for the kind of exciting opportunities research provides.

Anticipated Funding Sources

1. National Institute of Health
2. Seed Grant Start-Up Funds from PPH
3. Philanthropic Giving
4. Private Industry
5. Grants

The Research Institute at Palomar Pomerado Health is a division of Palomar Pomerado North County Health Development, Inc. Inquiries regarding research or partnerships should be directed to Brad Wiscons, Executive Director, 858.675.5457.

STRUCTURE

BUSINESS ADVISORY PANEL (PPH)
Dr. Richard Just,
Medical Director

SCIENTIFIC ADVISORY PANEL

Dr. Greg Hirsch, *Chair*
DRUG PANELS

Dr. Larry McKinley, *Chair*
INNOVATIVE TECHNOLOGY

Dr. Jerry Kolins, *Chair*
SYSTEMS RESEARCH

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"Medicine isn't just a career, it's a passion."
—Dr. R. Just

Dr. Richard Just, Medical Director
Research Institute at Palomar Pomerado Health

Education: Chicago Medical School – M.D.
University of Michigan – B.S.

Board Certification: Internal Medicine
Medical Oncology
Hematology
Licensed in the State of California

Personal: Married with two children, two grandchildren

DR. RICHARD JUST

Palomar Pomerado Health is proud to name Richard Just, M.D. as the founding Medical Director of the Research Institute. For nearly 40 years, Dr. Just has been at the forefront of medical research in Southern California. Most notably, his work in Oncology and Hematology has earned numerous awards, honors and the respect of colleagues across the country.

Dr. Just has served as the principal investigator on more than 50 cancer-related research studies and has been chairing the Investigational Review Committee at Palomar Pomerado Health for the last 18 years. He has been part of the medical team at Pomerado Hospital and Palomar Medical Center for more than three decades.

Dr. Just will use his role as medical director of the newly-created Research Institute at Palomar Pomerado Health to lead the system into the future and keep it at the forefront of medical research. "By creating an independent research institute, we are ensuring the best staff, medical practices and technology are available to our patients," said Dr. Just.

In his new role, Dr. Just will participate in fundraising efforts, oversee the institute, determine the focus of new protocols, report to Health Development and establish the focus of various research committees.

RESEARCH INSTITUTE

at Palomar Pomerado Health



FACILITIES

The Future is Green & Sustainable

Palomar Pomerado Health is committed to creating a sustainable healing environment that comforts and promotes health by honoring the relationship of the individual to their environment.

Two years ago, the Green Hospital initiative was established by a grant from the Kresge Foundation to ensure that Palomar Pomerado Health's new hospital in Escondido, the renovations on the downtown campus, and all buildings district-wide are built as green-friendly as possible. This past year, additional grants have allowed the Sustainability team to continue its efforts to bring PPH closer to the cutting-edge of Green health care design.

- A new Interior Design committee has been formed to review materials for the new hospital and renovations for existing buildings. The committee ensures that non-toxic, renewable, recyclable materials are used and polluting materials such as polyvinyl chlorides are eliminated. New material such as Nora's Ecoplan and Amtico's Stratica are selected based on material content, low energy maintenance level, product safety, durability, and environmental performance.
- The new Waste Management committee is instituting a hospital-wide recycling program that will significantly reduce costs and gain revenue.
- A new partnership has been formed with Hospitals for a Healthy Environment, a national movement for environmental sustainability in health care, to better educate and provide resources to the district.

Did you know?

Even though Green construction costs one to seven percent more than traditional methods, the added upfront costs result in 30 percent less energy usage by the facility and shorter patient stays.

Studies show that hospitals with greater outdoor light intensity reduce patients' depression and reduce errors made by physicians.

** Center for Health Design*



FACILITIES (continued)

Nursing Program Holds Bright Future

Launched in September 2006, the Palomar Pomerado Center for Health Education (PPCHE) is the only baccalaureate nursing program in North San Diego and Southwest Riverside counties. Health Development helped secure funds to create a place where students can realize their dreams and a new generation of health care workers can be born.

