

**Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR ANNUAL) BOARD MEETING
Palomar Medical Center, Graybill Auditorium, Escondido
Monday, December 12, 2005**

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 Scofield.		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison, followed by an inspirational reading by Chaplain Hard (<i>attached</i>).		
MISSION AND VISION STATEMENTS	<p>The Chairman, Dr. Rivera, invited Michael Covert, President and CEO to read the PPH mission and vision statements 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	<ul style="list-style-type: none"> • Mr. Robroy Fawcett <p>Mr. Fawcett addressed the Board regarding Board Policies review noting that Policy GOV-18 (Agenda Items: Board Packet Preparation) does not address posting Agenda and Board packets on the website. Referring to Policy GOV-20 (Public Comments and Attendance at Public Board Meetings), he questioned III.E. "time and date of presentation are at the discretion of the Board Chair", and Policy GOV-24 (Inspection and Copying of Public Records) that as a new policy it should</p>		

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	<p>have findings demonstrating PPH's interest protected by the limitation and the need for protecting that interest.</p> <p>Chairman Rivera thanked Mr. Fawcett for his comments, but asked how many Requests for Public Information had had submitted to PPH. Mr. Fawcett responded that he had submitted about five and about seven in the past. When questioned further, Mr. Fawcett responded that he had received follow-up to his requests in a timely manner.</p>		
<p>APPROVAL OF MINUTES</p> <ul style="list-style-type: none"> • November 14, 2005 		<p>MOTION: by Scofield, 2nd by Bassett and carried to approve the November 14, 2005 minutes as submitted. All in favor. None opposed.</p> <p>Dr. Rivera abstained due to his absence at the November 14 meeting.</p>	
<p>APPROVAL OF AGENDA to accept the Consent Items as listed</p>	<p>Director Larson requested that items G & H of the Consent Items be deferred for further discussion to a later part of the agenda.</p>	<p>MOTION: by Scofield, 2nd by Bassett and carried to approve the Consent Items as submitted, Items A-F, with the exception of items G & H (Administrative Medical/Surgical Stabilization Services Agreement with SpecialCare; and Pension Plan respectively, and that these items be deferred under respective Committee Reports). All in favor. None opposed.</p>	
<p>PRESENTATION</p>			
<ul style="list-style-type: none"> ▪ "Get with the Guidelines" Awards from American Heart Association – Robert Stein, M.D., and Barbara Buesch, R.N. 	<p>Dr. Stein and Barbara Buesch presented via powerpoint the background to "Get with the Guidelines" Awards from the American Heart Association. Dr. Stein took pleasure in announcing that the American Heart Association had awarded PPH for the 3rd successive year, the Coronary Artery Disease/Quality of Care Award. In addition, the AHA had awarded PPH for the first time, the Congestive Heart Failure/Quality of Care Award. These awards were something for</p>		

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	<p>which PPH should feel proud and emphasized the continuing quest for high quality of care</p> <p>Dr. Stein and Ms Buesch were sincerely thanked for their presentation and efforts in this regard, and the awards given to PPH which were presented to the Board.</p>		
REPORTS			
Medical Staff			
Palomar Medical Center			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>James S. Otoshi, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.</p> <p>Chairman Rivera noted that this would be Dr. Otoshi's last Board meeting as Chief of PMC Medical Staff and thanked his for his time and diligence during his tenure, which had been very much appreciated.</p>	<p>MOTION: by Scofield, 2nd by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. All in favor. None opposed.</p> <p>Director Greer declined. No abstentions.</p>	
<ul style="list-style-type: none"> ▪ Medical Staff Bylaws, Rules and Regulations 	<p>James S. Otoshi, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Medical Staff Bylaws, Rules and Regulations.</p>	<p>MOTION: by Scofield, 2nd by Kleiter and carried to approve the PMC Medical Staff Bylaws, Rules and Regulations, as presented. All in favor. None opposed.</p> <p>Director Greer declined. Director Larson abstained to avoid potential conflict of interest.</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 Scofield, 2nd by Kleiter 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 declined. Director Larson abstained to avoid potential conflict of interest.</p>	

