

**Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING**
Pomerado Hospital, Meeting Room E, Poway
Monday, May 8, 2006

| AGENDA ITEM | DISCUSSION | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|--------------------------------------|---|---|-----------------------------|
| CALL TO ORDER | 6:30 pm Quorum comprised Directors Bassett, Greer, Kleiter, Krider, Larson, Rivera (and Mr. Gary L. Powers to be subsequently sworn in as appointed Board Member). | | |
| OPENING CEREMONY | The Pledge of Allegiance was recited in unison, followed by an inspirational reading by Chaplain Hard on behalf of Chaplain Walden (<i>attached</i>). | | |
| MISSION AND VISION STATEMENTS | <p>The PPH mission and vision statements were read by Director Krider, as follows:</p> <p><i>The mission of Palomar Pomerado Health is to heal, comfort and promote health in the communities we serve.</i></p> <p><i>The vision of PPH is to be the health system of choice for patients, physicians and employees, recognized nationally for the highest quality of clinical care and access to comprehensive services.</i></p> | | |
| NOTICE OF MEETING | Notice of Meeting was mailed consistent with legal requirements | | |
| OATH OF OFFICE | Mr. Gary L. Powers, having been successfully nominated to the PPH Board of Directors on April 28, 2006 to fill the seat vacated by Mrs. Nancy H. Scofield effective May 1, 2006, was sworn in making him an official member of the PPH Board of Directors. The Oath of Office was administered by Jim Roth, Esq, Board Member, San Diego North Chamber of Commerce Board of Directors. | Chairman Rivera congratulated Director Powers to the Board noting there had been open candidate interviews and from many highly qualified candidates, Mr. Powers was the Board's unanimous choice. He then read out Mr. Powers' background noting that he is President and CEO of the San Diego North Chamber of Commerce and | |

| AGENDA ITEM | DISCUSSION | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|--|--|--|-----------------------------|
| | | that it was a pleasure to have Mr. Powers on the the Board. | |
| SERVICE AWARD PIN | Chairman Rivera, in welcoming Director Powers, presented him with a Service Award Pin upon his assuming office. | | |
| PUBLIC COMMENTS <ul style="list-style-type: none"> • Ms Terri Law | Ms Terri Law of Ramona and a Stat RN – contract, spoke regarding the last contract when over 200 nurses were hired. However, they now felt that upper management seemed to want more control. She continued that the Stat RNs had not had a raise in three years and that continuity was important and felt that nurses were the “go-betweens” and needed more control over schedules and urged management to complete the new contract on time. | Chairman Rivera thanked Ms Law for taking the time to address the Board in this regard. | |
| <ul style="list-style-type: none"> • Mr. Donald Bush | Mr. Donald Bush, of Oceanside, representing Rehab Dept and CHEU referred to union issues concern from employees, referring to some employees who were pro-union or anti-union and that some had claimed they signed letters they had not meant to sign. It was claimed that PPH management was working against employees, referencing reducing pensions/pay. In representing his co-workers he was concerned about patient care. | Chairman Rivera thanked Mr. Bush, noting that he respected everything Mr. Bush did for his patients and that everything will be worked out amongst themselves. | |
| <ul style="list-style-type: none"> • Mr. Colin Henlapaernen | Mr. Henlapaernen, RN on staff at PPH for three years, relayed that he represented CNA and was concerned about the nursing contract and patient-nurse advocacy, noting the need for a strong bond between nurse and patient. He also stated the need for a Lift Team 24/7 to prevent a mass exodus of nurses. | Chairman Rivera thanked the speaker for attending and appreciated we were in the process of union negotiations. However, he would like to see many more people as attended that evening attend our Board meetings on a regular basis. We hoped to reach a successful conclusion of negotiations of benefit to all. | |
| <ul style="list-style-type: none"> • Ronald Feldman, MD., • Mark Zakko, M.D., • Mark Kadden, MD., and • Pritam Singh, M.D. | Dr. Feldman, with Drs Zakko, Kadden and Singh present, addressed the Board referring to the Escondido Endoscopy Services and wished to obtain a PPH contract for outpatient endoscopy. He then relayed the background leading to this matter, referring to the opening of the Parkway Endoscopy Center in the fall of | Chairman Rivera thanked Dr. Feldman and his group for taking their time to attend that evening to address the Board, but felt that as this was a business matter, Dr. Feldman should have contact with Dr. Levenson, and continue to work | |

