

Palomar Pomerado Health
BOARD OF DIRECTORS
SPECIAL BOARD MEETING
Palomar Medical Center, Graybill Auditorium, Escondido
Wednesday, January 21, 2004

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:35 pm Quorum comprised Directors Bassett, Berger, Kleiter, Krider, Larson, Rivera, Scofield		
OTHER ATTENDEES	Executive Management Team; James Otoshi, MD, Chief of Staff, PMC; Robert Trifunovic, MD, Chief of Staff elect, PMC; Paul Tornambe, Chief of Staff elect, Pomerado; Consultants Catherine Lew and Dianne Hathaway; <i>Regrets</i> – Alan Conrad, MD, Chief of Staff, Pomerado		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS	None		
SELECTION OF INVESTMENT BANKER for BOND FINANCING	<p>Bob Hemker, CFO, provided a verbal background report on our financial strategy in preparation for issuance of bond financing (G.O. or Revenue Bond), and stated he was in the process of formulating the necessary Finance Team, including Ms Ellen Riley of Kaufman, Hall & Assoc., Ms Catherine Lew of Lew Edwards, internal staff from our Finance Department together with the need to bring in an Investment Banker as well as Bond Counsel.</p> <p>An RFP for Investment Banker had been drawn up in mid-October, 2003 and Proposals received from interested Bankers October 31, 2003. Evaluation of Responses occurred during the early part of November, 2003 with initial interviews with six Bankers meeting pre-established Criteria during the latter part of</p>		

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	November, 2003. A finalist interview team met with three finalist Bankers on January 10, 2004.		
	<p>Bob Hemker noted that the finalist Bankers were all qualified and represented significant bond experience, including revenue bonds and GO bonds, market knowledge, financing strategies, fee structure, etc. The recommended Banker would serve PPH well in formulating financing strategy and placement of the necessary financing to accomplish the facility replacement and expansion strategy. Underwriter's fees and other costs associated with bond financing would be funded from bond proceeds.</p> <p>Mr. Hemker then made a Staff recommendation that as a result of the finalist interviews, Citigroup Global Markets be proposed as the Investment Banker for Bond Financing for Palomar Pomerado Health..</p> <p>Mr. Hemker commended those involved, particularly Director Rivera, Chair of Finance Committee, with reaching this decision noting that that we need to raise money that it is for a realistic and attainable project, and that our good credit rating, vision and culture combined with stable management under the leadership of an outstanding CEO have culminated in bringing this to fruition. All groups involved feel comfortable about the matter and are very positive in moving forward. North San Diego County has a high growth rate with great need for facilities expansion, and a bond such as a G.O. Bond would be of major importance in the future healthcare of the community.</p> <p>Director Rivera also commented on these aspects, stating that he wanted everyone to speak freely asking whatever questions they</p>		

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	<p>wished.</p> <p>Further discussion ensued and following an inquiry from Director Kleiter as to how the underwriters may be paid under the bond issue, it was noted that the Bankers would cover the underwriters' fees.</p>	<p>MOTION: by Kleiter, 2nd by Rivera and unanimously approved as submitted, that the recommendation of Investment Banker for Bond Financing Related to Facility Replacement and Expansion for Palomar Pomerado Health be Citigroup Global Markets, Inc. All in favor. None opposed.</p>	
<p>SELECTION OF BOND COUNSEL</p>	<p>Bob Hemker relayed that in preparation of issuance of bond financing (Revenue and/or GO), management was in the process of formulating the requisite Financing Team as stated earlier in the meeting. A key member of that team would be the Bond Counsel.</p> <p>As a result of a comprehensive review process including pre-qualification discussions Requests for Qualifications, Finalists interviews and assessment of fit with the Financing Team, and including in the process Ms Ellen Riley of Kaufman Hall engaged as our Financial Advisors for the process.</p> <p>Bob Hemker continued that a finalist interview team met with three Bond Counsels and Management recommends approval of Orrick Herrington & Sutcliffe as Bond Counsel for Palomar Pomerado Health.</p> <p>Bond Counsel fees and other associated costs with bond financing would be funded from bond proceeds.</p> <p>Michael Covert commented that such Bond Counsel can serve us in the best possible way for not only the bond holders but for PPH. Director Kleiter agreed noting that it is important from a legal standpoint to have such Bond Counsel.</p>	<p>MOTION: by Kleiter, 2nd by Bassett and unanimously approved as submitted, that the recommendation of Bond Counsel for Bond Financing Related to Facility Replacement and Expansion for Palomar Pomerado Health be Orrick Herrington & Sutcliffe. All in favor. None opposed.</p>	

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	Chairman Larson sincerely thanked Director Rivera for taking time out of his busy medical practice to assist us in reaching this point.		
ADJOURNED TO CLOSED SESSION.	8:05 p.m.	No reportable action	
RESUMPTION OF OPEN SESSION	9:03 p.m.		
FINAL ADJOURNMENT	9:05 p.m.		
SIGNATURES <ul style="list-style-type: none"> ▪ Board Secretary ▪ Board Assistant 	<hr/> Nancy L. Bassett, R.N., M.B.A. <hr/> Christine D. Meaney		

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