

ADDENDUM B

Draft

PARTICIPANT ROSTER

**PALOMAR POMERADO HEALTH
HOSPITAL, EMERGENCY CARE, TRAUMA CENTER IMPROVEMENT AND REPAIR MEASURE BONDS
INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE
ANNUAL MEETING**

Palomar Pomerado Health, 2ND Floor Conference Room, 2227 Enterprise Street, Escondido, CA

PARTICIPANTS	MEETING DATES							
	7/12/05	10/5/05	3/28/06	12/19/06	12/18/07			
MEMBERS								
WILLIAM L. CORWIN (AT LARGE)	P	P	P	P	P			
MARGUERITE JACKSON DILL, PHD, RN, FAAN (AT LARGE)				P	P			
STEPHEN FRIAR (AT LARGE)	P	P	P	P	P			
GEORGE KUNG, M.D. (PHYSICIAN)				P	P			
EDWARD R. LEHMAN (SR CITIZENS' ORG)	P	P	P	P	P			
JOHN McIVER (BUSINESS ORG) – SECRETARY	P	P	P	P	P			
KATHY LEECH MCKINNEY (AT LARGE)	P	P	P	E	P			
MARGARET MOIR (AT LARGE)	P	P	P	P	P			
BOB WELLS (TAXPAYERS' ORG) – VICE CHAIR	P	P	E	P	P			
STEPHEN P. YERXA (AT LARGE) – CHAIR	P	P	P	P	P			
DISTRICT SUPPORT STAFF								
BOB HEMKER, CFO	P	P	P	P	P			
TANYA HOWELL, EXECUTIVE ASST – SCRIBE	P	P	P	P	P			
GUEST(S)								
KATHLEEN LEAK, BOND COUNSEL ORRICK, HERRINGTON & SUTCLIFFE			P	P	P			


[P = Present E = Excused A = Absent]

**Independent Citizens' Oversight Committee (ICOC)
Meeting Minutes – Tuesday, December 18, 2007**


AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
<p>I. CALL TO ORDER & ROLL CALL</p>	<p>The meeting was called to order at 2:04 p.m. by Chair Steve Yerxa, followed by roll call.</p> <p><i>See roster for attendance</i></p>	
<p>II. PUBLIC COMMENTS</p>	<ul style="list-style-type: none"> • Larry Michael, Orthodontist in Escondido <ul style="list-style-type: none"> o Owns building near Palomar Medical Center (“PMC”) East – provided handouts o Observations <ul style="list-style-type: none"> ■ Not clear on ICOC & its capabilities ■ Palomar Pomerado Health (“PPH”) is renovating PMC - \$73M to be spent there. Concern that on Facilities Master Plan (“FMP”), money to be spent there seems to be going away. From 1st page of handout – McLeod down from \$35M to \$42M, then in July 2007, down to \$3M. Huge concern to him – where is Prop BB money going? Warehouse I & II included in PMC East – is \$3M correct? If so, where did all the money go? Where will the rest of the money come from? Is that anything ICOC has jurisdiction over or they can look at? Didn't Prop BB say how much money would be spent downtown? o Steve Yerxa informed Dr. Michael that whether \$73/3M are spent or scheduled to be spent is not the function of the ICOC. The ICOC is here to ensure that Prop BB funds are spent for appropriate activities – only to those elements that qualify for expenditure. However, it seems like he has a legitimate question – perhaps Mr. Hemker could suggest how ICOC would respond? o Bob Hemker stated that, although not required, it could be treated similarly to a public information request as submitted to the District, whereby a member of the public would submit a request in writing, and the ICOC would produce materials requested so long as they are within the purview of the Committee. District information should be requested through the PPH request for information protocol. The ICOC is not bound to the process, timing or methods of PPH in responding to public information request. The ICOC will take Dr. Michael's questions as a verbal request for clarification of the project budget as it relates to PMC east and the amount currently in budget and will follow up as appropriate for the information within the scope of authority for the ICOC. o Mr. Hemker stated that Measure BB, which was a totality of the FMP with a certain number of dollars, did not specify which campuses the bond monies would benefit. It has always been a composite of General Obligation (“GO”) and Revenue Bond financing along with cash reserve and philanthropy. With regard to the McLeod Tower, the question must be asked, “What is its highest and best use at the end of the day?” It is still an evolving issue through seismic legislation. Can't transition any more quickly until patients currently utilizing the services there have a location into which to be moved. o Dr. Michael asked why dollars have been moved totally out of PMC East? He also stated that the Smart Voter Website stated that “this is what the dollars will be 	<ul style="list-style-type: none"> • As applicable to information within the ICOC purview, Mr. Hemker will reply to Dr. Michael on behalf of the ICOC, with a copy of the response to the ICOC. • Consensus of the ICOC to ensure that the 5-minute rule for public comments is strictly enforced at future meetings

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	<p>spent for”, now all of a sudden it’s no longer there. Requested any response be sent to him via email at drmichael@cox.net.</p> <ul style="list-style-type: none"> • After Dr. Michael left, John McIver commented on the fact that his questions had taken a great deal more time than the 5 minutes allocated on the agenda. He asked if there was any way to screen members of the public before they show up at meetings. Mr. Hemker stated that the ICOC is bound by the Brown Act and must let each member of the public speak. The only thing we can do is to hold them to 5 minutes, 15 in aggregate if more than one person shows up with the same topic. 	
<p>III. INFORMATION ITEM(S)</p>	<ul style="list-style-type: none"> • Bob Hemker distributed the Preliminary Offering Statement (POS), which is the pre-close document review for the closing on the new tranche of \$241M of GO Bonds for purposes of future reference. Expenditures as part of this annual review were not funded from this anticipated issuance. <ul style="list-style-type: none"> o Monies need to be spent within a specific period of time (i.e., 3 yrs) <ul style="list-style-type: none"> ■ Couldn’t have spent down all \$496M of authorized GO Bonds in 3 years ■ FMP intertwines GO with Revenue Bonds based on usage and needs o PPH has a Joint Powers Authority (“JPA”) with Tri-City & Grossmont Hospital Districts – allows PPH to take advantage of a negotiated fixed rate, with the sale as an orchestrated and timed event <ul style="list-style-type: none"> ■ PPH sells the bonds to the JPA ■ JPA sells them to the underwriter ■ Underwriter sells them to public ■ Funds funnel back through ■ Steve Yerxa asked what dollar value of the bonds was included in the JPA <ul style="list-style-type: none"> ▲ Mr. Hemker indicated there is no limit – goes issue by issue, with each party indemnifying their own issues o Priced and “sold” the bonds on December 4th <ul style="list-style-type: none"> ■ Public can pick up on the secondary market, through their brokerage firm ■ Should feel very good that PPH paper continues to attract interest & sells well o Will close the deal on December 20th o Rating agency meetings <ul style="list-style-type: none"> ■ Met with all three, two weeks after the fires: Moody’s, Standard & Poor’s (“S&P”) and Fitch ■ All were concerned about two questions <ul style="list-style-type: none"> ▲ What’s happening because of sub-prime defaults? ▲ What will happen to the assessed value of the district due to fires <ul style="list-style-type: none"> (a) Only about 1% of the assessed value properties were involved in the fires 	<ul style="list-style-type: none"> • Bob Hemker will review expenditures in March 2008 to determine if there is anything at that point worth taking the time to hold an April/May meeting • Discussions regarding holding quarterly meetings may be held at future meetings • Kathleen Leak is to review potential conflict issues raised by Steve Friar & Marguerite Jackson Dill and notify ICOC of her findings