During its exceptional freshman year, students like Michelle Alfe, 53, are achieving their dreams to be a part of the health care industry. Born in Mexico City and fluent in three languages, Alfe knew she made the right decision when she entered the program. The program has allowed Alfe to not only learn about the skills needed to enter the field, but taught her how the health care system works in other countries, thanks to frequent field trips to Mexico.

"The staff and teachers of this school take students' goals personally, allow each of us to have mentors and enable the students to be truly taken care of," says Alfe, previously a personal trainer. "Nursing school is hard work and physically demanding, and it helps to know you have people supporting you each step of the way."

Alfe will be one of the first students to graduate from the program in the fall of 2009. After graduation, she wants to work with the professors of the program and do humanitarian work in other countries.

This year PPH opened The Jean McLaughlin Women's Center for Health and Healing, the first outpatient center in San Diego dedicated solely to the comprehensive care of women. The center is a remarkable concentration of quality women's services and state-of-the-art facilities designed to heal, comfort and promote health throughout all the phases of a woman's life. (See page 13)

Did you know?

- An additional \$300,000 annual grant was established from the Chancellor's Office at California State University San Marcos for capacity building.
- Kaiser Permanente supplied initial funds of \$340,000 to develop an entry-level baccalaureate program that will start in the spring of 2008. The program will allow a maximum of 42 students in the 15-month program who want to change careers and enter the nursing field.

INNOVATION

The Face of Innovation

For the first time in its history, Palomar Pomerado Health has a Chief Technology and Innovation Officer. Orlando Portale, a veteran health care expert, is responsible for facilitating and adopting new and forward-looking programs that will add value and expand the benefits PPH provides the community.

"PPH is a hospital organization that seeks change and gets ahead by being early adopters of technology," says Portale. "We are proud to be one of the two percent of hospital organizations that are willing to shed their heritage and embrace and adopt new ideas."

Innovation In Progress

Remote Presence Robotics – Physician expertise can be available at the patient bedside anytime, anywhere through a high-tech robot. Linking physicians with their patients in a whole new way, the robots allow physicians to check on patients from a remote location. Studies show that immediate assistance and 24/7 access to physicians through robots helps free up beds enabling more patients to be seen in less amount of time.

eResearch+LINK – This software supports study administration and clinical data management in a single, integrated environment. Specifically to be used for the new Research Institute, eResearch+LINK expedites the research process, enhances quality and improves access to data by integrating systems, aggregating information and centralizing processes.

Safe Bed – How can hospital beds save lives? The answer lies in the technology. Employing a smart mattress cover with built-in physiological sensors that alert staff to clinically significant changes in a patient's condition, safe beds also alert staff if a patient has gotten out of bed. If approved, Pomerado Hospital would be the first hospital in California to use this technology.

Virtual Palomar West – While the new Palomar West is still under construction, staff and board members can prepare for the new facility now through the internet. Second Life is a web site that will contain a virtual model of a patient room, universal procedure room and an innovation amphitheatre to hold virtual meetings.



Orlando Portale, Chief Technology and Innovation Officer for Palomar Pomerado Health

1985 – 1996: Department Head, Applied Clinical Informatics at the University of Michigan Health System

1996 – 2002: Senior Health Care Advisor, Science Applications International Corporation

2002 – 2005: General Manager, Global Health Industry, Sun Microsystems

2005 – 2007: CEO and Founder of Portale & Co., Inc., a health care consulting firm

2007 – Present: Chief Technology and Innovation Officer, Palomar Pomerado Health

Innovate / in•no•vate

Verb: to make changes; do something in a new way. <Establishing Health Development was a means for PPH to *innovate* a more collaborative and focused approach to working with the community and advancing health care's future.>



"The opening of the Pomerado Women's Center truly signals a transformation in women's health care in San Diego's North County. The opportunity for women to obtain dedicated screening and diagnostic testing with access to specialists and wellness education all within the compassionate and healing environment of the health center are valuable additions to the Palomar Pomerado Health District."

