

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
 Pomerado Hospital, Meeting Room E, Poway
 Monday, November 20, 2006

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:30 pm Quorum comprised Directors Bassett, Greer, Kleiter, Larson, Powers and Rivera. Regrets from Director Krider.		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison, followed by an inspirational reading <i>(attached)</i> by Chaplain Hard on behalf of Chaplain Walden.		
MISSION AND VISION STATEMENTS	<p>The PPH mission and vision statements are 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		
PUBLIC COMMENTS	None		
APPROVAL OF MINUTES <ul style="list-style-type: none"> • Regular Board Oct 9, 2006 • Joint Board/Strategic Planning Sept 19, 2006 		<p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the October 9, 2006 Regular Board minutes as submitted. All in favor. None opposed.</p> <p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the September 19, 2006 Joint Board/Strategic Planning Committee minutes as</p>	

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<ul style="list-style-type: none"> • Special Board Annual CEO Evaluation Jan 25, 2006 • Special Board Meeting Mar 31, 2006 		<p>submitted. All in favor. None opposed.</p> <p>MOTION: by Kleiter, 2nd by Bassett and carried to approve the January 25, 2006 Special Board Annual CEO Evaluation January 25, 2006 minutes as submitted. All in favor. None opposed</p> <p>MOTION: by Kleiter, 2nd by Bassett and carried to approve the March 31, 2006 Special Board minutes as submitted. All in favor. None opposed</p>	
<p>APPROVAL OF AGENDA to accept the Consent Items as listed including:</p> <p>Physn Recruitment Agreement – Serge Kaska, MD, Orthopedic Surgeon; Presentation of Physician Recruitment Agreements; ICOC Appt of Officers; and PPH Board Policies 3rd & 4th Qtrs Review Cycle</p>		<p>MOTION: by Kleiter, 2nd by Bassett and carried to approve the Consent Items as submitted. All in favor. None opposed.</p>	
PRESENTATION	None		
▪			
REPORTS			
Medical Staff			
Palomar Medical Center			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>John J. Lilley MD, for Robert D. Trifunovic, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations with the exception of Lien M. Khuat, N.P., Nurse Practitioner listed under Allied Health Professionals on page 102 of the packet, as Lien Khuat is no longer working at PPH.</p>	<p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, with the exception of Lien M. Khuat, N.P., as presented.</p> <p>All in favor. None opposed.</p>	

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		Directors Greer and Larson abstained to avoid potential conflict of interest.	
<ul style="list-style-type: none"> ▪ Credentialing – Patrick M. O’Meara, MD 	John J. Lilley MD, for Robert D. Trifunovic, MD., Chief of PMC Medical Staff, presented PMC’s request for approval of Credentialing Recommendations for Patrick M. O’Meara, MD, Orthopedic Surgery, effective 11/30/2006 – 04/30/2007.	<p>MOTION: by Kleiter, 2nd by Powers and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for Patrick M. O’Meara, MD, Orthopedic Surgery, effective 11/30/2006 – 04/30/2007 as submitted.</p> <p>All in favor. None opposed.</p> <p>Chairman Rivera thanked the Medical Staff at PMC for conducting this process in an efficient manner.</p>	
Escondido Surgery Center			
<ul style="list-style-type: none"> ▪ Credentialing 	Marvin W. Levenson, MD, Administrator/ Medical Director of the Escondido Surgery Center, presented requests for approval of Credentialing Recommendations.	<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.</p> <p>All in favor. None opposed.</p> <p>Directors Greer and Larson abstained to avoid potential conflict of interest.</p>	
Pomerado Hospital			
<ul style="list-style-type: none"> ▪ Credentialing 	Benjamin Kanter, MD., on behalf of Paul E. Tornambe, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital’s requests for approval of Credentialing Recommendations.	<p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented.</p> <p>All in favor. None opposed.</p> <p>Directors Greer and Larson abstained to avoid potential conflict of interest.</p>	
Administrative			
Chairperson - Palomar Pomerado Health Foundation	Mr. Al Stehly		
	Mr. Stehly presented his monthly report on the		