**Independent Citizens' Oversight Committee (ICOC)
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AGENDA ITEM/PURPOSE	DISCUSSION/RECOMMENDATION	ACTION/COMMENTS
	<ul style="list-style-type: none"> • Term of office <ul style="list-style-type: none"> o Originally added to agenda as staff & counsel were reviewing possibility of changing terms of office and or meeting frequency <ul style="list-style-type: none"> ■ After further review of Procedures, Policies & Guidelines (“PP&G”), determination was made that changing term of office was not feasible o Discussion of meeting frequency <ul style="list-style-type: none"> ■ PPH annual report has been presented to group within 5 months of fiscal year end ■ Aiming for September/October timeframe should be adequate for PPH to get their books closed for that fiscal year <ul style="list-style-type: none"> ▲ Purpose of meeting is to sign off on ICOC annual report ■ John McIver suggested possibility of a second meeting, 6-9 months into the next year <ul style="list-style-type: none"> ▲ As we start getting into the project, spend rate & frequency might be more useful to ICOC • Steve Friar is in the process of presenting his pre-qualifications for a construction job and wanted the ICOC to be aware he might have a conflict therefrom that would require his resignation • Marguerite Jackson Dill has been appointed to the State Hospital Building & Safety Board (HBSB) <ul style="list-style-type: none"> o The group is working with seismic information filing deficits o Appointed due to her Infection Control & RN qualifications <ul style="list-style-type: none"> ■ Doesn't think there is a conflict, but wanted ICOC and counsel to be aware 	
IV. OATH OF OFFICE	Reappointed members Kathy Leech-McKinney, Edward R. Lehman, Bob Wells & Stephen P. Yerxa simultaneously read the Oath of Office, then signed copies for their files and for the record	
V. MINUTES ICOC MEETING MARCH 28, 2006	<ul style="list-style-type: none"> • Initially there was no discussion and action was taken to approve the minutes as noted • Margaret Moir arrived after approval and requested to be allowed some clarifying questions: <ul style="list-style-type: none"> o The Minutes appear to read as though members are not able to speak to members of the public/press and must send all requests for discussion through to the Chair o There was a note that the Chair had requested interim quarterly reports – was that done? 	<p>MOTION: By Ed Lehman, seconded by John McIver, and carried to approve the Minutes of the December 19, 2006, ICOC Meeting</p> <ul style="list-style-type: none"> • Consensus was reached that members should preface any comments to ensure they are not misconstrued as representing the ICOC in an official capacity, then they will be able to discuss/answer questions • Written requests from the public/press should still be through the “public info


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Meeting Minutes – Tuesday, December 18, 2007**

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		request” procedure to the Chair <ul style="list-style-type: none"> • Moving to a semi-annual approach for meetings in lieu sending quarterly info, which was not done last year – looking at an April/May timeframe, with Annual meeting in September/October • Annual meeting may move from current date
VI. DISCUSSION AGENDA		
REPORTS		
A. IDENTIFICATION OF OFFICERS APPOINTED PURSUANT TO ICOC PP&G	<ul style="list-style-type: none"> • The District Board is responsible for making officer appointments <ul style="list-style-type: none"> o No one chose to decline o Steve Yerxa was reappointed Chair of the ICOC o Bob Wells was reappointed Vice-Chair of the ICOC o John McIver was reappointed Secretary of the ICOC 	No Action Required
B. POTENTIAL NEW DATE FOR FUTURE ANNUAL MEETINGS OF THE ICOC	<ul style="list-style-type: none"> • This item was discussed under Section V. Minutes 	No Action Required
A. MASTER FACILITY PLAN – STATUS REPORT	Utilizing the attached presentation (<i>Attachment A</i>), Mike Shanahan gave the Committee an overview of the current status of the MFP projects. Highlighted were: <ul style="list-style-type: none"> • Site prep, blasting completed on a number of areas • Last night the District Board approved an amendment to the California Environmental Quality Act (“CEQA”) environmental impact report for approval of a rock crushing operation at the PMC West site at the Escondido Research and Technology Center (“ERTC”) • Steel mill order <ul style="list-style-type: none"> o Should be delivered from Herrick in late July 2008 o One of 2 major competitors in area, based in Orange County o All by competitive bids • Groundbreaking ceremony 12/14 <ul style="list-style-type: none"> o ICOC was not invited - was the ceremony perfunctory? - will there be another one? o Needed to do a small media groundbreaking o Will do a more publicly visible, safety-oriented ceremony later on o Goal is to keep it top of mind for the community – will cover milestones 	Information only


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	<ul style="list-style-type: none"> o Noted that it is important that the ICOC be put on top of the invitation list • 11-story building • Ms. Moir expressed concern that architectural from Anshen + Allen & CO Architects was already at \$31M. Doesn't know how we're going to build this thing – seems like we've already spent a lot of money without much more than a hole in the ground <ul style="list-style-type: none"> o Responsibility of group to assure that funds authorized by measure BB are used according to measure as opposed to specificity of campus o Also needs to be clearly understood that BB was not intended to be the totality of financing o A lot of monies spent in early time will feel like “what have we gotten for our money?” o First \$80M has been spent, in good part on land and for professionals sitting around a table • Mr. Lehman questioned when PPH would get back to downtown – as evidenced by guest today, people are under the impression we're going to be spending money downtown <ul style="list-style-type: none"> o Timing for that campus can't occur until operations have moved to the new hospital o Key is how we stage <ul style="list-style-type: none"> ▪ Couldn't do PMC east first, as it's not available for us to do so ▪ McLeod has not been deemed to be an impaired asset o Again, need to get patient flow up to new site before construction begins on PMC East • Rancho Peñasquitos site <ul style="list-style-type: none"> o We're having land zoned for medical building use o 2-story medical office with urgent care o Leasing a Medical Office Building (“MOB”) <ul style="list-style-type: none"> ▪ May be a ground lease ▪ May do a long-term lease ▪ May take an equity position in the building • Following all regulatory guidelines for public bids and trade requirement <ul style="list-style-type: none"> o Must demonstrate quality, not just best price, in the selection methods • Architectural is large at beginning of a project as it is front-loaded, but diminishes as the project continues • Ms. McKinney stated that she brings her education and 30 years of experience with a number of hospital systems with her when evaluating the District <ul style="list-style-type: none"> o She was impressed with the wonderful numbers she saw, what the organization was doing, and how successful it was in its mission 	

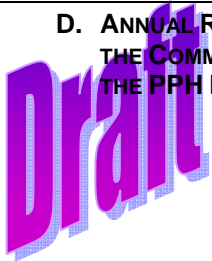
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	<ul style="list-style-type: none"> o She was amazed at the smooth operation of the evacuation o The level of satisfaction of employees appears to be fairly high o Finds PPH trustworthy o It's a tough job to build a hospital, and she will keep supporting the District until reasons are proven to cause her to feel otherwise • Ms. Moir clarified her questions, noting that she felt it her responsibility to ask questions, which is not in any way an attempt to say anyone is unethical • FMP summary – where are we? <ul style="list-style-type: none"> o Max is \$983M o We're in the process of getting things moved from contingency and into firm costs bucket o \$496M bond issue, revenue bond, foundation and cash reserves 	
B. REVIEW OF THE DUTIES & ROLES OF THE ICOC	<ul style="list-style-type: none"> • Any need for new explanation? Addendum B – no need. 	<ul style="list-style-type: none"> • Any questions, call Bob Hemker or Kathleen Leak
C. DISTRICT EXPENDITURE REPORT FOR FYE JUNE 30, 2007	<p>Utilizing the addendum of information in the packet, the annual expenditures were reviewed for appropriateness and consistency with Measure BB authorization:</p> <ul style="list-style-type: none"> • Materials kept in format of our fiscal years <ul style="list-style-type: none"> o Formally reviewing draws 7-16, with supplemental information through draw 18 (Pages C2-5) o Residual monies are coming in and the reclassification of the honorariums, might be about another \$15K of expenditures o Banking cycle is based on when bonds were issued • Will receive another \$241M as of the end of this week from 2007 tranche issuance • 1st question – did we spend as allowed? <ul style="list-style-type: none"> o Met spend down rules – no taxable debt created • Attachment B is supplemental material to the remainder of the banking schedule <ul style="list-style-type: none"> o Page 2 ties to July cash on page C4 of the agenda packet and provides a validation of banking • Discussion of different funds for interest earnings & what they can be spent for • Honorariums were originally thought to be part of Architecture & Engineering (“A&E”) – it was questioned, so we reversed to be conservative <ul style="list-style-type: none"> o A number are shown as reversals to be paid from other funds o Some more were identified as charged to the cost center that missed first review (see Attachment C) o Will all at the end of the day be zeroed out 	<ul style="list-style-type: none"> • Consensus of group that we do not need site differentiation information, but it would be nice to have going forward <ul style="list-style-type: none"> o Data are already recorded on the accounting system, expenditures broken down by campus o Tim & Bob to discuss and will attempt to retrieve and create a sample report (perhaps in pie chart form) then send it out to ensure it's what the members needed