| AGENDA ITEM | DISCUSSION | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|---|--|--|-----------------------------|
| | 2004 as an extension to their offices, as a result of the apparent uncertainty of allowing the group to perform procedures on many of their HMO patients at Escondido Surgery Center. <i>(Presentation attached to original minutes).</i> | with him in this regard. | |
| APPROVAL OF MINUTES <ul style="list-style-type: none"> • April 10, 2006 Regular • April 25, 2006 Special | | MOTION: by Krider, 2 nd by Kleiter and carried to approve the April 10, 2006 minutes as submitted. All in favor. None opposed. MOTION: by Kleiter, 2 nd by Larson and carried to approve the April 25, 2006 minutes as submitted. All in favor. None opposed. | |
| APPROVAL OF AGENDA to accept the Consent Items as listed A-D, plus F (ICOC Minutes); G (Resignation from the ICOC of Lee Human, MD & recommendation to fill vacancy); and H (Governance Committee April 11, 2006 Revisions to current Board Policies GOV-20; GOV-25; and QLT-31 as submitted) - excepting E – Admin Services Agreements PMC, to be separated out allowing for possible conflicts of interest | | MOTION: by Kleiter, 2 nd by Bassett and carried to approve the Consent Items listed A-D and F, G and H as submitted with item E separated out for subsequent consideration. All in favor. None opposed. | |
| APPROVAL OF AGENDA to accept Consent Item E. as listed- Administrative Services Agreements PMC (Jan 1, 2006 – Dec 31, 2007) | Agreements regarding: Chief of Staff – Robert D. Trifunovic, MD Chief of Staff elect – John J. Lilley, MD Chairman, Dept of Orthopaedics – Paul Milling, MD Chairman, Dept of Medicine – John J. Lilley, MD Chairman, Dept of Anesthesia – Pierre Lotzof, MD Chairman, Dept of Emergency Medicine – Jaime Rivas, MD Chairman, Dept of Family Practice – Nicholas Jauregui, MD Chairman, Dept of Radiology – Gary Spoto, MD | MOTION: by Kleiter, 2 nd by Bassett and carried to approve the Consent Item listed E – Administrative Services Agreements PMC (Jan 1, 2006 – Dec 31, 2007) as submitted. All in favor. None opposed. Director Greer abstained. | |

| AGENDA ITEM | DISCUSSION | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|---|---|--|-----------------------------|
| | Chairman, Department of OB/GYN – Gregory Langford, MD Chairman, Dept of Pediatrics – David Golembeski, MD Chairman, Dept of Trauma – Thomas S. Velky, MD Chairman, Dept of Pathology – Lachlan Macleay, MD Chairman, Quality Management Committee – Daniel Harrison, MD | | |
| PRESENTATION | | | |
| <ul style="list-style-type: none"> ▪ Review of Neighborhood Healthcare | <p>Tracy Ream, CEO, Neighborhood Healthcare and James Schultz, MD, Chief Medical Officer, Neighborhood Healthcare provided an overview of activities of Neighborhood Healthcare, formerly known as Escondido Community Health Center from which it had grown to nine locations. Services include Pediatric and Adult Primary Care; Prenatal/Childbirth preparation; HIV testing/counseling; Dental Care; Behavioral Health; Health Promotion/Outreach; SNF and Inpatient Care. An estimated 206,000 outpatient and inpatient visits will be provided this year to 65,000 children and adults. The numbers have steadily increased and include many adults who may have lost their jobs, or who have jobs but with little or no health insurance.</p> <p>(Copy presentation attached to original minutes).</p> <p>Toward the end of their presentation, Ms Ream issued invitations to the Board to attend the <u>Orfila Winery /Auction fund-raiser June 3.</u></p> | <p>Chairman Rivera thanked Ms Ream and Dr. Schultz for their informative report and important work in the community.</p> | |
| <ul style="list-style-type: none"> ▪ PPH Skilled Nursing Facilities Services Update | <p>Steve Gold presented a Skilled Nursing Facilities update (copy attached to original minutes). The presentation covered both PCCC and Villa Pomerado, noting additional cash flows, census mix at both facilities, improved utilization and case management, quality improvements and renovation updates.</p> | <p>Chairman Rivera thanked Mr. Gold for his report to the Board, noting the excellent work that was being done.</p> | |