—Cynthia A. Robertson, M.D., F.A.C.P.
Integrative Medicine Specialist, PPH

INTEGRATED WOMEN, CHILDCARE & INFANT HEALTH

New Women's Center for Health & Healing Opens

This year PPH marked the development and construction of the first outpatient center in San Diego dedicated solely to the comprehensive care of women, from adolescents to seniors. Opened in November, 2007, **The Jean McLaughlin Women's Center for Health and Healing** is a remarkable concentration of quality women's services and state-of-the-art facilities designed to heal, comfort and promote health throughout all the phases of a woman's life.

The vision of the center is to provide a continuum of comprehensive, coordinated care in one location where women have access to physicians, imaging services, education, preventative screenings, and information to improve their health. This continuum of services allows patients to schedule multiple appointments in a single day, and be referred to specialists across the hall instead of across town.

From the waiting areas, to the treatment rooms, to the outdoor healing garden, the Women's Center was specifically designed to feel more like a retreat than a medical facility. The 10,406 square-foot center is located on the first floor of the Pomerado Outpatient Pavilion (POP) campus of Pomerado Hospital.

Some of the Services available at the Women's Center include:

- Comprehensive breast care
- Heart, bone & bladder health
- Stroke and diabetes prevention
- Prenatal testing
- Lactation consultation
- Boutique specializing in lactation and cancer support supplies
- Wellness center and spa
- Resource center and library





INTEGRATED WOMEN, CHILDCARE & INFANT HEALTH *(continued)*

We've Come A Long Way....Welcome Home Baby

In 2006-2007, Welcome Home Baby, a newborn home visiting program for first time parents, celebrated its fifth year of service, ensuring the health and well being of infants throughout San Diego County and establishing itself as a model home-visiting program with far-reaching impact.

With the continued support and fiscal oversight of Health Development, the program and its staff of 10 registered nurses, lactation consultants, registered dietitians and health educators make an average of 600 home visits per month offering free, hand-on assistance to local mothers and their newborns.

As a result, Welcome Home Baby sees its fair share of hardship—babies sleeping on floors; new mothers who are alone; babies in unsafe, hand-me-down car seats, if they have a car seat at all. Because the staff goes into private homes, Welcome Home Baby is able to identify and help families who need the bare necessities for child safety, as well as educational guidance on baby's good health and development.

All Welcome Home Baby services are absolutely free to participants due to a \$6.9 million grant from the First 5 Commission of San Diego.

- Over 38,000 visits to over 9,000 families since 2001
- 99% infants receive routine medical care; 96% immunized by 12 months of age
- Serves as the model program for other in-home visiting programs throughout California.



Compassion / com-pas-sion

Noun: sympathetic consciousness of others' distress together with a desire to alleviate it. <Welcome Home Baby! brings medical knowledge balanced with a dose of much needed *compassion* to struggling parents of newborns.>

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WORKFORCE DEVELOPMENT AND DIVERSITY

GO-MED, Creating Health Care Workers of Tomorrow

About Go-Med

When the shortage of health care workers seemed insurmountable, PPH decided to go directly into schools and introduce students to the benefits of working in the health care industry. The grass-roots effort, Go-Med (Growing Our Own Medical Employees Development Program), spans elementary, middle and high schools in North San Diego County. Launched three years ago, Go-Med reaches at-risk kids who otherwise may not have realized their opportunity for a health care career. Through Go-Med, PPHD works with high school districts to open Health Care Academies, a two-year occupational program that gives juniors and seniors the opportunity to earn college credit in pre-nursing and pre-allied health courses, as well as CPR certification, during high school. The program was launched three years ago and today PPH continues to offer real opportunities to kids by teaching them the value of academics, hope for the future and the benefits of role models.