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	<ul style="list-style-type: none"> • Rancho Bernardo Inn was the venue for design meetings – approvable A&E cost • Once paper is submitted for a draw, the paying agent must approve before payment is received <ul style="list-style-type: none"> o Requisition #10 was unsigned in book – copy of signed document provided (see <i>Attachment D</i>) o When Bob is away, specific authority has been given to Corporate Controller Tim Nguyen (<i>Page C-138</i>) <ul style="list-style-type: none"> ▪Bank will not distribute funds unless draw request is signed by Bob/Tim ▪Draw 17 – date added in later on the copy of the requisition is the same as the date of the letter (see <i>Attachment D</i>) and is within the period of time authorized therein • These documents become the summary draw schedule that goes to the paying agent and is backed up by detailed books (which were on hand should members want to review them) <ul style="list-style-type: none"> o Will continue to bring source documents to the ICOC meetings o If members would like to review details in advance of the meeting, please schedule through Tanya • Suggested that sometimes discussions tend to make more sense of documentation • Mr. McIver stated that the double sort by description and by draw helped his understanding • What is Bureau Veritas Company? <ul style="list-style-type: none"> o Listed as a construction expense o It is a geologic testing company • Discussion regarding on which campus funds are spent and whether that would be beneficial to the Committee <ul style="list-style-type: none"> o Are there any overall ballpark costs – such as 8-10% for A&E? o Is there a pie chart for such? o Is the sorting done more by trades? o Are costs coded as to what project they apply to? <ul style="list-style-type: none"> ▪Easiest way would be to bifurcate or code to indicate what went to which campus ▪Will look into adding that as it would be good for our knowledge, also ▪Mr. McIver – doesn't care which campus – collectively of bond issue <ul style="list-style-type: none"> (1) Would be an interesting point, but do we really need it? ▪Need to look at economy of scale – what's important for this committee to function adequately? ▪Ms. Moir didn't think it made any difference, either ▪Information comes back in reverse from the bank 	

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	<ul style="list-style-type: none"> ▪Do we want or need it identified? ▪We are only reviewing GO expenditures – anything that isn't GO is not our venue 		
<p>D. ANNUAL REPORT OF THE COMMITTEE TO THE PPH BOARD</p> 	<p>A draft of the Annual Report was presented for review by the membership</p> <ul style="list-style-type: none"> • Page 2 contains space for any issues/concerns to be written in • No issues of concern were noted 		<ul style="list-style-type: none"> • MOTION: By Mr. McIver, seconded by Ms. Jackson Dill to approve the annual report as written, with no issues of concern annotated. All in favor, none opposed and no abstentions <p><i>NOTE: Members George Kung, MD, and Bob Wells both had to leave the meeting prior to the above vote. Both members indicated prior to their departures that they had read the information, and neither of them had any objections or exceptions to the Annual Report.</i></p>
<p>E. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MEETING</p>	<ul style="list-style-type: none"> • Chair Steve Yerxa asked the membership to expect a likely April/May 2008 meeting • Mr. Yerxa also requested that the minutes be typed and distributed within the next 30 days • Mr. Yerxa will await a report back from Bob Hemker on the determination of the Finance Department's ability to identify expenditures of funds by facility/site for future reports <ul style="list-style-type: none"> o How many staff does Finance have to handle accounting on these projects? <ul style="list-style-type: none"> ▪Only one full-time and one part-time 		
<p>F. ADJOURNMENT</p>	<p>Meeting adjourned at 4:42 p.m.</p>		<ul style="list-style-type: none"> • MOTION: By Mr. McIver, seconded by Mr. Lehman to adjourn the meeting
<p>DRAFT REVIEWED AND APPROVED FOR SUBMISSION TO DISTRICT BOARD</p>	<p>CHAIR</p>	<p>_____</p> <p>Steven P. Yerxa</p>	
	<p>SECRETARY</p>	<p>_____</p> <p>John McIver</p>	
<p>APPROVED BY DISTRICT BOARD</p>	<p>CHAIR</p>	<p>_____</p> <p>Bruce G. Krider, MA</p>	
	<p>SECRETARY</p>	<p>_____</p> <p>Linda Bailey</p>	

ATTACHMENT A

Citizen's Independent Oversight Committee

December 18, 2007

Palomar Pomerado Health

PALOMAR
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Palomar West - Current Status

- Site preparation activities
 - Acquisition of encroachment permits for mobilization
 - Installation of temporary construction utilities:
 - Sewer
 - Water
 - Power
 - Installation of drive approach
 - Mobilized trailers



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Palomar West - Current Status

- Blasting notifications sent to surrounding businesses and residences
- Acquired City approval for grading
 - Begin drill and blast operation October

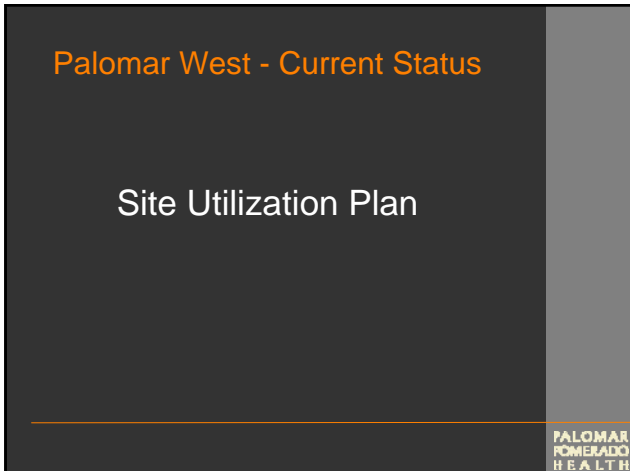
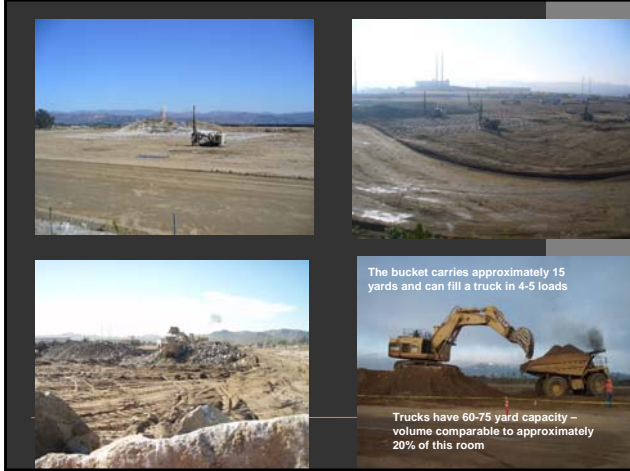