4

| AGENDA ITEM | DISCUSSION | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|---|---|--|-----------------------------|
| | He also relayed future visions for senior care. | | |
| REPORTS | | | |
| Medical Staff | | | |
| Palomar Medical Center | | | |
| <ul style="list-style-type: none"> ▪ Credentialing | <p>Robert D. Trifunovic, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.</p> | <p>MOTION: by Kleiter, 2nd by Bassett and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. None opposed.</p> <p>Directors Greer and Larson abstained to avoid potential conflict of interest.</p> | |
| <ul style="list-style-type: none"> ▪ Credentialing | <p>Robert D. Trifunovic, MD., Chief of PMC Medical Staff, presented PMC's further request for approval of Credentialing Recommendations of Patrick M. O'Meara, MD through 04/30/2007.</p> <p>Chairman Rivera was aware of this matter that was being handled on which the MEC and JRC had been working. The last recommendation by the Board was for 90 days credentialing through 05/28/2006. Chairman Rivera proposed that a 30-day reappointment from that date for the extension of privileges be made, which would allow time through June 27, 2006.</p> | <p>MOTION: by Kleiter, 2nd by Greer and carried to approve a 30-day only extension reappointment for Patrick M. O'Meara, MD from 05/28/2006 through June 27, 2006.</p> <p>All in favor. None opposed.</p> | |
| Escondido Surgery Center | | | |
| <ul style="list-style-type: none"> ▪ Credentialing | <p>Marvin W. Levenson, MD, Administrator/ Medical Director of the Escondido Surgery Center, presented requests for approval of Credentialing Recommendations.</p> | <p>MOTION: by Kleiter, 2nd by Bassett and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the Escondido Surgery Center, as presented. None opposed.</p> <p>Director Greer abstained to avoid potential conflict of interest.</p> | |

| AGENDA ITEM | DISCUSSION | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|--|--|--|-----------------------------|
| Pomerado Hospital | | | |
| <ul style="list-style-type: none"> ▪ Credentialing | <p>Paul E. Tornambe, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.</p> | <p>MOTION: by Kleiter, 2nd by Bassett and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented. None opposed. Directors Greer and Larson abstained to avoid potential conflict of interest.</p> | |
| Administrative | | | |
| Chairperson - Palomar Pomerado Health Foundation | Ms Pauline Getz | | |
| | <p>Ms Getz offered condolences on the recent loss of Director Bassett's son.</p> <p>She then offered hearty congratulation to Mr. Gary Powers and his wife, Sharon, on Mr. Powers' successful appointment to the PPH Board of Directors and wished him well, noting that he had been invited to attend their Foundation Board meetings and she looked forward to introducing him.</p> <p>Ms Getz continued that a Marketing Plan for the Foundation is in process and that the development of the website continues. A Foundation Bylaws Committee was also underway. A 2-hour development presentation was planned when staff would provide an in-depth report.</p> <p>Ms Getz relayed that she would not be present at the June 12 PPH Board Meeting June as she will be acting as the Parliamentarian for the Episcopal Church. Mr. Al Stehly will take her place on that occasion.</p> | <p>Chairman Rivera sincerely thanked Ms Getz for her Foundation report, noting her passion for the Foundation and the community and that it was a pleasure to have her at our Board meetings.</p> | |