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	<p>Foundation's activities, noting the Benefits Fair promotion.</p> <p>Several Foundation Board Members and Staff attended a memorial service for Mrs. Helen Heller of Escondido, who had been a dedicated and active participant in the origins of Palomar Medical Center itself. The Foundation will be collecting much historical memorabilia from the Heller family regarding Palomar, which needs to be placed with PPH for the historical record.</p> <p>In addition, \$300,000 has been provided toward a new digital mammography unit via a fund-raiser coordinated with Saks Fifth Avenue.</p> <p>Mr. Matt McLaughlin has generously provided \$500,000 for the purchase of the DaVinci robot.</p> <p>Also, Duane and Darlene Farber have donated funds toward the Physical Therapy Department on the 9th Floor at PMC for which the Foundation is very appreciative.</p>	<p>Director Kleiter commented to Mr. Stehly that he hoped those items would be provided to the right people at PPH for safe keeping. It was agreed that all of these items be directed to the Board Office at Innovation Drive, c/o Ms Meaney.</p> <p>Mr. Stehly then suggested that Director Kleiter may wish to make a tape recording of his own historical comments regarding PMC/PPH as additional commentary.</p>	<p>The Foundation to provide historical memorabilia that may be received from the Heller family to the Board Office at Innovation Drive.</p> <p>Director Kleiter requested that he review those items once they are received in the Board Office.</p>															
<p>Chairman of the Board - Palomar Pomerado Health</p>	<p>Marcelo R. Rivera, MD</p>																	
<ul style="list-style-type: none"> • Unofficial Results of November 7, 2006 General Election 	<p>Chairman Rivera relayed the unofficial results of the November 7, 2006 General Election, noting that the four PPH Board incumbents who ran had been elected, and that there was a 20,000 vote difference between the 4th elected Board Member and a challenger. Unofficial results were as follows: Full 4-Year Term (Vote for 4)</p> <table border="0" style="width: 100%;"> <tr> <td>Alan W. Larson</td> <td style="text-align: right;">50,448</td> <td style="text-align: right;">23.99%</td> </tr> <tr> <td>Bruce G. Krider</td> <td style="text-align: right;">46,783</td> <td style="text-align: right;">22.25</td> </tr> <tr> <td>T. E. (Ted) Kleiter</td> <td style="text-align: right;">45,236</td> <td style="text-align: right;">21.51</td> </tr> <tr> <td>Gary L. Powers</td> <td style="text-align: right;">43,458</td> <td style="text-align: right;">20.67</td> </tr> <tr> <td>M. David Meagher</td> <td style="text-align: right;">24,333</td> <td style="text-align: right;">11.57</td> </tr> </table>	Alan W. Larson	50,448	23.99%	Bruce G. Krider	46,783	22.25	T. E. (Ted) Kleiter	45,236	21.51	Gary L. Powers	43,458	20.67	M. David Meagher	24,333	11.57	<p>Congratulations and thanks were conveyed to all those who had been elected to the Board.</p>	
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<ul style="list-style-type: none"> • “Palmy” Awards 	<p>At this point, Director Powers, on behalf of the San Diego North County Chamber of Commerce, requested that Jim Flinn and Michael Covert come forward as he had a presentation from Senator Hollingsworth in connection with PPH sponsorship for the Street Fairs, RB Alive and 4-S Ranch Fall Festival. Twelve “Palmy” Awards were made altogether and Director Powers commented on the excellent job that Tami Weigold had done in putting the whole package together. PPH received three “Palmy” Awards for Large Company Marketing Excellence; Large Company Best Practices; and Large Company Best Print Campaign.</p>	<p>Chairman Rivera thanked Director Powers for this presentation, and sincere congratulations were conveyed to all for these awards.</p>	
<ul style="list-style-type: none"> • Condolences 	<p>On behalf of the Board, Chairman Rivera conveyed sincere sympathy and condolences to Ms Pauline Getz on the recent passing of her father</p>		
<ul style="list-style-type: none"> • PPH High School Healthcare Academy Partnership with Ramona School District – acknowledgement of check re: GO-MED Program 	<p>Chairman Rivera referred to the GO-MED Program noting that local high schools are now very much involved in this program and that there are nearly 40 students in Ramona School District enrolled. All benefit from this, including the local community and the future of healthcare. Through the Foundation and Mr. Matt McLaughlin, to whom we owed special appreciation, we were able to raise the necessary funds to sponsor a teacher who is “dynamite” and who has a Masters’ Degree in Nursing. The students will experience a very rigorous curriculum. Also, Brad Wiscons is exposing other districts to the GO-MED Program.</p>		
<ul style="list-style-type: none"> • Poway Days Parade 	<p>The Poway Days Parade was a very successful event and the City of Poway has always been most appreciative of PPH representation.</p>		
<ul style="list-style-type: none"> • Congratulations to Candidates 	<p>Chairman Rivera, on behalf of the Board of Directors, extended his congratulations to all of the recent election candidates, including Ms Tina Pope of PPH who was re-elected to the Escondido School Board, the Mayor of</p>		