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HEALTH

Blasting on PMC West Site (movie)

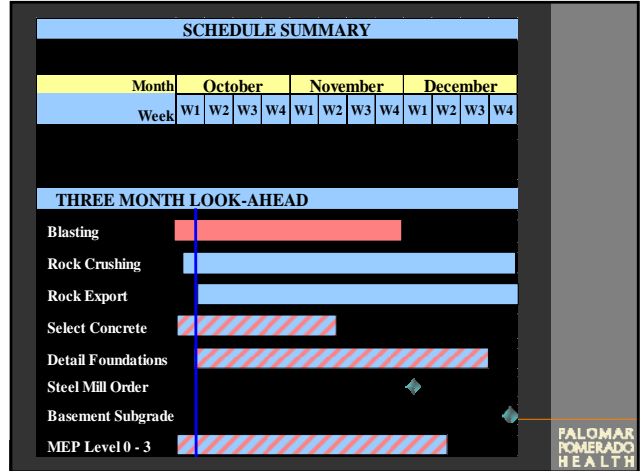


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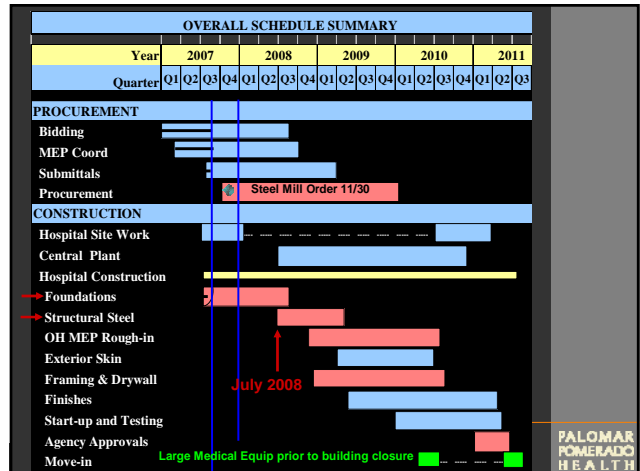
Three Month Look Ahead

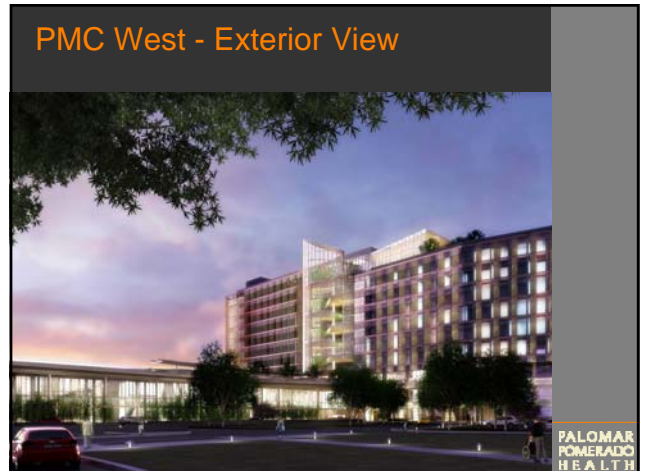
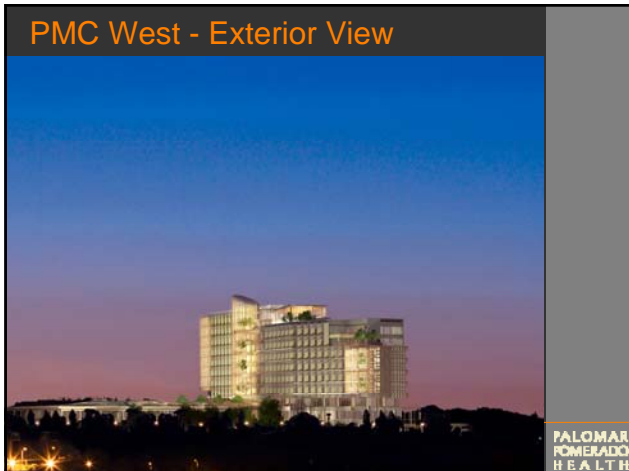
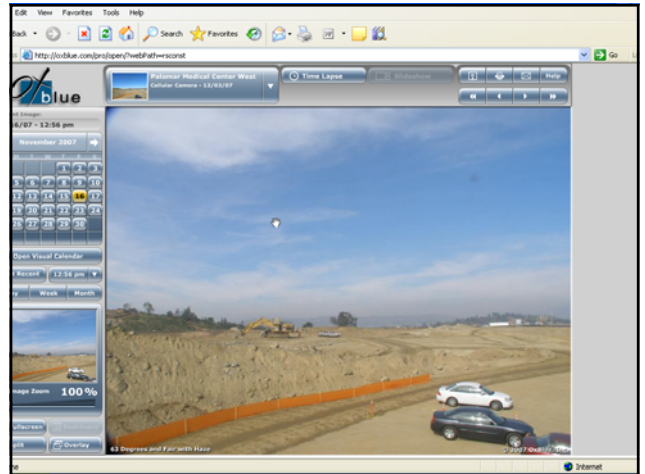
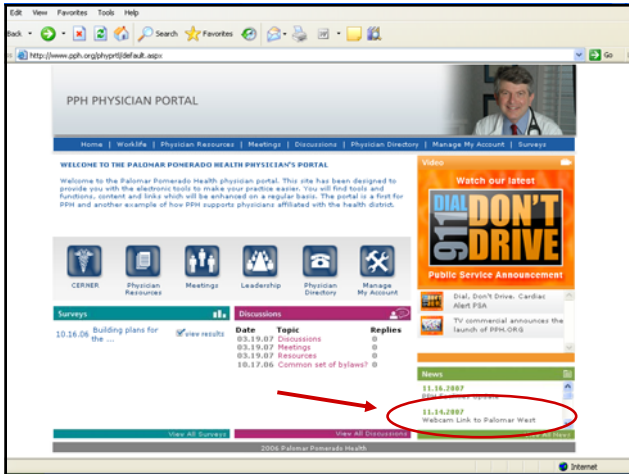
- Activities through 2007
 - Rock crushing, blasting of rock
 - Selection of concrete contractor
 - Detailing for foundations (reinforcing steel, rock anchors and anchor bolts)
 - Steel mill order
 - Complete hospital basement excavation
 - MEP systems fully coordinated in BIM model (Basement through Level 3)



Entire Project Look Ahead

- Major Milestones
 - Steel erection July 2008
 - MEP overhead rough-in December 2008
 - Drywall (non-priority) begins April 2009
 - Steel topping off June 2009
 - Tower roof complete March 2010
 - Tower weathertight March 2010
 - Building energized March 2010
 - Elevators ready to use April 2010
 - Central plant ready to occupy February 2011
 - Hospital ready to occupy July 2011





PMC West - Exterior View



PALOMAR
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HEALTH

PMC West - Main Lobby



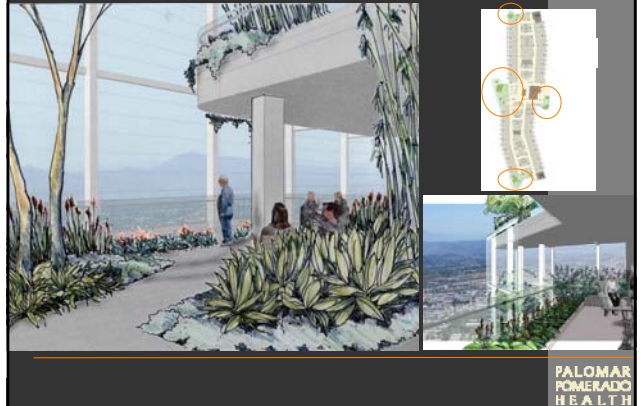
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PMC West - Main Lobby