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Pomerado Hospital			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>Benjamin Kanter, MD., on behalf of Paul Tornambe, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Kleiter, 2nd by Scofield and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented. None opposed.</p> <p>Director Greer declined. Director Larson abstained to avoid potential conflict of interest.</p>	
Administrative			
Chairperson - Palomar Pomerado Health Foundation	<p>Ms Pauline Getz presented an update on PPH Foundation activities and referred to a recent meeting whereby there was excellent representation from the District and the Foundation Board together with some PPH Directors. It was very successful with the goal being to energize what is a substantially new Foundation Board.</p> <p>In addition, a year-end appeal has been sent out to the entire donor base and there has been participation in the employee campaign.</p> <p>A very successful event was recently hosted in Pauma Valley to which many were invited.</p> <p>Anew Facilities Naming Policy had been formulated and was being presented to the Foundation Executive Committee and the Foundation Board. It was anticipated that this would be submitted to the CEO by January.</p> <p>Chairman Rivera thanked Ms Getz for her informative report.</p>		
Chairman of the Board - Palomar Pomerado Health	<p>Marcelo R. Rivera, M.D.</p>		

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<ul style="list-style-type: none"> Election of Officers 	Office of Board Chairman	<p>MOTION: by Larson, 2nd by Bassett and carried, there being no other nominations nor discussion, all in favor of Director Marcelo Rivera being voted Chairman for calendar year 2006, this being his second consecutive term as Chairman.</p> <p>Chairman Rivera thanked the Board for this honor and the trust he had been given, noting that this was his second consecutive term as Board Chairman and that with an excellent cohesive Board and Mr. Covert as CEO, we looked to the future with confidence. The Board echoed these sentiments, all thanking Dr. Rivera for his time and effort which were sincerely appreciated.</p>	
<ul style="list-style-type: none"> 	Office of Vice Chairman	<p>MOTION: by Kleiter, 2nd by Larson and carried, there being no other nomination nor discussion, all in favor of Director Nancy Bassett being voted Vice Chair for calendar year 2006, this being her second consecutive term as Vice Chair.</p> <p>Congratulations were extended, with Director Greer noting that Director Bassett was doing a wonderful job in this regard.</p>	
<ul style="list-style-type: none"> 	Office of Secretary	<p>MOTION: by Scofield, 2nd by Larson and carried, there being no other nominations nor discussion, all in favor of Director Linda Greer being voted Secretary for calendar year 2006. Congratulations were extended, with Director Larson noting that this was Director Greer's first anniversary on the Board and that he felt she had come up to speed remarkably well and had taken time</p>	

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		<p>to become knowledgeable on all Committees, even though she was not a member of some of them.</p> <p>Director Scofield was sincerely thanked for her work as past Secretary.</p>	
<ul style="list-style-type: none"> • 	Office of Treasurer	MOTION: by Kleiter, 2 nd by Scofield and carried that this be deferred to the January 2006 meeting.	
<ul style="list-style-type: none"> • Resolution No. 12.12.05(01)-27 Establishing Board Meeting for Calendar Year 2006 	<p>Following presentation of the resolution, Director Larson suggested a possibility of the second Tuesday of the month. During brief discussion it was generally suggested that based upon calendars and times of external meetings, the Board maintain the second Monday of the month for regular Board Meetings during calendar year 2006 commencing at 6:30 p.m., with locations alternating between PMC and Pomerado as indicated in the submitted Resolution.</p> <p>However, it was agreed to change the suggested date of January 16, 2006 (due to end of year holidays) back to the second Monday of January 9, 2006.</p> <p>Chairman Rivera thanked the Board for its input, noting that if there was need to change a particular regular Board meeting date during the year, this may be done by Resolution.</p>	MOTION: by Rivera, 2 nd by Scofield and carried to approve the dates of Regular Board Meetings for calendar year 2006, by adoption of Resolution No. 12.12.05(01)-27 as submitted, with the exception of January 16 being changed to January 9, 2006.	
<ul style="list-style-type: none"> • Annual Board Self-Evaluation Meeting December 14, 2005 	Chairman Rivera reminded that the Board's Annual Self-Evaluation meeting would be held on Wednesday, December 14 at 6 p.m.		
<ul style="list-style-type: none"> • Annual Board CEO Evaluation 	Chairman Rivera reminded that the Annual Board CEO Evaluation meeting would be held on Wednesday January 25, 2006 at 6 p.m.		
President and CEO	Michael H. Covert, CEO		
<ul style="list-style-type: none"> • FY 06 Qtr 1 Patient Loyalty Scores 	Michael Covert reviewed the FY 06, 1st Quarter Patient Loyalty Scores noting that PPH		