With help from a \$10,000 grant from the Parker Foundation this past year, PPHD opened four new Health Care Academies. There are now a total of six academies across North San Diego County serving 420 students who receive hands-on training using hospital equipment donated by PPH and are part of a mentor program. Students will also be able to participate in the "Red Shirt" mentoring program, which will give students first-hand experience working as volunteer interns at PPH facilities.

Red Shirt Program, launched in April 2006 by PPHD, gives students first-hand experience working as volunteer interns at PPH facilities. Since its inception, the program has enrolled 100 active volunteers.



Dr. Marcelo Rivera

Chairman, PPH Board of Directors and champion of the Workforce Development and Diversity initiative at PPH

"I didn't want anyone to go through what I went through." At age six Dr. Marcelo Rivera was sitting in his first grade classroom when he asked his friend if he could borrow two cents for milk money he had forgotten that day. His teacher, Ms. Melville, immediately slapped him with a ruler. Not because of what he asked, but because of how he asked it. He spoke in Spanglish, or half English half Spanish, and because of his teacher's actions he was mortified in front of his classmates. He vowed from that day forward never to let anyone treat him like that again, and more importantly to always embrace his culture and help others to do the same.

Collaborate / col•lab•o•rate

Verb: To work together, especially in a joint intellectual effort. <Collaborating with its partners in the community, Health Development not only inspires and supports young people to pursue promising careers, but also trains them to make the right choices early on in life.>



“My family is so excited for me; everyone wants me to become a doctor now!”

—Priscilla Delgado
Health Care Academy Student

WORKFORCE DEVELOPMENT AND DIVERSITY *(continued)*

Health Development Expands Health Care Academies

When Priscilla Delgado saw a presentation in school during her sophomore year on the *Health Care Academy* at Mission Hills High School she thought she'd enjoy working in the health care field. "It seemed interesting and I like working with people," said Delgado. Now a senior and in her second year of the *Health Care Academy*, Delgado is on track to become a pediatrician or a pediatric nurse.

"I don't think I would have known that this career was an option for me without the *Health Care Academy*. Between my classes and my internship at Vista Community Clinic I've learned what it takes to succeed in this field," commented Delgado. Now she is applying to several colleges and plans to start her freshman year in the fall of 2008.

On average, 69 percent of high school students graduate and of those who graduate, many are unsure of what career they want to enter into. Initiatives like the *Health Care Academies* are helping to reverse that trend. They've shown Delgado not only an interest in a career in health care, but a focus of what she wants to study in college.

Delgado's classmate, Idalia Flores, now in her second year of the *Health Care Academy*, has grown to like classes such as Medical Terminology and Advanced First-Aid. "The program sounded interesting at first so I thought I'd try it out. Once I started the classes I just loved it!" Flores says her favorite part has to be the internship, where she has been shadowing physical therapists at Palomar Medical Center. "I like interacting with the patients, talking to them, getting to know them, seeing how different exercises can help and ultimately seeing their progress," said Flores. "I like seeing how my actions can make people feel better."

Lisa Dow, the instructor at Mission Hills for the *Health Care Academy*, says she sees a promising future for many of the students in the program. "These kids will see when they go on to college and work, the material they learn in this classroom will be the basis for everything else they learn. They'll be familiar with medical terms and how a hospital operates. This class is invaluable and gives kids the tools they need to have a successful career. Someday they'll look back and say their career started in high school."

The two-year program is currently in five school districts across North San Diego County including San Marcos Unified School District (two schools), Ramona Unified School District, Valley Center Unified School District, Escondido Union High School District and Poway Unified School District.

PALOMAR POMERADO

NORTH COUNTY Health Development

ACKNOWLEDGEMENTS

Palomar Pomerado North County Health Development Inc. extends deep appreciation to the following organizations for helping us make this past year a success. With the grant money donated, we are able to share many success stories and create a healthier, positive community.