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PMC West - Conservatory Terraces



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Pomerado Hospital – Update

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Pomerado Hospital - Current Status

- Site preparation activities
 - Phase I make ready work 98% completed
 - Installation of new utility upgrades:
 - Sewer
 - Water
 - Power
 - Communication



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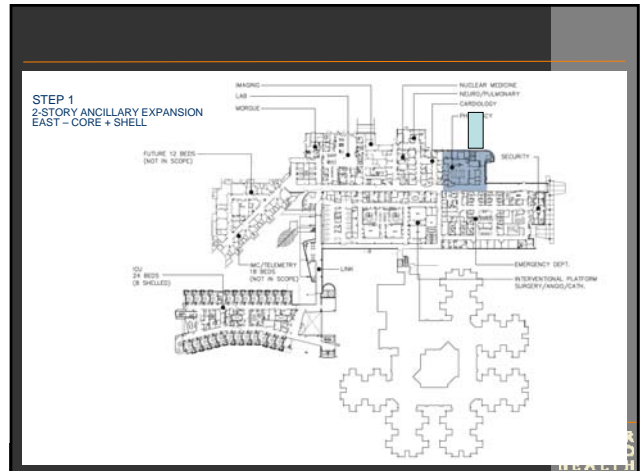
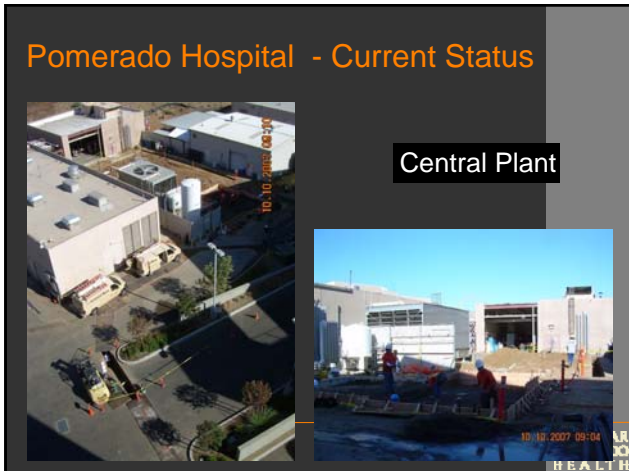
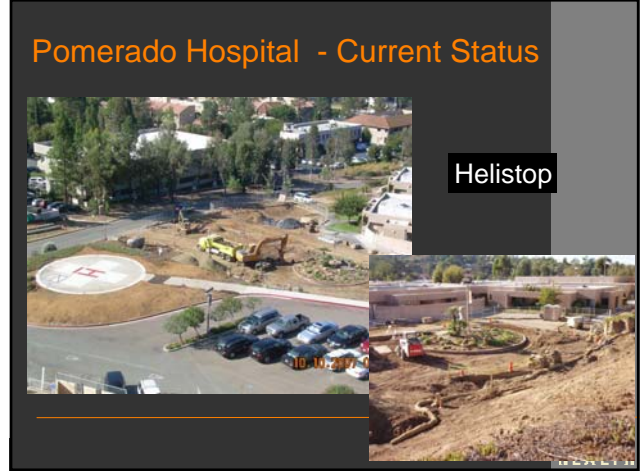


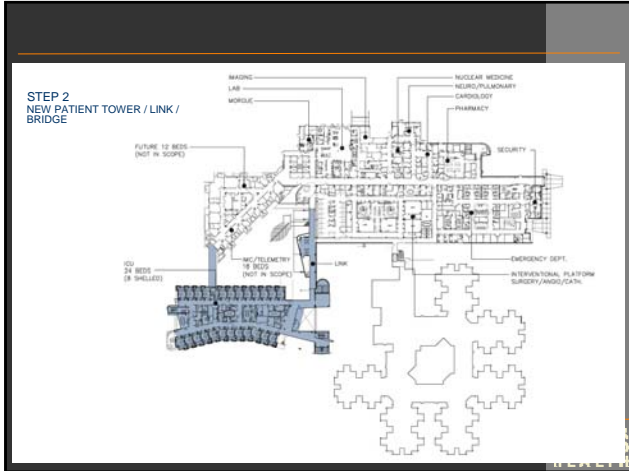
Pomerado Hospital - Current Status

- Off Site Improvements
 - Twin Peaks & Camino Del Norte work



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Three Month Look Ahead

- Activities through 2007
 - Relocation of underground utilities for New Patient Tower
 - MEP systems fully coordinated in BIM model for initial OSHPD submission
 - Exterior building envelope will be detailed for initial OSHPD submission

PALOMAR POMEYADO HEALTH

Entire Project Look Ahead

- Major Milestones
 - Helistop Completed March 2008
 - Central Plant Completed May 2009
 - POP Connector July 2009
 - D&T Phase I August 2009

PALOMAR POMEYADO HEALTH

Pomerado Hospital - Main Entry



Pomerado Hospital - Tower



Pomerado Hospital - Main Lobby



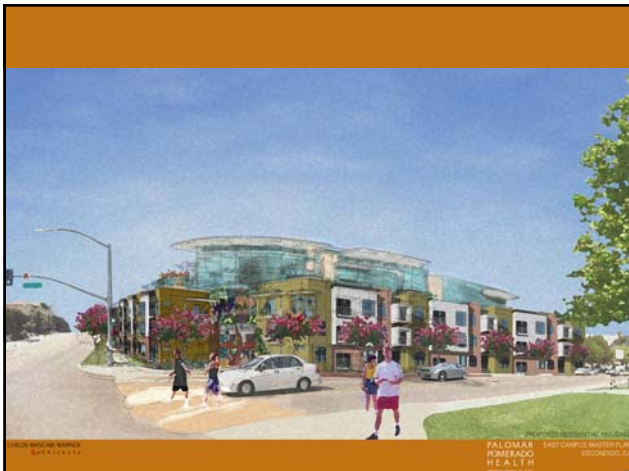
Pomerado Hospital - Exterior View



Palomar Medical Center - East

PALOMAR
POMERADO
HEALTH





Satellite Facilities

- Rancho Peñasquitos
- Ramona

PALOMAR POMEYADO HEALTH



Update on Procurement to Date

- Overview of procurement process
- Update on current progress
- Overview of Project Cost Summary

2

PALOMAR
POMERADO
HEALTH

REGULATORY GUIDELINES

- Public Contracting Code regulates bidding requirements for public agencies
- Requirements include:
 - Advertising bid dates (open to all companies)
 - Public openings
 - Award to lowest responsible bidder
- Allowable options:
 - Pre-qualification of trades
 - Best value basis of award
- Procurements not subject to code:
 - Professional services (e.g. architect, engineers, testing and inspections)

3

PALOMAR
POMERADO
HEALTH

Advertising and Qualification Process

- Pre-qualification of trades
 - Utilized on PPH project
 - Advertise the scope
 - Interested trade contractor replies
 - Questionnaires sent to interested bidders
 - Financial strength
 - Project experience
 - Litigation history
 - Safety record
 - Insurance
 - OSHPD experience
 - Performance
 - Bonding capacity
 - Questionnaires returned to PPH for evaluation
 - Trade Contractors that meet all the criteria will be invited to bid

4

PALOMAR
POMERADO
HEALTH

Bid Period

- Publicly advertise bid date to establish prevailing wage rates
- Bid packages issued to qualified trade contractors
- Follow up with bidders to maintain their level of interest
- Pre-bid meetings with all bidders
- Pre-bid questions and clarifications
- Clarifications issued via addendum and sent to all bidders
- Establish a bid date that maintains an increased level of participation for all bidders

5

PALOMAR
POMERADO
HEALTH

SELECTION METHODS

- Traditional Bidding – Design is complete and award is made to low bidder
- Design Build Bid – Trade Contractor designs and installs the system to project specifications (e.g. fire sprinklers, fire alarm). Award is made to low bidder
- Design Assist Bid – Trade Contractor is required to assist in the design prior to submitting to OSHPD for permit in order to avoid redesign
- Design Assist Criteria
 - Pricing of schematic design documents
 - Bids returned
 - Evaluation team analyzes the bids and evaluates the bidders:
 - Palomar Pomerado Health
 - CO Architects
 - Rudolph and Sletten, Inc.
 - Consulting Solutions, Inc.