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	<p>Poway and incumbents, and the Mayor of Escondido, noting that Ms Lori Holtfeiler has a vision beyond her realm.</p> <p>Chairman Rivera then referred to a recent lawsuit against the City of Escondido concerning rental accommodation/residency status which the Mayor had spoken out against, and she had been re-elected. He noted that the Mayor was always in the minority for Palomar and Palomar West and it was her courage and wisdom that prevailed. The Mayor deserved a tremendous amount of credit.</p>		
<ul style="list-style-type: none"> 3rd Annual Physician Gala 	<p>Chairman Rivera referred to the successful 3rd Annual Physician Gala held October 21 and that Mr. Covert had pointed out we have many excellent Board Certified physicians who were not being recognized and this allowed us to do so. Examples were Dr. Paul Tornambe for Retinology, and Dr. Donald Bernstein, Anesthesiology, for his outstanding credentials and who had also undertaken research at NASA. The Gala was an outstanding event which was well attended.</p> <p>(At approx 7 p.m. Dr. Tornambe arrived in the meeting).</p>		
<ul style="list-style-type: none"> Health Ethics Trusts Best Compliance Practices Forum, Alexandria, VA 	<p>Chairman Rivera read out a November 18, 2006 letter regarding Mr. Covert having received "Fellow of the Trust Award" presented to him at the Health Ethics Trusts Best Compliance Practices Forum, Alexandria, Virginia.</p> <p>Chairman Rivera thanked Mr. Covert for leading the organization in this regard. In response, Mr. Covert thanked everyone at PPH for pursuing ethics and consistency, now and for the years ahead.</p>		
<p>President and CEO</p>	<p>Michael H. Covert</p>		
<ul style="list-style-type: none"> Acknowledgement of Election Results & 	<p>Mr. Covert acknowledged and thanked all of those who participated in the recent General Election.</p>		

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Outcome of Prop 86			
<ul style="list-style-type: none"> Prop 86 (Tobacco Tax) 	<p>Mr. Covert referred to the outcome of Prop 86 (Tobacco Tax) which was disappointing as this did not pass due it was felt as a result of enormous amounts spent by the tobacco companies against passage of this Proposition.</p>		
<ul style="list-style-type: none"> AHA 23rd Annual Leadership Retreat, Oct 11-13, Arizona 	<p>The CEO appreciated the opportunity to make a presentation to the leadership around the country at the AHA Annual Retreat. Three of our programs are going to be noted in their community report regarding outstanding programs throughout the country.</p>		
<ul style="list-style-type: none"> Annual Employee Awards Luncheon and Dinner Oct 30 & Nov 8 	<p>Mr. Covert commented that he had attended the Annual Employee Awards Luncheon and Dinner and that it was a great honor for him to recognize employees from between three years – 40 years employment with PPH.</p>		
<ul style="list-style-type: none"> Annual HASD&IC Meeting, Nov 2, San Diego 	<p>Michael Covert attended this meeting, noting that Director Kleiter had been selected as Incoming Chairman of ACHD – congratulations were extended.</p>		
<ul style="list-style-type: none"> Healthcare Design 06 Conference, Nov 6, Chicago 	<p>Marcia Jackson and Carrie Frederick presented at the Center for Healthcare Design Meeting. Ms Jackson submitted for a 50-minute break-out session and was selected for a two-hour pre-conference session. The meeting involved advisory groups, expert advisory panels and sharing with attendees what we thought worked and what we had learned. It was also good for us to reflect and how we participated in this session. There were about 140 attendees from around the country, which was excellent exposure for PPH.</p> <p>Director Kleiter commented that in conjunction with this, he had recently attended his physician's office where there was a magazine article regarding PPH and Anshen + Allen and felt we were getting visible attention. Mr. Covert acknowledged and all credit must go to Marcia Jackson, Carrie Frederick and Tom Chesham, architect.</p>		