California Teleconnect Fund

California Wellness Foundation

County of San Diego – Health and Human Services Agency

County of San Diego – Health Resources and Services Administration

FEMA

First 5 Commission of San Diego

Governor's Office of Emergency Services

Kresge Foundation

National Children's Alliance

Parker Foundation

Susan G. Komen for the Cure

Individual donors seeking to support the work of Palomar Pomerado Health are encouraged to contact the Palomar Pomerado Health Foundation. Call 858-675-5457, or go online to www.pphfoundation.org to learn more.

PPHD Board of Directors

Current

Nancy Bassett, RN, MBA (Chair)

Michael H. Covert (Vice Chair)

Robert Hemker (Treasurer)

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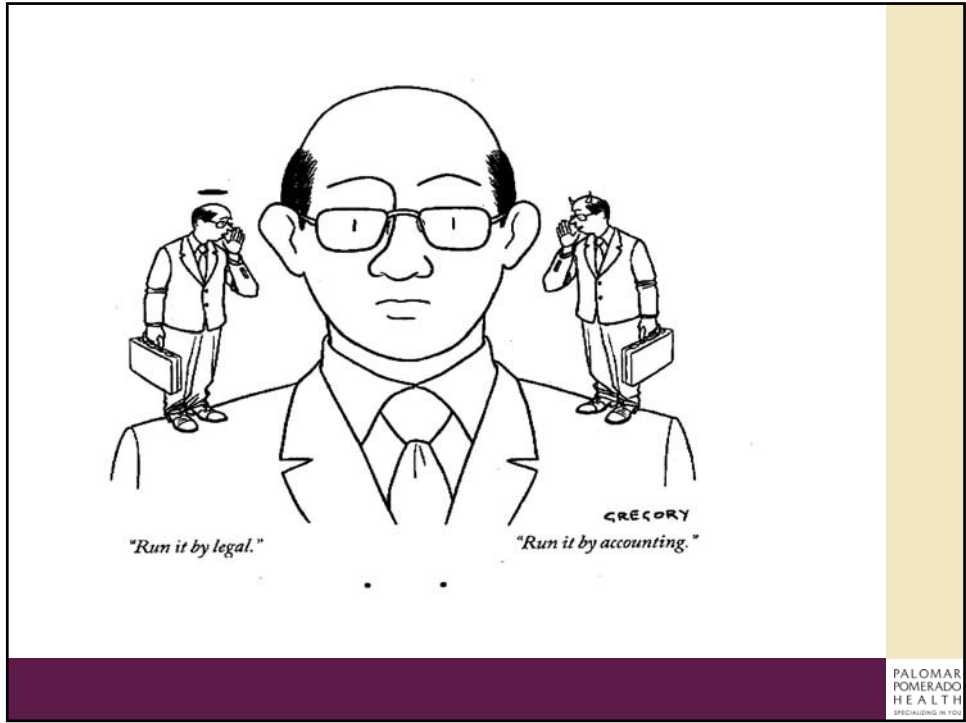
Dedicated / ded•i•cat•ed

Adj: devoted to a cause, ideal, or purpose. <The staff and board of Palomar Pomerado Health Development are *dedicated* to advancing health care's future in our communities.>



Palomar Pomerado Health Development | 15255 Innovation Drive | San Diego, CA 92128 | 858.675.5457 | FAX 858.675.5482 | www.pph.org