Selection Method, (cont.)

- Criteria are pre-established and weighted

• Schedule	20
• Quality control	20
• Proposed staffing	20
• Project approach	10
• Cost/Value Engineering	10
• OSHPD permit experience	10
• Project experience	10
• Total	100
- Best value is determined by calculating the lowest cost per point (cost bid / by average points scored = cost per point). The award is made to the trade contractor with the lowest cost per point
- Composition of our project currently:

• Traditional bidding	4 trades	\$ 14 million
• Design build bidding	8 trades	\$ 80 million
• Design assist bidding	6 trades	\$230 million

Bid Protest Procedure

- Public Contracting Code requires public agencies to have an established bid protest procedure
- Any bidder may protest the award by contacting the Deputy Program Director of Facilities and Planning
- All protests will be evaluated by the Protest Committee
- The Protest Committee includes the following personnel:
 - Program Director Facilities and Planning
 - Deputy Program Director Facilities and Planning
 - Legal Counsel
 - Compliance Officer
 - Construction Manager - Executive
 - Construction Manager - Project Manager (Campus)
- Response will be sent to bidder who filed the protest

Current Progress, PMC WEST

- Trade selected to date:

• HVAC and Plumbing	\$105 m
• Electrical	\$ 67 m
• Curtain Wall	\$ 56 m
• Structural Steel	\$ 53 m
• Elevators	\$ 10 m
• Grading and Rock Blasting	\$ 9 m
• Fire Sprinklers	\$ 5 m
• Metal Stairs	\$ 2 m
• Pneumatic Tube	\$ 2 m
• Site Utilities	\$ 2 m
• Rock Anchors	\$ 1 m
• Window Washing	\$.4 m
• Surveying	\$.4 m
• Erosion Control	\$.3 m
• RF Shielding	\$.2 m

Participation Results – PMC WEST

Scope/Trade	Firms Interested/Contacted	Firms Prequalified	Bids Received	Local Firm
HVAC/Plumbing	7	3	3	Yes
HVAC/Plumbing – CP	6	4	2	Yes
Electrical	5	3	3	Yes
Electrical – CP	4	4	3	Yes
Structural Steel	5	3	3	No
Rock Anchors	5	3	1	Yes
Curtain Wall	19	3	2	No
Fire Sprinklers	6	2	2	Yes
Fire Sprinklers – CP	4	4	3	Yes
Elevators	6	3	2	Yes
Erosion Control	5	2	1	Yes
Window Washing	5	4	2	Yes

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Participation Results – PMC WEST (cont.)

Scope/Trade	Firms Interested/Contacted	Firms Prequalified	Bids Received	Local Firm
Metal Stairs	9	5	1	Yes
RF Shielding	6	4	2	No
Pneumatic Tube	6	4	2	No
Grading	7	5	2	Yes
Surveying	8	8	5	Yes
Site Utilities	12	10	5	Yes
Totals	125	72	44	

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Participation Results PMC West (cont.)

- 18 Total Firms awarded
- 13 Firms from San Diego – \$210 million or 64% of awarded value
 - 4 of the 13 Firms within the District – \$68 million or 21% of awarded value
- 5 Firms from Out of the Area – \$114 million or 36% of awarded value
- Participation Percentages:
 - 58% of Firms interested were pre-qualified
 - 61% of Firms pre-qualified submit bids
 - 35% of Firms interested submit bids

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Current Progress, Pomerado

- Trades on board to date:

HVAC and Plumbing - NPT	\$ 14 m
Curtain Wall – NPT	\$ 14 m
Structural Steel – NPT	\$ 8 m
HVAC and Plumbing – CP	\$ 7 m
Electrical – NPT	\$ 7 m
GFRC – NPT	\$ 5 m
Electrical – CP	\$ 4 m
Helistop Relocation (All Trades)	\$ 2 m
Elevators – NPT	\$ 2 m
Fire Sprinklers – NPT/CP	\$ 1 m
Window Washing – CP	\$.4m
Drywall, Plaster, D/F/H - CP	\$.4m
Concrete – CP	\$.3m
Roofing/Sheet Metal – CP	\$.2m
Pneumatic Tube System - NPT	\$.2m

- NPT – New Patient Tower
- CP – Central Plant

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Participation Results – Pomerado Hospital Phase 2

Scope/Trade	Firms Interested/Contacted	Firms Prequalified	Bids Received	Local Firm
U/G Mechanical - CP	4	3	3	Yes
U/G Electrical - CP	4	4	3	Yes
U/G Gas – CP	4	2	2	Yes
Electrical	5	5	3	Yes
Structural Steel	3	3	2	Yes
HVAC & Plumbing	5	4	2	Yes
HVAC & Plumbing – LOX	5	5	2	Yes
Electrical - LOX	5	5	3	Yes
Fire Protection	4	4	2	Yes
GFRC	3	2	2	No

Participation Results – Pomerado Hospital Phase 2

Scope/Trade	Firms Interested/Contacted	Firms Prequalified	Bids Received	Local Firm
Elevators	4	4	2	No
Glass & Glazing	21	2	1	Yes
Concrete – CP	4	4	1	Yes
Roofing – CP	4	4	1	No
Sheet Metal – CP	4	4	2	No
Drywall, Doors, Plaster – CP	5	5	4	Yes
Telecom MOP to SNF	3	3	3	Yes
Demolition – CP	4	3	2	Yes
Window Washing	4	2	2	No
Pneumatic Tube	4	2	2	No

Participation Results – Pomerado Hospital Phase 2

Scope/Trade	Firms Interested/Contacted	Firms Prequalified	Bids Received	Local Firm
Helistop Expansion	6	6	2	Yes
U/G Electrical to Tower – CP	4	4	3	Yes
U/G Mechanical to Tower – CP	4	4	3	Yes
Fire Protection – CP	4	4	2	Yes
Totals	117	88	54	

Participation Results Pomerado Hospital Phase 2

- 24 Total Firms Awarded
- 20 Firms from San Diego – \$63 million or 91% of awarded value
 - 5 of the 20 Firms Within the District – 15% or \$9.5 million of awarded value
- 4 Firms from Out of the Area – \$6 million or 9% of awarded value
 - Clark Pacific (West Sacramento, CA)
 - Best Roofing (Gardena, CA)
 - Tractel (Toronto, Canada)
 - Peveco (Baltimore, MD)
- Participation Percentages:
 - 75% of Firms interested are pre-qualified
 - 61% of Firms pre-qualified submit bids
 - 46% of Firms interested submit bids

Actual vs Budgeted Summary, PMC WEST

Current Construction Budget	\$ 547 million
Awarded to Date	\$ 324 million
Awarded Amounts vs. Budget	\$ On Budget
Percentage Bid-out	59%
Balance to Complete	\$ 223 million
Estimated Final Cost	\$ 547 million

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PALOMAR
POMERADO
HEALTH

Actual vs. Budgeted Summary, Pomerado

Current Construction Budget	\$ 133 million
Awarded to Date	\$ 69 million
Awarded Amounts vs. Budget	\$ On Budget
Percentage Bid-out	52%
Balance to Complete	\$ 64 million
Estimated Final Cost	\$ 133 million