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	overall patient loyalty grand mean scores improved from 3.42 in Q4 FY05 to 3.44 in Q1 FY06.		
<ul style="list-style-type: none"> • Qtrly Patient Satisfaction "Highest to Goal" Award 	Pomerado ED received the Quarterly Patient Satisfaction "Highest to Goal" Award with Pharmacy as "Best Support".		
<ul style="list-style-type: none"> • Employee Engagement Survey 	The Employee Engagement Survey through the Gallup Organization was in process from December 5-16.		
<ul style="list-style-type: none"> • Update on ERTC and downtown sites 	Mr. Covert noted that we are working with staff relative to agreements and that a meeting was held with the City last week now that the CEQA process had begun. More to follow.		
<ul style="list-style-type: none"> • Overview of 2005 	<p>Mr. Covert relayed that 2005 had been a very interesting year and that the Board had worked extremely well and Staff appreciates their efforts. He congratulated past officers and welcomed future officers for the new calendar year. He was also very proud of the Foundation staff who have put together a good team.</p> <p>In addition, Mr. Covert stated that interviews would take place for the position of Chief Information Officer during the coming week. Dr. Kanter will be serving as Chief Information Officer (Medical) including Cerner-based operations.</p> <p>The PMC Medical Staff had elected John Lilley, M.D. as PMC Chief of Staff elect, and together with Robert Trifunovic, M.D., who will be the PMC Chief of Staff commencing January, 2006, they would make a good team.</p> <p>Regarding the Foundation vacancy, our choice had been to go back out into the market place for candidates.</p> <p>A Financial Workshop was anticipated in January. In addition, he and Director Krider had attended a recent JCAHO meeting.</p>		

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	<p>On January 30, 2006 our first formal gathering of our Expert Advisory Panel will take place at Pomerado, the purpose being to help keep PPH focused on the future and to bring knowledge and unique perspectives to our design process.</p>		
<ul style="list-style-type: none"> • Bi-Monthly Reports from Executive Staff - Gerald Bracht 	<p>Gerald Bracht, COO of Palomar Medical Center, provided a verbal report to the Board, noting that the Mobile MRI and CT scanners were now open and seeing patients. Also, additional inpatient capacity for general acute care patients was made possible with the completion of work in the Behavioral Medicine Unit.</p> <p>Patient Loyalty winners (Jul-Sept) were also relayed.</p> <p>Renovation of the trauma suite was on target for end of December. In addition, an expanded shuttle service began December 12.</p> <p>Holiday meals were served to employees on all shifts on December 8 with special thanks for the Leadership Team at PMC for their participation in serving.</p> <p>Mr. Bracht extended accolades to Dr. Otoshi as outgoing Chief of Staff at PMC.</p>		
<ul style="list-style-type: none"> • - Jim Flinn 	<p>Jim Flinn, COO of Pomerado Hospital referred to Pomerado's financial strength, noting that volume was good in October and Expenses were favorable other than negative variances in Contract Labor and Purchase Services.</p> <p>Customer Service scores for Q1 FY06 were also relayed.</p> <p>The Annual Medical Staff Holiday Celebration had been scheduled to celebrate successes of both the hospital and the Medical Staff.</p> <p>Work would soon commence on an alternative parking lot for employees due to the construction process with the overall plan for Phase 1 work at Pomerado to include the new Parking Deck, being reviewed at the December 19 Facilities & Grounds Committee.</p>		
<ul style="list-style-type: none"> • - Sheila Brown 	<p>Ms Sheila Brown, Chief Clinical Outreach Officer, provided a positive report on Patient</p>		

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	Loyalty, Behavioral Health and E.D., Skilled Nursing Facilities, Home Health and Corporate Health.		
<ul style="list-style-type: none"> - Lorie Shoemaker 	<p>Ms Lorie Shoemaker, Chief Nurse Executive, updated the Board on Nursing Schools, and provided information on Clinical Care Extenders, Celebrations, noting that the PPH Sexual Assault Response Team celebrated its 15th anniversary last month. Also, that the E.D.s at both campuses have got back the coveted service excellence trophies with Pomerado receiving the "Highest to Goal Award" and PMC receiving the "Most Improved".</p> <p>Following this report, Mr. Covert noted that Lorie Shoemaker and Brad Wiscons are spearheading our contact with high school districts regarding nurse/technical training, etc., and we are very excited about this aspect. Wallie George, Chief Human Resource Officer, has also been involved.</p>		
INFORMATION ITEMS	<i>Discussion by exception only</i>		
<ul style="list-style-type: none"> Community Relations 			
<ul style="list-style-type: none"> Strategic Planning 			
<ul style="list-style-type: none"> Governance 			
<ul style="list-style-type: none"> Finance 			
<ul style="list-style-type: none"> Human Resources 			
COMMITTEE REPORTS			
Strategic Planning	Alan W. Larson, M.D., Chairman		
<ul style="list-style-type: none"> Approval: FY '06 Goals Outcome 	Committee Chairman Larson requested approval to a modification of the FY '06 Goals (Target for the Physician Loyalty survey to achieve the 75 th percentile, based on the recalibration of the Gallup database).	MOTION: by Kleiter, 2 nd by Krider and carried to approve a modification to the FY '06 Goals Outcome for the "Target for the Physician Loyalty survey to achieve the 75 th percentile". All in favor. None opposed.	
Governance Committee	Linda C. Greer, R.N., Chairperson		
<ul style="list-style-type: none"> Resolution No. 12.12.05(02)-28 to Amend and Restate the Bylaws of 	Chairperson Greer requested approval of this Resolution, with the one exception noted therein referred to under item 6.2.2(b) of the	MOTION: by Kleiter, 2 nd by Rivera and carried, to adopt Resolution No. 12.12.05 (02) – 28 to Amend and	