ATTACHMENT C



Legal Charges – January to October 2007

	Jan-07	Feb-07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	TOTAL
Acquire Law Group				\$1,445.00				\$7,030.00			\$8,475.00
Davis Wright Tremaine	\$27,332.90	\$55,022.69	\$13,703.92	\$35,921.92	\$4,879.00	\$87,527.79	\$53,314.68		\$16,592.37		\$294,295.27
DHR International								\$18,461.00			\$18,461.00
Fulbright & Jaworski									\$2,102.90	\$3,772.24	\$5,875.14
Hawley Troxell Ennis & Hawley									\$726.40		\$726.40
Hooper Lundy & Bookman	\$53,737.00	\$33,387.00	\$54,289.00	\$39,733.00	\$14,457.00	\$11,482.00	\$1,060.00	\$39,182.02	\$7,196.00	\$14,055.16	\$268,578.18
Latham & Watkins	\$69,189.00	\$76,457.00	\$78,358.00	\$59,373.00	\$121,218.00	\$52,898.00	\$167,381.00	\$157,377.00	\$82,089.00	\$168,301.82	\$1,032,641.82
Law offices Leticia Trujillo	\$19,540.45	\$13,191.61	\$14,862.57	\$11,332.00	\$16,519.00	\$14,925.00	\$11,689.00	\$13,476.00	\$17,067.00	\$9,781.00	\$142,383.63
Lewis, Brisbois, Bisgaard & Smith									\$61.08		\$61.08
Louis M. Zigman							\$1,514.19				\$1,514.19
McDermott, Will & Emery							\$13,268.30				\$13,268.30
Orrick, Herrington & Sutcliffe		\$3,030.00									\$3,030.00
Pepper Hamilton		\$2,020.00									\$2,020.00
Peter Stoloff										\$1,202.85	\$1,202.85
Public Agency Law Group	\$540.00	\$3,167.00			\$6,315.35	\$1,061.60		\$2,374.00	\$3,104.80		\$16,562.75
Rosenberg and Kaplan	\$5,345.00									\$5,968.50	\$11,313.50
The Tayler Law Firm	\$540.00	\$6,901.05		\$7,250.00	\$4,633.00	\$2,265.00					\$21,589.05
	\$176,224.35	\$193,176.35	\$161,213.49	\$155,054.92	\$168,021.35	\$170,159.39	\$248,227.17	\$237,900.02	\$128,939.55	\$203,081.57	
TOTAL CHARGES											\$1,841,998.16

Legal Charges January 2005 to October 2007

	2005	2006	2007
Aquirre Law Group			8,475.00
Davis Wright Tremaine	553,558.24	476,759.27	294,295.27
DHR International			18,461.00
Elana Marceron	19,618.75		
Friestad Law Firm	391,980.53	6,875.00	
Fulbright & Jaworski			5,875.14
Hawley Troxell Ennis & Hawley			726.40
Healthcare Legal Services	11,895.02		
Healthcare Regulatory		1,595.00	
Higgs, Fletcher & Mack	1,003.75		
Hooper Lundy & Bookman	313,813.11	415,401.18	268,578.18
JAMS, Inc.	15,153.79		
Jones, Jessica Sanders		1,501.00	
Latham & Watkins	1,241,716.23	884,703.80	963,184.80
L/W GO Bonds, Land & Real Estate	945,050.80	921,867.00	69,457.00
Law offices Leticia Trujillo	177,231.80	74,148.93	142,383.63
Lewis, Brisbois, Bisgaard & Smith	4,884.87		61.08
Lounsbury, Ferguson	21,264.23	13,905.40	
Louis M. Zigman			1,514.19
Marilyn Tanacio	63.35		
McDermott, Will & Emery	26,562.99	64,445.82	13,268.30
McHargue, John		43.27	
Medical Development Spec		21,844.00	
Norma Straup		85.00	
Orrick, Herrington & Sutcliffe		23,510.19	3,030.00
Pepper Hamilton			2,020.00
Peter Stoloff			1,202.85
PMC Judicial Exp		142,192.20	
PPH Exp		11,500.84	
Public Agency Law Group		7,827.25	16,562.75
Roberts, Thomas	550.00		
Rosenberg and Kaplan		35,428.50	11,313.50
The Tayler Law Firm			21,589.05
Villapondo, Jami		101.58	
TOTALS	3,724,347.46	3,103,735.23	1,841,998.14

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