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PALOMAR
POMERADO
HEALTH

Other Local Businesses Being Utilized

- Partial list of local businesses being utilized
 - Escondido Reprographics
 - Glennies Office Products (Escondido)
 - Knight Security (Escondido)
 - CPS Security (Escondido)
 - Aerial Advantage (Lakeside)
 - Modspace (Poway)
 - Diamond Environmental (San Marcos)
 - Escondido Disposal Company (Helping achieve our GGHC credits)

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PALOMAR
POMERADO
HEALTH

PMC WEST SUMMARY

PMC WEST	ORIGINAL FMP, JULY 2004		DECEMBER 2005		JULY 2007	
	SQ. FT.	\$	SQ. FT.	\$	SQ. FT.	\$
HOSPITAL FINISHED	596,674	\$407	637,000	\$589	638,940	\$712
SHELLED	75,114		88,000		85,320	
HOSP. SUPPORT BLDG	130,298	\$55				
CENTRAL PLANT	20,466	\$41	30,000	\$56		
CP DESIGN, GRADING		included		included		\$14
PARKING & SITE WORK		\$28		\$32		\$34
CITY IMPROVEMENTS				\$13		\$13
TOTALS	822,552	\$531	755,000	\$690	724,260	\$773

PALOMAR
POMERADO
HEALTH

POMERADO SUMMARY

POMERADO - PHASE 2	ORIGINAL FMP, JULY 2004		DECEMBER 2005		JULY 2007	
	SQ. FT.	\$	SQ. FT.	\$	SQ. FT.	\$
HOSPITAL REMODEL	36,500	\$11	60,000	\$41		\$3
NEW TOWER		\$67		\$83		\$117
FINISHED	61,480		78,431		25,000	
SHELLED	59,047		57,541		126,264	
D&T ADDITION (Connector)	24,422	\$19	26,331	\$30	13,200	*\$12
CENTRAL PLANT	5,000	\$11	7,814	\$16	7,814	\$17
LOX TANKS						\$1
CONDO OSP	37,735	\$18				
PARKING & SITE WORK		\$13		\$20		\$26
TOTALS	224,184	\$139	230,117	\$190	172,278	\$176

* Phased based on timing and completion of connector to POP

PALOMAR
POMERADO
HEALTH

PMC EAST SUMMARY

PMC East	SQ. FT.	\$	SQ. FT.	\$	SQ. FT.	\$
MCLEOD	89,960	\$35	89,960	\$42		\$3
HOSPITAL ENTRY	3,400	\$12	3,400	\$14		?
HOSPITAL REMODEL	38,568	\$16	38,568	\$26		?
ADAMS		\$5		\$5		?
SITE & CENTRAL PLANT		\$5		\$6		?
WAREHOUSE 1						\$7
WAREHOUSE 2						\$5
CORAL BUILDING						\$5
FOURPLEX						\$1
TOTALS	131,928	\$73	131,928	\$93		\$21

? = Womens and childrens will remain
? = Recent legislative action may grant extension of seismic upgrades

PALOMAR
POMERADO
HEALTH

FMP SUMMARY

FMP SUMMARY	ORIGINAL FMP, JULY 2004		DECEMBER 2005		JULY 2007	
	SQ. FT.	\$	SQ. FT.	\$	SQ. FT.	\$
PMC WEST	822,552	\$531	755,000	\$690	735,414	\$773
POMERADO PHASE 2	224,184	\$139	230,117	\$190	172,278	\$176
PMC EAST	131,928	\$73	131,928	\$93		\$21
SATELLITE CLINICS		\$10		\$10		\$13
TOTAL		\$753		\$983		\$983

PALOMAR
POMERADO
HEALTH

ATTACHMENT B



WELLS FARGO BANK, N.A.
CORPORATE TRUST SERVICES
707 WILSHIRE BOULEVARD
17TH FLOOR
LOS ANGELES, CA 90017



**PALOMAR POMERADO HEALTH GENERAL
OBLIGATION BONDS, ELECTION OF 2004
SERIES 2005A
PROJECT FUND**

ACCOUNT NUMBER 18040501
MONTHLY STATEMENT
JUNE 1, 2007 THROUGH JUNE 30, 2007

PALOMAR POMERADO HEALTH
MR. ROBERT HEMKER
15255 INNOVATION DRIVE, SUITE 204
SAN DIEGO, CA 92128

ACCOUNT MANAGER: DANIA SAMAI
TELEPHONE NUMBER: 213-614-3328

ADMINISTRATOR: ROBERT W. SCHNEIDER
TELEPHONE NUMBER: 213-614-3353

18107 SB

1485808440014*

<u>REPORT NAME</u>	<u>PAGE NUMBER</u>
ASSET SUMMARY	1
STATEMENT OF ASSETS	2
CASH SUMMARY	3
STATEMENT OF TRANSACTIONS	4
CASH MANAGEMENT TRANSACTION JOURNAL	5



148808440024

ASSET SUMMARY
AS OF JUNE 30, 2007PALOMAR POMERADO OSA MES BB PROJECT
ACCOUNT NUMBER 18040501**ASSET SUMMARY**

<u>INVESTMENT CATEGORY</u>	<u>COST VALUE</u>	<u>MARKET VALUE</u>	<u>UNREALIZED GAIN/LOSS</u>	<u>ACCRUED INCOME</u>
CASH	0.00	0.00		
CASH EQUIVALENTS	4,888,615.16	4,888,615.16	0.00	30,473.92
TOTAL INVESTMENTS	4,888,615.16	4,888,615.16	0.00	30,473.92

STATEMENT OF ASSETS
AS OF JUNE 30, 2007

PALOMAR POMERADO 05A MES BB PROJECT
ACCOUNT NUMBER 18040501

STATEMENT OF ASSETS

PAR VALUE/SHARES	DESCRIPTION	COST VALUE / UNIT COST	MARKET VALUE / UNIT PRICE	UNREALIZED GAIN/LOSS	ACCRUED INCOME
CASH EQUIVALENTS					
4,888,615.16	WELLS FARGO ADVANTAGE GOVERNMENT MONEY MARKET SERVICE - #743	4,888,615.16 1.000	4,888,615.16 1.000	0.00	30,473.92
TOTAL CASH EQUIVALENTS		4,888,615.16	4,888,615.16	0.00	30,473.92
TOTAL INVESTMENTS		4,888,615.16	4,888,615.16	0.00	30,473.92



1458808440034*

CASH SUMMARY
FOR THE PERIOD JUNE 1, 2007 THROUGH JUNE 30, 2007

PALOMAR POMERADO O5A MES BB PROJECT
ACCOUNT NUMBER 18040501

CASH SUMMARY

DESCRIPTION	PRINCIPAL CASH	INCOME CASH
BEGINNING BALANCE	0.00	0.00
RECEIPTS		
NET INTEREST COLLECTED	0.00	41,537.76
TRANSFER RECEIPTS	41,537.76	0.00
CASH MANAGEMENT SALES	5,323,369.22	0.00
TOTAL CASH RECEIPTS	5,364,906.98	41,537.76
DISBURSEMENTS		
OTHER CASH DISBURSEMENTS	5,323,369.22-	0.00
TRANSFER DISBURSEMENTS	0.00	41,537.76-
CASH MANAGEMENT PURCHASES	41,537.76-	0.00
TOTAL CASH DISBURSEMENTS	5,364,906.98-	41,537.76-
ENDING BALANCE	0.00	0.00