| AGENDA ITEM | DISCUSSION | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|---|--|--------------------|---|
| Chairman of the Board - Palomar Pomerado Health | Marcelo R. Rivera, MD | | |
| <ul style="list-style-type: none"> • Congratulations – Mr. Gary L. Powers | <p>Chairman Rivera again congratulated Director Powers on his selection to the PPH Board, noting that all the candidates were outstanding and thanked everyone who had applied.</p> | | |
| <ul style="list-style-type: none"> • Condolences | <p>Chairman Rivera expressed deeply felt condolences to Director Bassett on the recent loss of her son, noting that it had been a very difficult time during which Director Bassett had conducted herself in a purposeful manner when in public and for which she was to be commended.</p> <p>Director Bassett thanked Dr. Rivera for his kind words which were deeply appreciated and thanked all who support her and her family with cards and prayers and the memorial service held at Graybill.</p> | | |
| <ul style="list-style-type: none"> • National Volunteer Week | <p>Chairman Rivera noted that National Volunteer Week was April 24 and he was proud to attend the week's events and particularly the Annual Volunteer Luncheon honoring our volunteers to whom we owed much.</p> | | |
| <ul style="list-style-type: none"> • CHA/AHA Annual Meeting, Washing, DC April 30 – May 4, 2006 | <p>Chairman Rivera reported that he, together with Director Krider and Michael Covert had attended the Annual CHA/AHA Meeting in Washington, DC. He attended a number of programs and Director Krider brought back some ideas from the meetings that were held, particularly regarding legislative/community relations, etc. Director Krider then relayed the information and ideas obtained.</p> <p>Chairman Rivera had brought back several pieces of information from these meetings including the Baldrige criteria for excellence and Canadian comparative healthcare statistics. Architectural plans, Human Rights, and extensive "greening" of roofs in construction that added a cooling environment were amongst many items discussed and for which</p> | | <p>Copies of informational brochures from the CHA/AHA Annual Meeting had since been circulated to the full Board.</p> |

| AGENDA ITEM | DISCUSSION | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|---|--|---|-----------------------------|
| | he requested that these information brochures be circulated to the full Board. | | |
| <ul style="list-style-type: none"> • Re-certification of CEO as a Fellow in the ACHE | Chairman Rivera was proud to announce that Mr. Michael H. Covert, President and CEO of Palomar Pomerado Health had been re-certified as a Fellow in the American College of Healthcare Executives, as out of about 1500 Fellows, only 300-500 have been re-certified by ACHE. | | |
| <ul style="list-style-type: none"> • Health Development Board Vacancy | Chairman Rivera requested a motion to appoint Mr. Gary L. Powers as a Board Member of the Palomar Pomerado Health Development Board to fill the vacancy created by Director Scofield's resignation. | MOTION: by Rivera, seconded and carried that Director Gary L. Powers be appointed to the Board of the Palomar Pomerado Health Development Board to fill the vacancy created by Director Scofield's resignation. All in favor. None opposed. | |
| President and CEO | Michael H. Covert | | |
| <ul style="list-style-type: none"> • Pomerado Foundation and Superstructure | Mr. Covert stated that in order to purchase steel and move the Pomerado expansion forward, we had an opportunity to visit with our architects so as to have this be in the queue for relevant approvals through OSHPD. A motion was now requested for approval of the Pomerado Hospital Foundation and Superstructure. Brief discussion ensued. | MOTION: by Rivera, seconded and carried that approval be given for the Pomerado Foundation and Superstructure as presented. All in favor. None opposed. | |
| <ul style="list-style-type: none"> • PMC American College of Surgeons Trauma Re-certification Survey May 8 | Michael Covert stated that Ms Lorie Shoemaker, Ms Kim Colonnelli, and Mr. Gerald Bracht were with the ACS Surveyors that evening and as a result could not be present at the Board Meeting. | | |
| <ul style="list-style-type: none"> • National Hospital Week/Nurses' Weeks May 8-12 | Mr. Covert relayed that the week of May 8-12 provided an opportunity to recognize our nurses at Pomerado and PMC, including the presentation of gift baskets. All of our nurses were thanked for their contributions to our system. | | |
| <ul style="list-style-type: none"> • Annual Street Fairs | Annual Street Fairs held in Rancho Penasquitos May 7, and for Escondido May 21 and RB Alive June 4, were noted. | | |