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<ul style="list-style-type: none"> • SHRM Recognition/Marketing 	<p>Gustavo Frederickson was recognized at the National Healthcare Marketing and Communications session because PPH was recognized for the new website which was unique.</p> <p>Also, "Health Grades" recognized PPH for Women's Services and will be doing the same for Orthopedic Services.</p> <p>Ms Lorie Shoemaker from Nursing Spectrum had been recognized as one of the top five Nurse Executives and by Association of California Nurse Leaders, together with her team. Kudos to Ms Shoemaker.</p>		
<ul style="list-style-type: none"> • Upcoming Recognition of Ellen McKissick 	<p>Michael Covert relayed the upcoming recognition of Ellen McKissick for her work in establishing a Girl Scout Badge for Nursing.</p>		
<ul style="list-style-type: none"> • CAPE Site Visit 	<p>The CEO relayed that a CAPE site visit to PPH occurred recently whereby Chairman Rivera representing PPH and Mr. Covert met with the senior leader of the CAPE team. Initial feedback was that we are trying to match our mission and working towards a unified objective. The team was impressed and we were appreciative of having been honored for such a visit. A full report would be shared in January when we would be aware of the results as we continually strive to improve our performance.</p>		
<ul style="list-style-type: none"> • PPH Satellite Medical Center, Ramona 	<p>Michael Covert informed that we had closed escrow on the Ramona property and that meetings had been held with the Design Committee.</p>		
<ul style="list-style-type: none"> • In-house Legal Counsel 	<p>In-house Legal Counsel interviews were taking place and would include Attorneys Clif Elliott, Paul DeMuro and Cary Miller (Medical Staff) on the panel.</p>		
<ul style="list-style-type: none"> • 			
<p>INFORMATION ITEMS</p>	<p><i>Discussion by exception only</i></p>		
<ul style="list-style-type: none"> ▪ 			

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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
▪			
COMMITTEE REPORTS			
Finance	<i>T. E. Kleiter, Chair</i>		
<ul style="list-style-type: none"> 2007 Capitation Decisions 	<p>Director Kleiter briefly explained the background noting that discussions had been held with four medical groups. Approval of the Capitation policy as submitted was now requested.</p>	<p>MOTION: by Kleiter, 2nd by Greer and carried that PPH remain in capitation for Calendar Year 2007 with all four medical groups/IPA partners and that PPH adopt the proposed policy. All in favor. None opposed.</p> <p>Chairman Rivera abstained due to potential conflict of interest.</p>	
<ul style="list-style-type: none"> Draft Audited Consolidated Financial Statements as of and for Years ended June 30, 2006 and 2005, and Independent Auditors' Report 	<p>Director Kleiter submitted the Draft Audited Consolidated Financial Statements for approval. He stated this was a clean audit, but that these Draft Statements had been originally presented by Deloitte & Touche at the Special Board/Finance Committee meeting November 14. However in order to have time to adequately review, the Board had requested these be brought back for consideration to this November 20 Regular Board Meeting.</p>	<p>MOTION: by Kleiter, 2nd by Greer and carried that the Draft Audited Consolidated Financial Statements as of and for the Years ended June 30, 2006 and 2005, and Independent Auditors' Report be approved as submitted. All in favor. None opposed.</p> <p>Chairman Rivera abstained due to potential conflict of interest.</p>	
<ul style="list-style-type: none"> TEFRA HEARING related to 2006 Bond Issuance (Public hearing and approval to satisfy section 147(f) of Internal Revenue Code) and Request for Public Comments 	<p>At this point, Director Rivera as Board Chairman took the floor, reading out from script that pursuant to Section 147(f) of the Internal Revenue Code, PPH caused a notice of public hearing to be published in The San Diego Union Tribune on October 31, 2006, <i>(copy attached to original minutes)</i>.</p> <p>He then opened the TEFRA Hearing for the opportunity of public comments to be heard, or written comments to be received.</p>		
<ul style="list-style-type: none"> Public Comments 	<p>Mr. Robroy Fawcett of Escondido submitted oral public comment and spoke on PMC West completion date of 2011, and PMC West Phase II costs referring to p.28 of a final draft by Deloitte & Touch LLP of 11/16/06 wherein PPH had approved a \$982 million expansion</p>		

