

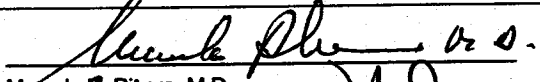
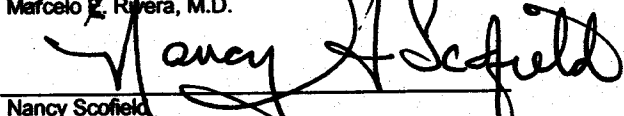
Palomar Pomerado Health
SPECIAL BOARD MEETING WITH RESPECT TO FY2006 OPERATING & CAPITAL BUDGETS

Pomerado Hospital, 15615 Pomerado Road, Poway, CA 92064

Meeting Room E

Tuesday, June 28, 2005, Meeting Minutes

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
MEETING CALLED TO ORDER	5:59 p.m. by Chairman of the Board Marcelo Rivera, who called the roll.		
ESTABLISHMENT OF QUORUM OF THE BOARD	By roll call: Directors Nancy Bassett, R.N., Linda Greer, R.N., Ted Kleiter, Alan Larson, M.D., Marcelo Rivera, M.D., and Nancy Scofield Absent: Director Bruce Krider		
ATTENDANCE (CLOSED SESSION)	Also in attendance were: Michael Covert, Dr. Paul Tomambe, M.D., Bob Hemker, Gerald Bracht, Jim Flinn and Finance Committee Secretary Tanya Howell. Guests: Sharon Andrews, LeAnne Cooney, Diane Hansen, Marcia Jackson, Mary Oelman, Opal Reinbold, Mike Shanahan, Genie Tanksley; Tom Chessum of Anshen + Allen.		
ADJOURNMENT TO CLOSED SESSION	After roll call, the meeting adjourned to Closed Session, pursuant to California Government Code §54956.8: Property: Escondido Research & Technology Site (ERTC) 6.6 Acres Known as Proposed Parcels 27-29 and 30-36 Agency Negotiator: Robert Hemker, CFO, PPH Negotiating Parties: James McCann and Robert Hemker Under Negotiation: Instruction to Negotiator Will Concern Agency's Interest in Land, Price and Terms of Payment Estimated Date of Public Disclosure: June 2005 ~ Possible Action	Meeting adjourned to Open Session. No actionable items.	
MEETING CALLED TO ORDER	6:51 p.m. by Chairman of the Board Marcelo Rivera who turned the meeting over to Ted Kleiter, Chairman of the Finance Committee.		
ATTENDANCE (ADDITIONAL GUESTS – OPEN SESSION)	Guests: Staff: Gustavo Friederichsen Press & Public: Quinn Eastman, North County Times; Sylvia Hampton.		
NOTICE OF MEETING	The notice of meeting was mailed before close of business on Friday, June 24, 2005, which is consistent with legal requirements.		
PUBLIC COMMENTS	There were no public comments.		
INFORMATION ITEM	Michael Covert presented Director Bassett with a Cause for Applause award from the staff at Home Health for her assistance in helping them to obtain funding for telemonitors.		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
OPERATING AND CAPITAL BUDGETS FOR FY2006	<p>Chairman Kleiter turned the meeting over to Bob Hemker. Mr. Hemker reviewed the FY2006 Operating & Capital Budgets via the attached presentation. Discussion ensued.</p> <ul style="list-style-type: none"> • 8% charge rate increase across inpatient and outpatient services – same as FY2005 • \$52 million in the budget related to Community Benefit • Bottom bottom line is \$18.2 million – remains on track with the ten-year plan; 8.4% growth from FY2005 • Operating Income - \$9.3 million • Net Income Margin – 4.7%; Operating EBITDA Margin with Property Tax – 10.5% • Nominal volume increase overall; surgeries increased at POM • Net Revenue increase – 4.2% year to year • Operating Expense increase – 4.1% year to year • Capital Budget: <ul style="list-style-type: none"> ○ \$14.5 million for replacement capital ○ \$.5 million new opportunity ○ Distributed into 5 pools: Clinical Equipment; Non-Clinical Equipment; Facilities Renovation & Refurbishment; Information Technology; and Strategic Programs 	<p>NOTE: Director Larson was excused from the meeting prior to the following votes.</p> <p>MOTION: By Director Bassett, seconded by Director Greer and carried by unanimous vote of remaining quorum of the Board to approve the FY2006 Operating Budget as presented.</p> <p>MOTION: By Director Bassett, seconded by Director Greer and carried by unanimous vote of remaining quorum of the Board to approve the FY2006 Capital Budget as presented.</p>	
ADJOURNMENT	<p>The meeting of the Board of Directors was adjourned at 7:20 p.m., with members of the Board invited to remain for the Finance Committee meeting, which followed immediately.</p>		
SIGNATURES: <ul style="list-style-type: none"> • CHAIRMAN • SECRETARY 	 Marcelo Z. Rivera, M.D.  Nancy Scofield		