| AGENDA ITEM | DISCUSSION | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|--|--|---|-----------------------------|
| <ul style="list-style-type: none"> Board Ethics Training May 12, 2006 | Mr. Covert conveyed that Board Ethics Training is now a 2-hour legal requirement and this was held on May 12, 2006. | | |
| <ul style="list-style-type: none"> Pomerado Auxiliary Installation Luncheon May 10, 2006 | The CEO reported his attendance at the Pomerado Auxiliary Installation Luncheon May 10 at Stoneridge Country Club, to which Board Members had also been invited. | | |
| <ul style="list-style-type: none"> VHA Annual Meeting May 22/AHA Governing Council May 31 | Michael Covert announced that he would be attending the VHA Annual meeting May 22 and also the AHA Governing Council May 31. | | |
| <ul style="list-style-type: none"> World Health Network | Mr. Covert referred to a meeting with a World Health Network representative who expressed interest in Ramona and Valley Center Clinics but noted that we would not be duplicating each other. | | |
| <ul style="list-style-type: none"> Foundation Update | Mr. Covert stated that candidate interviews for the Foundation Executive position are taking place. | | |
| <ul style="list-style-type: none"> Dennis Leahy, M.D. | The CEO referred to a recent newspaper article highlighting the positive work done by Dr. Leahy in the door to catheterization time and recognizing his important and effective efforts in San Diego County in the saving of lives. | | |
| INFORMATION ITEMS | <i>Discussion by exception only</i> | | |
| <ul style="list-style-type: none"> Human Resources | | | |
| <ul style="list-style-type: none"> Strategic Planning | | | |
| <ul style="list-style-type: none"> Internal Audit | | | |
| <ul style="list-style-type: none"> Governance | | | |
| COMMITTEE REPORTS | | | |
| Finance | <p>Director Kleiter commented on the quarterly update from Mr. Hemker on the financials and that if anyone wanted a refresher, he is more than willing to go over that report.</p> <p>In addition, the same team that met with the bond insurers will be meeting with Moodys to make our presentation to them.</p> | | |
| | Mr. Hemker, CFO, in reference to item G. under the previous Consent Items approved | The Board generally agreed with the suggested timeline by Mr. Hemker of | |

| AGENDA ITEM | DISCUSSION | CONCLUSIONS/ACTION | FOLLOW-UP/RESPONSIBLE PARTY |
|---|--|---|-----------------------------|
| | <p>earlier in the meeting, requested guidance on the timeline that the Board needs to have the Vacancy Notice posted for the ICOC Committee. He suggested a 3-week posting with a deadline of close of business on Wednesday, May 24, 2006, as this would allow the community that amount of time for interested parties to apply.</p> | <p>a 3-week posting of Vacancy Notice for the ICOC Committee vacancy, with a deadline of close of business Wednesday, May 24, 2006.</p> | |
| <p>BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH</p> | <p>Director Larson wished to second Chairman Rivera's congratulation to Mr. Michael Covert on his re-certification as a Fellow in the ACHE. He noted that we have a stellar leader and we can be proud of Mr. Covert's and PPH's achievements.</p> <p>Director Larson also commended Dr. Leahy and the recent press article, noting that we have made great progress in this area.</p> <p>Director Powers relayed that he was surprised and honored to first hear that he had been selected to be a Board Member with PPH and had been reviewing the Board materials in advance of his first meeting. He noted that Mary Coalson had given much time to the Rancho Penasquitos Street Fair as she had remained on site, and on occasion without a shade canopy until one was brought to her. He was deeply grateful for her efforts.</p> <p>Chairman Rivera also praised Mr. Covert for his ACHE Fellowship re-certification achievement. He then referred to Dana Richardson, Gustavo Friederichsen's counterpart at Paradise Hospital, and that in National City a hospital was being built to maximum use to accommodate nurses, some employees and SNFs. He suggested that Gustavo work through Dana to help in setting up a site visit there.</p> <p>In addition, Chairman Rivera reported that</p> | | |