STATEMENT OF TRANSACTIONS
FOR THE PERIOD JUNE 1, 2007 THROUGH JUNE 30, 2007

PALOMAR POMERADO O5A MES BB PROJECT
ACCOUNT NUMBER 18040501

STATEMENT OF TRANSACTIONS

DATE	PAR VALUE/SHARES	DESCRIPTION	PRINCIPAL CASH	INCOME CASH	COST VALUE	REALIZED GAIN/LOSS
		<u>BEGINNING BALANCE</u>	<u>0.00</u>	<u>0.00</u>	<u>10,170,446.62</u>	
06/01/07		INTEREST RECEIVED WF ADV GOVERNMENT MM FD-SVC #743 INTEREST FROM 5/1/07 TO 5/31/07		41,537.76		
06/01/07		TRANSFER TO PRINCIPAL TRANSFER FROM INCOME TO PRINCIPAL		41,537.76-		
06/01/07		ADDITION TO ACCOUNT TRANSFER FROM INCOME TRANSFER FROM INCOME TO PRINCIPAL	41,537.76			
06/05/07		WIRE DISBURSEMENTS PAID TO PALOMAR POMERADO HEALTH TO PAY REQUISITON #15	2,603,668.80-			
06/28/07		WIRE DISBURSEMENTS PAID TO PALOMAR POMERADO HEALTH TO PAY REQUISITON #16	2,719,700.42-			
06/30/07	41,537.76	CASH SWEEP PURCHASES FOR STMT PERIOD WF ADV GOVERNMENT MM FD-SVC #743 1 TRANSACTION	41,537.76-		41,537.76	
06/30/07	5,323,369.22-	CASH SWEEP SALES FOR STMT PERIOD WF ADV GOVERNMENT MM FD-SVC #743 2 TRANSACTIONS	5,323,369.22		5,323,369.22-	
		<u>ENDING BALANCE</u>	<u>0.00</u>	<u>0.00</u>	<u>4,888,615.16</u>	



485808440044

CASH MANAGEMENT TRANSACTION JOURNAL
FOR THE PERIOD JUNE 1, 2007 THROUGH JUNE 30, 2007

PALOMAR POMERADO O5A MES BB PROJECT
ACCOUNT NUMBER 18040501

CASH MANAGEMENT TRANSACTION JOURNAL

DATE	PAR VALUE/SHARES	DESCRIPTION	PRINCIPAL CASH	INCOME CASH
06/01/07	41,537.76	PURCHASED WF ADV GOVERNMENT MM FD-SVC #743	41,537.76-	
06/05/07	2,603,668.8	SOLD WF ADV GOVERNMENT MM FD-SVC #743	2,603,668.80	
06/28/07	2,719,700.42	SOLD WF ADV GOVERNMENT MM FD-SVC #743	2,719,700.42	
WF ADV GOVERNMENT MM FD-SVC #743				
		TOTAL PURCHASES/DEPOSITS	41,537.76-	0.00
		TOTAL SALES/WITHDRAWALS	5,323,369.22	0.00

ATTACHMENT C

**PALOMAR POMERADO HEALTH
BLDG EXPANSION EXPENDITURES**

(THRU DRAW #018 REV DRAW #007)

ACTIVITY THROUGH 6/30/2007

SORT: VENDOR NAME

Honorariums Pending Reversal

<i>VENDOR NAME</i>	<i>VENDOR #</i>								
<i>BOND TYPE</i>	<i>SUBMISSION</i>	<i>CEQA</i>	<i>REIMBURSEME</i>	<i>INVOICE</i>	<i>CHECK-DATE</i>	<i>CK #</i>	<i>BANK CHK AMT</i>	<i>AC POSTING</i>	<i>DESCRIPTION</i>
<i>FUND</i>	<i>STATUS</i>	<i>LOCATION</i>	<i>NT DATE</i>					<i>DATE</i>	
<i>ADAMS, JIM</i>		999005549							
GO	CIPS	DRAW #010	11/01/2006	EXPERT PANEL/MTG	10/9/2006	72028	705.02	9/30/2006	HONORARIUM TO BE REVERSED
GO	CIPS	DRAW #014	04/26/2007	REIMB-MTG 2/2/07	3/5/2007	81009	593.41	2/28/2007	HONORARIUM TO BE REVERSED
SUM --- ADAMS, JIM (2 detail records)							1,298.43		
<i>DE CRESCENZO, NEIL E.</i>		16403							
GO	CIPS	DRAW #006	6/07/2006	EXPERT PANEL 1/30/	3/6/2006	58090	2,356.91	2/28/2006	HONORARIUM TO BE REVERSED
SUM --- DE CRESCENZO, NEIL E. (1 detail record)							2,356.91		
<i>SAFE BY DESIGN</i>		16926							
GO	CIPS	DRAW #008	09/21/2006	PPHC20060721	8/7/2006	68003	3,062.64	7/31/2006	HONORARIUM TO BE REVERSED
GO	CIPS	DRAW #011	12/09/2006	PPHC20061010	10/30/2006	73200	2,924.14	10/30/2006	HONORARIUM TO BE REVERSED
SUM --- SAFE BY DESIGN (2 detail records)							5,986.78		
Grand Total (5 detail records)							9,642.12		

ATTACHMENT D

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 10

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").

2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.

3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$2,861,203.61

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 10/30/06

Palomar Pomerado Health

By: 
Authorized District Representative

August 29, 2007

Dania D. Samai, Trust Officer
Wells Fargo Bank
707 Wilshire Blvd., 17th Floor
Los Angeles, CA 90017

RE: Palomar Pomerado Health Project Draw #17 of May 31, 2007

Attached find Palomar Pomerado Health's ("PPH") request for reimbursement of \$950,597.47 from the 2005 G.O. Bond Project fund account #1804-0501. Please send these funds to the same bank account previously used to send funds to PPH. To reconfirm, our account number at Bank of America is 14504-50006.

Attached please find a:

- Signed Measure BB project Fund Requisition form
- List of amounts paid by PPH to vendors sorted alphabetically
- Copies (same as order list) of the vendor invoices and checks supporting the expenses.

Please call me at (760) 480-7995, if you have any questions.

Regards,



Tim Nguyen
Corporate Controller
Palomar Pomerado Health

Exhibit B

[Form of Series 2005A Measure BB Project Fund Requisition]

Requisition No. 17

Series 2005A Measure BB Project Fund

The undersigned, Robert A. Hemker, hereby certifies as follows:

1. I am Chief Financial Officer of Palomar Pomerado Health, a local health care district duly organized and existing under the laws of the State of California (the "District").
2. Pursuant to the provisions of that certain Paying Agent Agreement, dated as of [June 1], 2005 (the "Paying Agent Agreement"), between the District and Wells Fargo Bank, National Association, as paying agent (the "Paying Agent"), I am an Authorized District Representative (as such term is defined in the Paying Agent Agreement) and I am delivering this Requisition on behalf of the District. All capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Paying Agent Agreement.
3. The undersigned, acting on behalf of the District, does hereby authorize disbursement of funds from the Series 2005A Measure BB Project Fund created pursuant to Section 3.04 of the Paying Agent Agreement to the parties, in the amounts and for the purposes set forth in Schedule I hereto.

TOTAL DISBURSEMENT AMOUNT AUTHORIZED: \$950,597.47

The undersigned, acting on behalf of the District, hereby certifies that: (a) each item relates to a Project for which CEQA Compliance has been achieved; (b) obligations in the amounts set forth in Schedule I attached hereto have been incurred by the District and are presently due and payable; (c) each item is a proper charge against the Series 2005A Measure BB Project Fund; (d) each item has not been previously paid from the Series 2005A Measure BB Project Fund; and (e) there has not been filed with or served upon the District notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the amounts payable to any of the persons named in such Requisition, which has not been released or will not be released simultaneously with the payment of such obligation, other than materialmen's or mechanics' liens accruing by mere operation of law.

Dated: 8/29/07.

Palomar Pomerado Health

By: 

Authorized District Representative

for Robert A Hemker.