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<p>Palomar Pomerado Health</p>	<p>Bylaws – Governance Committee – Non-voting Membership – addition of Compliance Officer, as this had not been specifically brought to the Governance Committee for review or approval.</p>	<p>Restate the Bylaws of Palomar Pomerado Health, with the exception of the addition of Compliance Officer as a Non-Voting Member of the Governance Committee. All in favor. None opposed.</p>	
<p>Finance</p>	<p>T. E. Kleiter, Chairman</p>		
<ul style="list-style-type: none"> Resolution No. 12.12.05(03)-29 Approving Revised Plan of Finance, Approving a Debt Policy, Approving Issuance of Revenue Bonds, Director the CFO to Pursue Credit Enhancement for Revenue Bond Offerings, and Approving a Forward Rate Swap 	<p>Committee Chairman Kleiter requested approval to this Resolution as submitted.</p>	<p>MOTION: by Kleiter, 2nd by Krider and carried, to adopt Resolution No. 12.12.05 (03) – 29 to Approving Revised Plan of Finance, Approving a Debt Policy, Approving the Issuance of Revenue Bonds, Director the CFO to Pursue Credit Enhancement for Revenue Bond Offerings, and Approving a Forward Rate Swap. All in favor. None opposed.</p>	
<ul style="list-style-type: none"> Approval: Administrative Medical/Surgical Stabilization Services Agreement with SpecialCare Hospital Management Corporation 	<p>Director Kleiter noted that this item had been deferred from under Consent Items near the beginning of the agenda.</p> <p>Following discussion, it was agreed that this Agreement be approved but that it would be brought back for a six-monthly review and that this item be scheduled with next year's (2006) Finance Committee when the Chairman of that Committee has been appointed.</p>	<p>MOTION: by Greer, 2nd by Kleiter and carried to approve the Administrative Medical/Surgical Stabilization Services Agreement with SpecialCare Hospital Management Corporation as submitted, with the provision that this Agreement be reviewed in six months.</p>	<p>Bob Hemker, CFO and Chairman of Finance Committee for future Finance Committee meeting re: six-month review of Agreement</p>
<p>Human Resources</p>	<p>Nancy L. Bassett, RN, MBA, Chairperson</p>		
<ul style="list-style-type: none"> Pension Plan Update 	<p>Director Bassett noted that this item had been deferred from under Consent Items near the beginning of the agenda and that no Human Resources Committee meeting had been held in November, hence the submittal of this updated Pension Plan based upon certain legal requirements.</p> <p>Director Kleiter suggested that Wallie George and Brenda Turner be available to review any of the proposed changes that were made in the</p>		<p>Bring back to future Board Meeting - (brought back to December 14, 2005 Special Board Meeting)</p>

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	<p>Pension Plan with any of the Board Members between now and the next Board meeting and could understand other about any changes. A redlined version of the Plan and key points were suggested, together with our contractual obligations to our employees, and how this satisfies the commitment that this Board has previously committed to.</p>		
<p>BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH</p>	<p>Director Larson congratulated the Board during their respective terms of office as serving Board Members, and the CEOas coming up to his third year with PPH.</p> <p>Board Members echoed these sentiments, noting that the Board was working together as a team.</p> <p>Director Krider commented upon an interesting JCAHO meeting held December 8 regarding our participation as a test site and a new JCAHO initiative for improving quality of care.</p> <p>Chairman Rivera summed up by thanking the Board for their hard work, referring to the passage of Proposition BB in 2004 and later, in 2005, the excellent survey report received by PPH from JCAHO. He emphasized that we look to the future and in regard to our new hospital we will not deviate from our plans as high quality of healthcare will be provided to our communities.</p>		
<p>ADJOURNMENT</p>	<p>8:10 p.m.</p>		
<p>SIGNATURES</p> <ul style="list-style-type: none"> ▪ Board Secretary ▪ Board Assistant 	<p>_____ Linda C. Greer, R.N.</p> <p>_____ Christine D. Meaney</p>		