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	<p>plan and that the new hospital was scheduled for completion in 2010. Mr. Fawcett was thanked for his comments.</p>		
<ul style="list-style-type: none"> • TEFRA HEARING CLOSED 	<p>There being no further public comments, Chairman Rivera closed the TEFRA Hearing and handed back to Finance Committee Chairman Kleiter.</p>		
<ul style="list-style-type: none"> • Plan of Finance and Revenue Bond Issuance: Resolution No. 11.20.06 (01) – 27 TEFRA Approval and Authorization of 2006 Certificates of Participation Financing 	<p>Brief discussion ensued with Mr. Bob Hemker summarizing the November 14 Special Board/Finance Committee meeting wherein he had explained the Certificates of Participation. We were awaiting a rate from Moody's and are insured up to AAA. The JPA meeting held today confirmed the issuance of such Certificates. The Financing Team will go out to the market and it was hoped to close on our Certificates of Participation Thursday, December 7, 2006.</p> <p>Following inquiries from Director Larson who had been unable to be present at the November 14 Special Meeting for the information on the issuance of these Certificates, Chairman Rivera requested that Mr. Hemker meet separately with Director Larson to provide such background.</p>	<p>MOTION: by Kleiter, 2nd by Greer and carried that Resolution No. 11.20.06 (01) – 27 TEFRA Approval and Authorization of 2006 Certificates of Participation Financing be adopted.</p> <p>All in favor. None opposed. Carried unanimously.</p>	
<p>BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH</p>	<p>Director Powers thanked Bob Hemker for spending time with him to personally review the Bond issuance process regarding synthetic bond issues as it was a complicated financial matter.</p> <p>Director Kleiter reported that the committee appointments for ACHD will be finalized in December and that Director Powers will be appointed to the Registration Committee and Director Bassett to the Finance Committee and he welcomed Board Members' active participation.</p> <p>Director Larson relayed that he was proud to see so many of our staff and physicians receive</p>		

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	<p>awards. He also expressed appreciation to the public for his re-election and interpreted this as validation of our work on the passage of Prop BB in 2004, the subsequent construction program and the high integrity of Michael Covert, in addition to public confidence in our Board of Directors.</p> <p>Director Greer was impressed with the recent visit to PPH by the CAPE team and expressed appreciation to Opal Reinbold. Accolades were well-earned and she understood the hard work involved.</p> <p>Director Bassett referred to an article she had read about an Army Reservist, and inquired on the number of employees who are on active service in the military, or have spouses on active service. She would ask Human Resources about this.</p> <p>Chairman Rivera referred to the upcoming November 30 site visit to our warehouse to view mock-up rooms by a group from Boca Raton, noting that our management team would be in action. Positive comment was also made on the recent CAPE visit and we await the final report.</p> <p>Director Bassett recognized Wallie George and Brenda Turner regarding the new benefits enrollment now available to PPH employees online and referred to the HR Awards in San Diego, noting that our new online benefits program deserves recognition, and was proud of what had been achieved.</p>		

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ADJOURNMENT	7:45 p.m.		
SIGNATURES <ul style="list-style-type: none"> <li data-bbox="296 354 527 378">▪ Board Secretary <li data-bbox="296 475 527 500">▪ Board Assistant 	<hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Linda C. Greer, R.N. <hr style="border: 0; border-top: 1px solid black; margin-bottom: 5px;"/> Christine D. Meaney		

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